

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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February 9, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 2022 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: Tokyo Stock Exchange
Securities code: 9024
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Scheduled date to file quarterly securities report: February 10, 2023
Scheduled date to commence dividend payments: –
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (teleconference for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended								
December 31, 2022	320,523	6.7	20,127	–	18,308	–	70,504	–
December 31, 2021	300,282	18.9	(4,410)	–	(9,028)	–	(8,868)	–

Note: Comprehensive income

For the nine months ended December 31, 2022: ¥83,720 million [–%]

For the nine months ended December 31, 2021: ¥(9,225) million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	234.47	234.38
December 31, 2021	(29.55)	–

Note: Diluted earnings per share for the nine months ended December 31, 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	%
December 31, 2022	1,583,533	467,040	24.7
March 31, 2022	1,703,442	387,217	18.3

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

As of December 31, 2022: ¥391,530 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	424,000	6.8	17,000	–	14,000	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	79,000	643.7	262.53

Note: Revisions to the forecast most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: 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 December 31, 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 December 31, 2022	22,548,538 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)

Nine months ended December 31, 2022	300,691,851 shares
Nine months ended December 31, 2021	300,145,467 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 (351,800 shares as of December 31, 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) (559,646 shares for the nine months ended December 31, 2022 and 1,061,659 shares for the nine months ended December 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 December 31, 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 nine months ended December 31, 2022 and 21,998,594 shares for the nine months ended December 31, 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 7 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2022."

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1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2022

(1) Explanation of operating results

In the nine months ended December 31, 2022, economic activity continued to restart under coexistence with COVID-19, and the Japanese economy was expected to see an economic recovery. However, we must be fully aware of not only rising raw materials prices and supply-side restrictions along with downside risks such as those from fluctuations in the financial and capital markets amid concerns over the effects of prolonged conflict in Ukraine, but also the infection trends in China.

Under these conditions, in the nine months ended December 31, 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 for Urban Transportation and Regional Business” in addition to the themes of “asset-light business operation,” “lowering the breakeven 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 transferred four properties including The Prince Park Tower Tokyo on September 30, 2022, and 15 properties including the Naeba Prince Hotel on December 1, 2022.

Seibu Process Innovation Inc. was established on December 1, 2022 to provide optimal shared services through flexible work styles and highly specialized human resources, anticipating the “sharing of back office operations,” and preparations are underway for the start of operations on June 1, 2023.

With regard to “Management Reforms for Urban Transportation and Regional Business,” the review of organizational and operational structures is progressing, and Seibu Railway Co., Ltd. has determined that it is necessary to enhance its expertise and focus on improving profitability by specializing in its core business of railway operations and value creation functions along its rail lines, and decided to transfer its real estate other than railway operations to SEIBU REALTY SOLUTIONS INC. through a company split effective April 1, 2023 (planned).

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 category, 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 nine months ended December 31, 2022, although sales declined due to the deconsolidation of Seibu Construction Co., Ltd. and the transfer of 19 properties including The Prince Park Tower Tokyo mentioned above, the Group steadily captured increased demand with the lifting of COVID-19-related restrictions, leading to operating revenue of ¥320,523 million, up ¥20,240 million, or 6.7%, year on year. Operating profit was ¥20,127 million, an

improvement of ¥24,537 million from an operating loss of ¥4,410 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 ¥61,439 million, an increase of ¥24,434 million, or 66.0%, year on year.

Ordinary profit was ¥18,308 million, an improvement of ¥27,337 million from an ordinary loss of ¥9,028 million in the same period of the previous fiscal year, and profit attributable to owners of parent was ¥70,504 million, an improvement of ¥79,373 million from a loss attributable to owners of parent of ¥8,868 million in the same period of the previous fiscal year, mainly reflecting the recording of gain or loss due to transfer of the 19 properties mentioned above.

Operating results for nine months ended December 31, 2022, in each segment were as follows.

