August 2, 2021

Consolidated Financial Results for the Three Months Ended June 30, 2021 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 9024
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Scheduled date to file quarterly securities report: August 3, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (teleconference for institutional investors and analysts)

(Note: Millions of yen with fractional amounts truncated, unless otherwise noted)

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	91,763	38.3	(5,995)	–	(7,768)	–	(8,871)	–
June 30, 2020	66,341	(54.2)	(17,673)	–	(19,306)	–	(28,741)	–

Note: Comprehensive income
For the three months ended June 30, 2021: ¥(4,810) million [–%]
For the three months ended June 30, 2020: ¥(30,469) million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	(29.57)	–
June 30, 2020	(96.01)	–

Note: Diluted earnings per share are not noted even though the Company has issued potential shares, because the per share data is a loss per share.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	1,696,402	379,455	17.3
March 31, 2021	1,698,497	385,687	17.6

Reference: Equity (Net assets − Share acquisition rights − Non-controlling interests)
As of June 30, 2021: ¥293,787 million
As of March 31, 2021: ¥299,742 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (Forecast)		0.00	–	5.00	5.00

Note: Revisions to the forecast most recently announced: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2021	220,000	42.0	3,000	–	(1,000)	–
Fiscal year ending March 31, 2022	456,000	35.3	9,000	–	0	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2021	(8,000)	–	(26.68)
Fiscal year ending March 31, 2022	(5,000)	–	(16.67)

Note: Revisions to the forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatements of prior period financial statements: None

Note: For details, please refer to page 12 of the Attached Materials, "Notes on changes in accounting policies" of "(3) Notes to quarterly consolidated financial statements" under "2. Quarterly Consolidated Financial Statements and Significant Notes Thereto."

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	323,462,920 shares
As of March 31, 2021	323,462,920 shares

b. Number of treasury shares at the end of the period

As of June 30, 2021	23,410,894 shares
As of March 31, 2021	23,571,694 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	300,010,056 shares
Three months ended June 30, 2020	299,358,402 shares

Notes: 1. The Company's shares held by the share-based benefit trusts are included in the number of treasury shares at the end of the period (1,155,100 shares as of June 30, 2021 and 1,254,700 shares as of March 31, 2021). Also, the Company's shares held by the share-based benefit trusts are included in treasury shares that are deducted for calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (1,197,070 shares for the three months ended June 30, 2021 and 1,761,924 shares for the three months ended June 30, 2020).

2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in the number of treasury shares at the end of the period (21,998,594 shares as of June 30, 2021 and 21,998,594 shares as of March 31, 2021). Furthermore, the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in treasury shares that are deducted in the calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (21,998,594 shares for the three months ended June 30, 2021 and 21,998,594 shares for the three months ended June 30, 2020).

* Quarterly financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special notes

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company at the announcement of these materials and on certain assumptions pertaining to factors of uncertainty. These statements may differ from the actual business results.

For further details regarding earnings forecasts (consolidated earnings forecasts for the fiscal year ending March 31, 2022), please refer to page 6 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Three Months Ended June 30, 2021."

Contents of Attached Materials

1. Qualitative Information Regarding Financial Results for the Three Months Ended June 30, 2021

(1) Explanation of operating results

During the three months ended June 30, 2021, the Japanese economy continued to face difficult situations due to the impact of the global novel coronavirus disease (COVID-19) pandemic. Looking forward, with infection prevention measures in place and vaccinations being encouraged, we have seen the effects of various government policies and improvements in the overseas economies, and we expect the move toward recovery to continue. However, we need to be fully aware of the effect of infection trends on the Japanese and overseas economy, and the future remains unpredictable.

Under these conditions, in the three months ended June 30, 2021, we focused on the themes of “Looking ahead to our vision for the Group in a post-COVID-19 society, overcoming the impact of COVID-19 and creating a pathway for rapid growth” in formulating the “FY2021-FY2023 Seibu Group’s Medium-term Management Plan” for the three-year period ending with FY2023, and advanced initiatives with a three-point framework comprising “management reforms,” “digital operations,” and “sustainability.”

