

Financial Results of the First Three Quarters of the Fiscal Year Ending March 31, 2022—FAQ

Note: This document presents some of the anticipated questions relating to the Company's financial results of the fiscal year ending March 31, 2021, together with answers to these questions. If you have any queries, etc., please contact the IR Office of Odakyu Electric Railway Co., Ltd. (+81-3-3349-2526)

**Q1. What is the current status of the Company's main businesses?**

Railways (Odakyu Electric Railway Co., Ltd.)	Number of people passing through ticket gates (January 1-23 2022) Remained at approximately 65% of FY2019 for commuters and 80% of FY2019 for non-commuters People refrained from going out following the spread of the Omicron variant of COVID-19 Note: No all-night train services during New Year Holiday, but special limited express train services did run.
Odakyu Department Stores	Sales (January 1-23 2022) Remained at approximately 70% of the same period in FY2019
Hyatt Regency Tokyo	Occupancy rate (January 1-19 2022) 23.8% Demand has not returned and remained weak, the same as the previous year
Hakone area	Number of passengers using Hakone-Yumoto Station (January 16-22 2022) Weekdays : (48%) Weekends and public holidays: (51%) (compared with the same period in FY2018)
	Hakone resort hotel* occupancy rate (January 1-19 2022) Remained at approximately 40%

	<p>*Hakone resort hotels: Hotel De Yama, and Hakone Highland Hotel (Excludes Hotel Hatsuhana, which has been temporarily closed since January 4, 2022, due to renovation construction work)</p>
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**Q2. Why have the previously announced results for some segments been left unchanged in these business performance forecasts? What has been the impact of the increased spread of COVID-19 from January 2022 onward?**

- There was a significant decrease in customers at each of our businesses, including railways, department stores, and hotels, due to the increased spread of COVID-19 from January 2022 onward, however some of the previously announced forecasts currently remain unchanged based on business performance results up to the third quarter.
- Meanwhile, we revised some of the previous forecasts by including elements that were unaffected by the increased spread of COVID-19, such as a rise in the number of units recorded in real estate sales business and reduced costs in the railway business.

**Q3. What is the status of your discussions regarding an increase in fares and a new pricing system for barrier-free stations? Are you considering fares for express trains?**

- Regarding the increase in fares, while it remains difficult to predict future revenues due to the impact of COVID-19, we will first prioritize initiatives to curb expenses through self-supporting endeavors, including the streamlining of operations and review of capital investment plans.
- Meanwhile, we established a new pricing system on December 28, 2021 to enable stations to move toward becoming more barrier-free. We are still confirming the specific method of operation, but we are considering utilizing the system to accelerate the development of barrier-free stations.
- An increase in fares for express trains is still currently undecided. We will carry out measures to boost demand for express trains and improve profitability based on usage trends going forward and other factors.

**Q4. How will the planned change to timetables from March 2022 impact increased revenues and cost reductions?**

- As a result of increasing the number of express trains during the morning rush hour, we expect an annual increase in revenue of ¥100 million to ¥200 million.
- Since reducing services enables us to reduce rolling stock by 60 trains compared to before the timetable changes, we expect to be able to reduce capital investments by approximately ¥5 billion, such as building new rolling stock. We also expect this to reduce repair expenses.
- We will continue to consider plans for adoption and personnel in line with the new timetables.

(Reference)

News Release December 17, 2021 “Changes to Timetables on the Odakyu Line”

<https://www.odakyu.jp/news/o5oaa100000214sd-att/o5oaa100000214sk.pdf>

(Japanese only)

**Q5. When will you launch your flat fare of ¥50 for children with IC cards? What will the impact of this change be?**

- We will launch the new fare from March 12, 2022, to coincide with the planned changes to timetables.
- While we believe that there will be a short-term decrease in annual revenue of approximately ¥250 million (calculations based on FY2018), we are aiming to boost demand for casual visits to tourist attractions, including Hakone and Enoshima, as well as daily outings, that will lead to an increase in revenue.
- In the long term, we aim to contribute to the realization of local communities along the Odakyu Line that are ideal for raising children by creating a business structure that will lead to an increased population in those areas.