Reportable segments classification was changed from the first quarter of the current fiscal year.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the nine months ended December 31, 2022	Year-on-year change	Change (%)	For the nine months ended December 31, 2022	Year-on-year change	Change (%)	For the nine months ended December 31, 2022	Year-on-year change	Change (%)
Urban Transportation and Regional	107,137	8,378	8.5	4,190	5,593	–	20,228	4,966	32.5
Hotel and Leisure	142,892	46,840	48.8	3,014	25,602	–	15,485	25,521	–
Real Estate	54,637	(4,488)	(7.6)	9,757	(7,660)	(44.0)	18,498	(7,944)	(30.0)
Construction	–	(49,441)	(100.0)	–	(3,223)	(100.0)	–	(3,389)	(100.0)
Other	31,576	4,904	18.4	1,829	2,895	–	4,776	2,718	132.0
Total	336,243	6,194	1.9	18,792	23,207	–	58,989	21,870	58.9
Adjustments	(15,719)	14,045	–	1,335	1,330	–	2,450	2,563	–
Consolidated	320,523	20,240	6.7	20,127	24,537	–	61,439	24,434	66.0

- 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 from the first quarter of the current fiscal year, 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 nine months ended December 31, 2021	For the nine months ended December 31, 2022	Change
Operating revenue	98,758	107,137	8,378
Railway operations	62,450	67,739	5,289
Bus operations	15,402	16,648	1,246
Lifestyle service operations along railway lines	16,356	17,644	1,288
Sports operations	2,071	2,284	213
Others	2,478	2,818	340

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 will begin collecting those fares on March 18, 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 ¥107,137 million, an increase of ¥8,378 million, or 8.5%, 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 10.0% year on year (of which commuters increased by 8.1% and non-commuters increased by 13.1%), and passenger transportation sales increased by 9.6% year on year (of which commuters increased by 3.3% and non-commuters increased by 14.7%). Segment operating profit was ¥4,190 million, an improvement of ¥5,593 million from an operating loss of ¥1,403 million in the same period of the previous fiscal year. EBITDA was ¥20,228 million, an increase of ¥4,966 million, or 32.5%, 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 nine months ended December 31, 2021	For the nine months ended December 31, 2022	Change
Operating revenue	96,051	142,892	46,840
Domestic hotel operations (ownership/lease)	55,942	90,441	34,499
Domestic hotel operations (MC/FC)	53	2,339	2,285
Overseas hotel operations (ownership/lease)	16,342	22,396	6,054
Overseas hotel operations (MC/FC)	87	189	101
Sports operations (ownership/lease)	11,294	12,588	1,293
Sports operations (MC/FC)	–	128	128
Others	12,330	14,809	2,478

- Notes:
1. Starting from the first quarter of the current fiscal year, 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) include golf courses and ski resorts whose operations have been entrusted from outside the Group.

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. The hotel operator SEIBU PRINCE HOTELS WORLDWIDE INC. has continued to open new locations, including: Prince Smart Inn Kyoto Sanjo on April 4, 2022; Okinawa Prince Hotel Ocean View Ginowan, the first Prince Hotel in Okinawa, on April 12, 2022; Prince Smart Inn Hakata on October 13, 2022; Prince Smart Inn Osaka Yodoyabashi, the first Prince Hotel in Osaka, on November 16, 2022; and Prince Smart Inn Naha on November 22, 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 ¥142,892 million, an increase of ¥46,840 million or 48.8% year on year, despite the decrease in revenue due to the transfer of 19 properties including The Prince Park Tower Tokyo, as the business steadily captured demand headed toward recovery at resorts in Karuizawa and Hakone, as well as in Hawaii, and leisure facilities. RevPAR* for the domestic hotel business was ¥8,021, an increase of ¥2,950 year on year. Segment operating profit was ¥3,014 million, an improvement of ¥25,602 million from an operating loss of ¥22,587 million in the same period of the previous fiscal year due to increased revenue. EBITDA was a profit of ¥15,485 million, an improvement of ¥25,521 million from a loss of ¥10,035 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 nine months ended December 31, 2021	For the nine months ended December 31, 2022	Change
Operating revenue	59,126	54,637	(4,488)
Leasing operations	36,235	31,692	(4,543)
Others	22,890	22,945	55

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.

