

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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May 11, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: Tokyo Stock Exchange
Securities code: 9024
URL: <https://www.seibuholdings.co.jp/en/>
Representative: NISHIYAMA Ryuichiro, President and Representative Director, COO
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Scheduled date of annual general meeting of shareholders: June 21, 2023
Scheduled date to commence dividend payments: June 22, 2023
Scheduled date to file annual securities report: June 21, 2023
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, 2023 (from April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	428,487	8.0	22,155	–	20,133	–	56,753	434.2
March 31, 2022	396,856	17.7	(13,216)	–	(17,440)	–	10,623	–

Note: Comprehensive income

For the fiscal year ended March 31, 2023: ¥64,964 million [389.0%]
For the fiscal year ended March 31, 2022: ¥13,286 million [– %]

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2023	188.70	188.63	16.6	1.2	5.2
March 31, 2022	35.39	35.37	3.5	(1.0)	(3.3)

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: ¥(12) million
For the fiscal year ended March 31, 2022: ¥2 million

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,587,834	377,633	23.5	1,237.46
March 31, 2022	1,703,442	387,217	18.3	1,035.57

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

As of March 31, 2023: ¥372,451 million

As of March 31, 2022: ¥311,141 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, 2023	67,167	87,854	(217,221)	25,741
March 31, 2022	58,563	18,647	(19,070)	87,210

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, 2022	–	0.00	–	5.00	5.00	1,617	14.1	0.5
March 31, 2023	–	5.00	–	20.00	25.00	8,082	13.2	2.2
Fiscal year ending March 31, 2024 (Forecast)	–	12.50	–	12.50	25.00		31.4	

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024
(from April 1, 2023 to March 31, 2024)**

(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, 2023	236,000	11.0	23,000	71.4	20,000	57.1
Fiscal year ending March 31, 2024	462,000	7.8	36,000	62.5	30,000	49.0

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	
			Yen
Six months ending September 30, 2023	13,000	(79.9)	43.19
Fiscal year ending March 31, 2024	24,000	(57.7)	79.74

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (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 18 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, 2023	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 March 31, 2023	22,482,684 shares
As of March 31, 2022	23,008,494 shares

- c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2023	300,755,049 shares
Fiscal year ended March 31, 2022	300,212,282 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 (285,900 shares as of March 31, 2023 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 (500,059 shares for the fiscal year ended March 31, 2023 and 994,844 shares for the fiscal year ended March 31, 2022).
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, 2023 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 (21,998,594 shares for the fiscal year ended March 31, 2023 and 21,998,594 shares for the fiscal year ended March 31, 2022).
3. For further details about the number of shares as a basis of calculation of basic earnings per share (consolidated), please refer to page 21 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, 2023
(from April 1, 2022 to March 31, 2023)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	44,224	218.8	31,978	–	32,387	–	31,036	–
March 31, 2022	13,871	11.5	2,531	3.5	2,508	(15.9)	1,444	(39.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	96.16	96.13
March 31, 2022	4.48	4.48

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,062,320	373,788	35.2	1,156.72
March 31, 2022	1,172,518	345,148	29.4	1,069.46

Reference: Equity (Net assets)

As of March 31, 2023:

¥373,595 million

As of March 31, 2022:

¥344,849 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, 2023 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, 2024), please refer to page 8 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, 2023

During the fiscal year ended March 31, 2023, 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 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.

Under these conditions, in the fiscal year ended March 31, 2023, 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 completed the transfer of 26 properties including The Prince Park Tower Tokyo in the fiscal year ended March 31, 2023.

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 transferred its real estate other than railway operations to SEIBU REALTY SOLUTIONS INC. through a company split effective April 1, 2023.

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 fiscal year ended March 31, 2023, although sales declined due to the deconsolidation of Seibu Construction Co., Ltd. and the transfer of 26 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 ¥428,487 million, up ¥31,631 million, or 8.0%, year on year. Operating profit was ¥22,155 million, an improvement of ¥35,371 million from an operating loss of ¥13,216 million in 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 ¥77,247 million, an increase of ¥34,832 million, or 82.1%, year on year.

