

# Information for Investors

## Results for the Second Quarter of FY2023

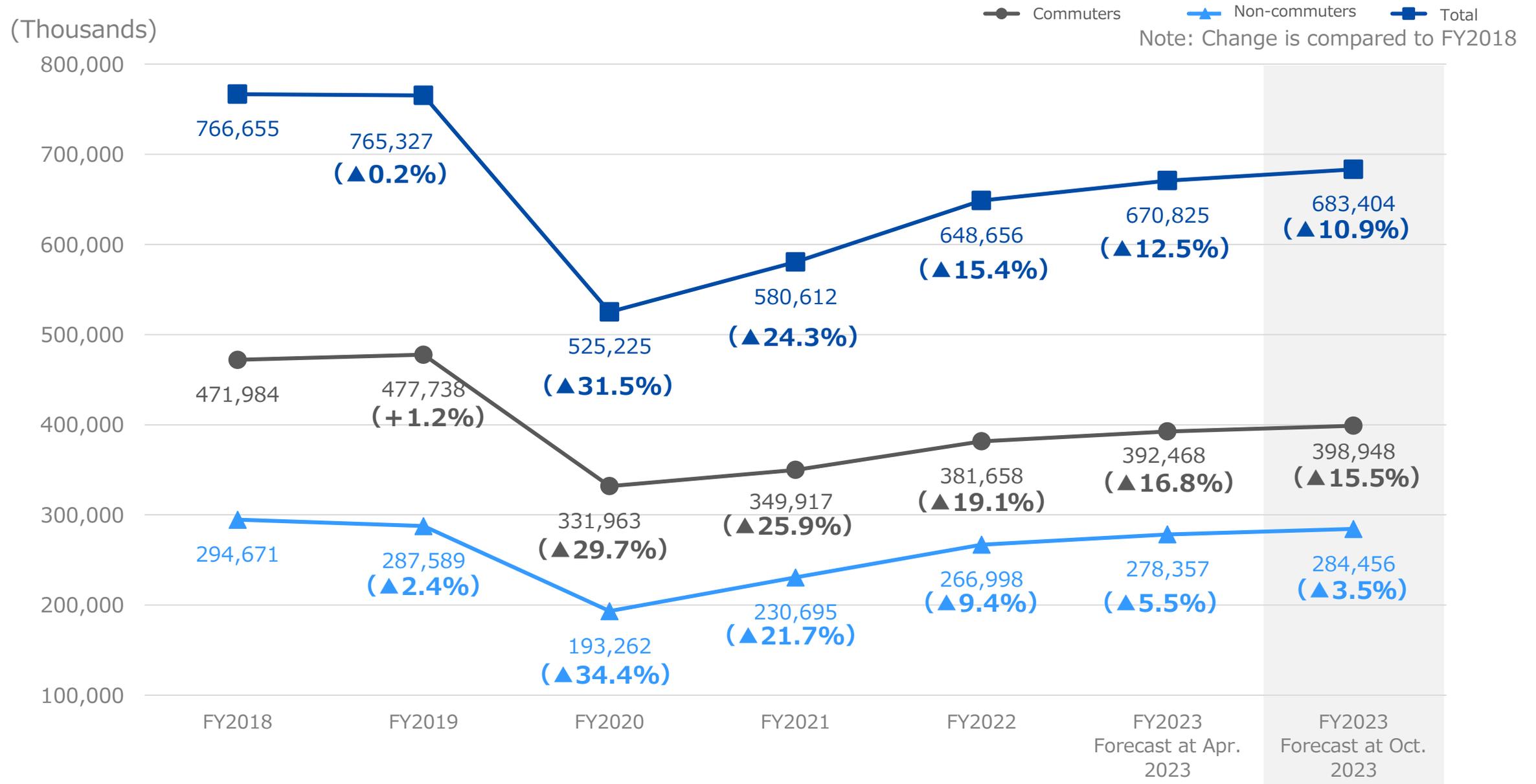
November 7, 2023



# Performance Overview

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# Number of Passengers (Odakyu Electric Railway)



# Overview of Performance in First Half of FY2023

- There was a recovery in the number of users year on year in the railway, hotel, and other businesses due largely to an improved operating environment. In addition, operating power costs were lower than expected. As a result of such factors, both revenue from operations and operating income increased compared with the same period of the previous fiscal year and were higher than our forecasts as of April 2023.
- Net income attributable to owners of parent was ¥26.8 billion lower than our forecasts as of April 2023 due to that fact that the proceeds from the sale of Odakyu Century Building will be recorded in the second half of the fiscal year, rather than in the first as we initially expected.