We carried out “management reforms” on the themes of “asset-light business operation,” “reducing the break-even point,” and “service transformation to suit the new normal.” In “asset-light business operation,” we are working to make sharp distinctions with no exceptions on whether to sell or liquidate or to maintain ownership of all businesses and assets, created policy to restructure our internal Group organization to maximize the value of assets that we will continue to hold, and moved forward with an evaluation to flesh out these policies. In “service transformation to suit the new normal,” we positioned “Prince Grand Resort Karuizawa” to secure a position as a “Workation Resort” representing Japan. In collaboration with East Japan Railway Company, etc., we worked to improve facilities, services, and products.

In “digital operations,” we built a “Group Marketing Foundation” and advanced initiatives to upgrade our accounting systems.

In “sustainability,” we continued to promote “Sustainability Action” with 12 key objectives in the four areas of safety, environment, community engagement, and corporate culture, in order to realize a sustainable society. Among these, as our environmental initiatives, we have endorsed the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD),” as we worked to realize “Green Management” that recognizes and responds to the effects of progressing climate change on both risks and business opportunities.

The Group recorded the following results for the three months ended June 30, 2021, due to a reduced number of facilities with suspended operations and provision of services in response to customers’ needs during the COVID-19 pandemic, despite the continued challenging business environment with the COVID-19 pandemic and resulting issuance of state of emergency declarations. Operating revenue was ¥91,763 million, up ¥25,421 million, or 38.3%, year on year. Operating loss was ¥5,995 million, an improvement of ¥11,677 million from an operating loss of ¥17,673 million in the same period of the previous fiscal year, due to increased revenue and reduced fixed expenses from reduced Directors’ remuneration and employee bonuses, revised operations of railcars and buses, etc., reorganized bus routes, and bringing operations in-house, despite reduced recording of fixed expenses at some facilities during the suspension of their operations as extraordinary losses. EBITDA was a profit of ¥7,441 million, an increase of ¥13,299 million from a loss of ¥5,857 million in the same period of the previous fiscal year.

Ordinary loss was ¥7,768 million, an improvement of ¥11,538 million from an ordinary loss of ¥19,306 million in the same period of the previous fiscal year, and loss attributable to owners of parent was ¥8,871 million, an improvement of ¥19,869 million from a loss attributable to owners of parent of ¥28,741 million in the same period of the previous fiscal year.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, for the three months ended June 30, 2021, operating revenue decreased by ¥2,954 million. For details, please refer to “Notes on changes in accounting policies" of "(3) Notes to quarterly consolidated financial statements" under "2. Quarterly Consolidated Financial Statements and Significant Notes Thereto."

Operating results for the three months ended June 30, 2021, in each segment were as follows.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the three months ended June 30, 2021	Year-on-year change	Change (%)	For the three months ended June 30, 2021	Year-on-year change	Change (%)	For the three months ended June 30, 2021	Year-on-year change	Change (%)
Urban Transportation and Regional	31,357	6,781	27.6	(678)	4,634	–	4,707	4,791	–
Hotel and Leisure	23,891	10,939	84.5	(11,713)	2,610	–	(7,763)	3,394	–
Real Estate	14,885	2,567	20.8	5,583	2,313	70.8	8,585	2,369	38.1
Construction	22,399	(1,332)	(5.6)	808	(165)	(17.0)	916	(170)	(15.7)
Other	9,577	4,715	97.0	(127)	2,254	–	923	2,496	–
Total	102,111	23,671	30.2	(6,127)	11,648	–	7,369	12,882	–
Adjustments	(10,348)	1,749	–	131	28	27.9	72	416	–
Consolidated	91,763	25,421	38.3	(5,995)	11,677	–	7,441	13,299	–

Notes: 1. Adjustments mainly consist of elimination of inter-company transactions.
2. EBITDA is calculated by adding depreciation and amortization of goodwill to operating profit.

Urban Transportation and Regional

The Urban Transportation and Regional business segment consists of railway operations that include key commuter lines for the greater Tokyo metropolitan area, bus operations that support the transportation needs of our railway passengers, lifestyle service operations along railway lines, sports operations, and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Change
Operating revenue	24,575	31,357	6,781
Railway operations	15,779	20,452	4,672
Bus operations	3,930	4,945	1,014
Lifestyle service operations along railway lines	3,852	4,614	761
Sports operations	339	606	267
Others	673	739	65

In railway operations and bus operations, while implementing thorough COVID-19 prevention measures, we implemented demand dispersal measures during peak times including better disclosure of passenger density data, as well as measures to reduce fixed expenses, including reviewed operations of railcars and buses, etc. and a reduction in the number of services and suspension of services of buses in line with demand.

