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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
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February 10, 2022

Consolidated Financial Results for the Nine Months Ended December 31, 2021 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 9024
URL: https://www.seibuholdings.co.jp/en/
Representative: GOTO Takashi, President and CEO
Inquiries: KAWAKAMI Kiyoto, General Manager of Corporate Communication
Tel: +81-3-6709-3112

Scheduled date to file quarterly securities report: February 14, 2022
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 Nine Months Ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	300,282	18.9	(4,410)	–	(9,028)	–	(8,868)	–
December 31, 2020	252,446	(41.6)	(37,072)	–	(44,195)	–	(48,142)	–

Note: Comprehensive income
For the nine months ended December 31, 2021: ¥(9,225) million [–%]
For the nine months ended December 31, 2020: ¥(49,606) million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	(29.55)	–
December 31, 2020	(160.72)	–

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	%
December 31, 2021	1,645,078	374,726	17.6
March 31, 2021	1,698,497	385,687	17.6

Reference: Equity (Net assets − Share acquisition rights − Non-controlling interests)
As of December 31, 2021: ¥288,924 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	–	0.00	–		
Fiscal year ending March 31, 2022 (Forecast)				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	%
Fiscal year ending March 31, 2022	401,000	19.0	(11,000)	–	(18,000)	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	9,000	–	29.96

Note: Revisions to the forecast most recently announced: Yes

*** 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 15 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 December 31, 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 December 31, 2021	23,090,694 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)

Nine months ended December 31, 2021	300,145,467 shares
Nine months ended December 31, 2020	299,539,171 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 (834,900 shares as of December 31, 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) (1,061,659 shares for the nine months ended December 31, 2021 and 1,598,284 shares for the nine months ended December 31, 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 December 31, 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 nine months ended December 31, 2021 and 21,998,594 shares for the nine months ended December 31, 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 8 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2021."

Contents of Attached Materials

1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2021

(1) Explanation of operating results

During the nine months ended December 31, 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 will closely monitor infection trends in Japan and overseas including COVID-19 variants, as well as the impact on trends in the financial and capital markets.

Under these conditions, in the nine months ended December 31, 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 management," and "sustainability."

We carried out "management reforms" on the themes of "asset-light business operation," "lowering the break-even point," and "service transformation to suit the new normal." With regard to "asset-light business operation," we worked to review our portfolio and transform our business model with the aim of building a robust structure in the face of crises that are expected to recur. On July 1, 2021, we transferred our shares in Seibu Construction Supply Co., Ltd., and in December 2021, we completed the securitization of office buildings, such as the Shin-Yokohama Square Bldg.

Moreover, aiming to maximize the value of Group-held assets and improve competitiveness in the Hotel and Leisure and the Real Estate businesses, we have decided to separate our asset holding arm from our business operation arm for hotels, etc., and carry out organizational restructuring in the Group with "SEIBU PRINCE HOTELS WORLDWIDE INC. (established on December 13, 2021)" as the hotel operating company and "SEIBU REALTY SOLUTIONS INC. (scheduled to have its name changed from "Prince Hotels, Inc." on April 1, 2022)" as a general real estate company also charged with collectively handling assets of the Hotel and Leisure business, held by Prince Hotels, Inc., for the purpose of maximizing the value of the Group-held assets. In conjunction with this, the Company has moved ahead with discussions concerning the securitization of certain assets of the Hotel and Leisure business and on February 10, 2022, the Company concluded a legally binding basic agreement with Reco Pine Private Limited, an affiliate of GIC Private Limited ("GIC"). The purpose of the agreement is to build a long-term partnership between the Group and GIC that will lead to not only maximizing the revenue of the 31 properties making up the certain assets of the Hotel and Leisure business held by Prince Hotels, Inc., but also enabling the Group's shift towards an asset-light strategy and further development of the Hotel and Leisure business while maximizing the Group's corporate value as a whole. After the securitization is completed (planned for FY2022), SEIBU PRINCE HOTELS WORLDWIDE INC. will be entrusted with the operation services of the target properties, and under the long-term and rock-solid partnership with GIC, we will maximize the intrinsic value of the assets related to the Hotel and Leisure business using stable growth investment from GIC, which will leverage the know-how of the hotel operations it owns inside and outside Japan and its financial muscle, and using the extensive network that GIC owns inside and outside Japan, and as we work to become the No. 1 hotel chain in the industry, we will strive to achieve medium- to long-term growth for the Hotel and Leisure business, which is the Group's driving force for enhancing its corporate value.

