May 12, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: Tokyo Stock Exchange
Securities code: 9024
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Scheduled date of annual general meeting of shareholders: June 22, 2022
Scheduled date to commence dividend payments: June 23, 2022
Scheduled date to file annual securities report: June 22, 2022
Preparation of supplementary results briefing material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	396,856	17.7	(13,216)	–	(17,440)	–	10,623	–
March 31, 2021	337,061	(39.2)	(51,587)	–	(58,785)	–	(72,301)	–

Note: Comprehensive income
For the fiscal year ended March 31, 2022: ¥13,286 million [– %]
For the fiscal year ended March 31, 2021: ¥(64,161) million [– %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	35.39	35.37	3.5	(1.0)	(3.3)
March 31, 2021	(241.32)	–	(21.7)	(3.5)	(15.3)

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2022: ¥2 million
For the fiscal year ended March 31, 2021: ¥(108) million

Note: Diluted earnings per share for the fiscal year ended March 31, 2021 is 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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	1,703,442	387,217	18.3	1,035.57
March 31, 2021	1,698,497	385,687	17.6	999.50

Reference: Equity (Net assets − Share acquisition rights − Non-controlling interests)
As of March 31, 2022: ¥311,141 million
As of March 31, 2021: ¥299,742 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	58,563	18,647	(19,070)	87,210
March 31, 2021	(24,264)	(47,537)	72,394	28,538

2. Cash Dividends

	Cash dividends per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
March 31, 2022	–	0.00	–	5.00	5.00	1,617	14.1	0.5
Fiscal year ending March 31, 2023 (Forecast)	–	5.00	–	5.00	10.00		3.7	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2022	214,000	9.8	15,000	–	11,000	–
Fiscal year ending March 31, 2023	443,000	11.6	31,000	–	25,000	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2022	5,000	–	16.65
Fiscal year ending March 31, 2023	82,000	671.9	273.14

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded: One company (Name: Seibu Construction Co., Ltd.)

(2) 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 21 of the Attached Materials, "Notes on changes in accounting policies" of "(5) Notes to consolidated financial statements" under "3. Consolidated Financial Statements and Significant Notes Thereto."

(3) Number of issued shares (common shares)

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

As of March 31, 2022	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 March 31, 2022	23,008,494 shares
As of March 31, 2021	23,571,694 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2022	300,212,282 shares
Fiscal year ended March 31, 2021	299,616,052 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 (752,700 shares as of March 31, 2022 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 (994,844 shares for the fiscal year ended March 31, 2022 and 1,523,492 shares for the fiscal year ended March 31, 2021).

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 March 31, 2022 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 (21,998,594 shares for the fiscal year ended March 31, 2022 and 21,998,594 shares for the fiscal year ended March 31, 2021).

3. For further details about the number of shares as a basis of calculation of basic earnings per share (consolidated), please refer to page 25 of the Attached Materials, "Per share information" of "(5) Notes to consolidated financial statements" under "3. Consolidated Financial Statements and Significant Notes Thereto."

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022
(from April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results (Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	13,871	11.5	2,531	3.5	2,508	(15.9)	1,444	(39.2)
March 31, 2021	12,443	(48.0)	2,446	(81.7)	2,983	(79.2)	2,376	(82.3)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	4.48	4.48
March 31, 2021	7.39	7.38

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	1,172,518	345,148	29.4	1,069.46
March 31, 2021	1,168,174	342,809	29.3	1,063.72

Reference: Equity (Net assets)
As of March 31, 2022: ¥344,849 million
As of March 31, 2021: ¥342,402 million

* 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 business forecasts, targets, plans, forecasts and other forward-looking information of the Group contained in this material should be regarded as the judgment and thoughts of the Company at the present point in time, that have been created based on information currently available as of the release of this material. Actual results of earnings, financial position, etc. of the Group may differ significantly from the content of this material or the content surmised from this material due to various factors of uncertainty at the time of this material's preparation, including fluctuations in the state of domestic and global politics, economies and financial conditions, and the status of measures aimed for in "Review of financial results for fiscal year ended March 31, 2022 and Progress of the FY2021-FY2023 Seibu Group's Medium-term Management Plan" announced separately today.

About the matters regarding earnings forecasts (consolidated earnings forecasts for the fiscal year ending March 31, 2023, please refer to page 9 of the Attached Materials, "(4) Future outlook" under "1. Review of Operating Results and Others."

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1. Review of Operating Results and Others

(1) Review of operating results for the fiscal year ended March 31, 2022

During the fiscal year ended March 31, 2022, 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, the impact of the situation in Ukraine, etc.

Under these conditions, in the fiscal year ended March 31, 2022, 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 more 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 separated our asset holding arm from our business operation arm for hotels, etc., and carried 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. (its name was 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 profitability of the 31 properties making up the certain assets of the Hotel and Leisure business held by Prince Hotels, Inc. (current "SEIBU REALTY SOLUTIONS 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. 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 by doing so, we will work to become the No. 1 hotel chain in the industry, striving 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 March 31, 2022, the Company transferred the shares of Seibu Construction Co., Ltd. to MIRAIT Holdings Corporation.

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 fiscal year ended March 31, 2022, the Group recorded operating revenue of ¥396,856 million, up ¥59,795 million, or 17.7%, 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 ¥13,216 million, an improvement of ¥38,370 million from an operating loss of ¥51,587 million in 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 at some facilities. EBITDA was a profit of ¥42,415 million, an increase of ¥40,532 million from a profit of ¥1,882 million in the previous fiscal year.

Ordinary loss was ¥17,440 million, an improvement of ¥41,345 million from an ordinary loss of ¥58,785 million in the previous fiscal year.

