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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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November 10, 2022

Consolidated Financial Results for the Six Months Ended September 30, 2022 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: Tokyo Stock Exchange
Securities code: 9024
URL: <https://www.seibuholdings.co.jp/en/>
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Scheduled date to file quarterly securities report: November 11, 2022
Scheduled date to commence dividend payments: December 2, 2022
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly 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 Six Months Ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	212,595	9.1	13,415	–	12,729	–	64,641	–
September 30, 2021	194,908	25.8	(3,533)	–	(7,365)	–	(12,751)	–

Note: Comprehensive income

For the six months ended September 30, 2022: ¥76,006 million [–%]

For the six months ended September 30, 2021: ¥(7,095) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	215.03	214.93
September 30, 2021	(42.49)	–

Note: Diluted earnings per share for the six months ended September 30, 2021 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	%
September 30, 2022	1,694,904	461,356	22.7
March 31, 2022	1,703,442	387,217	18.3

Reference: Equity (Net assets – Share acquisition rights – Non-controlling interests)

As of September 30, 2022: ¥385,552 million

As of March 31, 2022: ¥311,141 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, 2022	–	0.00	–	5.00	5.00
Fiscal year ending March 31, 2023	–	5.00			
Fiscal year ending March 31, 2023 (Forecast)			–	5.00	10.00

Note: Revisions to the forecast most recently announced: None

**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	%
Fiscal year ending March 31, 2023	416,000	4.8	13,000	–	11,000	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	
Fiscal year ending March 31, 2023	75,000	606.0	Yen 249.36

Note: Revisions to the forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatements of prior period financial statements: None

(4) Number of issued shares (common shares)

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

As of September 30, 2022	323,462,920 shares
As of March 31, 2022	323,462,920 shares

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

As of September 30, 2022	22,689,338 shares
As of March 31, 2022	23,008,494 shares

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

Six months ended September 30, 2022	300,623,994 shares
Six months ended September 30, 2021	300,083,456 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 (492,600 shares as of September 30, 2022 and 752,700 shares as of March 31, 2022). 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) (620,121 shares for the six months ended September 30, 2022 and 1,123,670 shares for the six months ended September 30, 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 September 30, 2022 and 21,998,594 shares as of March 31, 2022). 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 six months ended September 30, 2022 and 21,998,594 shares for the six months ended September 30, 2021).

* 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, 2023), please refer to page 6 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2022."

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1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2022

(1) Explanation of operating results

In the six months ended September 30, 2022, as society progressed to the new stage of coexistence with COVID-19, the Japanese economy was expected to see an economic recovery through the effects of various policies. However, with rising raw materials prices and supply-side restrictions amid concerns over the effects of prolonged conflict in Ukraine and restrictions on economic activities in China, we must be fully aware of the downside risk due to fluctuations in the financial and capital markets.

Under these conditions, in the six months ended September 30, 2022, based on the “FY2021-FY2023 Seibu Group’s Medium-term Management Plan,” which is currently in its second year, 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” and advanced initiatives with a three-point framework comprising “management reforms,” “digital management,” and “sustainability.”

In “management reforms,” we carried out “management reforms of the Urban Transportation and Regional business” in addition to the themes of “asset-light business operation,” “lowering the break-even point,” and “service transformation to suit the new normal.” As part of these reforms, for “asset-light business operation,” based on the basic agreement that we concluded on February 10, 2022 with GIC Private Limited’s affiliate Reco Pine Private Limited, on June 30, 2022, the Company’s consolidated subsidiary SEIBU REALTY SOLUTIONS INC. concluded an agreement to transfer certain assets associated with the Hotel and Leisure business to multiple companies in which GIC Private Limited’s affiliate Reco Sky Private Limited invests either directly or indirectly, and on September 30, 2022, transferred four properties including The Prince Park Tower Tokyo.

In terms of “digital management,” we began using our “Group Marketing Foundation,” worked to build services to expand Group customers, and renewed our accounting system.

In “sustainability,” we continued to promote “Sustainability Actions” with 12 key objectives in the four categories of safety, environment, community engagement, and corporate culture, in order to realize a sustainable society.