Millions of yen	First Half of FY2022	First Half of FY2023	Change	Forecast at Apr. 2023	Change	Change and major factors
Revenue from operations	189,984	196,254	+6,269 (+3.3%)	187,900	+8,354 (+4.4%)	
Transportation	73,919	85,067	+11,148	81,800	+3,267	(+) Recovery of number of users
Merchandising	49,957	43,085	△6,871	44,300	△1,214	
Real Estate	38,556	33,214	△5,341	31,100	+2,114	(+) Sale of renovated properties in urban areas ahead of schedule
Other Businesses	40,197	47,050	+6,853	43,100	+3,950	(+) Recovery in hotel operations (+) Recovery in demand for temporary staffing at resorts
Adjustments	△12,645	△12,164	+481	△12,400	+235	
Operating income	14,512	26,601	+12,088 (+83.3%)	16,700	+9,901 (+59.3%)	
Transportation	6,188	15,210	+9,021	9,300	+5,910	(+) Decrease in operating power costs
Merchandising	1,116	978	△138	1,000	△21	
Real Estate	9,738	8,384	△1,354	6,800	+1,584	
Other Businesses	△2,553	2,004	+4,558	△400	+2,404	
Adjustments	23	23	—	0	+23	
Ordinary income	14,736	27,041	+12,305 (+83.5%)	15,900	+11,141 (+70.1%)	
Net income attributable to owners of Parent	10,086	26,124	+16,038 (+159.0%)	53,000	△26,875 (△50.7%)	(-) Recording of proceeds from sale of Odakyu Century Building moved to second half

# Overview of Performance in FY2023

- With regard to our FY2023 forecasts, we have made upward revisions to our forecasts for revenue from operations, operating income, and net income attributable to owners of parent, taking into account not only our performance up through the second quarter but also our expectations for a continued strong performance from the third quarter on, primarily in the railway and hotel businesses.

Millions of yen	FY2022	FY2023	Change	Forecast at Apr. 2023	Change	Change and major factors
Revenue from operations	395,159	409,500	+14,340 (+3.6%)	400,000	+9,500 (+2.4%)	
Transportation	151,704	170,300	+18,595	165,000	+5,300	(+) Recovery of number of users
Merchandising	96,156	87,200	△8,956	89,100	△1,900	
Real Estate	84,034	81,300	△2,734	80,800	+500	
Other Businesses	90,716	97,700	+6,983	93,000	+4,700	(+) Recovery in hotel operations
Adjustments	△27,451	△27,000	+451	△27,900	+900	
Operating income	26,601	45,000	+18,398 (+69.2%)	35,000	+10,000 (+28.6%)	
Transportation	8,463	23,000	+14,536	16,100	+6,900	(+) Decrease in operating power costs
Merchandising	866	2,100	+1,233	2,400	△300	
Real Estate	18,047	15,500	△2,547	14,900	+600	
Other Businesses	△821	4,400	+5,221	1,600	+2,800	
Adjustments	46	0	△46	0	—	
Ordinary income	25,119	44,000	+18,880 (+75.2%)	32,700	+11,300 (+34.6%)	
Net income attributable to owners of parent	40,736	71,000	+30,263 (+74.3%)	62,800	+8,200 (+13.1%)	

# Status of Consolidated Financial Targets

		Status	Forecast for FY2023	FY2026	FY2030	Long-term policies
<b>Profit growth</b>	<b>Operating income</b>	<ul style="list-style-type: none"> <li>Enhancement of profitability, such as through strategic pricing</li> <li>Business structure reforms, such as enhancing employee efficiency, implementing early retirement schemes, and reorganization of offices and stores</li> <li>Rebuilding of our business portfolio through external transfers of unprofitable businesses and reorganization of the Odakyu Group</li> </ul> <p><b>Faster than Planned Recovery of Railway and Hotel Businesses</b></p>	<b>¥45.0 billion</b>	<b>¥46.0 billion</b>	<b>¥60.0 billion and extra</b>	<b>Sustainable profit growth</b>
<b>Securing of financial soundness</b>	<b>Interest-bearing debt/EBITDA ratio</b>	<ul style="list-style-type: none"> <li>Expectation of achieving FY2023 criteria for recovery of financial soundness*1 through methods including sale of Odakyu-owned assets</li> </ul> <p><b>Maintenance of 7.0 times ratio during FY2026, the construction period of the Shinjuku West Gate redevelopment</b></p>	<b>6.9 times</b>	<b>Maintain 7.0 times</b>	<b>Approx. 7.0 times</b>	<b>Improvement through profit growth</b>
<b>Management with an awareness of capital cost</b>	<b>ROE*2</b>	<ul style="list-style-type: none"> <li>Aim to enhance asset efficiency and plan effectiveness by reinforcing ROA targets for each business and monitoring structures</li> </ul> <p><b>Control of total assets with an awareness of capital costs</b></p>	<b>17.9%*3</b>	—	<b>7%</b>	<b>Further improvement</b>

