

[Translation for reference only]
ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT
This is an English translation of the original Japanese-language document and is provided for convenience only.
In all cases, the Japanese-language original shall prevail.

Message from the Chairman and the President

To our shareholders

Thank you for your continued interest in Seibu Holdings.

To further accelerate the decision-making by management and strengthen management capabilities, the Company started a new management system with the establishment of Chief Executive Officer (CEO) and Chief Operating Officer (COO) on April 1, 2023. As CEO, I, GOTO Takashi, will look at the future from a longer and broad perspective, tackle the Group's long-term strategies, human capital development, promotion of tourism and environmental issues, and further carry out reforms to enhance corporate value.

As a corporate group with businesses that directly affect the public, we will continue to fulfill our social mission and responsibilities by carrying out corporate management with "ensuring safety and security" as our highest priority. At the same time, we will firmly recognize the business climate that is expected to change greatly, and respond to the entrustments of all stakeholders, including customers and shareholders, as a continuously evolving corporate Group that is the best and strongest supporter for people's lives.

I ask all our shareholders to continue their steadfast support for the Seibu Group.

GOTO Takashi
Chairman and Representative Director
Chairman and CEO

My name is NISHIYAMA Ryuichiro, and I assumed the position of President and COO on April 1, 2023. I would like to express my heartfelt appreciation for our shareholders' continued understanding and support for the Seibu Group's activities.

We entered the final year of the "FY2021–FY2023 Seibu Group's Medium-term Management Plan." This Medium-term Management Plan is a major shift in our business structure, intended to help recover from the major damage caused by COVID-19 and lay the foundation for sustainable growth in years to come. We are currently doing our utmost together with all of our executives and employees who have shared in the pain of the COVID-19 pandemic. While there are still issues to be addressed, initiatives for essential features of the Plan comprising "management reforms," "digital management," and "sustainability" are generally on track, and we will continue to solidly implement this Plan. For the next stage of "From recovery to growth," all the executives and employees of the Group will provide hospitality and utilize their respective expertise, and demonstrate such power to the maximum extent possible to realize the sustainable growth of the Seibu Group.

I ask you to continue giving your steadfast support to the Seibu Group.

NISHIYAMA Ryuichiro
President and Representative Director
President and COO

(Securities code: 9024)
May 31, 2023
(Commencement date of measures for electronic provision: May 20, 2023)

To our shareholders

NISHIYAMA Ryuichiro
President and Representative Director
Seibu Holdings Inc.
1-16-15 Minami-Ikebukuro, Toshima-ku, Tokyo

Notice of the 18th Annual General Meeting of Shareholders

You are hereby notified that the 18th Annual General Meeting of Shareholders of Seibu Holdings Inc. (hereinafter “the Company”) will be held as described below. Your attendance would be appreciated.

If you are unable to attend the meeting on the day, you may exercise your voting rights via the internet or in writing. Please review the Reference Documents for the General Meeting of Shareholders, and make sure that your votes are submitted no later than 5 p.m. on Tuesday, June 20, 2023 (Japan Standard Time).

When convening this general meeting of shareholders, the Company takes measures for providing the information that constitutes the content of reference documents for the general meeting of shareholders, etc. in an electronic format (items for which measures for providing information in electronic format are taken), and posts this on each of the following websites in “Notice of the 18th Annual General Meeting of Shareholders” and “Notice of the 18th Annual General Meeting of Shareholders (Matters excluded from paper-based documents to be delivered to shareholders).” To access and review this information on either of those websites, use the corresponding Internet address.

The Company’s website: <https://www.seibuholdings.co.jp/ir/stock/meeting/> (in Japanese)

TSE website: <https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

It is also posted on the website of Tokyo Stock Exchange (TSE). To access this information from the latter website, access the TSE website by using the internet address shown above, enter the issue name (Seibu Holdings) or securities code (9024), and click “Search,” and then select “Basic information” and “Documents for public inspection/PR information” in sequence.

Website for posted informational materials for the general meeting of shareholders:
<https://d.sokai.jp/9024/teiji/> (in Japanese)

*Website for posted informational materials for the general meeting of shareholders will be available for viewing from Tuesday, May 30, 2023.