In the lifestyle service operations along railway lines, on May 19, 2021, we held the grand opening for the new Seibuen Amusement Park, under the concept of providing a heartwarming, happy place, as we worked to stir nearby leisure demand.

The Urban Transportation and Regional business segment recorded operating revenue of ¥31,357 million, up ¥6,781 million, or 27.6%, year on year, as a result of the above initiatives, despite the fluctuations in the state of COVID-19 infections, the issuance of state of emergency declarations, and a reduction in commuter passes due to expanded remote working compared to the period before the spread of COVID-19. Meanwhile, the number of passengers in railway operations increased by 27.0% year on year (of which commuters increased by 13.7% and non-commuters increased by 59.3%), and passenger transportation sales increased by 30.6% year on year (of which commuters increased by 6.7% and non-commuters increased by 63.4%). Segment operating loss was ¥678 million, an improvement of ¥4,634 million from an operating loss of ¥5,313 million in the same period of the previous fiscal year. EBITDA was a profit of ¥4,707 million, an increase of ¥4,791 million from a loss of ¥84 million in the same period of the previous fiscal year.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, for the three months ended June 30, 2021, operating revenue of the Urban Transportation and Regional business segment decreased by ¥752 million.

Hotel and Leisure

The Hotel and Leisure business segment consists of city hotel operations, resort hotel operations, overseas hotel operations, sports operations, and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Change
Operating revenue	12,951	23,891	10,939
City hotel operations	4,181	9,181	5,000
Resort hotel operations	479	3,943	3,463
Overseas hotel operations	5,693	3,863	(1,829)
Sports operations	1,210	3,551	2,340
Others	1,386	3,351	1,964

Note: City hotel operations include mainly hotels located in the central commercial areas of major cities or in the vicinity of transportation terminals. Resort hotel operations mainly include hotels located in sightseeing areas or summer resorts across Japan.

In hotel operations, we partnered with Allm Inc. to sell accommodation and banquet plans with the optional offer of a PCR test, providing service with an even greater level of safety and security to our customers. On April 27, 2021, we reopened Karuizawa Prince Hotel West after renovation as a workation center in the Karuizawa area. Furthermore, toward a recovery in tourism demand which collapsed during the COVID-19 pandemic, we began cooperating with Japan Airlines Co., Ltd. to revamp services in response to changing customer values and behavior.

We also launched two facilities in our next-generation hotel brand “Prince Smart Inn” and began operations by method of lease contracts.

Overall, we implemented measures to reduce fixed expenses such as by flexibly changing the content of our activities, as well as pursuing efficient operations, including bringing operations in-house.

The Hotel and Leisure business continued to face a difficult business environment due to the fluctuations in the state of COVID-19 infections and the issuance of state of emergency declarations, but recorded operating revenue of ¥23,891 million, up ¥10,939 million, or 84.5% year on year, as a result of a reduced number of facilities with suspended operations and the initiatives mentioned above. RevPAR* for the hotel business was ¥2,670, an increase of ¥2,016 year on year. Segment operating loss was ¥11,713 million, an improvement of ¥2,610 million from operating loss of ¥14,324 million in the same period of the previous fiscal year, and EBITDA was a loss of ¥7,763 million, an improvement of ¥3,394 million from a loss of ¥11,158 million in the same period of the previous fiscal year, reflecting an increase in revenue, despite reduced recording of fixed expenses at some facilities during the suspension of their operations as extraordinary losses.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending

March 31, 2022. As a result, for the three months ended June 30, 2021, operating revenue of the Hotel and Leisure business segment decreased by ¥303 million.

* RevPAR: Revenue Per Available Room. RevPAR is calculated by dividing total room sales for a given period by the aggregate number of days per room for which each room was available during such period.

Real Estate

The Real Estate business segment consists of leasing operations and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Change
Operating revenue	12,317	14,885	2,567
Leasing operations	10,386	11,674	1,287
Others	1,931	3,211	1,279

In leasing operations, we worked to provide services in response to the spread of remote working, including preparing to open a workation facility in the Karuizawa Prince Shopping Plaza in cooperation with Nomura Real Estate Development Co., Ltd. and East Japan Railway Company.

We also worked to reduce fixed expenses by bringing BM and PM operations in-house.