In addition, construction of the “Tokorozawa Station West Exit Development Plan” for Tokorozawa Station, a major satellite city along Seibu Railway lines, began in November 2022 with the aim of opening in autumn 2024.

In addition, we also worked to reduce fixed expenses by bringing PM and BM operations in-house.

The Real Estate business segment recorded operating revenue of ¥54,637 million, a decrease of ¥4,488 million, or 7.6%, year on year, due to a decrease in intersegment transactions (leasing to inside the Group, etc.) accompanying internal reorganization and the impact of the changeover in tenants at Tokyo Garden Terrace Kioicho. Segment operating profit was ¥9,757 million, a decrease of ¥7,660 million, or 44.0%, year on year. EBITDA was ¥18,498 million, a decrease of ¥7,944 million, or 30.0%, year on year.

Construction

The Construction business segment was eliminated from the first quarter of the current fiscal year 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 ¥31,576 million, an increase of ¥4,904 million, or 18.4%, 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 ¥1,829 million, an improvement of ¥2,895 million from an operating loss of ¥1,066 million in the same period of the previous fiscal year, and EBITDA was ¥4,776 million, an increase of ¥2,718 million, or 132.0%, 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 ¥31,515 million, up ¥4,209 million, or 15.4%, year on year.

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

The full-year consolidated earnings forecasts have been revised from the earnings forecasts announced on September 29, 2022, based on factors such as the recent business performance trends.

With regard to operating revenue, as described in the “(Notice regarding the progress of items already disclosed) Notice Regarding Transfer of Subsidiary’s Fixed Assets” released on December 1, 2022 and February 1, 2023, while there is an impact from the transfer of assets in the Hotel and Leisure business, the forecast for operating revenue has been upwardly revised from the forecast figure announced on September 29, 2022 by ¥8.0 billion to ¥424.0 billion (6.8% increase year on year) mainly due to the weaker-than-anticipated yen in addition to The National Travel Assistance program and greater-than-expected recovery in inbound travel.

By controlling various expenses and with the impact of the aforementioned transfers, fixed costs for the full fiscal year are expected to be reduced in comparison with that of the fiscal year ended March 31, 2020 by approximately ¥25.0 billion (the expected reduction in the forecast figures announced on September 29, 2022 was ¥24.0 billion) despite the recent surge in electric power costs, etc. As operating revenue is expected to exceed the forecast figure announced on September 29, 2022, the forecasts for operating profit and EBITDA have each been upwardly revised by ¥4.0 billion from the initial forecast figures to ¥17.0 billion (operating loss of ¥13.2 billion in the previous fiscal year) and ¥74.0 billion (74.5% increase year on year), respectively.

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

(Billions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the fiscal year ending March 31, 2023 (forecast)	Change from previous forecast (%)	Year-on-year change (%)	For the fiscal year ending March 31, 2023 (forecast)	Change from previous forecast (%)	Year-on-year change (%)	For the fiscal year ending March 31, 2023 (forecast)	Change from previous forecast (%)	Year-on-year change (%)
Urban Transportation and Regional	143.7	(0.7)	9.4	1.5	7.1	–	23.8	0.4	42.1
Hotel and Leisure	188.2	0.5	41.3	2.4	4.3	–	19.5	(3.0)	–
Real Estate	74.2	1.5	(3.2)	11.7	17.0	(43.1)	23.4	7.8	(28.1)
Construction	–	–	(100.0)	–	–	(100.0)	–	–	(100.0)
Other	38.5	1.3	17.5	(0.1)	–	–	3.9	34.5	365.4
Total	444.6	0.3	1.9	15.5	23.0	–	70.6	3.2	66.5
Adjustments	(20.6)	–	–	1.5	275.0	–	3.4	112.5	–
Consolidated	424.0	1.9	6.8	17.0	30.8	–	74.0	5.7	74.5

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.