Profit attributable to owners of parent was ¥10,623 million, mainly due to a gain on the transfer of shares in Seibu Construction Co., Ltd., an improvement of ¥82,924 million from a loss attributable to owners of parent of ¥72,301 million in 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 fiscal year ended March 31, 2022. As a result, for the fiscal year ended March 31, 2022, operating revenue decreased by ¥9,818 million. For details, please refer to "Notes on changes in accounting policies" of "(5) Notes to consolidated financial statements" under "3. Consolidated Financial Statements and Significant Notes Thereto."

Operating results for the fiscal year ended March 31, 2022, in each segment were as follows.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the year ended March 31, 2022	Change from previous year	Change (%)	For the year ended March 31, 2022	Change from previous year	Change (%)	For the year ended March 31, 2022	Change from previous year	Change (%)
Urban Transportation and Regional	131,331	8,734	7.1	(5,748)	4,068	–	16,754	4,362	35.2
Hotel and Leisure	133,180	49,130	58.5	(28,050)	25,362	–	(11,128)	27,016	–
Real Estate	59,186	3,790	6.8	19,854	4,431	28.7	31,733	4,290	15.6
Construction	79,742	(16,391)	(17.1)	3,903	(155)	(3.8)	4,195	(357)	(7.9)
Other	32,761	6,000	22.4	(3,256)	4,306	–	837	4,337	–
Total	436,203	51,264	13.3	(13,298)	38,013	–	42,392	39,649	–
Adjustments	(39,347)	8,530	–	82	357	–	22	883	–
Consolidated	396,856	59,795	17.7	(13,216)	38,370	–	42,415	40,532	–

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 year ended March 31, 2021	For the year ended March 31, 2022	Change
Operating revenue	122,597	131,331	8,734
Railway operations	77,330	83,429	6,098
Bus operations	18,081	20,320	2,238
Lifestyle service operations along railway lines	21,516	21,360	(155)
Sports operations	2,556	2,932	375
Others	3,112	3,288	176

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. has made preparations to revise its timetables to align them more closely to actual usage based on changes in people's lifestyles, and the revision was implemented on March 12, 2022.

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 ¥131,331 million, up ¥8,734 million, or 7.1%, 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 7.6% year on year (of which commuters increased by 2.9% and non-commuters increased by 16.0%), and passenger transportation sales increased by 8.9% year on year (of which commuters increased by 0.3% and non-commuters increased by 17.2%). Operating loss was ¥5,748 million, an improvement of ¥4,068 million year on year (operating loss was ¥9,817 million in 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 ¥16,754 million, an increase of ¥4,362 million, or 35.2%, 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 fiscal year ended March 31, 2022. As a result, for the fiscal year ended March 31, 2022, operating revenue of the Urban Transportation and Regional business segment decreased by ¥3,239 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 year ended March 31, 2021	For the year ended March 31, 2022	Change
Operating revenue	84,050	133,180	49,130
City hotel operations	32,119	50,738	18,618
Resort hotel operations	16,647	25,593	8,946
Overseas hotel operations	9,587	23,368	13,780
Sports operations	12,760	16,918	4,157
Others	12,934	16,562	3,627

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 ¥133,180 million, up ¥49,130 million, or 58.5% 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 ¥4,910, an increase of ¥1,882 year on year. Segment operating loss was ¥28,050 million, an improvement of ¥25,362 million from operating loss of ¥53,413 million in the previous fiscal year, and EBITDA was a loss of ¥11,128 million, an improvement of ¥27,016 million from a loss of ¥38,145 million in the previous fiscal year, reflecting an increase in revenue, despite reduced recording of fixed expenses transferred to extraordinary losses during temporary suspension of operations at some facilities.

In addition, the Company has applied the “Accounting Standard for Revenue Recognition” and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022. As a result, for the fiscal year ended March 31, 2022, operating revenue of the Hotel and Leisure business segment decreased by ¥1,788 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 year ended March 31, 2021	For the year ended March 31, 2022	Change
Operating revenue	55,395	59,186	3,790
Leasing operations	46,527	46,943	415
Others	8,867	12,242	3,374

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 ¥59,186 million, up ¥3,790 million, or 6.8%, 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 ¥19,854 million, an increase of ¥4,431 million, or 28.7%, year on year. EBITDA was a profit of ¥31,733 million, an increase of ¥4,290 million, or 15.6%, 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 fiscal year ended March 31, 2022. As a result, for the fiscal year ended March 31, 2022, operating revenue of the Real Estate business segment decreased by ¥3,008 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 year ended March 31, 2021	For the year ended March 31, 2022	Change
Operating revenue	96,134	79,742	(16,391)
Construction operations	68,644	61,380	(7,264)
Others	27,489	18,362	(9,127)

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 ¥79,742 million, a decrease of ¥16,391 million, or 17.1%, 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 ¥3,903 million, a decrease of ¥155 million, or 3.8%, year on year. EBITDA was a profit of ¥4,195 million, a decrease of ¥357 million, or 7.9%, 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 fiscal year ended March 31, 2022. As a result, for the fiscal year ended March 31, 2022, operating revenue of the Construction business segment decreased by ¥1,306 million.

Other

In the Sports business, we offered services and performances at the Belluna Dome, which reopened in March 2021 after its renewal, that maximize the stadium's capabilities, and at the Yokohama Arena we held events with thorough safety and security measures. Through such initiatives, we worked to provide enjoyable sports and entertainment experiences. In the Izuhakone business, we streamlined operations in line with the reorganization of the taxi business and transferred the Jukkokutouge Rest House and Jukkokutouge Cable Car businesses to FUJI KYUKO CO., LTD. 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.