\*1 Interest-bearing debt of ¥700.0 billion and interest-bearing debt / EBITDA ratio of 7.0 times

\*2 Net income attributable to owners of parent / shareholders' equity (excluding net unrealized gain on securities)

\*3 Plan to record proceeds from sale of property and equipment in FY2023, such as the Odakyu Century Building

# Approach to Shareholder Returns

## Basic policy

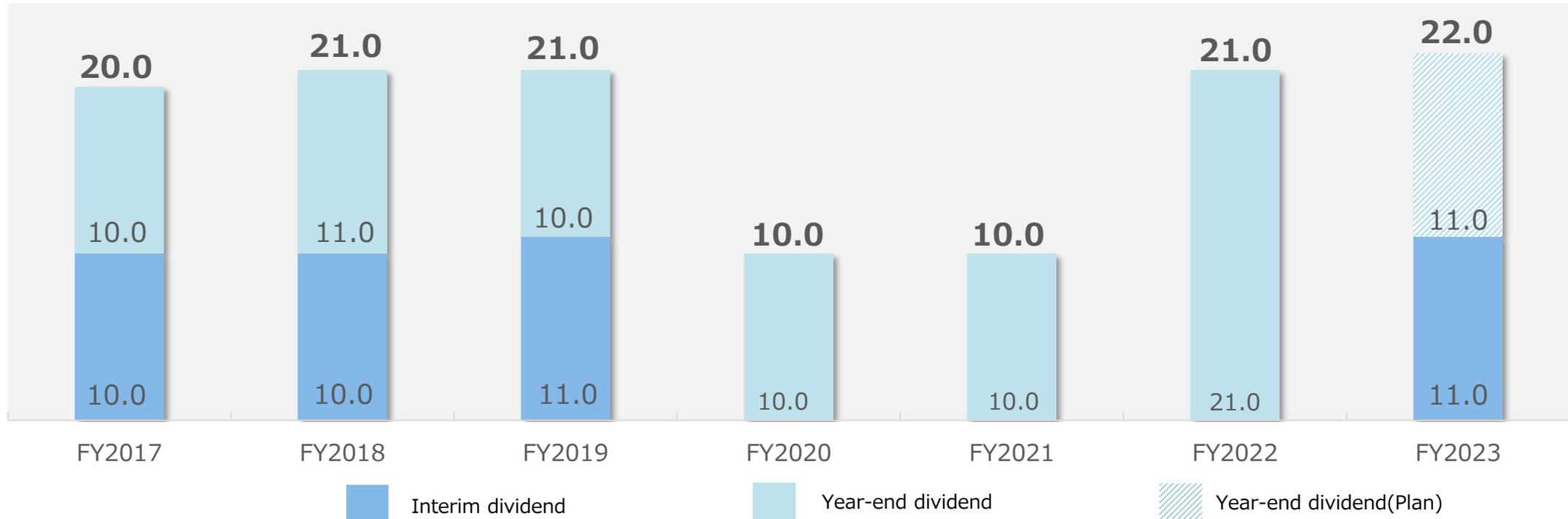
The Company's basic policy for returning profits to shareholders is to maintain stable dividend payment as a result of improved performance with a dividend payout ratio of approx.30%.

## FY2023 Dividend

Annual dividends scheduled to be ¥22.0 per share  
(Interim dividend: ¥11.0, Year-end dividend : ¥11.0)

<Dividend per share (including forecast)>

(Unit: yen)



In addition to the above basic policy, we are examining reinforcement of shareholder returns after taking into account changes in the business environment, business performance, and capital efficiency

# **Achievement Status of Medium-Term Management Plan (FY2023–FY2026)**

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# Three pillars for achieving rapid growth

## UPDATE Odakyu—Becoming a Community-Based Value Creation Company

Increase in resident population

Increase in number of visitors

Increase in people that maintain relationships with communities

Improvement in well-being

Improvement in livability

Local economic circulation

### Three pillars for achieving rapid growth

**1.**

**Promotion of sustainability management**

Selection of six material issues

**2.**

**Shift in Odakyu's main business domains**

From a concept of communities along the Odakyu Line to a concept of regional economies

**3.**

**Renewal of business portfolio**

Direction of growth in our four business areas



# Selection of six material issues

- We have established targets and indicators for each of our six material issues. Guided by these targets and indicators, we will realize sustainable growth through the resolution of social issues.