Ordinary profit was ¥20,133 million, an improvement of ¥37,573 million from an ordinary loss of ¥17,440 million in the previous fiscal year, and profit attributable to owners of parent was ¥56,753 million, an increase of ¥46,130, or 434.2%, year on year, mainly reflecting the recording of gain or loss due to transfer of the 26 properties mentioned above.

Operating results for the fiscal year ended March 31, 2023, in each segment were as follows. Reportable segments classification was changed from the fiscal year ended March 31, 2023.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the year ended March 31, 2023	Change from previous year	Change (%)	For the year ended March 31, 2023	Change from previous year	Change (%)	For the year ended March 31, 2023	Change from previous year	Change (%)
Urban Transportation and Regional	143,706	12,375	9.4	2,210	7,959	–	24,009	7,255	43.3
Hotel and Leisure	191,167	57,987	43.5	4,905	32,956	–	21,014	32,142	–
Real Estate	74,839	(1,799)	(2.3)	12,679	(7,900)	(38.4)	24,265	(8,277)	(25.4)
Construction	–	(62,290)	(100.0)	–	(3,177)	(100.0)	–	(3,386)	(100.0)
Other	39,212	6,451	19.7	590	3,847	–	4,615	3,777	450.8
Total	448,927	12,723	2.9	20,386	33,684	–	73,904	31,511	74.3
Adjustments	(20,439)	18,907	–	1,768	1,686	–	3,343	3,320	–
Consolidated	428,487	31,631	8.0	22,155	35,371	–	77,247	34,832	82.1

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 fiscal year ended March 31, 2023, 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 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 year ended March 31, 2022	For the year ended March 31, 2023	Change
Operating revenue	131,331	143,706	12,375
Railway operations	83,429	91,430	8,001
Bus operations	20,320	22,119	1,798
Lifestyle service operations along railway lines	21,360	23,224	1,864
Sports operations	2,932	3,212	279
Others	3,288	3,719	430

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 utilized 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, and began 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 ¥143,706 million, an increase of ¥12,375 million, or 9.4%, 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 7.4% and non-commuters increased by 14.2%), and passenger transportation sales increased by 10.4% year on year (of which commuters increased by 3.5% and non-commuters increased by 16.1%). Segment operating profit was ¥2,210 million, an improvement of ¥7,959 million from an operating loss of ¥5,748 million in the previous fiscal year. EBITDA was ¥24,009 million, an increase of ¥7,255 million, or 43.3%, 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.

	For the year ended March 31, 2022	For the year ended March 31, 2023	Change
Operating revenue	133,180	191,167	57,987
Domestic hotel operations (ownership/lease)	77,349	119,038	41,688
Domestic hotel operations (MC/FC)	88	4,981	4,893
Overseas hotel operations (ownership/lease)	23,250	30,050	6,800
Overseas hotel operations (MC/FC)	118	260	142
Sports operations (ownership/lease)	15,940	16,772	832
Sports operations (MC/FC)	–	738	738
Others	16,434	19,325	2,890

- Notes: 1. Starting from the fiscal year ended March 31, 2023, 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 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 domestic 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 ¥191,167 million, an increase of ¥57,987 million or 43.5% year on year, despite the decrease in revenue due to the transfer of 26 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, in addition to recent inbound demand. RevPAR* for the domestic hotel business was ¥8,778, an increase of ¥3,932 year on year. Segment operating profit was ¥4,905 million, an improvement of ¥32,956 million from an operating loss of ¥28,050 million in the previous fiscal year due to increased revenue. EBITDA was a profit of ¥21,014 million, an improvement of ¥32,142 million from a loss of ¥11,128 million in 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 year ended March 31, 2022	For the year ended March 31, 2023	Change
Operating revenue	76,639	74,839	(1,799)
Leasing operations	46,943	42,049	(4,894)
Others	29,695	32,790	3,095

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 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 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 ¥74,839 million, a decrease of ¥1,799 million, or 2.3%, 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 ¥12,679 million, a decrease of ¥7,900 million, or 38.4%, year on year. EBITDA was ¥24,265 million, a decrease of ¥8,277 million, or 25.4%, year on year.