Segment operating revenue was ¥32,761 million, an increase of ¥6,000 million, or 22.4%, year on year, due to an increased number of official games of professional baseball for the Saitama Seibu Lions, the above initiatives, the proactive acquisition of advertising sponsors at the Belluna Dome, and the increase in the number of events held at the Yokohama Arena, 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 ¥3,256 million, an improvement of ¥4,306 million from an operating loss of ¥7,562 million in the previous fiscal year. EBITDA was a profit of ¥837 million, an improvement of ¥4,337 million from a loss of ¥3,499 million in 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 fiscal year ended March 31, 2022. As a result, for the fiscal year ended March 31, 2022, operating revenue decreased by ¥1,432 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 ¥35,634 million, up ¥8,975 million, or 33.7%, year on year.

(2) Review of financial position for the fiscal year ended March 31, 2022

Assets

Total current assets as of March 31, 2022 stood at ¥135,713 million, an increase of ¥11,627 million from the previous fiscal year-end. The increase was due mainly to an increase in cash and deposits of ¥58,671 million because of the receipt of proceeds from the transfer of shares of Seibu Construction Co., Ltd.

Total non-current assets amounted to ¥1,567,729 million, down ¥6,681 million from the previous fiscal year-end. The decrease was due mainly to a decrease in deferred tax assets of ¥7,662 million.

As a result, total assets stood at ¥1,703,442 million, an increase of ¥4,945 million from the previous fiscal year-end.

Liabilities

Total current liabilities as of March 31, 2022 stood at ¥451,186 million, an increase of ¥72,303 million from the previous fiscal year-end. The increase was due mainly to an increase in short-term borrowings of ¥58,625 million.

Non-current liabilities amounted to ¥865,038 million, down ¥68,887 million from the previous fiscal year-end. The decrease was due mainly to a decrease in long-term borrowings of ¥71,137 million.

As a result of the above, total liabilities stood at ¥1,316,225 million, an increase of ¥3,415 million from the previous fiscal year-end.

Net assets

Total net assets as of March 31, 2022 stood at ¥387,217 million, an increase of ¥1,529 million from the previous fiscal year-end. The increase was due mainly to the recording of ¥10,623 million of profit attributable to owners of parent.

(3) Review of cash flows for the fiscal year ended March 31, 2022

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2022 increased ¥58,671 million compared to the end of the previous fiscal year to ¥87,210 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥58,563 million, compared net cash used of ¥24,264 million in the previous fiscal year, after recording profit before income taxes of ¥28,973 million and making adjustments for depreciation and income taxes paid.

Cash flows from investing activities

Net cash provided by investing activities was ¥18,647 million, compared to net cash used of ¥47,537 million in the previous fiscal year, due mainly to the transfer of shares by a consolidated subsidiary of the Company.

Cash flows from financing activities

Net cash used in financing activities was of ¥19,070 million, compared to net cash provided of ¥72,394 million in the previous fiscal year, due mainly to repayment of preferred shares by consolidated subsidiaries of the Company.

The Group's cash flow indices were as follows.

	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2022
Equity-to-asset ratio (%)	24.1	21.5	17.6	18.3
Equity-to-asset ratio based on market value (%)	34.7	20.8	21.5	22.4
Interest-bearing debt to cash flow ratio (Years)	10.3	9.2	–	15.9
Interest coverage ratio (Times)	8.7	10.1	–	6.4

Notes:
1. Equity-to-asset ratio: Equity / Total assets
2. Equity-to-asset ratio based on market value: Market capitalization / Total assets
3. Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow
4. Interest coverage ratio: Operating cash flow / Interest payments
5. The above indices are calculated based on consolidated financial figures.
6. Market capitalization is calculated as follows: Final stock price at end of period x Total number of issued shares at end of period (excluding treasury shares).
7. The figure for operating cash flow is "net cash provided by operating activities" on the consolidated statement of cash flows. Interest-bearing debt refers to all debt posted on the consolidated balance sheet for which interest is paid. Furthermore, regarding the interest payments, we use "interest paid" on the consolidated statement of cash flows.
8. The interest-bearing debt to cash flow ratio and interest coverage ratio for the year ended March 31, 2021 are not noted because cash flows from operating activities was negative.

(4) Future outlook

The consolidated earnings forecasts for the fiscal year ending March 31, 2023, which is the second year of the Seibu Group's Medium-term Management Plan, are calculated on the assumption that the domestic economy will recover in stages as COVID-19 is contained. In addition, they reflect the effect through progress in "management reforms," such as the effect of the transfer of Seibu Construction Co., Ltd. shares and the Group's reorganization.

As a result of calculations based on the above assumptions, we expect operating revenue to increase 11.6% year on year relative to the fiscal year ended March 31, 2022, to ¥443.0 billion due to the steady capture of recovering demand through initiatives such as utilizing cooperation both inside and outside the Group to create service transformation to suit the new normal, despite the decline in revenue due to the deconsolidation of Seibu Construction Co., Ltd. We forecast operating profit of ¥31.0 billion, compared to an operating loss of ¥13.2 billion in the previous fiscal year, as we strive to reduce fixed expenses through a cost review and other measures. We expect EBITDA to be ¥88.0 billion (up 107.5% year on year).

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

Because the Company will change the reportable segments starting from the fiscal year ending March 31, 2023, the information is presented based on the revised reportable segments. For details on the changes in the reportable segments, please refer to "Review of financial results for fiscal year ended March 31, 2022 and Progress of the FY2021-FY2023 Seibu Group's Medium-term Management Plan" announced separately today.

	Operating revenue															
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Construction		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2022	79.1	24.0	92.3	55.3	36.5	(9.6)	–	(100.0)	23.1	22.1	231.0	7.1	(17.0)	–	214.0	9.8
Fiscal year ending March 31, 2023	158.6	20.8	200.8	50.8	73.0	(4.7)	–	(100.0)	38.1	16.3	470.5	7.9	(27.5)	–	443.0	11.6

Note: Adjustments mainly consist of elimination of inter-company transactions.