## Material issues

## Targets and Monitoring Indicators

### 1. Safety and peace of mind

- Provision of public transportation services that prioritize safety and peace of mind
- Pursuit of a society where anyone can live with peace of mind

- Number of operating accidents/incidents caused by the Company in the railway business: 0 (each fiscal year)
- Number of fatalities or injuries in the bus and taxi businesses: 0 (each fiscal year)
- Total level of customer satisfaction with our railway services

### 2. Community development and local communities

- Realization of community development that combines work, residence, commerce, education, and recreation, and wellness
- Community development that utilizes local assets

- Population of communities along the Odakyu Line
- Number of passengers at major stations in key areas
- Total level of satisfaction among community members
- Total level of satisfaction with well-being

### 3. Daily life and tourism experiences

- Promotion of rich lifestyles that utilize technology
- Provision of region-specific tourism experiences

- Number of Odakyu ONE ID users
- Number of Freepass sales (Hakone, Enoshima, Kamakura)
- Number of visitors to sightseeing areas along the Odakyu Line (Hakone, Fujisawa)

### 4. Environment (carbon neutrality)

- Realization of a decarbonized society through energy conservation, renewable energy, electrification, and collaboration with local communities
- Realization of a resource recycling society, the aim of Beyond Waste

- Odakyu Group CO2 emissions  
50% reduction compared with FY2013 (FY2030) / Net zero (FY2050)

### 5. Development of value-creating human resources

- Cultivation of a corporate culture that enables all employees to work in their own unique way
- Development of human resources to achieve sustainable management

- Ratio of female employees (full-time): 20% (FY2030) / 35% (FY2050)
- Ratio of women in management roles: 15% (FY2030) / 30% (FY2050)
- Ratio of male employees taking paternity leave: 100% (FY2030) / 100% (FY2050)

### 6. Governance

- Realization of an optimal governance structure that supports the expectations of all stakeholders

- Number of major legal violations: 0 (each fiscal year)
- Ratio of female directors: 30% (FY2030)
- Ratio of independent outside directors

● Targets ○ Monitoring indicators

# Key Measures in the Medium-Term Management Plan (FY2023–FY2026)

- To realize our management vision, we will promote the strengthening of our management foundation at the same time as working toward four key measures under the current Medium-Term Management Plan

## Key Measures

**1. Advancements in the public transportation domain**

**2. Strengthening of the real estate domain and redevelopment along the Odakyu Line**

**3. Search for new businesses that utilize digital technology**

**4. Tourism and lifestyle services in response to a post-COVID-19 world**

## Strengthening of Management Foundation

**1. Digital transformation (DX) strategies**

**2. Environmental strategies**

**3. Human Resource strategies**

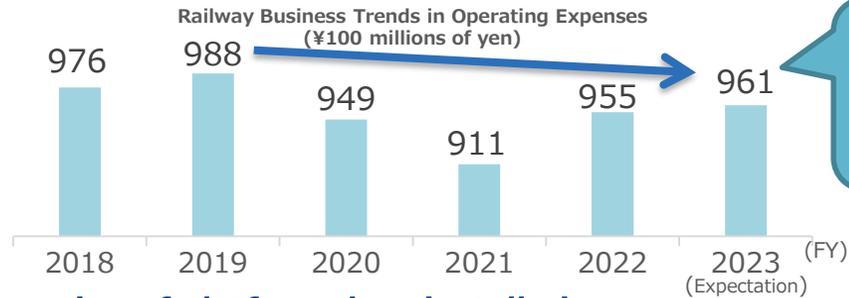
# 1. Advancements in the public transportation domain

- We will steadily promote the creation of a sustainable operational structure and generation of stable profit in public transportation, which is the foundation of all business domains
- We will expand profit through initiatives that utilize the limited express Romancecar, in addition to strategic pricing

## Reinforcement of Sustainable Operating Structure

- Creation of low-man-power management structure in anticipation of future labor shortages by deepening examination into shift to conductor-less trains and continuing examination of consolidating signal operations and increasing efficiency of maintenance
- Reinforcement of revenue base that is compatible with future climate change by the lowering break-even point

Structure for necessary personnel  
By FY2035  
**-30%\***  
Note: compared to FY2020 for railway business