In the environmental sector, starting on April 1, 2022, all the power used at “DaiyaGate Ikebukuro,” a large-scale office building managed by SEIBU REALTY SOLUTIONS INC., is being covered by the power generated from “Seibu Takeyama Solar Power Station,” operated by Seibu Railway Co., Ltd. (power with environmental value), realizing operation with effectively zero-CO₂ emissions. With regard to our response to climate change, since we have been called upon to respond with speed, we revised and newly established our CO₂ emission reduction targets (long-term target: net zero emissions by FY2050, medium-term target: 46% reduction from the FY2018 level by FY2030, and short-term target: 5% reduction from the previous fiscal year’s level every fiscal year) to ensure steady progress on eliminating even more CO₂ from our business operations.

To summarize our management results for the six months ended September 30, 2022, although sales declined due to the deconsolidation of Seibu Construction Co., Ltd., the Group steadily captured increased demand with the lifting of COVID-19-related restrictions, leading to operating revenue of ¥212,595 million, up ¥17,687 million, or 9.1%, year on year. Operating profit was ¥13,415 million, an improvement of ¥16,949 million from an operating loss of ¥3,533 million in the same period of the previous fiscal year, due to increased revenue and initiatives leading to reduction in fixed expenses, such as revised operations of railcars and buses, etc. and bringing operations in-house. EBITDA was a profit of ¥41,172 million, an increase of ¥17,589 million, or 74.6%, year on year.

Ordinary profit was ¥12,729 million, an improvement of ¥20,095 million from an ordinary loss of ¥7,365 million in the same period of the previous fiscal year, and profit attributable to owners of parent was ¥64,641 million, an improvement of ¥77,392 million from a loss attributable to owners of parent of ¥12,751 million in the same period of the previous fiscal year, mainly reflecting the recording of gain or loss due to transfer of the four properties including The Prince Park Tower Tokyo, as mentioned above.

Operating results for six months ended September 30, 2022, in each segment were as follows.

Reportable segments were changed from the first quarter ended June 30, 2022.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the six months ended September 30, 2022	Year-on-year change	Change (%)	For the six months ended September 30, 2022	Year-on-year change	Change (%)	For the six months ended September 30, 2022	Year-on-year change	Change (%)
Urban Transportation and Regional	71,142	7,338	11.5	3,008	5,350	–	13,600	5,004	58.2
Hotel and Leisure	93,717	34,297	57.7	1,076	16,378	–	9,805	17,099	–
Real Estate	35,728	(4,625)	(11.5)	5,950	(6,890)	(53.7)	11,838	(7,043)	(37.3)
Construction	–	(33,192)	(100.0)	–	(1,564)	(100.0)	–	(1,689)	(100.0)
Other	23,760	4,836	25.6	2,570	3,055	–	4,452	2,845	177.2
Total	224,349	8,655	4.0	12,605	16,329	–	39,696	16,217	69.1
Adjustments	(11,753)	9,031	–	809	619	326.0	1,475	1,372	–
Consolidated	212,595	17,687	9.1	13,415	16,949	–	41,172	17,589	74.6

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.

3. Starting in the first quarter ended June 30, 2022, with the deconsolidation of Seibu Construction Co., Ltd., to create business synergies, Seibu Landscape Co., Ltd., Yokohama-Ryokuchi Co., LTD., SEIBU GREEN MANAGEMENT Co., LTD., SEIBU AGRIBUSINESS INC., and Step Out Co., Ltd., all of which were included in the Construction business segment, have been transferred to the Real Estate business segment. To facilitate year-on-year comparison, the figures for the same period of the previous fiscal year have been restated to conform with the changed segment structure.