1. Date and Time Wednesday, June 21, 2023, at 10 a.m. (Japan Standard Time)
(The reception desk is scheduled to open at 9 a.m.)
2. Venue Kusunoki Hall, Seibu Daini Building (8th floor)
1-11-2 Kusunokidai, Tokorozawa-shi, Saitama

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Audit Reports for the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board, for the 18th Fiscal Year (From April 1, 2022 to March 31, 2023)
2. Non-consolidated Financial Statements for the 18th Fiscal Year (From April 1, 2022 to March 31, 2023)

Matters to be resolved:

- Proposal No. 1: Dividends of surplus
- Proposal No. 2: Amendment to the Articles of Incorporation
- Proposal No. 3: Election of eleven (11) Directors

4. Other Matters Concerning the Meeting

1. If you vote more than once, either using the voting form or via the internet, only the last vote will be deemed as valid. Moreover, if you vote more than once both through the voting form and via the Internet, the vote cast via the Internet will be deemed as valid.
2. If there is no indication of approval or disapproval for any of the proposals on the voting form, it will be treated as a vote for approval.

⊙ If there are changes to the items for which measures for providing information in electronic format are to be taken, the Company will post the content of changes on the websites where the matters are posted.

Methods of Exercising Voting Rights

There are the following three methods of exercising your voting rights at the Annual General Meeting of Shareholders.

1. Exercise of voting rights in attendance at the Annual General Meeting of Shareholders

You are kindly requested to present the enclosed voting form to the receptionist. If unable to attend the General Meeting of Shareholders, you may designate one (1) proxy shareholder with voting rights of the Company to attend the meeting on your behalf, provided that written proof of that individual's right of proxy is submitted.

Date and Time	Wednesday, June 21, 2023, at 10:00 a.m. (Japan Standard Time) (The reception desk is scheduled to open at 9:00 a.m.)
Venue	Kusunoki Hall, Seibu Daini Building (8th floor) 1-11-2 Kusunokidai, Tokorozawa-shi, Saitama

2. Exercise of voting rights via the internet

Please input your approval or disapproval of the proposals on the website for exercising voting rights designated by the Company.

Deadline for Exercise	5:00 p.m. on Tuesday, June 20, 2023 (You must complete inputting by 5:00 p.m.)
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2-1 How to scan QR code (Smart Voting)

- (1) Scan the QR code printed on the lower right corner of the enclosed Document for the Exercise of Voting Rights form.
 - (2) Input your approval or disapproval of the proposals in accordance with instructions on the screen.
- * Voting using the QR code is available only once. In order to revote, please read "2-2 How to enter Voter Code/Password" below.
 - * "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

2-2 How to enter Voter Code/Password

Please access the website for exercising voting rights (<https://soukai.mizuho-tb.co.jp/>) designated by the Company, and after entering your "voter code" and "password" printed on the enclosed Document for the Exercise of Voting Rights form, input your approval or disapproval of the proposals according to the instructions on the screen. You will need to change your password when accessing the website for the first time.

3. Exercise of voting rights by mailing the Document for the Exercise of Voting Rights

Please indicate your approval or disapproval of the proposals on the enclosed Document for the Exercise of Voting Rights and mail the document without putting stamps.

Deadline for Exercise	5:00 p.m. on Tuesday, June 20, 2023 (The mail must arrive by 5:00 p.m.)
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Please use the contact number below if you have any difficulties when following "2. Exercise of voting rights via the Internet" using a smartphone or personal computer.

The Stock Transfer Agency Department of
Mizuho Trust & Banking Co., Ltd.

Internet Help Dial: 0120-768-524 (toll-free in Japan, from 9:00 a.m. to 9:00 p.m.)

Use of electronic voting platform (for institutional investors)

If you are a nominee shareholder such as a trust bank (including a standing proxy), you are, by making an application for using the voting platform in advance, entitled to use the Electronic Voting Platform operated by ICJ, Inc. established by the Tokyo Stock Exchange, etc., as a method for exercising your voting rights.

You can contribute to a brighter society/future by exercising your voting rights online

The mailing costs saved with Smart Voting are donated to the L-FRIENDS FOUNDATION.

We at the Seibu Group promote Sustainability Action^{*1} initiatives. As one of such initiatives, the Seibu Lions has established the L-FRIENDS FOUNDATION to take initiatives such as solving various problems in local communities through L-FRIENDS activities (local revitalization, support for children, promotion of baseball and environmental assistance).