	Operating profit															
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Construction		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2022	8.5	–	(0.9)	–	6.2	(51.7)	–	(100.0)	1.1	–	14.9	–	0.1	(47.4)	15.0	–
Fiscal year ending March 31, 2023	13.8	–	8.2	–	9.2	(55.3)	–	(100.0)	(0.9)	–	30.3	–	0.7	750.3	31.0	–

Note: Adjustments mainly consist of elimination of inter-company transactions.

	EBITDA															
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Construction		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2022	19.1	122.2	8.0	–	12.1	(35.9)	–	(100.0)	3.0	86.8	42.2	79.7	0.8	672.9	43.0	82.3
Fiscal year ending March 31, 2023	36.1	115.5	26.1	–	21.1	(35.2)	–	(100.0)	3.1	269.9	86.4	103.8	1.6	–	88.0	107.5

Note: Adjustments mainly consist of elimination of inter-company transactions.

Ordinary profit is expected to be ¥25.0 billion (ordinary loss of ¥17.4 billion in the previous fiscal year). We forecast profit attributable to owners of parent of ¥82.0 billion, up 671.9% year on year, after incorporating extraordinary income (losses) associated with the securitization in the Hotel and Leisure business. For more details, please refer to “Review of financial results for fiscal year ended March 31, 2022 and Progress of the FY2021-FY2023 Seibu Group’s Medium-term Management Plan” announced separately today.

(5) Basic policy on profit distribution and dividends for the current period and the following period

The Group’s businesses are focused primarily on the Urban Transportation and Regional business segment, the Hotel and Leisure business segment, and the Real Estate business segment, with a management objective of achieving sustainable and strong growth. Our basic policy is to strengthen the business base of our Group companies and enhance our corporate value and to strengthen our financial strength by accumulating retained earnings while continuing to make stable dividend payments.

In addition, in accordance with our long-term strategy, we aim to provide returns to our stakeholders and conduct investments that will contribute to our future growth in a balanced manner. Furthermore, our basic policy is to use retained earnings, while considering further improvement in our financial strength, and to invest in strengthening the future business base of our group, establishing a stable management base.

For the time being, our top priority is to strengthen our financial structure, which has worsened due to COVID-19, and we will proceed with rigorous screening of capital investments and “management reforms” on the theme of “asset light.” At the same time, we will emphasize returns to shareholders and strive to distribute profits.

Regarding the dividend for the fiscal year ended March 31, 2022, the severe business environment due to the spread of COVID-19 continued and we recorded a consecutive operating loss as described in “(1) Review of operating results for the fiscal year ended March 31, 2022,” but in light of the progress being made in “management reforms,” we have set a dividend of ¥5 per share.

Regarding the annual dividend for the fiscal year ending March 31, 2023, after giving comprehensive consideration to the external securitization to be carried out on the assets in the Hotel and Leisure business, to the consolidated earnings forecasts for the fiscal year ending March 31, 2023 and to the status of funds described in “(4) Future outlook,” we plan to pay a dividend of ¥10 per share (interim dividend ¥5, year-end dividend ¥5).

(6) 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, changing operating times and formats, and offering PCR tests for accommodation, wedding and banquet facilities. 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 prolonged 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 March 31, 2022, the Company transferred 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. (current "SEIBU REALTY SOLUTIONS 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

As described in "(1) Review of operating results for the fiscal year ended March 31, 2022," during the fiscal year ended March 31, 2022, the number of facilities that were closed declined and demand for going out started to pick up at the beginning of autumn, and the provision of services tailored to customer needs under the COVID-19 pandemic contributed to an increase in revenues year on year. However, the Company recorded a consecutive operating loss due to the continued severe business environment caused by the spread of COVID-19 and the associated issuance of successive state of emergency declarations and a deepening trend of people refraining from going out.

The full-year consolidated earnings forecasts for the year ending March 31, 2023 are calculated based on the assumption that the spread of COVID-19 will begin to subside and that the domestic economy will gradually recover. For details, please refer to "(4) Future outlook."

2. Basic Rationale for Selecting the Accounting Standard

Although the Company is preparing its consolidated financial statements in accordance with the accounting principles generally accepted in Japan, it is deliberating over future application of international financial reporting standards (IFRSs) while keeping track of trends inside and outside Japan.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	28,816	87,487
Notes and accounts receivable - trade	58,193	–
Notes and accounts receivable - trade, and contract assets	–	22,435
Land and buildings for sale in lots	7,158	5,992
Merchandise and finished goods	1,418	911
Costs on construction contracts in progress	1,764	158
Raw materials and supplies	3,113	3,391
Other	23,729	15,436
Allowance for doubtful accounts	(107)	(99)
Total current assets	124,086	135,713
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,261,705	1,285,589
Accumulated depreciation and impairment	(714,832)	(738,249)
Buildings and structures, net	546,873	547,340
Machinery, equipment and vehicles	327,174	321,800
Accumulated depreciation and impairment	(257,875)	(255,012)
Machinery, equipment and vehicles, net	69,299	66,788
Land	705,485	701,497
Leased assets	13,960	15,262
Accumulated depreciation and impairment	(3,246)	(4,285)
Leased assets, net	10,714	10,977
Construction in progress	90,841	106,532
Other	90,181	92,355
Accumulated depreciation and impairment	(68,351)	(71,948)
Other, net	21,829	20,406
Total property, plant and equipment	1,445,044	1,453,542
Intangible assets		
Leased assets	38	30
Other	19,324	19,149
Total intangible assets	19,362	19,179
Investments and other assets		
Investment securities	66,949	62,672
Long-term loans receivable	293	277
Retirement benefit asset	21,656	17,365
Deferred tax assets	13,786	6,123
Other	7,745	8,844
Allowance for doubtful accounts	(427)	(277)
Total investments and other assets	110,003	95,007
Total non-current assets	1,574,410	1,567,729
Total assets	1,698,497	1,703,442