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 six months ended September 30, 2021	For the six months ended September 30, 2022	Change
Operating revenue	63,803	71,142	7,338
Railway operations	40,512	44,767	4,254
Bus operations	10,038	10,991	953
Lifestyle service operations along railway lines	10,458	12,091	1,633
Sports operations	1,272	1,435	162
Others	1,522	1,856	334

In railway operations, in addition to thorough measures to prevent COVID-19 infections, we stimulated demand by carrying out our commemorative plan for “The 110th Anniversary of Seibu Railway’s Foundation × The 150th Anniversary of the Start of Railway Operations” and launching a passenger points service, and reviewed carriage operations to cut fixed expenses. We also filed an application to utilize the “barrier-free fare system for railway stations” with the intention of steadily promoting the installation of barrier-free facilities such as platform screen doors and the like. We plan to begin collecting the fare around March 2023.

In lifestyle service operations along railway lines, we opened a new facility in the Seibuen Amusement Park, which underwent a renewal opening in 2021, working to stimulate local leisure demand.

The Urban Transportation and Regional business recorded operating revenue of ¥71,142 million, an increase of ¥7,338 million, or 11.5%, year on year, by steadily capturing increased demand with the lifting of COVID-19-related restrictions and by promoting non-commuter-pass use and the use of leisure facilities, despite a limited recovery in commuter pass use due to increased remote work. Meanwhile, the number of passengers in railway operations increased by 12.8% year on year (of which commuters increased by 9.9% and non-commuters increased by 17.7%), and passenger transportation sales increased by 12.1% year on year (of which commuters increased by 3.3% and non-commuters increased by 19.9%). Segment operating profit was ¥3,008 million, an improvement of ¥5,350 million from an operating loss of ¥2,341 million in the same period of the previous fiscal year. EBITDA was a profit of ¥13,600 million, an increase of ¥5,004 million, or 58.2%, year on year.

Hotel and Leisure

The Hotel and Leisure business segment consists of domestic hotel operations (ownership/lease), domestic hotel operations (MC/FC), overseas hotel operations (ownership/lease), overseas hotel operations (MC/FC), sports operations (ownership/lease), sports operations (MC/FC) and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022	Change
Operating revenue	59,419	93,717	34,297
Domestic hotel operations (ownership/lease)	34,244	60,280	26,035
Domestic hotel operations (MC/FC)	37	124	87
Overseas hotel operations (ownership/lease)	9,992	15,185	5,192
Overseas hotel operations (MC/FC)	62	88	25
Sports operations (ownership/lease)	7,064	8,178	1,113
Sports operations (MC/FC)	–	–	–
Others	8,018	9,860	1,842

- Notes: 1. Starting in the first quarter ended June 30, 2022, based on the Group's policy of "the asset-light business operation," we changed the breakdown of the Hotel and Leisure business segment. To facilitate year-on-year comparison, the figures for the same period of the previous fiscal year have been restated to conform with the changed segment structure.
2. Domestic hotel operations (ownership/lease) mainly include hotels owned by SEIBU REALTY SOLUTIONS INC. and operated by SEIBU PRINCE HOTELS WORLDWIDE INC. and domestic hotels with leases acquired from outside the Group and operated by SEIBU PRINCE HOTELS WORLDWIDE INC.
3. Domestic hotel operations (MC/FC) include domestic hotels whose operations have been entrusted from outside of the Group.
4. Overseas hotel operations (ownership/lease) include hotels owned and operated by the Group and overseas hotels whose leases have been received from outside of the Group and which are operated by the subsidiaries of StayWell Holdings Pty Ltd.
5. Overseas hotel operations (MC/FC) include overseas hotels whose operations have been entrusted from outside the Group.
6. Sports operations (ownership/lease) mainly include golf courses and ski resorts owned by SEIBU REALTY SOLUTIONS INC. and operated by SEIBU PRINCE HOTELS WORLDWIDE INC.
7. Sports operations (MC/FC) will be showing the results of golf courses and ski resorts whose operations have been entrusted from outside the Group, and for the first six months ended September 30, 2022, there were no facilities falling under that category.

In domestic hotel operations, we partnered with Allm Inc. to sell accommodation and banquet plans with the optional offer of a PCR test, continuing to provide service with safety and security to our customers. We also contributed to measures to prevent the spread of COVID-19 by providing some of our hotels as lodging and care facilities based on requests from administrative agencies. Our hotel operator SEIBU PRINCE HOTELS WORLDWIDE INC. made progress in new hotel openings to start “Prince Smart Inn Kyoto Sanjo” on April 4, 2022 and “Okinawa Prince Hotel Ocean View Ginowan,” Prince Hotel’s first hotel in Okinawa, on April 12, 2022.