If you exercise your voting rights via the internet, using “Smart Voting” etc., as explained in “2. Exercise of voting rights via the internet,” we will donate part of the mailing costs saved to the Fund.

To help create a brighter society and future, we strongly encourage our shareholders to use “Smart Voting” when exercising their voting rights.

What is L-FRIENDS FOUNDATION?

The L-FRIENDS FOUNDATION is an initiative to support L-FRIENDS activities conducted by the baseball team, by reserving part of funds earned raised through sales of charity goods and charity auctions. The Company donated the mailing costs saved with “Smart Voting” for the 17th Annual General Meeting of Shareholders to the “LIONS CHILD FOUNDATION^{*2}” which was the predecessor of the “L-FRIENDS FOUNDATION.” That donation will be used to partly fund the cost of creating Lions Original baseball caps presented to 1st year elementary school children in Saitama Prefecture and they will be distributed to approximately 60,000 students in June 2023.

We remain committed to continuing this initiative in the future, in close cooperation with supporters.

*1 “Sustainability Action” is a set of the Seibu Group’s initiatives for addressing social issues in view of SDGs. Under these initiatives, consisting of 12 key objectives in four areas, the Group seeks to achieve sustainable growth.

*2 “The LIONS CHILD FOUNDATION,” the predecessor of the “L-FRIENDS Foundation,” is an initiative for the players association and the Lions club to make donations and give support for the creation of an environment in which children can live safely and have dreams.

Instructions for Livestreaming the General Meeting of Shareholders

We are livestreaming the 18th Annual General Meeting of Shareholders through the Internet

We will provide live transmission as follows through the internet for shareholders so that the Annual General Meeting of Shareholders can be viewed from home or elsewhere and we kindly request your participation.

Date and Time of Livestream	Wednesday, June 21, 2023, from 10:00 a.m. (Japan Standard Time) until the conclusion of the General Meeting of Shareholders *The website for the livestream is expected to be posted around 9:30 a.m.
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How to view	<p>1. Via smartphone or tablet</p> <p>Access is possible by scanning the QR Code printed on the “Live broadcast notice” enclosed with this Notice of Annual General Meeting of Shareholders using your smartphone or tablet.</p> <p>2. Via personal computer</p> <p>Please access the “Annual General Meeting of Shareholders Live Broadcast website” (URL below), enter the “ID” and “Password” printed in the “Live broadcast notice” enclosed with this Notice of Annual General Meeting of Shareholders, then click the “Login” button.</p>		
	<table border="1"><tr><td style="text-align: center;">Website for livestream</td></tr><tr><td style="text-align: center;">https://vgm.smart-portal.ne.jp/</td></tr></table>	Website for livestream	https://vgm.smart-portal.ne.jp/
Website for livestream			
https://vgm.smart-portal.ne.jp/			

- Even if exercising your voting rights beforehand, you may view the live broadcast on the day.
- If there are changes such as the method of viewing the live broadcast, we will update with the latest information on the Company’s website (<https://www.seibuholdings.co.jp/ir/stock/meeting/>).
- Due care will be taken not to include identifiable features of shareholders in attendance on the day, but please be advised that there may be unavoidable circumstance where this does occur. We ask for your understanding in advance
- Please understand that we are unable to accept contributions such as questions with the live broadcast.
- Sharing the “ID” and “Password” with third parties to view the live broadcast, recording, taping and displaying images of the live broadcast, etc. is prohibited.
- Image and sounds may malfunction depending on your PC environment and internet connection, etc.
- Any transmission charges, etc. incurred in viewing shall be borne by the shareholder.

Inquiries	For any inquiries, please contact below: The Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. Dial: 0120-288-324 (toll-free in Japan, weekdays from 9:00 a.m. to 5:00 p.m.)
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Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Dividends of surplus

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

In addition, in accordance with our long-term strategy, we aim to provide returns to our stakeholders and conduct investments that will contribute to our future growth in a balanced manner. Furthermore, our basic policy is to use retained earnings, while considering a 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 18th fiscal year, we would like to set an ordinary dividend of ¥20 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.

If this proposal is approved and passed as proposed, the amount of annual dividend per share (interim dividend of ¥5.00, year-end dividend of ¥20.00) for the fiscal year ended March 31, 2023 is ¥25.00.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and its total amount

¥20.00 per Company's common share

Total: ¥6,465,294,600

(3) Effective date of dividends from surplus

June 22, 2023

Proposal No. 2: Amendment to the Articles of Incorporation

1. Reasons for the Amendment

To further promote corporate governance, the Group works to improve management soundness and transparency, to raise the level of and to accelerate decision-making by management, centered on the Board of Directors, and to continually strengthen the internal control system of the entire Group.