The Real Estate business segment recorded operating revenue of ¥14,885 million, up ¥2,567 million, or 20.8%, year on year, due to a reduced number of facilities with suspended operations, revenue contributions from the Grand Emio Tokorozawa for phase II in the Tokorozawa Station East Building Plan, which opened in September 2020, and an increased number of land sales, despite the fluctuations in the state of COVID-19 infections and the issuance of state of emergency declarations. Segment operating profit was ¥5,583 million, an increase of ¥2,313 million, or 70.8%, year on year. EBITDA was ¥8,585 million, an increase of ¥2,369 million, or 38.1%, year on year.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, for the three months ended June 30, 2021, operating revenue of the Real Estate business segment decreased by ¥628 million.

Construction

The Construction business segment consists of construction operations and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021	Change
Operating revenue	23,732	22,399	(1,332)
Construction operations	17,406	17,353	(53)
Others	6,325	5,046	(1,279)

Note: Construction operations include net sales of sideline business of Seibu Construction Co., Ltd. Seibu Construction Co., Ltd. leases some of its real estate holdings, and the associated net sales are included in operating revenues of construction operations.

In construction operations, in addition to proceeding with projects such as public works, private housing construction, and renovation construction, we worked to improve margins by exercising strict order management and cost management, as well as by promoting the revamping of our divisional structure.

The Construction business segment recorded operating revenue of ¥22,399 million, a decrease of ¥1,332 million, or 5.6%, year on year, mainly due to the impact of the application of "Accounting Standard for Revenue Recognition" and relevant revised ASBJ regulations at Seibu Construction Supply Co., Ltd.* and a decrease in intragroup construction contracts. Segment operating profit was ¥808 million, down ¥165 million, or 17.0%, year on year. EBITDA was ¥916 million, a decrease of ¥170 million, or 15.7%, year on year.

In addition, the Company has applied the "Accounting Standard for Revenue Recognition" and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, for the three months ended June 30, 2021, operating revenue of the Construction business segment decreased by ¥1,321 million.

* On July 1, 2021, we transferred our shares in Seibu Construction Supply Co., Ltd. to TOWA ARKS CO., LTD.

Other

In the Sports business, we worked to provide enjoyable sports entertainment experience by offering services, giving performances and holding events at the MetLife Dome, which reopened in March 2021 after the renewal, that maximize the stadium's capabilities. In the Izuhakone business, we streamlined operations in line with the reorganization of the taxi business. In the Ohmi business, we prepared for the separation of infrastructure and operations under a scheme where the facilities are publicly owned and the operations are privately managed in the railway business.

Segment operating revenue was ¥9,577 million, an increase of ¥4,715 million, or 97.0%, year on year, due to an increased number of official games of professional baseball for the Saitama Seibu Lions, the above initiatives, and the proactive acquisition of advertising sponsors at the MetLife Dome, despite continued challenging business conditions including the fluctuations in the state of COVID-19 infections, the issuance of state of emergency declarations, and restrictions on holding events. Segment operating loss was ¥127 million, an improvement of ¥2,254 million from an operating loss of ¥2,382 million in the same period of the previous fiscal year. EBITDA was a profit of ¥923 million, an increase of ¥2,496 million from a loss of ¥1,573 million in the same period of the previous fiscal year.

In addition, the Company has applied the "Accounting Standard for Revenue Recognition" and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. As a result, for the three months ended June 30, 2021, operating revenue decreased by ¥431 million.

For the sports operations in the Urban Transportation and Regional business and in the Hotel and Leisure business and for the Sports business within the Other businesses segment, the total operating revenue was ¥9,779 million, up ¥6,218 million, or 174.6%, year on year.

(2) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts for the six months ending September 30, 2021 and the fiscal year ending March 31, 2022 are unchanged from the forecasts announced on May 13, 2021.

(3) Impact, etc. associated with COVID-19

As the infection status continues to fluctuate, in each of the Group's businesses, we are conducting business activities while striving to prevent infections and the spread of infections through measures such as thoroughly disinfecting and ventilating, making the last train services earlier, changing operating times and formats, and selling accommodation, wedding, and banquet plans with the optional offer of a prior PCR test. Despite progress in COVID-19 vaccinations, in the event that any of the following cases occur, it could lead to declines in operating revenue and an increase in expenses for countermeasures, causing a further significant impact on the results and the financial position of the Group. Those cases are as follows: (a) the impact on various economic conditions in Japan and overseas is protracted, (b) people continue to refrain from going out and the number of tourists from both outside and within Japan continues to drop, and (c) people's values and behaviors change in the post-COVID-19 society, such as the spread of remote working leading to a reduction in commuting, or people going out less due to increased participation in online social activity, and the effects of such changes are more widespread than expected.