In overseas hotel operations, on June 7, 2022, SEIBU PRINCE HOTELS WORLDWIDE INC. concluded an agreement for a management contract (MC) for the New York hotel “The Kitano Hotel New York” with Kitano Arms Corporation, the U.S. subsidiary of Kitano Godo Tatemono Inc.

Operating revenue in the Hotel and Leisure business was ¥93,717 million, an increase of ¥34,297 million or 57.7% year on year, as the business steadily captured demand headed toward recovery at resorts in Karuizawa and Hakone, as well as in Hawaii. RevPAR* for the domestic hotel business was ¥6,681, an increase of ¥1,782 year on year. Segment operating profit was ¥1,076 million, an improvement of ¥16,378 million from an operating loss of ¥15,301 million in the same period of the previous fiscal year due to increased revenue. EBITDA was a profit of ¥9,805 million, an improvement of ¥17,099 million from a loss of ¥7,294 million in the same period of the previous fiscal year.

- * 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 six months ended September 30, 2021	For the six months ended September 30, 2022	Change
Operating revenue	40,353	35,728	(4,625)
Leasing operations	25,041	20,973	(4,068)
Others	15,312	14,755	(556)

Note: Seibu Landscape Co., Ltd., Yokohama-Ryokuchi Co., LTD., SEIBU GREEN MANAGEMENT Co., LTD., SEIBU AGRIBUSINESS INC., and Step Out Co., Ltd., which were transferred from the Construction business segment with the deconsolidation of Seibu Construction Co., Ltd., have been included in the “Other” segment. To facilitate year-on-year comparison, the figures for the same period of the previous fiscal year have been restated to conform with the changed segment structure.

In leasing operations, in April 2022, we opened “emiffice Tokorozawa” in the commercial facility “Grand Emio Tokorozawa” as the third “emiffice” shared office property, promoting the provision of services to respond to the growth in remote work.

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

The Real Estate business segment recorded operating revenue of ¥35,728 million, a decrease of ¥4,625 million, or 11.5%, year on year, due to the impact of the changeover in tenants at Tokyo Garden Terrace Kioicho in addition to a decrease in intersegment transactions (leasing to inside the Group, etc.) accompanying internal reorganization and falling revenue from insurance agency fees. Segment operating profit was ¥5,950 million, a decrease of ¥6,890 million, or 53.7%, year on year. EBITDA was ¥11,838 million, a decrease of ¥7,043 million, or 37.3%, year on year.

Construction

The Construction business segment was eliminated in the first quarter ended June 30, 2022 with the deconsolidation of Seibu Construction Co., Ltd.

Other

In the Sports business, we worked to provide an enjoyable sports entertainment experience by offering services, giving performances, and holding events that maximize the capabilities of the Belluna Dome, which is a baseball stadium reopened in 2021 after its renewal. In the Izuhakone business, we worked to capture tourism demand headed toward recovery mainly at Izu Mito Sea Paradise Aquarium. 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.

Operating revenue was ¥23,760 million, an increase of ¥4,836 million, or 25.6%, year on year, due to the increased number of spectators for the professional baseball team Saitama Seibu Lions with the lifting of COVID-19-related restrictions and strong sales of goods. Operating profit was ¥2,570 million, an improvement of ¥3,055 million from an operating loss of ¥485 million in the same period of the previous fiscal year, and EBITDA was ¥4,452 million, an increase of ¥2,845 million, or 177.2%, year on year.

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 ¥23,652 million, up ¥4,328 million, or 22.4%, year on year.

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

The consolidated earnings forecasts for the fiscal year ending March 31, 2023 are unchanged from the forecasts announced on September 29, 2022.

The consolidated earnings forecasts were revised on September 29, 2022, from those announced on May 12, 2022. For more details, please refer to “Notice regarding Revisions of (Cumulative) Consolidated Earnings Forecast for the Six Months Ending September 30, 2022 and Full-Year Consolidated Earnings Forecasts for the Year Ending March 31, 2023” announced on the same day.