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,799	12,809
Short-term borrowings	197,537	256,163
Lease liabilities	1,105	1,129
Income taxes payable	3,205	8,547
Advances received	69,587	86,698
Provision for bonuses	4,889	5,276
Provision for loss on guarantees	–	805
Other provisions	3,262	2,107
Asset retirement obligations	146	102
Other	76,348	77,549
Total current liabilities	378,883	451,186
Non-current liabilities		
Bonds payable	40,000	50,000
Long-term borrowings	675,898	604,760
Long-term accounts payable to Japan railway construction, transport and technology agency	11,287	7,551
Lease liabilities	7,707	7,818
Deferred tax liabilities	105,145	107,927
Deferred tax liabilities for land revaluation	10,839	10,384
Provision for retirement benefits for directors (and other officers)	665	574
Provision for share awards for directors (and other officers)	133	218
Provision for loss on guarantees	315	–
Other provisions	154	57
Retirement benefit liability	30,357	25,279
Asset retirement obligations	1,967	1,878
Liabilities from application of equity method	15,536	15,595
Other	33,917	32,992
Total non-current liabilities	933,926	865,038
Total liabilities	1,312,809	1,316,225
Net assets		
Shareholders’ equity		
Share capital	50,000	50,000
Capital surplus	96,491	96,505
Retained earnings	172,512	182,761
Treasury shares	(55,077)	(54,091)
Total shareholders’ equity	263,925	275,175
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,489	10,450
Revaluation reserve for land	16,716	16,219
Foreign currency translation adjustment	933	6,762
Remeasurements of defined benefit plans	3,676	2,534
Total accumulated other comprehensive income	35,816	35,966
Share acquisition rights	407	298
Non-controlling interests	85,538	75,777
Total net assets	385,687	387,217
Total liabilities and net assets	1,698,497	1,703,442

(2) Consolidated statements of income and comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Operating revenue	337,061	396,856
Operating expenses		
Operating expenses and cost of sales of transportation	349,760	369,934
Selling, general and administrative expenses	38,887	40,137
Total operating expenses	388,648	410,072
Operating loss	(51,587)	(13,216)
Non-operating income		
Interest income	9	6
Dividend income	873	909
Subsidy to keep a bus on a regular route	1,064	1,037
Share of profit of entities accounted for using equity method	–	2
Foreign exchange gains	795	986
Insurance claim income	936	311
Subsidies for infection-prevention measures	*1 7	*1 1,824
Other	1,784	1,574
Total non-operating income	5,470	6,653
Non-operating expenses		
Interest expenses	9,959	9,075
Share of loss of entities accounted for using equity method	108	–
Share issuance costs	1,408	–
Other	1,191	1,801
Total non-operating expenses	12,668	10,877
Ordinary loss	(58,785)	(17,440)
Extraordinary income		
Gain on sale of non-current assets	15,568	13,906
Contribution for construction	3,262	1,301
Subsidy income	482	36
Gain on sale of investment securities	382	–
Gain on sale of shares of subsidiaries	–	37,356
Subsidies for employment adjustment	*2 11,489	*2 9,126
Other	2,261	540
Total extraordinary income	33,447	62,269
Extraordinary losses		
Impairment losses	20,225	2,782
Loss on sale of non-current assets	378	9
Loss on retirement of non-current assets	2,652	1,595
Tax purpose reduction entry of contribution for construction	3,091	1,201
Loss on tax purpose reduction entry of non-current assets	468	29
Loss on sale of shares of subsidiaries	–	3,574
Loss on valuation of investment securities	86	26
Loss on temporary suspension of operations	*3 18,904	*3 6,060
Other	825	577
Total extraordinary losses	46,632	15,856
Profit (loss) before income taxes	(71,970)	28,973
Income taxes - current	3,156	8,733
Income taxes - deferred	(2,729)	7,728
Total income taxes	427	16,462
Profit (loss)	(72,398)	12,510
Profit (loss) attributable to non-controlling interests	(96)	1,887
Profit (loss) attributable to owners of parent	(72,301)	10,623

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(72,398)	12,510
Other comprehensive income		
Valuation difference on available-for-sale securities	8,682	(4,006)
Foreign currency translation adjustment	(4,152)	5,868
Remeasurements of defined benefit plans, net of tax	3,706	(1,087)
Total other comprehensive income	8,236	775
Comprehensive income	(64,161)	13,286
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(64,055)	11,366
Comprehensive income attributable to non-controlling interests	(105)	1,919

(3) Consolidated statements of changes in equity

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	110,267	248,027	(69,945)	338,349
Changes during period					
Dividends of surplus			(4,516)		(4,516)
Loss attributable to owners of parent			(72,301)		(72,301)
Reversal of revaluation reserve for land			1,302		1,302
Disposal of treasury shares		16		1,074	1,091
Cancellation of treasury shares		(13,793)		13,793	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(13,776)	(75,515)	14,868	(74,423)
Balance at end of period	50,000	96,491	172,512	(55,077)	263,925