For the employees of the Group, we are taking every caution. Measures include reducing the number of employees in offices and having them work at home utilizing remote working depending on the state of the ICT infrastructure of the various group companies; ensuring that when employees commute due to business necessity they do so only at times that clearly avoid congested periods on trains (staggered working hours); administering COVID-19 vaccines to those who wish to receive it as part of a workplace vaccination program; mandating PCR tests, etc. for employees in certain situations, and setting up a “COVID-19 Response Standard” in case of people contracting the disease or coming into close contact with infected persons. Nevertheless, if the infection spreads among employees, there are concerns that some problems may occur in our normal business activities. In such an event, there could be an impact on the results and financial position of the Group.

In addition, while we expect a reduction in operating cash flow following a decline in operating revenue due to the spread of COVID-19, we have secured necessary working capital for the time being by working to defer nonessential/non-urgent costs and capital investments, improving the earning structure and controlling cash flows, in addition to borrowings and expansion of our commitment lines in the previous fiscal year. We have also taken steps to enhance the Group’s financial foundation by issuing preferred shares at some of our consolidated subsidiaries in the previous fiscal year, as a way to “raise capital funds as the Group without diluting the Company’s shares.” Furthermore, with the aim of achieving asset-light business operations, we will implement business reforms and sell and liquidate assets and businesses. However, in the event that the COVID-19 pandemic is prolonged and demand for funds increases, there may be a further significant impact on the results and financial position of the Group.

Furthermore, regarding credit management, while responding flexibly, such as reducing the rent for business clients, we are working to strengthen the credit management system as a measure for risk associated with credit management by ascertaining the financial position of business clients, understanding the balance of receivables, and conducting a credit check. However, if it becomes difficult to collect a large amount of receivables in the event that the COVID-19 pandemic is prolonged or due to deterioration in the cash flows of various business clients, defaults, etc., there could be an impact on the results and financial position of the Group.

The impact of the COVID-19 pandemic on the Group’s results in the three months ended June 30, 2021 was greater than the forecasts as of May 13, 2021, due to the fluctuating situation of infections and the declaration and extension of the state of emergency. However, we have been able to minimize the impact on profit by reducing costs, including a reduction in employee bonuses, as well as reducing fixed costs by reducing or suspending bus services, consolidating hotel and leisure facility operations, and utilizing employment adjustment subsidies by having employees take a leave of absence.

At present, the impact of infections is spreading, with the reemergence of the infection and the declaration of another state of emergency, but we will continue to monitor the situation in a timely and accurate manner and take all possible precautions, including further examination of costs.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	28,816	45,000
Notes and accounts receivable - trade	58,193	–
Notes and accounts receivable - trade, and contract assets	–	48,793
Land and buildings for sale in lots	7,158	6,994
Merchandise and finished goods	1,418	1,477
Costs on construction contracts in progress	1,764	1,008
Raw materials and supplies	3,113	3,157
Other	23,729	13,605
Allowance for doubtful accounts	(107)	(101)
Total current assets	124,086	119,936
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	546,873	549,912
Machinery, equipment and vehicles, net	69,299	69,950
Land	705,485	707,007
Leased assets, net	10,714	11,309
Construction in progress	90,841	84,914
Other, net	21,829	22,214
Total property, plant and equipment	1,445,044	1,445,309
Intangible assets		
Leased assets	38	36
Other	19,324	19,616
Total intangible assets	19,362	19,653
Investments and other assets		
Investment securities	66,949	66,712
Long-term loans receivable	293	293
Retirement benefit asset	21,656	21,304
Deferred tax assets	13,786	14,173
Other	7,745	9,443
Allowance for doubtful accounts	(427)	(425)
Total investments and other assets	110,003	111,502
Total non-current assets	1,574,410	1,576,465
Total assets	1,698,497	1,696,402