Compared to fiscal 2019  
Approximately  
¥2.7 billion  
reduction

### ● Promotion of platform door installation

- Installation at Hon-Atsugi\* (up train) and Machida stations in FY2023
- Promotion of installation on 107 platforms at 37 stations by FY2032
- \* Installation completed in September 2023

### ● Increase in maintenance efficiency

- Promotion of condition-based maintenance (CBM)\*, a method for increasing maintenance efficiency through introduction of track installation monitoring equipment
- \*A method of maintenance that entails high-frequency monitoring of track conditions and repairs at the optimal time

### ● Introduction of new work styles and review of structure of operations

- Implementation of trials on the front line and at head office
- Shift to new system at stations by integrating the workplaces of drivers and conductors (completed September 2023)
- Shift of some head office functions, such as the Transport Services Division to Ebina, and reinforcement of communication with front lines

## Stimulation of transportation demand and maximization of revenues

### ● Strategic pricing

Effect of increase in revenue through price and fair revisions (forecast for FY2023)

Railways: **approximately ¥5.6 billion** Buses, etc.: **approximately ¥1.3 billion**

### ● Initiatives to increase revenue that utilize the limited express Romancecar

- Extension of Romancecar, which used to stop at Odakyu Station, to Hakone-Yumoto Station in response to demand for direct trains
- Creation and expansion of purchase channels for digital tickets through the website Romancecar Navi and Instagram, in addition to the “My First Romancecar” promotions encouraging the use of direct Romancecar trains

Limited express Romancecar (first half of FY2023)		Year on year	Compared to fiscal FY2018
Total seating capacity		+1.4%	▲4.1%
Number of passengers carried	Overall	+12.2%	▲15.4%
	Shinjuku Station to Odawara Station and Hakone-Yumoto Station	+33.8%	▲22.1%



### ● Creation of opportunities for daily outings centered on families with children

- Planning and promotion of events linked to daily outings for families, such as flat fare of ¥50 for children with IC card and digital stamp rallies in collaboration with Kanagawa Chuo Kotsu

### Number of non-commuters using IC cards in (first half of FY2023)

Children: **+83.6%** compared to fiscal 2021 (Adults: +34.5%)

Note: flat fare of ¥50 for children with IC card implemented from March 2022

## 2. Strengthening of the Real Estate Domain and Redevelopment along the Odakyu Line

- We aim to sustainably develop local communities and strengthen businesses through promotion of development in conjunction with “soft” (method) initiatives such as area management, centered on core cities along the Odakyu Line.
- We aim to further increase asset efficiency and profitability by promoting expansion of investment methods and fields, such as an asset rotation model, special purpose company (SPC) investments, and overseas projects.

### Progress of Development and Impact of Openings

#### ● Shinjuku West Gate Development Plan (scheduled for completion in FY2029)

- Demolition of old Odakyu department main store, Mosaic Street, and other areas underway
- Demolition of Shinjuku MYLORD (main section) to begin from April 2025 onward

#### ● Construction of Commercial Facilities at Chuo-Rinkan East Exit (scheduled for completion in FY2024)

- Plans to construct commercial facility next to the east exit, which has been newly established through station improvement work\*
- Construction of four-story facility, which includes a daycare facility, in tandem with the new movement of people at the east side of the station, thereby encouraging influx of families raising children and improving the overall convenience of the area surrounding the station

\* Project to improve station functions with subsidies from the government and Yamato City



Progress with demolition of Odakyu department main store



Conceptual drawing of the multipurpose facility at Chuo-Rinkan Station

#### ● Impact of Opening Shimokita Senrogai

- Number of passengers\*<sup>1</sup> at Shimo-Kitazawa Station: YoY +21.1% (all stations: YoY +15.7%)
- FY2023 consolidated net sales (forecast): Approx. ¥1.5 billion
- Creation of new business opportunities by leveraging the results of Shimo Senrogai and our relationship with the local community

Example: Order received from Setagaya Ward government for renovation project at the site of the former Ikejiri Junior High School

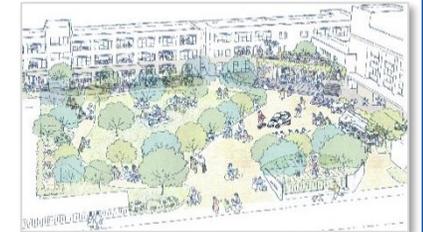


Illustration of how the site of the former Ikejiri Junior High School will be utilized