(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, changing operating times and formats, and sale of products bundled with 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 having employees work at home utilizing remote working depending on the state of the ICT infrastructure of the various group companies; having employees commute 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

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 FY2020. We have also taken steps to enhance the Group's financial foundation by issuing preferred shares at some of our consolidated subsidiaries in FY2020, 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 (currently MIRAIT ONE Corporation). Additionally, on June 30, 2022, the Company's consolidated subsidiary SEIBU REALTY SOLUTIONS INC. concluded an agreement to transfer certain assets in the Hotel and Leisure business including The Prince Park Tower Tokyo to multiple affiliates in which GIC Private Limited's affiliate Reco Sky Private Limited invests either directly or indirectly. On September 30, 2022, four properties, including The Prince Park Tower Tokyo, were transferred. The Group is proceeding to transfer assets in the Hotel and Leisure business other than these four properties in accordance with the agreement.

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

With regard to the impact of the COVID-19 pandemic on the Group's financial results, on September 29, 2022, we revised the forecast figures of the (cumulative) consolidated earnings for the six months ending September 30, 2022 and the forecast figures of the full-year consolidated earnings for the fiscal year ending March 31, 2023, mainly to reflect the following: 1) transportation revenues in the railroad business and demand in the domestic hotel industry being lower than expected in the forecast announced on May 12, 2022; 2) the expectation that inbound tourism demand will take time to make a full recovery, despite the revision of border controls from October 11, 2022 onward, such as a revision of restrictions on new entry by foreigners; and 3) the expectation of lower revenue than the previously announced forecast due to the transfer of the four properties including The Prince Park Tower Tokyo, despite a forecast for reduced full-year fixed expenses thanks to various expenditure controls and the aforementioned transfer of four properties. After contracting due to the impact of the COVID-19, the recent status of recovery of the Japanese economy has been slower than we expected, and a full recovery is expected to take time. Due to these factors, COVID-19 continues to impact the Group's performance indicators such as operating revenue. If such impacts due to COVID-19 become prolonged, the Group's financial results may be affected further.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	87,487	138,965
Notes and accounts receivable - trade, and contract assets	22,435	21,857
Land and buildings for sale in lots	5,992	5,676
Merchandise and finished goods	911	1,067
Costs on construction contracts in progress	158	488
Raw materials and supplies	3,391	3,456
Other	15,436	15,321
Allowance for doubtful accounts	(99)	(103)
Total current assets	135,713	186,729
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	547,340	511,646
Machinery, equipment and vehicles, net	66,788	62,165
Land	701,497	674,311
Leased assets, net	10,977	14,405
Construction in progress	106,532	109,324
Other, net	20,406	18,011
Total property, plant and equipment	1,453,542	1,389,863
Intangible assets		
Leased assets	30	27
Other	19,149	22,286
Total intangible assets	19,179	22,314
Investments and other assets		
Investment securities	62,672	65,521
Long-term loans receivable	277	282
Retirement benefit asset	17,365	16,511
Deferred tax assets	6,123	5,302
Other	8,844	8,664
Allowance for doubtful accounts	(277)	(286)
Total investments and other assets	95,007	95,996
Total non-current assets	1,567,729	1,508,174
Total assets	1,703,442	1,694,904