Furthermore, as part of an even deeper review of the business portfolio, on January 27, 2022, the Company decided to transfer the shares of Seibu Construction Co., Ltd. to MIRAIT Holdings Corporation (scheduled to be implemented on March 31, 2022).

In "service transformation to suit the new normal," we positioned "Prince Grand Resort Karuizawa" to secure a position as a Japan's top "Workation Resort." In collaboration with East Japan Railway Company, etc., we improved facilities, services, and products. Moreover, in an effort to expand the outdoor business, we concluded an alliance with R.project Inc., establishing Step Out Co., Ltd. on October 1, 2021.

In "digital management," we worked to build a "Group Marketing Foundation" and upgrade our accounting systems.

In "sustainability," we continued to promote "Sustainability Action" with 12 key objectives in the four categories 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)" and started solar sharing for the first time in the Seibu Group through SEIBU AGRIBUSINESS INC., which was established in FY2020, striving to realize

"Green Management" that recognizes and responds to the effects of progressing climate change on both risks and business opportunities.

For the nine months ended December 31, 2021, the Group recorded operating revenue of ¥300,282 million, up ¥47,836 million, or 18.9%, year on year, reflecting a reduced number of facilities with suspended operations, a recovery in demand for going out from the beginning of autumn, and the 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 the associated issuance of successive state of emergency declarations and deepening trend of people refraining from going out. Operating loss was ¥4,410 million, an improvement of ¥32,662 million from an operating loss of ¥37,072 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 transferred to extraordinary losses during temporary suspension of operations. EBITDA was a profit of ¥37,005 million, an increase of ¥34,324 million from a profit of ¥2,680 million in the same period of the previous fiscal year.

Ordinary loss was ¥9,028 million, an improvement of ¥35,166 million from an ordinary loss of ¥44,195 million in the same period of the previous fiscal year, and loss attributable to owners of parent was ¥8,868 million, an improvement of ¥39,273 million from a loss attributable to owners of parent of ¥48,142 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 nine months ended December 31, 2021, operating revenue decreased by ¥7,465 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 nine months ended December 31, 2021, in each segment were as follows.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the nine months ended December 31, 2021	Year-on-year change	Change (%)	For the nine months ended December 31, 2021	Year-on-year change	Change (%)	For the nine months ended December 31, 2021	Year-on-year change	Change (%)
Urban Transportation and Regional	98,758	6,716	7.3	(1,403)	4,493	—	15,262	4,718	44.8
Hotel and Leisure	96,051	33,389	53.3	(22,587)	18,710	—	(10,035)	19,684	—
Real Estate	46,277	4,913	11.9	16,874	4,918	41.1	25,837	4,908	23.5
Construction	62,289	(8,261)	(11.7)	3,767	602	19.0	3,996	468	13.3
Other	26,671	5,578	26.4	(1,066)	3,833	—	2,058	4,003	—
Total	330,048	42,337	14.7	(4,415)	32,558	—	37,118	33,784	—
Adjustments	(29,765)	5,499	—	5	103	—	(112)	540	—
Consolidated	300,282	47,836	18.9	(4,410)	32,662	—	37,005	34,324	—

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 nine months ended December 31, 2020	For the nine months ended December 31, 2021	Change
Operating revenue	92,041	98,758	6,716
Railway operations	57,480	62,450	4,970
Bus operations	13,713	15,402	1,688
Lifestyle service operations along railway lines	16,624	16,356	(268)
Sports operations	1,785	2,071	285
Others	2,437	2,478	41

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 addition, Seibu Railway Co., Ltd. decided to revise its timetables on March 12, 2022 to align them more closely to actual usage based on changes in people’s lifestyles, and has been making preparations accordingly.