#### ● Impact of Opening Ebina VINA GARDENS

- Number of passengers\*<sup>1</sup> at Ebina Station: YoY +17.2% (all stations: YoY +15.7%)
- FY2023 consolidated net sales (forecast): Approx. ¥1.6 billion
- Total sales of rooms in two high-rise apartments: ¥33.0 billion\*<sup>2</sup> (deliveries between FY2019–FY2021)
- Construction of third high-rise apartment underway

\*<sup>1</sup> Number of passengers are results for FY2022  
\*<sup>2</sup> Collaborative business with other companies

### Community Development along the Odakyu Line in Core Cities

#### ● Revitalization of Enoshima Area

- Selection as the best proposal for the park-private finance initiatives (Kugenuma Kaihin Park renewal project) solicited by Fujisawa City, with facility slated to open by spring 2024
- In addition to construction of a world-famous skate park, communication of appeal of Kugenuma Kaihin Park as a place for supporting health lifestyles

### Expansion of Methods and Fields

#### ● Bolstering Profitability through Participation in Overseas Real Estate Business

- Participation in joint multifamily development project in suburbs of Seattle
- Participation in joint investment in large-scale multi-purpose facility (offices and commercial space) directly connected to train station in Sydney

# 3. Search for New Businesses That Utilize Digital Technology

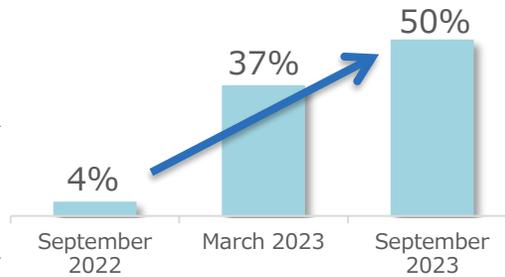
- We are steadily expanding businesses created from the source of local issues to governments and companies both along and away from the Odakyu Line.
- We are moving forward with the examinations of new businesses, while strengthening profitability in each existing business, with the aim of achieving operating income of ¥1.0 billion by FY2026.

## MaaS Japan/EMot

- Promotion of efforts to capture increasing inbound demand and improve customer experiences with a view to realizing ¥10.0 billion in amount of payments by FY2030
- Resolution of issues facing transportation service providers and local communities both along and away from the Odakyu Line by expanding service area, smartphone transactions, and settings for use
- In addition to the above, contribution to personnel saving and enhanced efficiency of digital investment through the promotion of DX in the railway business

Initiative	Progress and Outlook
Capture inbound demand	<ul style="list-style-type: none"> <li>Increase tickets with multi-lingual functionality</li> <li>Introduce payment via Alipay*</li> <li>Provide Korean-language support*</li> </ul>
Improve customer experience	<ul style="list-style-type: none"> <li>Introduce payment via PayPay</li> <li>Introduce QR codes within Hakone area</li> </ul>

Ratio of Digital Hakone Freepass Sales from Inbound Tourism



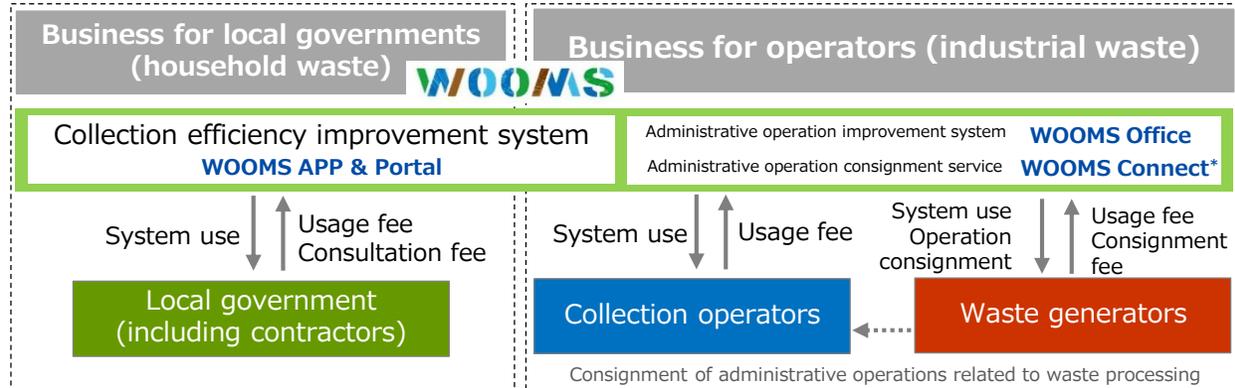
\* Scheduled for implementation during FY2023