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,806	18,019	5,083	(36)	28,873	522	5,682	373,427
Changes during period								
Dividends of surplus								(4,516)
Loss attributable to owners of parent								(72,301)
Reversal of revaluation reserve for land								1,302
Disposal of treasury shares								1,091
Cancellation of treasury shares								–
Net changes in items other than shareholders' equity	8,682	(1,302)	(4,149)	3,713	6,943	(115)	79,855	86,683
Total changes during period	8,682	(1,302)	(4,149)	3,713	6,943	(115)	79,855	12,259
Balance at end of period	14,489	16,716	933	3,676	35,816	407	85,538	385,687

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	96,491	172,512	(55,077)	263,925
Cumulative effects of changes in accounting policies			(925)		(925)
Restated balance	50,000	96,491	171,586	(55,077)	263,000
Changes during period					
Dividends of surplus					–
Profit attributable to owners of parent			10,623		10,623
Reversal of revaluation reserve for land			496		496
Disposal of treasury shares		14		985	999
Increase in retained earnings by exclusion of subsidiaries from consolidation			55		55
Net changes in items other than shareholders' equity					
Total changes during period	–	14	11,175	985	12,175
Balance at end of period	50,000	96,505	182,761	(54,091)	275,175

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	14,489	16,716	933	3,676	35,816	407	85,538	385,687
Cumulative effects of changes in accounting policies							(4)	(929)
Restated balance	14,489	16,716	933	3,676	35,816	407	85,534	384,757
Changes during period								
Dividends of surplus								–
Profit attributable to owners of parent								10,623
Reversal of revaluation reserve for land								496
Disposal of treasury shares								999
Increase in retained earnings by exclusion of subsidiaries from consolidation								55
Net changes in items other than shareholders' equity	(4,039)	(496)	5,828	(1,142)	149	(108)	(9,756)	(9,715)
Total changes during period	(4,039)	(496)	5,828	(1,142)	149	(108)	(9,756)	2,459
Balance at end of period	10,450	16,219	6,762	2,534	35,966	298	75,777	387,217

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(71,970)	28,973
Depreciation	57,839	56,646
Impairment losses	20,225	2,782
Amortization of goodwill	488	442
Retirement benefit expenses	(1,672)	(2,124)
Increase (decrease) in provision for bonuses	(919)	415
Increase (decrease) in retirement benefit liability	(4,332)	(1,192)
Decrease (increase) in retirement benefit asset	5,581	1,311
Increase (decrease) in allowance for doubtful accounts	32	(4)
Interest and dividend income	(882)	(916)
Interest expenses	9,959	9,075
Share of loss (profit) of entities accounted for using equity method	108	(2)
Proceeds from contribution for construction	(3,262)	(1,301)
Subsidy income	(482)	(36)
Loss (gain) on sale of investment securities	(382)	–
Loss (gain) on valuation of investment securities	86	26
Loss (gain) on sale of non-current assets	(15,190)	(13,897)
Loss (gain) on sale of shares of subsidiaries	–	(33,781)
Loss on retirement of non-current assets	2,652	1,595
Tax purpose reduction entry of contribution for construction	3,091	1,201
Loss on tax purpose reduction entry of non-current assets	468	29
Other extraordinary loss (income)	(34)	388
Decrease (increase) in trade receivables	5,107	7,804
Decrease (increase) in inventories	2,012	1,828
Decrease (increase) in accounts receivable - other	(10,447)	8,626
Increase (decrease) in trade payables	(4,591)	(2,447)
Increase (decrease) in advances received	(2,228)	5,013
Increase (decrease) in accrued consumption taxes	(2,238)	8,873
Other, net	1,535	(9,524)
Subtotal	(9,446)	69,804
Interest and dividends received	922	955
Interest paid	(9,965)	(9,161)
Income taxes refund (paid)	(5,774)	(3,035)
Net cash provided by (used in) operating activities	(24,264)	58,563

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into time deposits	(150)	(150)
Proceeds from withdrawal of time deposits	157	150
Purchase of investment securities	(283)	(321)
Proceeds from sale of investment securities	422	–
Purchase of property, plant and equipment and intangible assets	(78,886)	(62,050)
Proceeds from sale of property, plant and equipment and intangible assets	15,961	20,984
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	43,921
Proceeds from contribution received for construction	15,562	16,195
Other, net	(321)	(81)
Net cash provided by (used in) investing activities	(47,537)	18,647
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(18,573)	89,955
Proceeds from long-term borrowings	134,186	22,587
Repayments of long-term borrowings	(112,692)	(125,368)
Proceeds from issuance of bonds	–	9,938
Repayments of accounts payable to Japan railway construction, transport and technology agency	(3,676)	(3,706)
Repayments of lease liabilities	(1,205)	(1,245)
Dividends paid	(4,513)	(3)
Dividends paid to non-controlling interests	(39)	(1,580)
Proceeds from sale of treasury shares	642	614
Proceeds from share issuance to non-controlling shareholders	78,592	29
Repayments of shares to non-controlling shareholders	–	(10,125)
Other, net	(326)	(167)
Net cash provided by (used in) financing activities	72,394	(19,070)
Effect of exchange rate change on cash and cash equivalents	(110)	531
Net increase (decrease) in cash and cash equivalents	482	58,671
Cash and cash equivalents at beginning of period	28,056	28,538
Cash and cash equivalents at end of period	28,538	87,210

(5) Notes to consolidated financial statements

Notes on premise of going concern

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 fiscal year ended 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 fiscal year ended March 31, 2022 was added to or deducted from the opening balance of retained earnings of the fiscal year, and thus the new accounting policy was applied from such opening balance.
In addition, "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 consolidated balance sheet as of the end of the fiscal year ended March 31, 2022. However, 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.
As a result, operating revenue in the consolidated statement of income for the fiscal year ended March 31, 2022 decreased by ¥9,818 million compared to before the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, but the impact on profit or loss is immaterial.
Reflecting the cumulative effect on the net assets at the beginning of the fiscal year ended March 31, 2022, the balance of retained earnings in the consolidated statement of changes in equity at the beginning of the fiscal year is reduced by ¥925 million.
The impact on the consolidated statements of cash flow and the per share information for the fiscal year ended March 31, 2022 is immaterial.