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,809	11,160
Short-term borrowings	256,163	216,632
Lease liabilities	1,129	1,663
Income taxes payable	8,547	16,429
Advances received	86,698	98,009
Provision for bonuses	5,276	5,977
Provision for loss on guarantees	805	805
Other provisions	2,107	1,933
Asset retirement obligations	102	99
Other	77,549	54,561
Total current liabilities	451,186	407,272
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	604,760	583,662
Long-term accounts payable to Japan railway construction, transport and technology agency	7,551	6,391
Lease liabilities	7,818	10,528
Deferred tax liabilities	107,927	89,226
Deferred tax liabilities for land revaluation	10,384	10,203
Provision for retirement benefits for directors (and other officers)	574	417
Provision for share awards for directors (and other officers)	218	231
Other provisions	57	66
Retirement benefit liability	25,279	24,873
Asset retirement obligations	1,878	1,883
Liabilities from application of equity method	15,595	15,529
Other	32,992	33,260
Total non-current liabilities	865,038	826,275
Total liabilities	1,316,225	1,233,548
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	96,505	96,519
Retained earnings	182,761	246,170
Treasury shares	(54,091)	(53,541)
Total shareholders' equity	275,175	339,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,450	11,589
Revaluation reserve for land	16,219	15,945
Foreign currency translation adjustment	6,762	17,445
Remeasurements of defined benefit plans	2,534	1,422
Total accumulated other comprehensive income	35,966	46,403
Share acquisition rights	298	193
Non-controlling interests	75,777	75,609
Total net assets	387,217	461,356
Total liabilities and net assets	1,703,442	1,694,904

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Operating revenue	194,908	212,595
Operating expenses		
Operating expenses and cost of sales of transportation	179,393	178,720
Selling, general and administrative expenses	19,047	20,458
Total operating expenses	198,441	199,179
Operating profit (loss)	(3,533)	13,415
Non-operating income		
Interest income	3	3
Dividend income	469	493
Subsidy to keep a bus on a regular route	246	224
Share of profit of entities accounted for using equity method	3	–
Foreign exchange gains	–	1,137
Subsidies for infection-prevention measures	*1 498	*1 939
Other	585	1,413
Total non-operating income	1,807	4,212
Non-operating expenses		
Interest expenses	4,650	4,031
Share of loss of entities accounted for using equity method	–	5
Other	989	862
Total non-operating expenses	5,639	4,899
Ordinary profit (loss)	(7,365)	12,729
Extraordinary income		
Gain on sale of non-current assets	87	71,407
Contribution for construction	67	50
Subsidy income	11	16
Subsidies for employment adjustment	*2 6,737	–
Other	413	64
Total extraordinary income	7,318	71,539
Extraordinary losses		
Impairment losses	519	21,379
Loss on sale of non-current assets	0	–
Loss on retirement of non-current assets	915	736
Tax purpose reduction entry of contribution for construction	64	50
Loss on tax purpose reduction entry of non-current assets	7	15
Loss on sale of shares of subsidiaries	3,574	–
Loss on valuation of investment securities	18	143
Loss on temporary suspension of operations	*3 5,310	–
Other	471	61
Total extraordinary losses	10,883	22,386
Profit (loss) before income taxes	(10,931)	61,882
Income taxes - current	2,737	14,959
Income taxes - deferred	(1,887)	(18,347)
Total income taxes	849	(3,387)
Profit (loss)	(11,780)	65,269
Profit attributable to non-controlling interests	970	627
Profit (loss) attributable to owners of parent	(12,751)	64,641

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	(11,780)	65,269
Other comprehensive income		
Valuation difference on available-for-sale securities	1,358	1,139
Foreign currency translation adjustment	4,491	10,711
Remeasurements of defined benefit plans, net of tax	(1,163)	(1,113)
Total other comprehensive income	4,685	10,736
Comprehensive income	(7,095)	76,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(8,087)	75,353
Comprehensive income attributable to non-controlling interests	992	653