Construction

The Construction business segment was eliminated from the fiscal year ended March 31, 2023 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 Izu Hakone 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 ¥39,212 million, an increase of ¥6,451 million, or 19.7%, 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 ¥590 million, an improvement of ¥3,847 million from an operating loss of ¥3,256 million in the previous fiscal year, and EBITDA was ¥4,615 million, an increase of ¥3,777 million, or 450.8%, 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 ¥40,023 million, up ¥5,136 million, or 14.7%, year on year.

(2) Review of financial position for the fiscal year ended March 31, 2023*Assets*

Total current assets as of March 31, 2023 stood at ¥94,373 million, down ¥41,339 million from the previous fiscal year-end. The decrease was due mainly to a decrease in cash and deposits of ¥61,499 million.

Total non-current assets amounted to ¥1,493,460 million, down ¥74,268 million from the previous fiscal year-end. The decrease was due mainly to a decrease in property, plant and equipment of ¥74,793 million.

As a result, total assets stood at ¥1,587,834 million, down ¥115,607 million from the previous fiscal year-end.

Liabilities

Total current liabilities as of March 31, 2023 stood at ¥367,867 million, down ¥83,319 million from the previous fiscal year-end. The decrease was due mainly to a decrease in short-term borrowings of ¥124,625 million.

Non-current liabilities amounted to ¥842,333 million, down ¥22,704 million from the previous fiscal year-end. The decrease was due mainly to a decrease in long-term borrowings of ¥11,623 million.

As a result of the above, total liabilities stood at ¥1,210,201 million, down ¥106,023 million from the previous fiscal year-end.

Net assets

Total net assets as of March 31, 2023 stood at ¥377,633 million, down ¥9,584 million from the previous fiscal year-end. The decrease was due mainly to a decrease in non-controlling interests of ¥70,788 million due to the acquisition and cancellation of preferred shares at a consolidated subsidiary of the Company and the recording of ¥56,753 million of profit attributable to owners of parent.

Equity-to-asset ratio stood at 23.5%, up 5.2 percentage points from the previous fiscal year-end.

(3) Review of cash flows for the fiscal year ended March 31, 2023

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2023 decreased ¥61,469 million compared to the end of the previous fiscal year to ¥25,741 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥67,167 million after recording profit before income taxes of ¥62,011 million and making adjustments for depreciation and income taxes paid, and cash

inflow increased by ¥8,603 million compared with the previous fiscal year.

Cash flows from investing activities

Net cash provided by investing activities was ¥87,854 million due mainly to the proceeds from sale of property, plant and equipment and intangible assets, and cash inflow increased by ¥69,207 million compared with the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was of ¥217,221 million due mainly to repayment of borrowings and the acquisition of preferred shares at a consolidated subsidiary of the Company, and cash outflow increased by ¥198,150 million compared with the previous fiscal year.

The Group's cash flow indices were as follows.

	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023
Equity-to-asset ratio (%)	21.5	17.6	18.3	23.5
Equity-to-asset ratio based on market value (%)	20.8	21.5	22.4	25.8
Interest-bearing debt to cash flow ratio (Years)	9.2	–	15.9	11.8
Interest coverage ratio (Times)	10.1	–	6.4	8.7

- 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, 2024, which is the third year of the Seibu Group's Medium-term Management Plan takes into consideration delays in the recovery of sales from passengers of commuter passes in the railway operations, as well as changes such as soaring costs for power and raw materials, and reflects the effect through progress in "management reforms," such as the effect of the internal reorganization of the Group.

As a result of calculations based on the above assumptions, we expect operating revenue to increase 7.8% year on year relative to the fiscal year ended March 31, 2023, to ¥462.0 billion due to the steady capture of recovering demand by increasing RevPAR through the increase of prices in the Hotel and Leisure business. Fixed expenses have been increasing due to the impact of higher crude oil prices stemming from the conflict in Ukraine, but we expect operating profit to increase 62.5% year on year to ¥36.0 billion as a result of working to reduce fixed expenses by shifting to an asset-light model for some assets in the Hotel and Leisure business, reviewing costs and other measures. We expect EBITDA to be ¥90.0 billion (up 16.5% year on year).