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 fiscal year ended 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 consolidated financial statements.

Additional information

Response to restrictive financial covenants

Continuing on from the fiscal year ended March 31, 2021, operating losses were incurred for two fiscal years in a row in the consolidated statement of income, which breaches the stipulation on maintaining benefits concerning nine (¥84,463 million) of the Company's contracts for borrowings. However, as a result of requesting the relevant financial institutions to continue contracts without applying the stipulation concerning the forfeiture of the benefit of time, we obtained written agreement from all relevant financial institutions by March 31, 2022 that they would not apply the stipulation concerning the forfeiture of the benefit of time.

Upon this approval, all contracts that were threatened with forfeiture of the benefit of time due to the breach of the restrictive financial covenants will be continued.

Consolidated statement of income

*1. Subsidies for infection-prevention measures
Subsidies for infection-prevention measures 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

(a) Segment information

The business segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2021 and 2022 was as follows:

1. Overview of the reportable segments

   The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

   The Group operates its business in Japan and overseas. Considering the characteristics of each business, significance and size, the Group has developed four reportable segments: "Urban Transportation and Regional," "Hotel and Leisure," "Real Estate," and "Construction."

   The reportable segments, and their respective principal business operations are as follows:

   (i) Urban Transportation and Regional: Railway operations, bus operations, lifestyle service operations along railway lines, sports operations, etc.

   (ii) Hotel and Leisure: City hotel operations, resort hotel operations, overseas hotel operations, sports operations, etc.

   (iii) Real Estate: Leasing operations, etc.

   (iv) Construction: Construction operations, etc.

2. Method for calculating the amounts of operating revenue, profit (loss), assets and other items by reportable segment

With regard to the currency translation of revenues and expenses of overseas subsidiaries, etc. into Japanese yen, the Group uses the assumed exchange rate that was used in budget-making. Inter-segment operating revenue and transfer are based on the prevailing market prices. Segment profit (loss) is substantially the same as operating profit.

3. Information about operating revenue, profit (loss), assets and other items by reportable segment

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Urban Transporta-tion and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated financial statement (Note 3)
Operating revenue								
Operating revenue from external customers	115,346	80,902	42,913	74,415	23,483	337,061	–	337,061
Inter-segment operating revenue and transfer	7,250	3,147	12,482	21,718	3,277	47,878	(47,878)	–
Total	122,597	84,050	55,395	96,134	26,760	384,939	(47,878)	337,061
Segment profit (loss)	(9,817)	(53,413)	15,422	4,058	(7,562)	(51,311)	(275)	(51,587)
Segment assets	582,553	623,349	388,232	83,900	73,349	1,751,385	(52,888)	1,698,497
Other items								
Depreciation	22,209	15,268	12,019	494	4,063	54,055	(1,074)	52,981
Increase in property, plant and equipment and intangible assets	32,141	15,436	8,360	636	9,032	65,607	(4,934)	60,673

(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 ¥(47,878) million mainly consist of elimination of inter-company transactions.

(2) Adjustments for segment profit (loss) of ¥(275) million mainly consist of elimination of inter-company transactions.

(3) Adjustments for segment assets of ¥(52,888) million mainly consist of elimination of inter-company transactions. The amount of corporate assets which are not allocable to the reportable segments, such as surplus funds (cash and deposits), is ¥10,278 million.

(4) Adjustments for increase in property, plant and equipment and intangible assets of ¥(4,934) million are mainly due to elimination of inter-company transactions.

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

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Urban Transporta-tion and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated financial statement (Note 3)
Operating revenue								
Operating revenue from external customers	123,649	129,509	47,184	68,045	28,467	396,856	–	396,856
Inter-segment operating revenue and transfer	7,681	3,671	12,002	11,697	4,294	39,347	(39,347)	–
Total	131,331	133,180	59,186	79,742	32,761	436,203	(39,347)	396,856
Segment profit (loss)	(5,748)	(28,050)	19,854	3,903	(3,256)	(13,298)	82	(13,216)
Segment assets	597,288	628,352	375,585	8,348	67,493	1,677,068	26,373	1,703,442
Other items								
Depreciation	22,503	16,922	11,879	292	4,094	55,691	(502)	55,189
Increase in property, plant and equipment and intangible assets	28,505	9,935	3,368	678	1,582	44,069	206	44,276

(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 ¥(39,347) million mainly consist of elimination of inter-company transactions.

(2) Adjustments for segment profit (loss) of ¥82 million mainly consist of elimination of inter-company transactions.

(3) Adjustments for segment assets of ¥26,373 million mainly consist of surplus funds (cash and deposits) and elimination of inter-company transactions. The amount of corporate assets which are not allocable to the reportable segments, such as surplus funds (cash and deposits), is ¥71,612 million.

(4) Adjustments for increase in property, plant and equipment and intangible assets of ¥206 million are mainly due to elimination of inter-company transactions.

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

(b) Impairment losses on non-current assets by reportable segment

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Other	Unallocated amount and elimination	Total
Impairment losses	3,404	7,202	451	206	8,959	–	20,225

(Note) The amount in "Other" consists of an amount relating to Izuhakone business and Ohmi business.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Other	Unallocated amount and elimination	Total
Impairment losses	368	153	12	3	2,243	–	2,782

(Note) The amount in "Other" consists of an amount relating to Izuhakone business and Ohmi business.