Accordingly, we would like to shorten the terms of office of Directors, stipulated in Article 19 of the current Articles of Incorporation, from 2 years to 1 year. The aim is to promote corporate governance by building a management structure that can respond flexibly to changes in the business environment, in addition to further clarifying the responsibilities as Directors for each fiscal year.

2. Details of the Amendment

Details of amendment are as follows:

(Amendments are underlined.)

Pre-amended Articles of Incorporation	Proposed amendments
<p>(Term of office) Article 19. The term of office of a Director shall be until the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within <u>two</u> years of his/her election.</p>	<p>(Term of office) Article 19. The term of office of a Director shall be until the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within <u>one</u> year of his/her election.</p>

Proposal No. 3: Election of eleven (11) Directors

Upon the conclusion of this General Meeting of Shareholders, the terms of office of four (4) Directors, OGAWA Shuichiro, OHYA Eiko, GOTO Keiji, and ARIMA Atsumi, will expire. If Proposal No. 2 “Amendment to the Articles of Incorporation” is approved and passed as proposed, the terms of office of Directors of the Company will change from two years to one year, and the terms of office of seven (7) Directors, GOTO Takashi, NISHIYAMA Ryuichiro, FURUTA Yoshinari, KITAMURA Kimio, KOYAMA Masahiko, SAITO Tomohide, and TSUJIHIRO Masafumi, will expire upon the conclusion of this General Meeting of Shareholders. Accordingly, subject to approval and adoption of Proposal No. 2 “Amendment to the Articles of Incorporation,” it is hereby proposed that eleven (11) Directors be elected.

The candidates for Director are as follows:

For the Company’s Policies and Procedures for Nomination of Candidates for Director, please refer to page 23, and for the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to page 24.

Candidate number	Name	Current position and responsibilities in the Company	
1	GOTO Takashi	Chairman and Representative Director and CEO	Reelection
2	NISHIYAMA Ryuichiro	President and Representative Director and COO Compliance Dept., Corporate Planning Dept.	Reelection
3	FURUTA Yoshinari	Director, Accounting Dept., Finance Dept.	Reelection
4	YAMAZAKI Kimiyuki		New candidate
5	OGAWA Shuichiro	Executive Director	Reelection
6	KANEDA Yoshiki		New candidate
7	SAITO Tomohide	Director	Reelection
8	OHYA Eiko	Director	Reelection Outside Independent
9	GOTO Keiji	Director	Reelection Outside Independent
10	TSUJIHIRO Masafumi	Director	Reelection Outside Independent
11	ARIMA Atsumi	Director	Reelection Outside Independent

Notes for all eleven candidates:

1. The age of each candidate is as of June 21, 2023.
2. The number of the Company’s shares that each candidate (excluding Mr. YAMAZAKI Kimiyuki) holds is current as of March 31, 2023, and includes the number of shares held under the name of the Executive Shareholding Association.
3. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and a summary of the said policy is indicated in the Business Report on page 45 of this document. Each of the candidates for Director is an insured under the policy at their current position and will continue to be such if their reelection is approved under this proposal. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms for each candidate.

Notes for four candidates for Outside Director:

1. The Company and its Outside Directors Ms. OHYA Eiko, Mr. GOTO Keiji, Mr. TSUJIHIRO Masafumi, and Ms. ARIMA Atsumi have concluded agreements limiting the liability of the Outside Directors for damages under Article 423, paragraph (1) of the Companies Act of Japan, to the minimum amount stipulated in Article 425, paragraph (1) thereof. If reelection of the four is approved, the Company will continue the said agreements with them.
2. The Company has designated Ms. OHYA Eiko, Mr. GOTO Keiji, Mr. TSUJIHIRO Masafumi, and Ms. ARIMA Atsumi as independent officers in accordance with the rules and regulations of the Tokyo Stock Exchange, and has registered them as such with the Exchange. If reelection of the four is approved, they will be registered as independent directors again.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned
1	<p>Reelection</p> <p>GOTO Takashi</p> <p>February 15, 1949 (74 years old)</p> <p>Number of Years in office: 17 years (upon the conclusion of this General Meeting of Shareholders)</p>	<p>Apr. 1972 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.)</p> <p>Jun. 2000 Managing Officer of The Dai-Ichi Kangyo Bank, Ltd.</p> <p>Sept. 2000 Managing Officer of Mizuho Holdings, Inc.</p> <p>Apr. 2001 Executive Managing Officer of Mizuho Holdings, Inc.</p> <p>Mar. 2003 Executive Managing Officer of Mizuho Financial Group, Inc. Executive Managing Director of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2004 Vice President and Director of Mizuho Corporate Bank, Ltd.</p> <p>Feb. 2005 Special Adviser of Seibu Railway Co., Ltd.</p> <p>May 2005 President and Representative Director of the company</p> <p>Feb. 2006 Director of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.) President and Representative Director of Seibu Holdings Inc. President and Chief Executive Officer of the Company</p> <p>Jun. 2010 Director and Chairman of Seibu Railway Co., Ltd. (present)</p> <p>Apr. 2022 Director of SEIBU PRINCE HOTELS WORLDWIDE INC. (present) Director and Chairman of SEIBU REALTY SOLUTIONS INC. (present)</p> <p>Apr. 2023 Chairman and Representative Director of Seibu Holdings Inc. (present) Chairman and CEO of the Company (present)</p>	46,606
	Attendance to the meetings of the Board of Directors in FY2022: 19/19 (100%)	Important concurrent positions outside the Company: Director and Chairman of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE INC. Director and Chairman of SEIBU REALTY SOLUTIONS INC.	
	[Reason for nomination as Director and expected roles] Since his taking office of President and Representative Director of the Company, Mr. GOTO Takashi has showed strong leadership even under a rapidly changing business environment and contributed significantly to improving the Group's corporate value by engaging in dialogue with shareholders and investors with a proactive stance, while drawing on his prior experience. We are certain that he will continue to contribute to improving the medium- to long-term corporate value and shareholder value of the Seibu Group. We expect he will do this by leading the Group's sustainable growth toward the future from a long and broad perspective as CEO in promoting the current medium-term management plan ending in FY2023 with the essential three features comprising "management reforms," "digital management," and "sustainability" as well as formulating the future medium- to long-term strategies. Accordingly, we nominate him as a Director.		
	[Message to shareholders from the Director candidate] Adjusting to an external environment and management environment that is rapidly diversifying and becoming more sophisticated, the Group will continue to look ahead to our "vision for the Group in a post-COVID-19 society," and boldly take on the challenge of transforming our business model. The Group adheres to its social mission and fulfills its responsibilities to society as it pursues its wide-ranging business activities as a corporate group with a high public profile, by taking Sustainability Action, that is, by addressing issues for a sustainable society including environmental matters. At the same time, I will look at the future from a longer and broad perspective, tackle the Group's long-term strategies, human capital development and promotion of tourism among others, and will firmly face rapid changes in social values and create new behavior and inspiration for our customers as I strive to sustainably increase corporate value and shareholder value.		