## WOOMS (Waste Management Business)

- Aim to develop services nationwide that support enhancing the efficiency of waste collection and transportation as a new infrastructure business in community development, after transportation and real estate, utilizing strengths developed in existing businesses (such as frontline capabilities and relationships with local governments)
- Prioritization of development for local governments. Introduction to Zama City in FY2022 and launch (including demonstration projects) in 17 local governments nationwide, including government-designated cities

Scope of services	Details of initiatives
1. Local governments:	reinforcement of sales activities for local governments nationwide, in addition to along the Odakyu Line
2. Waste collection operators:	full-scale sales in combination with support for more sufficient administrative operations
3. Waste generators:	launch of WOOMS Connect (May 2023)

### Overview of WOOMS Business



\* A service that visualizes overall waste and supports diagnosis and its implementation through the three steps of investigation, verification, and reporting

## Ichi no ichi \*(Social Media for Local Governments)

- Receipt of order for demonstrate project from the Ministry of Internal Affairs and Communications and commencement of new use by 52 neighborhood councils in 10 cities across Japan from May 2023
- Invigoration of local exchange across a greater area through DX

Introduction at neighborhood councils

587

(As of September 2023)

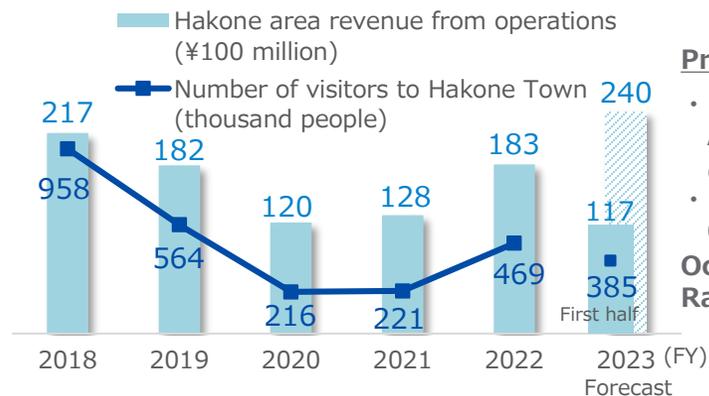
\* Tool for sharing local activities that form connections with communities, including digital bulletins and information sharing during an emergency

# 4. Tourism and Lifestyle Services in Response to a Post-COVID-19 World

- Achievement of profit growth by steadily capturing recovered tourism demand through the promotion of initiatives for inbound tourism, the DX of tourism, and the expansion of the tourism personnel service business
- Aim for the creation of environments in which it is easy to raise children together with communities and local governments along the Odakyu Line, thereby enhancing the attractiveness of line-side areas well into the future

## Initiatives for Tourism Demand

### ● Demand trends in Hakone



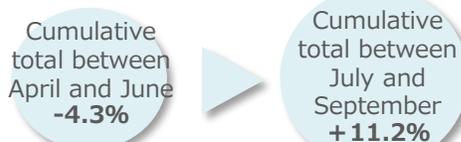
### Progress of Hotels Amid Strong Performance

- Hatsuhana  
**Approximately 2.5 times** the room rate of FY2018 following renewal in FY2022
  - HAKONE YUTOWA and HOTEL CLAD  
Opened in FY2019
- Occupancy rate: approximately 70%**  
**Ratio of foreign visitors: approximately 50%**

### ● Securing of inbound demand

- Launch of information sharing through Chinese social media service Xiaohongshu (RED), in addition to the planned addition of Alipay to the payment methods for EMot, to prepare for the full-scale recovery in tourism from China
- Travel exhibitions in five countries during FY2023. Implementation of sales promotion for special discount tickets in collaboration with local companies and business negotiations with overseas travel agencies

### FY2023 Hakone Freepass Unit Sales for Inbound Tourism (Fluctuation rate compared to FY2018)

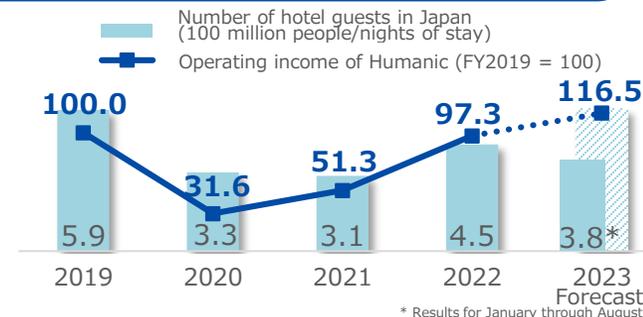


### ● Enhancement of convenience through digital transformation of tourism

- Support for EMot QR code tickets and contactless payments on the Enoshima Electric Railway, Hakone sightseeing cruise, and Hakone ropeway
- Launch of dynamic packaging that enables the reservation and purchase of Hakone travel combination tickets for accommodation, Romancecar, Hakone Freepass, and tourism experiences