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 ¥98,758 million, up ¥6,716 million, or 7.3%, year on year, as a result of the above initiatives and a recovery in demand for going out from the beginning of autumn, despite the fluctuations in the state of COVID-19 infections, the issuance of successive state of emergency declarations, a deepening trend of people refraining from going out, 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 8.3% year on year (of which commuters increased by 3.0% and non-commuters increased by 18.1%), and passenger transportation sales increased by 9.8% year on year (of which commuters increased by 0.3% and non-commuters increased by 19.2%). Operating loss was ¥1,403 million, an improvement of ¥4,493 million year on year (operating loss was ¥5,896 million in the same period of the previous fiscal year) thanks to increased revenues, despite an increase in one-time costs accompanying the opening of Seibuen Amusement Park, while EBITDA was a profit of ¥15,262 million, an increase of ¥4,718 million, or 44.8%, 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 nine months ended December 31, 2021, operating revenue of the Urban Transportation and Regional business segment decreased by ¥2,398 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 nine months ended December 31, 2020	For the nine months ended December 31, 2021	Change
Operating revenue	62,662	96,051	33,389
City hotel operations	24,588	35,906	11,318
Resort hotel operations	12,805	19,312	6,507
Overseas hotel operations	7,134	16,430	9,295
Sports operations	9,016	11,997	2,980
Others	9,117	12,404	3,287

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, and offered plans for people who are fully vaccinated against COVID-19, 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 began operations by method of lease contracts in two facilities of our next-generation hotel brand "Prince Smart Inn."

Overall, we implemented measures to reduce fixed expenses 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, the issuance of successive state of emergency declarations and a deepening trend of people refraining from going out, but recorded operating revenue of ¥96,051 million, up ¥33,389 million, or 53.3% year on year, mainly as a result of a reduced number of facilities with suspended operations, a recovery in demand for going out from the beginning of autumn, and the initiatives mentioned above, as well as use of facilities associated with the Tokyo Olympic and Paralympic Games and recovery in use in Hawaii in overseas hotel operations. RevPAR* for the hotel business was ¥5,116, an increase of ¥1,830 year on year. Segment operating loss was ¥22,587 million, an improvement of ¥18,710 million from operating loss of ¥41,298 million in the same period of the previous fiscal year, and EBITDA was a loss of ¥10,035 million, an improvement of ¥19,684 million from a loss of ¥29,720 million in the same period of the previous fiscal year, reflecting an increase in revenue, despite reduced recording of fixed expenses transferred to extraordinary losses during temporary suspension of operations.

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 nine months ended December 31, 2021, operating revenue of the Hotel and Leisure business segment decreased by ¥1,280 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 nine months ended December 31, 2020	For the nine months ended December 31, 2021	Change
Operating revenue	41,363	46,277	4,913
Leasing operations	34,862	36,235	1,373
Others	6,500	10,041	3,540

In leasing operations, as part of our “workation resort” initiative in the Karuizawa area, we opened Karuizawa Prince The Workation Core, 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 PM and BM operations in-house.

The Real Estate business segment recorded operating revenue of ¥46,277 million, up ¥4,913 million, or 11.9%, year on year, due to a reduced number of facilities with suspended operations and a recovery in demand for going out from the beginning of autumn, as well as revenue contributions from the Grand Emio Tokorozawa for phase II in the Tokorozawa Station East Building Plan, which opened in September 2020, an increased number of land sales, and the recording of cancellation fees in conjunction with the withdrawal of some tenants from Tokyo Garden Terrace Kioicho, despite fluctuations in the state of COVID-19 infections, the issuance of successive state of emergency declarations, and a deepening trend of people refraining from going out. Segment operating profit was ¥16,874 million, an increase of ¥4,918 million, or 41.1%, year on year. EBITDA was a profit of ¥25,837 million, an increase of ¥4,908 million, or 23.5%, 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 nine months ended December 31, 2021, operating revenue of the Real Estate business segment decreased by ¥2,213 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 nine months ended December 31, 2020	For the nine months ended December 31, 2021	Change
Operating revenue	70,550	62,289	(8,261)
Construction operations	51,150	48,531	(2,618)
Others	19,400	13,757	(5,642)

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 ¥62,289 million, a decrease of ¥8,261 million, or 11.7%, year on year, mainly due to the transfer of shares of Seibu Construction Supply Co., Ltd. and a decrease in intragroup construction contracts. Segment operating profit was ¥3,767 million, an increase of ¥602 million, or 19.0%, year on year, due to such as the improvement of margins. EBITDA was a profit of ¥3,996 million, an increase of ¥468 million, or 13.3%, 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 nine months ended December 31, 2021, operating revenue of the Construction business segment decreased by ¥1,239 million.