Per share information

(Yen)

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	999.50	1,035.57
Basic earnings (loss) per share	(241.32)	35.39
Diluted earnings per share	–	35.37

(Notes) 1. Diluted earnings per share for the fiscal year ended March 31, 2021 is not noted even though the Company has issued potential shares, because the per share data is a loss per share.

2. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Total net assets (Millions of yen)	385,687	387,217
Amounts deducted from total net assets (Millions of yen)	85,945	76,076
[Of the above, share acquisition rights (Millions of yen)]	[407]	[298]
[Of the above, non–controlling interests (Millions of yen)]	[85,538]	[75,777]
Net assets related to common shares (Millions of yen)	299,742	311,141
Number of common shares used to calculate net assets per share (share)	299,891,226	300,454,426

3. The basis for calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	(72,301)	10,623
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit (loss) attributable to owners of parent related to common shares (Millions of yen)	(72,301)	10,623
Average number of outstanding common shares during period (share)	299,616,052	300,212,282
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	–	–
Increase in the number of common shares (share)	235,060	167,532
[Of the above, share acquisition rights (share)]	[235,060]	[167,532]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	–	–

4. Shares of the Company retained in trust and recorded as treasury shares under shareholders' equity are included in treasury shares deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic earnings (loss) per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.

   The number of treasury shares at end of period deducted in calculating net assets per share for the fiscal year ended March 31, 2021 was 1,254,700, and for the fiscal year ended March 31, 2022 was 752,700. The average number of treasury shares during period deducted in calculating the basic earnings (loss) per share for the fiscal year ended March 31, 2021 was 1,523,492, and for the fiscal year ended March 31, 2022 was 994,844.

5. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity–method associates and recorded as treasury shares under shareholders' equity is included in the number of treasury shares that are deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic earnings (loss) per share, it is included in treasury shares that are deducted in the calculation of the average number of outstanding shares during the period.

   The number of treasury shares at end of period deducted in calculating net assets per share for the fiscal years ended March 31, 2021 and 2022 was both 21,998,594. The average number of treasury shares during period deducted in calculating the basic earnings (loss) per share for the fiscal years ended March 31, 2021 and 2022 was both 21,998,594.

Significant events after the reporting period

Significant reorganizations

The Company resolved at a Board of Directors meeting held on December 9, 2021, to establish a wholly owned subsidiary "SEIBU PRINCE HOTELS WORLDWIDE INC." (hereinafter "SPW") on December 13, 2021; transfer part of the business of the Company's consolidated subsidiary Prince Hotels, Inc. (hereinafter "PH") to SPW by a company split (by the method of absorption-type company split, hereinafter the "Absorption-Type Company Split") on April 1, 2022; perform an absorption-type merger (hereinafter the "Absorption-Type Merger") between PH, the surviving company, and the Company's consolidated subsidiary Seibu Properties Inc. (hereinafter "PR"), the disappearing company, with an effective date of April 1, 2022; and change the name of PH to SEIBU REALTY SOLUTIONS INC. (hereinafter "SRS") on April 1, 2022 (this series of group reorganizations to be hereinafter referred to as the "Reorganization"). Furthermore, on December 9, 2021, the Company entered into an "Agreement on Reorganization" with PH and PR to arrange the overall process of the Reorganization.

Through these measures, the Company implemented the Reorganization on April 1, 2022. An overview, etc. of the Absorption-Type Company Split and the Absorption-Type Merger is detailed below.

1. Absorption-Type Company Split

(1) Overview of transaction

(i) Details of business subject to transaction
Operation, etc. of hotel, golf, and ski businesses

(ii) Schedule
Execution of absorption-type company split agreement: December 21, 2021
Effective date of absorption-type company split: April 1, 2022

(iii) Method of the Absorption-Type Company Split
Absorption-type company split in which PH is the splitting company and SPW is the successor company

(iv) Shares issued and allocated upon the split
SPW issued 4,000,000 shares of common shares upon the Absorption-Type Company Split, all of which were allocated to PH.

(v) Other items regarding overview of transaction
The Group's hotel operating company, SPW will conduct an asset-light strategy; that is, compacting its asset holdings and operating its business flexibly in order to build the industry's No. 1 quality hotel chain and generating returns that exceed the expectations of owners inside and outside the Group, as the core of the Hotel and Leisure business.

(2) Overview of accounting treatment adopted
In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company accounted for the business combination as a transaction under common control.

2. The Company's acquisition of SPW's shares

(1) Overview of transaction

(i) Details
The Company acquired all of SPW's common shares (4,000,000 shares) delivered to PH as consideration for the Absorption-Type Company Split from PH.

(ii) Schedule
Date of transfer of shares: April 1, 2022

3. Absorption-Type Merger
(1) Overview of transaction
(i) Details of business subject to transaction
Ownership, buying and selling, management, leasing, brokerage services, etc. pertaining to real estate

(ii) Schedule
Conclusion of absorption-type merger agreement: December 22, 2021
Effective date of absorption-type merger: April 1, 2022

(iii) Method of the Absorption-Type Merger
Absorption-type merger in which PH is the surviving company and PR is the disappearing company

(iv) Change of name of the company after combination
On the effective date of the Absorption-Type Merger, PH changed its trading name to "SEIBU REALTY SOLUTIONS INC."

(v) Shares issued and allocated upon the merger
PH issued 71,995,000 shares of common shares upon execution of the Absorption-Type Merger and delivered PH shares at a ratio of 85 PH shares to one PR share to the Company, a shareholder of PR on the day prior to the effective date.

(vi) Other items regarding overview of transaction
The general real estate company SRS will lead the Real Estate business and leap forward as a highly competitive general real estate company, aiming to maximize the value of the Group's assets.

(2) Overview of accounting treatment adopted
In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019), the Company accounted for the business combination as a transaction under common control.