Ordinary profit is expected to be ¥14.0 billion (ordinary loss of ¥17.4 billion in the previous fiscal year). We expect profit attributable to owners of parent to be ¥79.0 billion (up 643.7% year on year).

(3) Impact, etc. associated with COVID-19**(i) Business operations**

Although restrictions on activities have been eased, as the infection status continues to fluctuate including the purported arrival of an eighth wave of infection, 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 COVID-19 pandemic, we have made efforts to reduce and defer non-essential costs, improve our revenue structure, and control cash flow, and have secured the necessary working capital for our current requirements by borrowing and expanding our FY2020 commitment line. 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. Four properties including The Prince Park Tower Tokyo were transferred on September 30, 2022, 15 properties including the Naeba Prince Hotel on December 1, 2022, and six properties including the Manza Prince Hotel on February 1, 2023. The Group is proceeding to transfer assets in the Hotel and Leisure business other than these 25 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

After contracting due to the impact of COVID-19, a full recovery of the Japanese economy is expected to take time. Due to this factor, 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	87,487	22,252
Notes and accounts receivable - trade, and contract assets	22,435	26,955
Land and buildings for sale in lots	5,992	5,494
Merchandise and finished goods	911	1,081
Costs on construction contracts in progress	158	373
Raw materials and supplies	3,391	3,665
Other	15,436	29,486
Allowance for doubtful accounts	(99)	(96)
Total current assets	135,713	89,212
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	547,340	503,097
Machinery, equipment and vehicles, net	66,788	59,642
Land	701,497	672,374
Leased assets, net	10,977	14,308
Construction in progress	106,532	113,439
Other, net	20,406	17,473
Total property, plant and equipment	1,453,542	1,380,335
Intangible assets		
Leased assets	30	25
Other	19,149	23,057
Total intangible assets	19,179	23,083
Investments and other assets		
Investment securities	62,672	61,587
Long-term loans receivable	277	267
Retirement benefit asset	17,365	16,206
Deferred tax assets	6,123	4,966
Other	8,844	8,167
Allowance for doubtful accounts	(277)	(291)
Total investments and other assets	95,007	90,902
Total non-current assets	1,567,729	1,494,321
Total assets	1,703,442	1,583,533

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,809	11,460
Short-term borrowings	256,163	89,186
Lease liabilities	1,129	1,079
Income taxes payable	8,547	10,096
Advances received	86,698	98,319
Provision for bonuses	5,276	2,912
Provision for loss on guarantees	805	805
Other provisions	2,107	1,905
Asset retirement obligations	102	98
Other	77,549	68,851
Total current liabilities	451,186	284,716
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	604,760	577,556
Long-term accounts payable to Japan railway construction, transport and technology agency	7,551	6,453
Lease liabilities	7,818	11,072
Deferred tax liabilities	107,927	100,416
Deferred tax liabilities for land revaluation	10,384	10,198
Provision for retirement benefits for directors (and other officers)	574	424
Provision for share awards for directors (and other officers)	218	263
Other provisions	57	70
Retirement benefit liability	25,279	25,179
Asset retirement obligations	1,878	1,876
Liabilities from application of equity method	15,595	15,443
Other	32,992	32,821
Total non-current liabilities	865,038	831,776
Total liabilities	1,316,225	1,116,493
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	96,505	96,519
Retained earnings	182,761	250,549
Treasury shares	(54,091)	(53,291)
Total shareholders' equity	275,175	343,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,450	8,998
Revaluation reserve for land	16,219	15,936
Foreign currency translation adjustment	6,762	21,910
Remeasurements of defined benefit plans	2,534	907
Total accumulated other comprehensive income	35,966	47,752
Share acquisition rights	298	193
Non-controlling interests	75,777	75,316
Total net assets	387,217	467,040
Total liabilities and net assets	1,703,442	1,583,533