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 and proceeded with the business transfer of Jukkokutouge Rest House and Jukkokutouge Cable Car (the transfer to FUJI KYUKO CO., LTD. was completed on February 1, 2022). 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. 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 ¥26,671 million, an increase of ¥5,578 million, or 26.4%, 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 successive issuance of state of emergency declarations, and restrictions on holding events. Segment operating loss was ¥1,066 million, an improvement of ¥3,833 million from an operating loss of ¥4,899 million in the same period of the previous fiscal year. EBITDA was a profit of ¥2,058 million, an improvement of ¥4,003 million from a loss of ¥1,945 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 nine months ended December 31, 2021, operating revenue decreased by ¥1,181 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 ¥27,850 million, up ¥7,601 million, or 37.5%, year on year.

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

The full-year consolidated earnings forecasts have been revised from the earnings forecasts announced on November 10, 2021, based on factors such as the recent business performance trends and the impact associated with the share transfer of Seibu Construction Co., Ltd. announced on January 27, 2022.

When considering the new full-year consolidated earnings forecast, despite a recent resurgence of COVID-19 and the adoption of strict infection control measures being implemented as a result, we are making the assumption that business performance will gradually recover through the end of the fiscal year. Recovery in operating revenue is expected to be delayed due to the effect of the recent resurgence of COVID-19, although demand generated by people going out recovered more than expected in the third quarter of the fiscal year ending March 31, 2022. Accordingly, the forecast for operating revenue has been downwardly revised by ¥6.0 billion from the previously announced forecast figure to ¥401.0 billion (an increase of 19.0% year on year).

We expect a decrease of approximately ¥31.0 billion in full-year fixed expenses (November 10 forecast expected reduction: ¥30.0 billion) due to cost control measures, including reducing and postponing a variety of expenses. However, to reflect the outlook for lower operating revenue than the November 10 forecast, the Company has revised downward its forecast for operating loss to ¥11.0 billion (operating loss of ¥51.5 billion in the previous fiscal year) and its forecast for EBITDA to ¥44.0 billion (¥1.8 billion in the previous fiscal year), each representing a downward revision of ¥3.0 billion.

Forecasts for operating revenue, operating profit, and EBITDA by segment are as follows.

(Billions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the fiscal year ending March 31, 2022 (forecast)	Change from previous forecast (%)	Year-on-year change (%)	For the fiscal year ending March 31, 2022 (forecast)	Change from previous forecast (%)	Year-on-year change (%)	For the fiscal year ending March 31, 2022 (forecast)	Change from previous forecast (%)	Year-on-year change (%)
Urban Transportation and Regional	133.5	(0.1)	8.9	(4.9)	–	–	17.7	2.9	42.8
Hotel and Leisure	138.2	(4.6)	64.4	(25.5)	–	–	(8.4)	–	–
Real Estate	59.0	2.1	6.5	18.8	6.2	21.9	30.7	3.7	11.9
Construction	78.6	(3.2)	(18.2)	4.0	–	(1.4)	4.3	–	(5.6)
Other	32.5	1.2	21.4	(3.7)	–	–	0.4	–	–
Total	441.8	(1.7)	14.8	(11.3)	–	–	44.7	(7.6)	–
Adjustments	(40.8)	–	–	0.3	–	–	(0.7)	–	–
Consolidated	401.0	(1.5)	19.0	(11.0)	–	–	44.0	(6.4)	–

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.

Due to the larger operating loss and other factors, the forecast for ordinary profit (loss) has been revised downward from the previous forecast by ¥2.0 billion, to an ordinary loss of ¥18.0 billion (ordinary loss of ¥58.7 billion in the previous fiscal year).

Moreover, although it was announced on November 10, 2021 that a loss attributable to owners of parent of ¥14.0 billion was expected to be recorded this fiscal year, the Company is upwardly revising its forecast by ¥23.0 billion from the previously announced forecast figure to make a profit attributable to owners of parent of ¥9.0 billion (compared with loss attributable to owners of parent of ¥72.3 billion in the previous fiscal year), as it is forecasting the recording of extraordinary income due to the transfer of shares of Seibu Construction Co., Ltd.