## Expansion of Tourism Personnel Service Business

- Achievement of record-high operating income at Humanic following the increase in tourism demand across Japan
- Expansion of businesses alongside the growing tourism industry



## Promotion of Environments Where It Is Easy to Raise Children

- Aim for realizing areas along the Odakyu Line that are brimming with the smiles of children and their families, with a focus on "mocoron," a cheerleading mascot for raising children
- Plans for holding the family-oriented event "Odakyu Family Fun Festival," as we did in the previous fiscal year, together with local governments and corporations that have endorsed our Child-Rearing Support Policy



## Initiatives to Support Child Rearing

Initiatives to encourage the convenient and safe use of railway, such as the "child-rearing support car"

Operation of after-school facility Odakyu Kodomo Mirai Club and support for children's' growth, including efforts to attract nursery schools

A subscription service that combines elements such as special experience events and an email notification service when passing through stations

# Strengthening of Management Foundation

## 1. DX Strategies

### Development of Digital-Savvy Personnel

- Participation by roughly 400 individuals in e-learning courses on expert knowledge regarding AI and digital technology utilization

### Promotion of DX in Existing Businesses

- Among the 227 employee proposals within the DX idea creation project, adoption of proposal to introduce the industry's first\* AI chatbot to handle customer inquiries, thereby enhancing operational efficiency and improving service through 24-hour reception



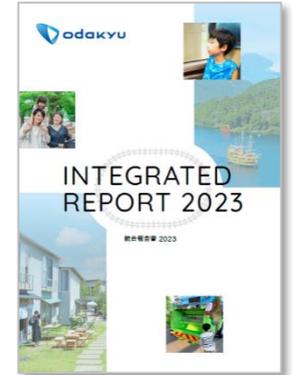
\* Introduced for opinions and requests regarding customer service

## 2. Environmental Strategies

### Acquisition of Third-Party Verification for Environmental Data

- Acquisition of limited verification that ensures reliability of data for GHG emissions in Scope 1, 2, and 3\*<sup>1</sup> and energy utilization\*<sup>2</sup> and disclosure of such data in integrated report\*<sup>3</sup>

\*<sup>1</sup> Scope 3 is non-consolidated data for categories 1, 2, and 3  
 \*<sup>2</sup> Energy utilization data is on a non-consolidated basis  
 \*<sup>3</sup> <https://www.odakyu.jp/ir/integratedreport/>



Integrated Report 2023

## 3. Human Resource Strategies

We are promoting efforts to transform into an organization that embraces diversity, leverages and nurtures individual strengths, and creates new value, with a view toward realizing our material issue of "development of value-creating human resources."

### Establishment of Consolidated Targets for Female Participation and Career Advancement

- Establishment of consolidated targets for female participation and career advancement (update of relevant non-consolidated targets as well) with the aim of becoming a corporate group in which all employees can work with enthusiasm, regardless of attributes such as age and gender
- Additionally, establishment of governance target for a ratio of female executives of 30% by FY2030

Note: The Company and its 34 subsidiaries (as of October 31, 2023)

Top: Consolidated targets Bottom: Non-consolidated targets	Results for FY2022	Targets for FY2030	Targets for FY2050
Ratio of female employees (full-time)	15.6% (9.7%)	20.0% (15.0%)	35.0% (35.0%)
Ratio of female managers	12.0% (5.5%)	15.0% (12.0%)	30.0% (30.0%)
Ratio of male employees taking paternity leave	57.6% (73.8%)	100% (100%)	100% (100%)

### Acceleration of Independent Value-Creating Conduct by Employees

- Receipt of Grand Prize of the Japan HR Challenge Awards in recognition of our corporate culture reform efforts to transform our business and our system for encouraging employees to take on new challenges



A scene from the award ceremony

### Encouraging the Pursuit of New Challenges through the Business Idea Solicitation System "Climbers" AOi School

Preliminary opening of an alternative school in Fujisawa City to support the future independence of students who resist going to school, proposed by two current train operators who have experience with school non-attendance themselves



### Hunter Bank

Receipt of GOOD DESIGN BEST100 award by Hunter Bank, a platform that helps match young hunters with farmers dealing with damage from wildlife



# 小田急電鉄株式会社

## 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.