*There is no special interest between Mr. GOTO Takashi and the Company.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned	
2	<p>Reelection</p> <p>NISHIYAMA Ryuichiro</p> <p>August 30, 1964 (58 years old)</p> <p>Number of Years in office: 9 years (upon the conclusion of this General Meeting of Shareholders)</p>	Apr. 1987	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.)	12,341
		Oct. 2009	General Manager, Corporate Communication Office of Seibu Holdings Inc.	
		Apr. 2010	General Manager, Corporate Communication Department of the Company	
		Apr. 2013	Managing Officer, General Manager, Corporate Communication Department of the Company Managing Officer, General Manager, Corporate Communication Department of Seibu Railway Co., Ltd.	
		Jun. 2013	Director and Senior Managing Officer, General Manager, Corporate Communication Department of the company	
		Jun. 2014	Director of Seibu Holdings Inc. Senior Managing Officer, General Manager, Corporate Communication Department of the Company	
		Apr. 2017	Director, Executive Managing Officer of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.)	
		Nov. 2017	Director and Senior Managing Officer of the Company	
		Apr. 2021	Director and Senior Managing Officer, Executive General Manager, Corporate Planning Department of the Company	
		Apr. 2022	Director and Executive Managing Officer, Executive General Manager, Corporate Planning Department of the Company Director and Executive Managing Officer of SEIBU PRINCE HOTELS WORLDWIDE INC.	
	Apr. 2023	President and Representative Director of Seibu Holdings Inc. (present) President and COO, Executive General Manager, Corporate Planning Department of the Company (present)		
		<u>Responsibilities in the Company</u> Compliance Dept., Corporate Planning Dept.		
	Attendance to the meetings of the Board of Directors in FY2022: 19/19 (100%)	Important concurrent positions outside the Company None		
	<p>[Reason for nomination as Director and expected roles]</p> <p>As the person responsible for corporate communication, Mr. NISHIYAMA Ryuichiro has contributed to enhancing the Seibu Group's corporate value by striving to enhance its corporate image and spreading the Group Vision and as the officer responsible for corporate planning, by promoting the Group's Medium-term Management Plan and engaging in dialogue with shareholders and investors from a perspective of linking capital market trends and business strategies in showing excellent leadership under a severe management environment. In addition, taking responsibility as President and Representative Director, and COO since April 2023, he has been striving to further improve corporate value. We are certain that he will contribute to enhancing the medium- to long-term corporate value of the Seibu Group as he will fulfil his responsibilities such as promoting the current Medium-term Management Plan and formulating new strategies even amid the recent rapid changes in the external environment and management environment. Accordingly, we nominate him as a Director.</p>			
	<p>[Message to shareholders from the Director candidate]</p> <p>By continuing to promote management reforms, including the "transformation to an asset-light business model" set forth in the current Medium-term Management Plan, I intend to build a structure that is more resilient against crises, of which the COVID-19 pandemic is representative, and achieve medium- to long-term growth. In addition, under the unchanging basic stance of the "Group Vision," I will work to improve corporate value of the Group, by meeting the expectations of all stakeholders, creating actions and inspiration for our customers through brushing up expertise as a company growing with customers and local communities and contributing to the realization of an enriched and sustainable society.</p>			
*There is no special interest between Mr. NISHIYAMA Ryuichiro and the Company.				

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned
3	Reelection FURUTA Yoshinari December 31, 1966 (56 years old) Number of Years in office: 1 year (upon the conclusion of this General Meeting of Shareholders)	Apr. 1990 Joined The Japan Development Bank (currently Development Bank of Japan Inc.) Jul. 2009 Director, Shanghai Office of DBJ Business Investment Inc. Jun. 2014 Branch Manager, Hokuriku Branch of Development Bank of Japan Inc. Jun. 2016 General Manager, Corporate Finance Department, Division 2 of Development Bank of Japan Inc. Jun. 2018 General Manager, Credit Analysis Department of Development Bank of Japan Inc. Jun. 2021 Executive Officer, General Manager, Credit Analysis Department of Development Bank of Japan Inc. Apr. 2022 Advisor of Seibu Holdings Inc. Jun. 2022 Director of the Company (present) Senior Managing Officer of the Company (present) <u>Responsibilities in the Company</u> Accounting Dept., Finance Dept.	566
	Attendance to the meetings of the Board of Directors in FY2022: 15/15 (100%)*	Important concurrent positions outside the Company None	
	<p>[Reason for nomination as Director and expected roles] Mr. FURUTA Yoshinari has experience in a wide range of domestic and overseas positions at a financial institution, including taking charge of corporations, being stationed overseas, serving as branch manager, and serving as general manager of the Credit Analysis Department, and was also involved in management as an Executive Officer. After assuming the position of the Company's Director responsible for accounting and finance, he has realized stable financing by working to ensure accurate disclosure of financial information and strengthen the financial structure. We are certain that he will continue to promote the financial strategies required to establish the long-term business base to support sustainable and strong growth of the Seibu Group, by applying the abundant practical experience he has accumulated to date. In this way, we expect he will help to enhance the corporate value of the Group over the medium to long term. Accordingly, we nominate him as a Director.</p> <p>[Message to shareholders from the Director candidate] The Seibu Group aims to create an enriched and sustainable society by creating activity and excitement for customers as a company that grows together with customers and local communities so that it can be useful in various situations of daily life. As the state of an unpredictable future with an uncertain future outlook continues due to rapid changes in the external environment and management environment, I will continue to make every effort to pursue financing while striving to disclose financial information in a timely and appropriate manner and improve corporate value and shareholder value.</p>		

* There is no special interest between Mr. FURUTA Yoshinari and the Company.