**Q6. What is the status of reservations at all Odakyu Group Hotels from February?**

<City hotels>

- There were no great changes in demand and reservations continued to be sluggish.
- The occupancy rate from February onward is expected to 40%.

<Hakone resort hotels\*>

- The environment going forward is uncertain, due to the current spread of infections due to the Omicron variant.
- The occupancy rate from February onward is expected to be the same as in December and January (40%).

\*Hakone resort hotels: Hotel De Yama and Hakone Highland Hotel

(Excludes Hotel Hatsuhana, which has been temporarily closed since January 4, 2022, due to renovation construction work)

**Q7. What progress have you made with rebuilding your business portfolio, as set out in Odakyu's management vision?**

- We have become strongly aware of the necessity of rebuilding our portfolio following changes to the business environment due to the COVID-19 pandemic. We set out our aim to become a community value creation company under our management vision, and we are considering the reduction and withdrawal from unprofitable stores in our Group Companies, as well as identifying the business fields to focus on going forward.
- As concrete examples of our progress, we have implemented structural reform at the current Odakyu Hotels and Odakyu Travel, revised medium- to long-term costs, and transferred unprofitable businesses to companies outside the Odakyu Group. Furthermore, we are continuing with structural reforms that will ensure efficient operation Groupwide, such as a plan to merge the Hakone Ropeway and the Hakone Tozan Railways under the Hakone Group in April 2022.
- We are also aware that our business portfolio contains a high percentage of businesses that utilize physical points of contact or are dependent on the flow of people and we will continue to invest our management resources in businesses that utilize technology, such as MaaS, ONE, and WOOMS, the creation of online points of contact, and are not dependent on the flow of people.

**Q8. What is your progress with reducing costs in FY2021?**

- The full-year forecast announced in October included cost reductions of approximately ¥52.0 billion, however, as a result of continuous revisions, under the

current full-year forecast we expect reductions of approximately ¥54.0 billion. Additionally, by reducing personnel and advertising expenses, the results up to the third quarter were ¥43.1 billion.

(Reference)

	Amount of reduction*	Amount of fixed costs within the amount of reduction
Full-year forecast (as of October 2021)	Approximately ¥52.0 billion	Approximately ¥10.0 billion
Full-year forecast (current)	Approximately ¥54.0 billion	Approximately ¥11.5 billion
(3Q results)	¥43.1 billion	¥9.1 billion

\* Deducting the cost of sales in merchandising and real estate businesses

**Q9. “Accounting Standard for Revenue Recognition” and other standards were adopted from FY2021. What was the change from the previous fiscal year after deducting the impact of the adoption?**

(3Q results)

Millions of yen	First three quarters of FY2020	First three quarters of FY2021 (Prior to accounting standard revision)	Change
Revenue from operations	273,302	316,103	+42,801 (+15.7%)
Transportation	87,466	99,187	+11,720
Merchandising	114,556	125,450	+10,893
Real Estate	43,023	61,880	+18,857
Other Businesses	49,313	50,289	+976
Adjustments	△21,057	△20,703	+354

(Full-year forecast)

Millions of yen	FY2020	FY2021 (Prior to accounting standard revision)	Change
Revenue from operations	385,978	430,400	+44,421 (+11.5%)
Transportation	116,230	135,800	+19,569
Merchandising	157,685	169,600	+11,914
Real Estate	72,872	81,900	+9,027
Other Businesses	68,131	70,300	+2,168
Adjustments	△28,941	△27,200	+1,741

Note: There was slight impact on operating income, ordinary income, and net income attributable to the owners of parent.

**Remarks**

Figures about business plans, future forecasts, and strategies other than historical facts are forward-looking statements reflecting management’s view. Since the forward-looking statements are based on information available at the time of disclosure, the actual results may differ from these forecasts due to changes in the economic climate, etc.