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

	Operating revenue													
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2023	74.0	8.1	111.1	15.9	38.4	6.3	26.8	13.2	250.4	11.7	(14.4)	–	236.0	11.0
Fiscal year ending March 31, 2024	148.3	6.5	224.6	15.3	76.8	1.6	42.9	9.5	492.7	9.8	(30.7)	–	462.0	7.8

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

	Operating profit													
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2023	8.2	79.4	6.5	–	5.3	(2.6)	3.2	28.3	23.4	86.0	(0.4)	–	23.0	71.4
Fiscal year ending March 31, 2024	10.6	97.9	14.1	485.2	9.4	(21.5)	1.1	92.9	35.3	73.3	0.6	(61.9)	36.0	62.5

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

	EBITDA													
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2023	18.1	23.4	14.6	55.9	11.0	(1.0)	5.3	21.2	49.2	24.0	0.7	(46.3)	50.0	21.4
Fiscal year ending March 31, 2024	31.3	19.2	30.4	54.2	21.0	(9.5)	5.4	18.5	88.2	19.5	1.7	(49.1)	90.0	16.5

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

Ordinary profit is expected to be ¥30.0 billion, up 49.0% year on year. We expect profit attributable to owners of parent of ¥24.0 billion, down 57.7% year on year, as a result of factors such as a rebound from the recording of extraordinary income (losses) associated with the shifting to an asset-light model for some assets in the Hotel and Leisure business in the fiscal year under review. For more details, please refer to "Review of financial results for fiscal year ended March 31, 2023 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 financial 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.

Regarding the year-end dividend for the fiscal year ended March 31, 2023, we have set an ordinary dividend of ¥20 per share (annual dividend of ¥25 per share including an interim dividend of ¥5 per share), taking into account that the "management reforms" that we have been working on as essential features of the "FY2021-FY2023 Seibu Group's Medium-term Management Plan" have been generally on track, and that "transfer of part of the assets of the Hotel and Leisure Business toward asset-light business operations" has been completed, in addition to the fact that current operating results have been recovering in light of the business environment.

Regarding the annual dividend for the fiscal year ending March 31, 2024, after giving comprehensive consideration to the consolidated earnings forecasts for the fiscal year ending March 31, 2024 and to the status of funds described in "(4) Future outlook," we plan to pay a dividend of ¥25 per share (interim dividend ¥12.5, year-end dividend ¥12.5).

2. Basic Rationale for Selecting the Accounting Standard

Although the Group 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	87,487	25,988
Notes and accounts receivable - trade, and contract assets	22,435	29,991
Land and buildings for sale in lots	5,992	5,322
Merchandise and finished goods	911	1,151
Costs on construction contracts in progress	158	102
Raw materials and supplies	3,391	3,169
Other	15,436	28,744
Allowance for doubtful accounts	(99)	(95)
Total current assets	135,713	94,373
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,285,589	1,212,046
Accumulated depreciation and impairment	(738,249)	(714,793)
Buildings and structures, net	547,340	497,252
Machinery, equipment and vehicles	321,800	309,146
Accumulated depreciation and impairment	(255,012)	(246,198)
Machinery, equipment and vehicles, net	66,788	62,947
Land	701,497	660,547
Leased assets	15,262	17,237
Accumulated depreciation and impairment	(4,285)	(3,429)
Leased assets, net	10,977	13,807
Construction in progress	106,532	127,105
Other	92,355	84,163
Accumulated depreciation and impairment	(71,948)	(67,075)
Other, net	20,406	17,087
Total property, plant and equipment	1,453,542	1,378,748
Intangible assets		
Leased assets	30	24
Other	19,149	23,221
Total intangible assets	19,179	23,245
Investments and other assets		
Investment securities	62,672	61,617
Long-term loans receivable	277	269
Retirement benefit asset	17,365	15,893
Deferred tax assets	6,123	5,330
Other	8,844	8,654
Allowance for doubtful accounts	(277)	(299)
Total investments and other assets	95,007	91,466
Total non-current assets	1,567,729	1,493,460
Total assets	1,703,442	1,587,834