* Activities for FURUTA Yoshinari cover only the Board of Directors meetings held after his appointment on June 22, 2022.

Candidate number	Name (Date of birth)	Career summary and position		Number of Company shares owned
4	New candidate YAMAZAKI Kimiyuki July 14, 1966 (56 years old) Number of Years in office: -	Mar. 1992	Joined Seibu Railway Co., Ltd.	4,989
		Apr. 2015	General Manager, Internal Audit Department of the company	
		Mar. 2016	General Manager, Internal Audit and Internal Control Department of the company	
		Apr. 2019	General Manager, Information Systems Department of Seibu Holdings Inc.	
		Apr. 2021	Managing Officer, General Manager, Information Systems Department of the Company (present) Managing Officer of Seibu Railway Co., Ltd. Managing Officer of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.)	
		Apr. 2022	Executive Managing Officer of Seibu Railway Co., Ltd. (present) Executive Managing Officer of SEIBU PRINCE HOTELS WORLDWIDE INC. (present)	
	Attendance to the meetings of the Board of Directors in FY2022: -	Important concurrent positions outside the Company Executive Managing Officer of Seibu Railway Co., Ltd. Executive Managing Officer of SEIBU PRINCE HOTELS WORLDWIDE INC.		
	[Reason for nomination as Director and expected roles] As the person responsible for IT systems, Mr. YAMAZAKI Kimiyuki has contributed to enhancing the Seibu Group's corporate value by contributing to improving operational efficiency and productivity including integrating information systems departments of major Group companies and promoting the group-wide standardization of management-related operations. "Digital management," one of the three pillars stated in the current Medium-term Management Plan, will be essential for sustainable growth of the Group going forward. And we are certain that he will leverage his practical experience in the field of information systems and the knowledge cultivated from that background, to develop information system infrastructure and sophisticate its functions, and thereby contribute to enhancing the medium- to long-term corporate value of the Group. Accordingly, we nominate him as a Director.			
	[Message to shareholders from the Director candidate] The Group's businesses are diversified, covering railways, buses, hotels, leisure, real estate and baseball team management among others. By promoting the digitalization of business, while paying due attention to the customers' perspective in all situations of such businesses, I will aim for "the best and strongest lifestyle support corporate group" which creates new values, attract customers and never let them go. I will promote "digital management" in an effort to improve the corporate value of the Seibu Group by developing an information system infrastructure and strengthening its functions.			

* There is no special interest between Mr. YAMAZAKI Kimiyuki and the Company.

* The number of the Company's shares that Mr. YAMAZAKI holds is current as of March 31, 2023, and includes the number of shares held under the name of the Employee Stock Holding Partnership.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned		
5	<p>Reelection</p> <p>OGAWA Shuichiro</p> <p>February 15, 1966 (57 years old)</p> <p>Number of Years in office: 6 years (upon the conclusion of this General Meeting of Shareholders)</p>	<p>Mar. 1989 Joined Seibu Railway Co., Ltd.</p> <p>May 2007 Director, General Manager, Compliance Office of Seibu Lions, Inc.</p> <p>Jun. 2008 Director of the company</p> <p>Apr. 2010 Director, General Manager, Corporate Planning Department of the company</p> <p>Jun. 2010 General Manager, Transportation Department of Seibu Railway Co., Ltd.</p> <p>Jan. 2015 Managing Officer, General Manager, Transportation Department of the company</p> <p>Jun. 2016 Director and Senior Managing Officer, General Manager, Transportation Department of the company</p> <p>Apr. 2017 Managing Officer, General Manager, Personnel Department of Seibu Holdings Inc. Director and Senior Managing Officer of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.)</p> <p>Jun. 2017 Director of Seibu Holdings Inc. Senior Managing Officer, General Manager, Personnel Department of the Company</p> <p>Apr. 2019 Director and Executive Managing Officer of Prince Hotels, Inc.</p> <p>Apr. 2022 Executive Managing Officer, General Manager, Personnel Department of Seibu Holdings Inc. Director and Executive Managing Officer of Seibu Railway Co., Ltd. Director and Executive Managing Officer of SEIBU PRINCE HOTELS WORLDWIDE INC.</p> <p>Apr. 2023 Executive Director of Seibu Holdings Inc. (present) Director and Executive Vice President of Seibu Railway Co., Ltd. (present)</p>	8,293		
		<p>Attendance to the meetings of the Board of Directors in FY2022: 19/19 (100%)</p>		<p>Important concurrent positions outside the Company Director and Executive Vice President of Seibu Railway Co., Ltd.*</p>	
		<p>[Reason for nomination as Director and expected roles]</p> <p>As the person responsible for personnel and administration, Mr. OGAWA Shuichiro has supervised the Seibu Group's overall personnel measures, realizing diverse working styles adjusted to changes in the business environment and promoting measures for the development of a human resource management system, as well as supervising crisis management responses including the prevention of the spread of COVID-19, thereby contributing to increasing the corporate value of the Group. He has assumed the position of Executive Vice President of Seibu Railway Co., Ltd. since April 2023 and is scheduled to take office as President of the company in June. We are certain that, by taking charge of formulating and executing the strategy of the Urban Transportation and Regional business, utilizing his extensive practical experience concerning the railway business in addition to these achievements and experience, he will contribute to enhancing the medium- to long-term corporate value of the Seibu Group. Accordingly, we nominate him as a Director.</p>			
		<p>[Message to shareholders from the Director candidate]</p> <p>As a highly public business that supports customers' daily lives, Seibu Railway has striven to provide comfortable services with its top priority placed on "safety and security" as its social mission, while having spent over 100 years with local communities and societies. Going forward, we will continue to fulfill our mission as social infrastructure in the post-COVID-19 society, by further enhancing our expertise in the railway business. In addition, we will create new values along railway lines by capturing new needs of our customers, and focusing on the development of attractive towns and revitalization of local communities, and will aim to become the "railway of choice."</p>			