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,799	19,107
Short-term borrowings	197,537	205,963
Lease obligations	1,105	1,047
Income taxes payable	3,205	1,672
Advances received	69,587	86,730
Provision for bonuses	4,889	9,472
Other provisions	3,262	3,450
Asset retirement obligations	146	130
Other	76,348	56,492
Total current liabilities	378,883	384,066
Non-current liabilities		
Bonds payable	40,000	50,000
Long-term borrowings	675,898	664,448
Long-term accounts payable to Japan railway construction, transport and technology agency	11,287	11,277
Lease obligations	7,707	8,132
Deferred tax liabilities	105,145	104,732
Deferred tax liabilities for land revaluation	10,839	10,839
Provision for retirement benefits for directors (and other officers)	665	656
Provision for share awards for directors (and other officers)	133	160
Provision for loss on guarantees	315	367
Other provisions	154	120
Retirement benefit liability	30,357	30,476
Asset retirement obligations	1,967	1,962
Liabilities from application of equity method	15,536	15,571
Other	33,917	34,135
Total non-current liabilities	933,926	932,880
Total liabilities	1,312,809	1,316,947
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	96,491	96,505
Retained earnings	172,512	162,714
Treasury shares	(55,077)	(54,807)
Total shareholders' equity	263,925	254,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,489	14,169
Revaluation reserve for land	16,716	16,716
Foreign currency translation adjustment	933	5,392
Remeasurements of defined benefit plans	3,676	3,096
Total accumulated other comprehensive income	35,816	39,374
Share acquisition rights	407	298
Non-controlling interests	85,538	85,368
Total net assets	385,687	379,455
Total liabilities and net assets	1,698,497	1,696,402

(2) Quarterly consolidated statements of income and comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating revenue	66,341	91,763
Operating expenses		
Operating expenses and cost of sales of transportation	74,419	88,210
Selling, general and administrative expenses	9,595	9,548
Total operating expenses	84,014	97,758
Operating loss	(17,673)	(5,995)
Non-operating income		
Interest income	2	1
Dividend income	450	423
Subsidy to keep a bus on a regular route	125	127
Share of profit of entities accounted for using equity method	–	3
Subsidies for infection-prevention measures	–	*1 258
Other	459	382
Total non-operating income	1,038	1,197
Non-operating expenses		
Interest expenses	2,499	2,326
Share of loss of entities accounted for using equity method	73	–
Other	98	644
Total non-operating expenses	2,671	2,970
Ordinary loss	(19,306)	(7,768)
Extraordinary income		
Gain on sale of non-current assets	24	39
Contribution for construction	1,347	44
Subsidy income	44	7
Subsidies for employment adjustment	*2 187	*2 3,271
Other	153	415
Total extraordinary income	1,758	3,778
Extraordinary losses		
Impairment losses	2,499	123
Loss on sale of non-current assets	–	0
Loss on retirement of non-current assets	168	223
Tax purpose reduction entry of contribution for construction	1,187	44
Loss on tax purpose reduction entry of non-current assets	32	6
Loss on valuation of investment securities	77	18
Loss on temporary suspension of operations	*3 10,725	*3 3,009
Other	–	335
Total extraordinary losses	14,692	3,761
Loss before income taxes	(32,240)	(7,751)
Income taxes - current	373	1,212
Income taxes - deferred	(3,221)	(575)
Total income taxes	(2,848)	636
Loss	(29,392)	(8,388)
Profit (loss) attributable to non-controlling interests	(650)	483
Loss attributable to owners of parent	(28,741)	(8,871)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Loss	(29,392)	(8,388)
Other comprehensive income		
Valuation difference on available-for-sale securities	903	(319)
Foreign currency translation adjustment	(1,421)	4,479
Remeasurements of defined benefit plans, net of tax	(558)	(581)
Total other comprehensive income	(1,076)	3,577
Comprehensive income	(30,469)	(4,810)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(29,815)	(5,313)
Comprehensive income attributable to non-controlling interests	(653)	502

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Notes on changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.
Major changes due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations are as follows:

(1) Revenue recognition for agent transactions
As for certain transactions, previously the total amount of consideration received from customers was recognized as revenue. However, for transactions in which the Group's role in provision of goods or services to customers is an agent, revenue has been recognized at the net amount calculated by deducting the amount paid to suppliers from the amount received from customers.