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Operating revenue	300,282	320,523
Operating expenses		
Operating expenses and cost of sales of transportation	275,865	270,411
Selling, general and administrative expenses	28,828	29,984
Total operating expenses	304,693	300,395
Operating profit (loss)	(4,410)	20,127
Non-operating income		
Interest income	5	5
Dividend income	854	886
Subsidy to keep a bus on a regular route	379	370
Share of profit of entities accounted for using equity method	1	-
Subsidies for infection-prevention measures	*1 819	*1 1,011
Other	1,394	2,792
Total non-operating income	3,455	5,067
Non-operating expenses		
Interest expenses	6,909	5,874
Share of loss of entities accounted for using equity method	-	12
Other	1,164	999
Total non-operating expenses	8,073	6,886
Ordinary profit (loss)	(9,028)	18,308
Extraordinary income		
Gain on sale of non-current assets	13,782	79,962
Contribution for construction	989	50
Subsidy income	14	18
Gain on sale of investment securities	-	1,164
Subsidies for employment adjustment	*2 8,391	-
Other	414	293
Total extraordinary income	23,591	81,489
Extraordinary losses		
Impairment losses	541	22,034
Loss on sale of non-current assets	9	0
Loss on retirement of non-current assets	1,357	1,183
Tax purpose reduction entry of contribution for construction	905	50
Loss on tax purpose reduction entry of non-current assets	9	17
Loss on sale of shares of subsidiaries	3,574	-
Loss on valuation of investment securities	18	141
Loss on temporary suspension of operations	*3 5,345	-
Other	557	158
Total extraordinary losses	12,319	23,586
Profit before income taxes	2,242	76,211
Income taxes - current	3,430	10,680
Income taxes - deferred	6,185	(6,095)
Total income taxes	9,615	4,585
Profit (loss)	(7,372)	71,625
Profit attributable to non-controlling interests	1,496	1,120
Profit (loss) attributable to owners of parent	(8,868)	70,504

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss)	(7,372)	71,625
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,810)	(1,451)
Foreign currency translation adjustment	4,705	15,176
Remeasurements of defined benefit plans, net of tax	(1,746)	(1,630)
Total other comprehensive income	(1,852)	12,094
Comprehensive income	(9,225)	83,720
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(10,746)	82,573
Comprehensive income attributable to non-controlling interests	1,520	1,146

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

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 nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

Please refer to “3. Matters relating to changes, etc. in reportable segments” under “II. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)” below.

II. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	107,137	142,892	54,637	31,576	336,243	(15,719)	320,523
Segment profit	4,190	3,014	9,757	1,829	18,792	1,335	20,127

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 ¥(15,719) million mainly consist of elimination of inter-company transactions.
- (2) Adjustments for segment profit of ¥1,335 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 ¥14,430 million, and the Real Estate business segment recorded impairment losses of ¥7,156 million.

Impairment losses amounted to ¥22,034 million in the nine months ended December 31, 2022.

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

Starting from the first quarter of the current fiscal year, 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 nine months ended December 31, 2022, in each segment under “Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 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), Sports operations (MC / FC), etc.
- (iii) Real Estate: Leasing operations, etc.

After retrospectively adjusting the nine months ended December 31, 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	98,758	96,051	59,126	49,441	26,671	330,048	(29,765)	300,282
Segment profit (loss)	(1,403)	(22,587)	17,418	3,223	(1,066)	(4,415)	5	(4,410)

- 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 ¥(29,765) million mainly consist of elimination of inter-company transactions.
(2) Adjustments for segment profit (loss) of ¥5 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.