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(10,931)	61,882
Depreciation	28,152	27,531
Impairment losses	519	21,379
Interest expenses	4,650	4,031
Proceeds from contribution for construction	(67)	(50)
Loss (gain) on sale of non-current assets	(87)	(71,407)
Tax purpose reduction entry of contribution for construction	64	50
Decrease (increase) in trade receivables	5,175	772
Decrease (increase) in inventories	1,136	(130)
Decrease (increase) in accounts receivable - other	10,770	1,465
Increase (decrease) in trade payables	(3,048)	(1,817)
Increase (decrease) in advances received	233	(1,598)
Interest paid	(4,683)	(4,053)
Income taxes refund (paid)	(1,751)	(7,619)
Other, net	(59)	137
Net cash provided by (used in) operating activities	30,073	30,572
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(42,228)	(37,409)
Proceeds from sale of property, plant and equipment and intangible assets	90	114,244
Proceeds from contribution received for construction	11,378	12,783
Other, net	246	(3,410)
Net cash provided by (used in) investing activities	(30,513)	86,208
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	11,100	(21,558)
Proceeds from long-term borrowings	10,187	–
Repayments of long-term borrowings	(29,496)	(39,070)
Proceeds from issuance of bonds	9,939	–
Repayments of accounts payable to Japan railway construction, transport and technology agency	(1,846)	(2,520)
Dividends paid	(1)	(1,501)
Dividends paid to non-controlling interests	(667)	(821)
Other, net	(418)	(778)
Net cash provided by (used in) financing activities	(1,203)	(66,250)
Effect of exchange rate change on cash and cash equivalents	343	936
Net increase (decrease) in cash and cash equivalents	(1,300)	51,467
Cash and cash equivalents at beginning of period	28,538	87,210
Cash and cash equivalents at end of period	27,238	138,678

(4) 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.

Quarterly 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 recorded in the six months ended September 30, 2021 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 recorded in the six months ended September 30, 2021 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

Please refer to “3. Matters relating to changes, etc. in reportable segments” under “II. For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022) below.”

II. For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

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

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	71,142	93,717	35,728	23,760	224,349	(11,753)	212,595
Segment profit	3,008	1,076	5,950	2,570	12,605	809	13,415

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 ¥(11,753) million mainly consist of elimination of inter-company transactions.
- (2) Adjustments for segment profit of ¥809 million mainly consist of elimination of inter-company transactions.
3. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.

2. Impairment losses on non-current assets or goodwill, etc. by reportable segment

Significant impairment loss on non-current assets

The Hotel and Leisure business segment recorded impairment losses of ¥13,817 million, and the Real Estate business segment recorded impairment losses of ¥7,156 million.

Impairment losses amounted to ¥21,379 million in the six months ended September 30, 2022.

3. Matters relating to changes, etc. in reportable segments

Starting from the first quarter ended June 30, 2022, the pre-existing four segments of “Urban Transportation and Regional,” “Hotel and Leisure,” “Real Estate,” and “Construction” were changed to the three segments of “Urban Transportation and Regional,” “Hotel and Leisure,” and “Real Estate” due to the elimination of the “Construction” segment resulting from the removal of Seibu Construction Co., Ltd. from the scope of consolidation.

For details on the changes made to each segment, please refer to Note 3 under the table showing the operating results for the six months ended September 30, 2022, in each segment under “Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2022 (1) Explanation of operating results.” In the business segment results, the Izuhakone business, Ohmi business, Sports business and New businesses are included in “Other.”

As a result, the reportable segments and their main business components 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: Domestic hotel operations (ownership / lease), Domestic hotel operations (MC / FC), Overseas hotel operations (ownership / lease), Overseas hotel operations (MC / FC), Sports operations (ownership / lease), and Sports operations (MC / FC), etc.
- (iii) Real Estate: Leasing operations, etc.

After retrospectively adjusting the six months ended September 30, 2021 to reflect the changes to segments, the operating revenue and profit (loss) by reportable segment during said period are as follows.

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction (Note 1)	Other (Note 2)	Total	Adjustments (Note 3)	Amount in the quarterly consolidated statement of income (Note 4)
Operating revenue	63,803	59,419	40,353	33,192	18,923	215,693	(20,785)	194,908
Segment profit (loss)	(2,341)	(15,301)	12,840	1,564	(485)	(3,723)	190	(3,533)

- Notes: 1. "Construction" consists of Seibu Construction Co., Ltd. and Seibu Construction Supply Co., Ltd.
 2. "Other" consists of the Izuhakone business, Ohmi business, Sports business and New businesses.
 3. Details of adjustments are as follows:
 (1) Adjustments for operating revenue of ¥(20,785) million mainly consist of elimination of inter-company transactions.
 (2) Adjustments for segment profit (loss) of ¥190 million mainly consist of elimination of inter-company transactions.
 4. Segment profit (loss) has been reconciled with operating loss in the quarterly consolidated statement of income.