(2) Revenue recognition for sales from commuter passes
As for sales of freight revenue for use of commuter passes in railway operations, etc., previously revenue was recognized based on the sale date. However, considering that performance obligations are satisfied over the valid period of commuter passes, revenue has been recognized according to the valid period.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 was added to or deducted from the opening balance of retained earnings of the first quarter of the fiscal year, and thus the new accounting policy was applied from such opening balance.
As a result, operating revenue for the three months ended June 30, 2021 decreased by ¥2,954 million, but the impact of this change on profit or loss was immaterial. In addition, retained earnings as of the beginning of the fiscal year decreased by ¥925 million.
Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in "Notes and accounts receivable - trade, and contract assets" under current assets from the quarterly consolidated balance sheet as of the end of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has applied new accounting policies stipulated in the "Accounting Standard for Fair Value Measurement," etc. prospectively, in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This has no effect on the quarterly consolidated financial statements.

Additional information

Tentative Accounting Estimates Related to COVID-19

There are no significant changes with respect to assumptions used in accounting estimates related to COVID-19 that were presented in "Significant accounting estimates" in the Annual Securities Report for the fiscal year ended March 31, 2021.

Quarterly consolidated statement of income

*1. Subsidies for infection-prevention measures

Subsidies for infection-prevention measures recorded in the three months ended June 30, 2021 mainly consisted of subsidies for measures to prevent the spread of infections in response to official requests for reduction of operating times, etc. from local governments associated with the impact of COVID-19.

*2. Subsidies for employment adjustment

Subsidies for employment adjustment consisted of the proceeds applicable to special measures such as subsidies for employment adjustment associated with the impact of COVID-19.

*3. Loss on temporary suspension of operations

The loss on the temporary suspension of operations consisted of fixed expenses (personnel expenses, depreciation and amortization, etc.) that arose during the period of suspended operation of operating facilities that temporarily suspended operations as a result of official requests and declarations, etc. from the national and local governments to prevent the spread of COVID-19.

Segment information

I. For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

Information about operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Urban Transporta-tion and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	24,575	12,951	12,317	23,732	4,862	78,439	(12,098)	66,341
Segment profit (loss)	(5,313)	(14,324)	3,269	973	(2,382)	(17,776)	102	(17,673)

Notes: 1. "Other" consists of the Izuhakone business, Ohmi business, Sports business and New businesses.

2. Details of adjustments are as follows:

(1) Adjustments for operating revenue of ¥(12,098) million mainly consist of elimination of inter-company transactions.

(2) Adjustments for segment profit of ¥102 million mainly consist of elimination of inter-company transactions.

3. Segment profit (loss) has been reconciled with operating loss in the quarterly consolidated statement of income.

II. For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

Information about operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Urban Transporta-tion and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	31,357	23,891	14,885	22,399	9,577	102,111	(10,348)	91,763
Segment profit (loss)	(678)	(11,713)	5,583	808	(127)	(6,127)	131	(5,995)

Notes: 1. "Other" consists of the Izuhakone business, Ohmi business, Sports business and New businesses.

2. Details of adjustments are as follows:

(1) Adjustments for operating revenue of ¥(10,348) million mainly consist of elimination of inter-company transactions.

(2) Adjustments for segment profit of ¥131 million mainly consist of elimination of inter-company transactions.

3. Segment profit (loss) has been reconciled with operating loss in the quarterly consolidated statement of income.

Significant events after the reporting period

Transfer of Shares of Subsidiary

On July 1, 2021, the Company's consolidated subsidiary Seibu Construction Supply, Co., Ltd. transferred all shares that the company owned of the Company's consolidated subsidiary Seibu Construction Supply Co., Ltd. (hereinafter, "Seibu Construction Supply").

1. Reasons for transfer

   The Company has decided to transfer all of the shares of Seibu Construction Supply held by the Company's consolidated subsidiary Seibu Construction Co., Ltd. because it believes that this will contribute to the growth of Seibu Construction Supply and views this transfer as an opportunity to realize an asset-light business operation by reviewing the Group's business portfolio.

2. Subsidiary to be transferred

   Seibu Construction Supply Co., Ltd. (Major businesses: Manufacture and wholesale of building materials, mineral and metal materials, etc.)

3. Transferee of shares

   TOWA ARKS CO., LTD.

4. Number of shares to be transferred

   704,000 shares (Ownership ratio after transfer: 0%)

5. Date of transfer

   July 1, 2021

6. Impact on financial results

   In line with the transfer of shares of subsidiary, the Company expects to record extraordinary losses of approximately ¥3.5 billion in the second quarter ending September 30, 2021.