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

(i) Business operations

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 PCR test. Despite progress on COVID-19 vaccinations, in the cases outlined below, operating revenue could decline and countermeasure expenses be incurred, which may have further impact on the results and financial position of the Group.

- Cases where the impact on various economic conditions in Japan and overseas is protracted
- Cases where people continue to refrain from going out and the number of tourists from both outside and within Japan continues to drop
- Cases where 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

(ii) Employees

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.

(iii) Finances

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 reduce and defer nonessential/non-urgent costs, 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 are working to implement business reforms and to sell and securitize assets and businesses. On January 27, 2022, the Company decided to transfer 95% of the shares of Seibu Construction Co., Ltd. held by Seibu Railway Co., Ltd., a consolidated subsidiary of the Company, to MIRAIT Holdings Corporation, and on February 10, 2022, the Company concluded a legally binding basic agreement with Reco Pine Private Limited, an affiliate of GIC Private Limited, containing the following two main points.

- A part of the all 76 assets of the Hotel and Leisure business, including The Prince Park Tower Tokyo, held by Prince Hotels, Inc., a consolidated subsidiary of the Company ("Hotel and Leisure Assets") shall be transferred to several limited liability companies to be invested by GIC Group.

- SEIBU PRINCE HOTELS WORLDWIDE INC., a consolidated subsidiary of the Company, shall be entrusted with the operation services of the Hotel and Leisure Assets, and Seibu SCCAT Co., Ltd., a consolidated subsidiary of the Company, shall be entrusted with the building management services of the Hotel and Leisure Assets.

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.

(iv) Credit management

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.

(v) Impact on financial results

Concerning the impact on the Group's financial results from the effect of the spread of COVID-19 infection, despite a better than expected recovery in demand generated by people going out in the third quarter of the fiscal year ending March 31, 2022, the current new wave of infections has led to an expected delay in the timing of recovery compared with the forecasts announced on November 10, 2021, and as stated in "(2) Explanation of consolidated earnings forecasts and other forward-looking statements," the consolidated earnings forecasts for the fiscal year ending March 31, 2022 has been revised. With regard to profit (loss) attributable to owners of parent, although it was announced on November 10, 2021 that a loss attributable to owners of parent was expected to be recorded this fiscal year, the Company is forecasting that it will record a profit attributable to owners of parent mainly as a result of recording extraordinary income due to the transfer of shares of Seibu Construction Co., Ltd.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	28,816	24,409
Notes and accounts receivable - trade	58,193	–
Notes and accounts receivable - trade, and contract assets	–	51,654
Land and buildings for sale in lots	7,158	6,053
Merchandise and finished goods	1,418	922
Costs on construction contracts in progress	1,764	950
Raw materials and supplies	3,113	3,455
Other	23,729	15,587
Allowance for doubtful accounts	(107)	(101)
Total current assets	124,086	102,931
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	546,873	534,074
Machinery, equipment and vehicles, net	69,299	67,841
Land	705,485	701,841
Leased assets, net	10,714	10,725
Construction in progress	90,841	89,609
Other, net	21,829	20,062
Total property, plant and equipment	1,445,044	1,424,153
Intangible assets		
Leased assets	38	32
Other	19,324	18,577
Total intangible assets	19,362	18,610
Investments and other assets		
Investment securities	66,949	60,716
Long-term loans receivable	293	290
Retirement benefit asset	21,656	20,657
Deferred tax assets	13,786	8,970
Other	7,745	9,184
Allowance for doubtful accounts	(427)	(436)
Total investments and other assets	110,003	99,382
Total non-current assets	1,574,410	1,542,146
Total assets	1,698,497	1,645,078