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,809	17,566
Short-term borrowings	256,163	131,537
Lease liabilities	1,129	1,136
Income taxes payable	8,547	9,603
Advances received	86,698	103,280
Provision for bonuses	5,276	5,871
Provision for loss on guarantees	805	809
Other provisions	2,107	1,977
Asset retirement obligations	102	66
Other	77,549	96,018
Total current liabilities	451,186	367,867
Non-current liabilities		
Bonds payable	50,000	50,000
Long-term borrowings	604,760	593,136
Long-term accounts payable to Japan railway construction, transport and technology agency	7,551	6,014
Lease liabilities	7,818	10,563
Deferred tax liabilities	107,927	104,326
Deferred tax liabilities for land revaluation	10,384	7,829
Provision for retirement benefits for directors (and other officers)	574	431
Provision for share awards for directors (and other officers)	218	279
Other provisions	57	69
Retirement benefit liability	25,279	19,809
Asset retirement obligations	1,878	1,556
Liabilities from application of equity method	15,595	15,449
Other	32,992	32,865
Total non-current liabilities	865,038	842,333
Total liabilities	1,316,225	1,210,201
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	96,505	96,519
Retained earnings	182,761	241,154
Treasury shares	(54,091)	(53,174)
Total shareholders' equity	275,175	334,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,450	8,227
Revaluation reserve for land	16,219	11,580
Foreign currency translation adjustment	6,762	15,431
Remeasurements of defined benefit plans	2,534	2,711
Total accumulated other comprehensive income	35,966	37,951
Share acquisition rights	298	193
Non-controlling interests	75,777	4,988
Total net assets	387,217	377,633
Total liabilities and net assets	1,703,442	1,587,834

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating revenue	396,856	428,487
Operating expenses		
Operating expenses and cost of sales of transportation	369,934	366,305
Selling, general and administrative expenses	40,137	40,026
Total operating expenses	410,072	406,332
Operating profit (loss)	(13,216)	22,155
Non-operating income		
Interest income	6	9
Dividend income	909	957
Subsidy to keep a bus on a regular route	1,037	992
Share of profit of entities accounted for using equity method	2	–
Foreign exchange gains	986	525
Subsidies for infection-prevention measures	*1 1,824	*1 1,412
Subsidies for employment adjustment	–	*2 927
Other	1,885	2,152
Total non-operating income	6,653	6,977
Non-operating expenses		
Interest expenses	9,075	7,673
Share of loss of entities accounted for using equity method	–	12
Other	1,801	1,312
Total non-operating expenses	10,877	8,999
Ordinary profit (loss)	(17,440)	20,133
Extraordinary income		
Gain on sale of non-current assets	13,906	80,522
Contribution received for construction	1,301	884
Subsidy income	36	85
Gain on sale of investment securities	–	1,174
Gain on sale of shares of subsidiaries	37,356	–
Subsidies for employment adjustment	*2 9,126	–
Other	540	596
Total extraordinary income	62,269	83,261
Extraordinary losses		
Impairment losses	2,782	37,066
Loss on sale of non-current assets	9	1
Loss on retirement of non-current assets	1,595	1,897
Tax purpose reduction entry of contribution for construction	1,201	881
Loss on tax purpose reduction entry of non-current assets	29	83
Loss on sale of investment securities	–	168
Loss on sale of shares of subsidiaries	3,574	–
Loss on valuation of investment securities	26	14
Loss on temporary suspension of operations	*3 6,060	–
Other	577	1,270
Total extraordinary losses	15,856	41,384
Profit before income taxes	28,973	62,011
Income taxes - current	8,733	10,600
Income taxes - deferred	7,728	(6,920)
Total income taxes	16,462	3,680
Profit	12,510	58,330
Profit attributable to non-controlling interests	1,887	1,577
Profit attributable to owners of parent	10,623	56,753

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	12,510	58,330
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,006)	(2,223)
Foreign currency translation adjustment	5,868	8,682
Remeasurements of defined benefit plans, net of tax	(1,087)	174
Total other comprehensive income	775	6,633
Comprehensive income	13,286	64,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,366	63,377
Comprehensive income attributable to non-controlling interests	1,919	1,587

(3) Consolidated statements of changes in equity

Previous 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	Remeasurements 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

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	96,505	182,761	(54,091)	275,175
Changes during period					
Dividends of surplus			(3,012)		(3,012)
Profit attributable to owners of parent			56,753		56,753
Reversal of revaluation reserve for land			4,638		4,638
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		14		917	932
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Increase in retained earnings by change in scope of consolidation			12		12
Net changes in items other than shareholders' equity					
Total changes during period	–	14	58,392	917	59,324
Balance at end of period	50,000	96,519	241,154	(53,174)	334,499

	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	10,450	16,219	6,762	2,534	35,966	298	75,777	387,217
Changes during period								
Dividends of surplus								(3,012)
Profit attributable to owners of parent								56,753
Reversal of revaluation reserve for land								4,638
Purchase of treasury shares								(0)
Disposal of treasury shares								932
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Increase in retained earnings by change in scope of consolidation								12
Net changes in items other than shareholders' equity	(2,223)	(4,638)	8,669	177	1,985	(105)	(70,788)	(68,908)
Total changes during period	(2,223)	(4,638)	8,669	177	1,985	(105)	(70,788)	(9,584)
Balance at end of period	8,227	11,580	15,431	2,711	37,951	193	4,988	377,633

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	28,973	62,011
Depreciation	56,646	54,641
Impairment losses	2,782	37,066
Amortization of goodwill	442	451
Retirement benefit expenses	(2,124)	(1,997)
Increase (decrease) in provision for bonuses	415	598
Increase (decrease) in retirement benefit liability	(1,192)	(4,457)
Decrease (increase) in retirement benefit asset	1,311	5,066
Increase (decrease) in allowance for doubtful accounts	(4)	12
Interest and dividend income	(916)	(966)
Interest expenses	9,075	7,673
Share of loss (profit) of entities accounted for using equity method	(2)	12
Contribution received for construction	(1,301)	(884)
Subsidy income	(36)	(85)
Loss (gain) on sale of investment securities	-	(1,005)
Loss (gain) on valuation of investment securities	26	14
Loss (gain) on sale of non-current assets	(13,897)	(80,520)
Loss (gain) on sale of shares of subsidiaries	(33,781)	-
Loss on retirement of non-current assets	1,595	1,897
Tax purpose reduction entry of contribution for construction	1,201	881
Loss on tax purpose reduction entry of non-current assets	29	83
Other extraordinary loss (income)	388	674
Decrease (increase) in trade receivables	7,804	(7,413)
Decrease (increase) in inventories	1,828	668
Decrease (increase) in accounts receivable - other	8,626	(196)
Increase (decrease) in trade payables	(2,447)	4,618
Increase (decrease) in advances received	5,013	944
Increase (decrease) in accrued consumption taxes	8,873	3,599
Other, net	(9,524)	5,806
Subtotal	69,804	89,196
Interest and dividends received	955	1,006
Interest paid	(9,161)	(7,708)
Income taxes refund (paid)	(3,035)	(15,326)
Net cash provided by (used in) operating activities	58,563	67,167