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,799	19,437
Short-term borrowings	197,537	193,460
Lease obligations	1,105	912
Income taxes payable	3,205	2,770
Advances received	69,587	80,146
Provision for bonuses	4,889	2,624
Other provisions	3,262	2,574
Asset retirement obligations	146	45
Other	76,348	62,134
Total current liabilities	378,883	364,105
Non-current liabilities		
Bonds payable	40,000	50,000
Long-term borrowings	675,898	642,228
Long-term accounts payable to Japan railway construction, transport and technology agency	11,287	9,417
Lease obligations	7,707	7,817
Deferred tax liabilities	105,145	104,486
Deferred tax liabilities for land revaluation	10,839	10,834
Provision for retirement benefits for directors (and other officers)	665	598
Provision for share awards for directors (and other officers)	133	214
Provision for loss on guarantees	315	553
Other provisions	154	56
Retirement benefit liability	30,357	30,162
Asset retirement obligations	1,967	1,976
Liabilities from application of equity method	15,536	15,586
Other	33,917	32,314
Total non-current liabilities	933,926	906,246
Total liabilities	1,312,809	1,270,352
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	96,491	96,505
Retained earnings	172,512	162,708
Treasury shares	(55,077)	(54,238)
Total shareholders' equity	263,925	254,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,489	9,678
Revaluation reserve for land	16,716	16,725
Foreign currency translation adjustment	933	5,610
Remeasurements of defined benefit plans	3,676	1,934
Total accumulated other comprehensive income	35,816	33,948
Share acquisition rights	407	298
Non-controlling interests	85,538	85,503
Total net assets	385,687	374,726
Total liabilities and net assets	1,698,497	1,645,078

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Operating revenue	252,446	300,282
Operating expenses		
Operating expenses and cost of sales of transportation	260,830	275,865
Selling, general and administrative expenses	28,688	28,828
Total operating expenses	289,518	304,693
Operating loss	(37,072)	(4,410)
Non-operating income		
Interest income	7	5
Dividend income	822	854
Subsidy to keep a bus on a regular route	357	379
Share of profit of entities accounted for using equity method	–	1
Subsidies for infection-prevention measures	–	*1 819
Other	1,305	1,394
Total non-operating income	2,493	3,455
Non-operating expenses		
Interest expenses	7,603	6,909
Share of loss of entities accounted for using equity method	112	–
Other	1,900	1,164
Total non-operating expenses	9,616	8,073
Ordinary loss	(44,195)	(9,028)
Extraordinary income		
Gain on sale of non-current assets	2,633	13,782
Contribution for construction	1,358	989
Subsidy income	56	14
Gain on sale of investment securities	19	–
Subsidies for employment adjustment	*2 9,325	*2 8,391
Other	1,594	414
Total extraordinary income	14,988	23,591
Extraordinary losses		
Impairment losses	2,797	541
Loss on sale of non-current assets	373	9
Loss on retirement of non-current assets	1,087	1,357
Tax purpose reduction entry of contribution for construction	1,198	905
Loss on tax purpose reduction entry of non-current assets	43	9
Loss on sale of shares of subsidiaries	–	3,574
Loss on valuation of investment securities	86	18
Loss on temporary suspension of operations	*3 14,433	*3 5,345
Other	1,404	557
Total extraordinary losses	21,424	12,319
Profit (loss) before income taxes	(50,631)	2,242
Income taxes - current	1,636	3,430
Income taxes - deferred	(3,641)	6,185
Total income taxes	(2,005)	9,615
Loss	(48,626)	(7,372)
Profit (loss) attributable to non-controlling interests	(484)	1,496
Loss attributable to owners of parent	(48,142)	(8,868)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Loss	(48,626)	(7,372)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,903	(4,810)
Foreign currency translation adjustment	(2,368)	4,705
Remeasurements of defined benefit plans, net of tax	(1,515)	(1,746)
Total other comprehensive income	(979)	(1,852)
Comprehensive income	(49,606)	(9,225)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(49,117)	(10,746)
Comprehensive income attributable to non-controlling interests	(488)	1,520

(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 nine months ended December 31, 2021 decreased by ¥7,465 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 nine months ended December 31, 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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	92,041	62,662	41,363	70,550	21,092	287,711	(35,265)	252,446
Segment profit (loss)	(5,896)	(41,298)	11,955	3,164	(4,899)	(36,973)	(98)	(37,072)

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 ¥(35,265) million mainly consist of elimination of inter-company transactions.

(2) Adjustments for segment profit of ¥(98) 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	98,758	96,051	46,277	62,289	26,671	330,048	(29,765)	300,282
Segment profit (loss)	(1,403)	(22,587)	16,874	3,767	(1,066)	(4,415)	5	(4,410)

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 ¥(29,765) million mainly consist of elimination of inter-company transactions.

(2) Adjustments for segment profit of ¥5 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.