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(150)	(120)
Proceeds from withdrawal of time deposits	150	150
Purchase of investment securities	(321)	(4,023)
Proceeds from sale of investment securities	–	2,981
Purchase of property, plant and equipment and intangible assets	(62,050)	(56,945)
Proceeds from sale of property, plant and equipment and intangible assets	20,984	131,834
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	43,921	–
Proceeds from contribution received for construction	16,195	15,830
Other, net	(81)	(1,852)
Net cash provided by (used in) investing activities	18,647	87,854
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	89,955	(77,026)
Proceeds from long-term borrowings	22,587	34,800
Repayments of long-term borrowings	(125,368)	(94,021)
Proceeds from issuance of bonds	9,938	–
Repayments of accounts payable to Japan railway construction, transport and technology agency	(3,706)	(4,387)
Repayments of lease liabilities	(1,245)	(1,292)
Dividends paid	(3)	(3,006)
Dividends paid to non-controlling interests	(1,580)	(1,607)
Proceeds from sale of treasury shares	614	648
Proceeds from share issuance to non-controlling shareholders	29	–
Repayments of shares to non-controlling shareholders	(10,125)	(70,611)
Other, net	(167)	(715)
Net cash provided by (used in) financing activities	(19,070)	(217,221)
Effect of exchange rate change on cash and cash equivalents	531	705
Net increase (decrease) in cash and cash equivalents	58,671	(61,493)
Cash and cash equivalents at beginning of period	28,538	87,210
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	24
Cash and cash equivalents at end of period	87,210	25,741

(5) Notes to consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on changes in accounting policies**Application of Implementation Guidance on Accounting Standard for Fair Value Measurement**

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Guidance on Fair Value Measurement”) from the beginning of the fiscal year ended March 31, 2023, and it has applied new accounting policies stipulated in the Guidance on Fair Value Measurement prospectively, in accordance with the transitional treatment provided for in paragraph 27-2 of the Guidance on Fair Value Measurement. This has no effect on the consolidated financial statements.

Application of U.S. GAAP ASU 2016-02 “Leases”

Overseas subsidiaries applying the U.S. GAAP have adopted the ASU 2016-02 “Leases” from the beginning of the fiscal year ended March 31, 2023. This requires lessees to recognize assets and liabilities for, in principle, all leases. The method adopted for the transition approach in the application of this standard, is one that recognizes the amount of the cumulative effect arising from the application of this standard on the date of initial application.

As a result, as of the beginning of the fiscal year ended March 31, 2023, leased assets in non-current assets increased by ¥2,556 million, lease liabilities in current liabilities increased by ¥60 million, and lease liabilities in non-current liabilities increased by ¥2,495 million.

The impact of this change on profit or loss for the fiscal year under review is immaterial.

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 recorded in the fiscal year ended March 31, 2022 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, 2022 and 2023 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.

Starting from the fiscal year under review, 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 fiscal year ended March 31, 2023, in each segment under “1. Review of Operating Results and Others (1) Review of operating results for the fiscal year ended March 31, 2023.” In the business segment results, the Izuhakone business, Ohmi business, Sports business and New businesses are included in “Other.”

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: 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.

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, 2022 (from April 1, 2021 to March 31, 2022)

(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 consolidated financial statement (Note 4)
Operating revenue								
Operating revenue from external customers	123,649	129,509	63,200	52,029	28,467	396,856	–	396,856
Inter-segment operating revenue and transfer	7,681	3,671	13,438	10,261	4,294	39,347	(39,347)	–
Total	131,331	133,180	76,639	62,290	32,761	436,203	(39,347)	396,856
Segment profit (loss)	(5,748)	(28,050)	20,579	3,177	(3,256)	(13,298)	82	(13,216)
Segment assets	597,288	628,352	383,934	–	67,493	1,677,068	26,373	1,703,442
Other items								
Depreciation	22,503	16,922	11,962	208	4,094	55,691	(502)	55,189
Increase in property, plant and equipment and intangible assets	28,505	9,935	3,542	504	1,582	44,069	206	44,276

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated financial statement (Note 3)
Operating revenue							
Operating revenue from external customers	136,008	194,082	63,683	34,712	428,487	–	428,487
Inter-segment operating revenue and transfer	7,698	(2,915)	11,155	4,499	20,439	(20,439)	–
Total	143,706	191,167	74,839	39,212	448,927	(20,439)	428,487
Segment profit	2,210	4,905	12,679	590	20,386	1,768	22,155
Segment assets	605,324	573,530	377,949	69,876	1,626,680	(38,845)	1,587,834
Other items							
Depreciation	21,798	16,108	11,585	4,024	53,518	1,122	54,641
Increase in property, plant and equipment and intangible assets	29,452	21,105	3,915	5,381	59,855	(11,299)	48,555

- (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 ¥(20,439) million mainly consist of elimination of inter-company transactions.
 - (2) Adjustments for segment profit of ¥1,768 million mainly consist of elimination of inter-company transactions.
 - (3) Adjustments for segment assets of ¥(38,845) 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 ¥18,377 million.
 - (4) Adjustments for increase in property, plant and equipment and intangible assets of ¥(11,299) million are mainly due to elimination of inter-company transactions.
3. Segment profit has been reconciled with operating profit in the consolidated statement of income.

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

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.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Other	Unallocated amount and elimination	Total
Impairment losses	3,259	26,039	7,156	611	–	37,066

(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, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Net assets per share	1,035.57	1,237.46
Basic earnings per share	35.39	188.70
Diluted earnings per share	35.37	188.63

(Notes) 1. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2022)	Current fiscal year (As of March 31, 2023)
Total net assets (Millions of yen)	387,217	377,633
Amounts deducted from total net assets (Millions of yen)	76,076	5,182
[Of the above, share acquisition rights (Millions of yen)]	[298]	[193]
[Of the above, non-controlling interests (Millions of yen)]	[75,777]	[4,988]
Net assets related to common shares (Millions of yen)	311,141	372,451
Number of common shares used to calculate net assets per share (share)	300,454,426	300,980,236

2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Current fiscal year (From April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	10,623	56,753
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	10,623	56,753
Average number of outstanding common shares during period (share)	300,212,282	300,755,049
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	–	–
Increase in the number of common shares (share)	167,532	119,546
[Of the above, share acquisition rights (share)]	[167,532]	[119,546]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	–	–

3. 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 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, 2022 was 752,700, and for the fiscal year ended March 31, 2023 was 285,900. The average number of treasury shares during period deducted in calculating the basic earnings per share for the fiscal year ended March 31, 2022 was 994,844, and for the fiscal year ended March 31, 2023 was 500,059.

4. 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 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, 2022 and 2023 was both 21,998,594. The average number of treasury shares during period deducted in calculating the basic earnings per share for the fiscal years ended March 31, 2022 and 2023 was both 21,998,594.

Significant events after the reporting period

Significant reorganizations

The Company resolved at the Board of Directors meeting held on December 8, 2022 to transfer the Real Estate business and the Tourism business along railway lines of Seibu Railway Co., Ltd., our consolidated subsidiary, to SEIBU REALTY SOLUTIONS INC., another consolidated subsidiary of the Company, through an absorption-type company split (hereinafter the “Company split”) as of the effective date of April 1, 2023, and executed an absorption-type company split agreement on December 21, 2022.

Through this measure, Seibu Railway Co., Ltd. implemented the Company split on April 1, 2023. An overview, etc. of the Company split is detailed below.

(1) Background and purpose of the Company split

As a part of the “Review of Organization and Management Structure,” one of themes of “Management Reforms for Urban Transportation and Regional Business,” 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 these efforts, Seibu Railway Co., Ltd. intends to enhance its profitability, by enhancing its expertise in railway business and creating value related to regions along the railway lines, and also focusing on the “implementation of various measures to increase revenue” and “streamlining its operating system,” and at the same time, Seibu Railway Co., Ltd. aims to further sharpen its non-railway mobility business in the future as a core entity of the mobility business of the Group. In addition, SEIBU REALTY SOLUTIONS INC. will work toward the optimal use, and maximization of the value of assets along the Seibu-lines in addition to its assets in urban centers and resort areas, and will cooperate with Seibu Railway Co., Ltd. toward the creation of value related to regions along the railway lines.

(2) Overview of the Company split

(i) Schedule

Execution of absorption-type company split agreement: December 21, 2022

Effective date of absorption-type company split agreement: April 1, 2023

(ii) Method of the Company split

Company split (absorption-type company split) in which Seibu Railway Co., Ltd. is the splitting company and SEIBU REALTY SOLUTIONS INC. is the successor company

(iii) Details of allocation of the Company split

Not applicable.

(3) 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.