* There is no special interest between Mr. OGAWA Shuichiro and the Company.

* He is scheduled to take office as President and Representative Director of Seibu Railway Co., Ltd. on the date of the Annual General Meeting of Shareholders of Seibu Railway Co., Ltd. scheduled to be held in June 2023.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned
6	<p>New candidate</p> <p>KANEDA Yoshiki</p> <p>October 5, 1961 (61 years old)</p> <p>Number of Years in office: -</p>	<p>Apr. 1985 Joined Tokyo Hotels International Co., Ltd.</p> <p>Apr. 1999 General Manager, Finance Department of Pan Pacific Hotels and Resorts Pte. Ltd. (Singapore headquarters)</p> <p>May 2001 Director and Executive Vice President of Pan Pacific Hotels And Resorts America Inc. (San Francisco)</p> <p>Nov. 2010 Joined Seibu Holdings Inc.</p> <p>Jan. 2016 Managing Officer of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.), Supervisory General Manager of Sunshine City, Supervisory General Manager of Shinjuku, Supervisory General Manager of Kawagoe, and Supervisory General Manager of Oiso and Kamakura</p> <p>Apr. 2016 Managing Officer, Supervisory General Manager of Tokyo Metropolitan Area of the company</p> <p>Aug. 2017 Managing Officer in charge of Business Development Department of the company</p> <p>Apr. 2022 Director and Executive Managing Officer of SEIBU PRINCE HOTELS WORLDWIDE INC.</p> <p>Apr. 2023 Director and Executive Vice President of SEIBU PRINCE HOTELS WORLDWIDE INC. (present)</p>	0
	Attendance to the meetings of the Board of Directors in FY2022: -	Important concurrent positions outside the Company Director and Executive Vice President of SEIBU PRINCE HOTELS WORLDWIDE INC.	
	[Reason for nomination as Director and expected roles]		
	<p>Mr. KANEDA Yoshiki has extensive experience in outsourced operations of hotels, with experience engaging in operations and management of hotels in Japan and overseas, having served at the business planning department, and as Supervisory General Manager of SEIBU PRINCE HOTELS WORLDWIDE INC. and Director of its overseas subsidiary. By striving to open new hotels in Japan and abroad from new perspectives, he has helped to establish an operational system of hotels specializing in the expansion of business areas of the hotel and leisure business, and increasing revenue and operations. He has assumed the position of Executive Vice President of the company since April 2023 and is scheduled to take office as President of the company in June. We are certain that he will leverage these achievements and knowledge, develop a new business model centered on outsourced operations of hotels and realize business expansion as the top-quality hotel chain in the industry, and thereby help to enhance the medium- to long-term corporate value of the Seibu Group. Accordingly, we nominate him as a Director.</p>		
	[Message to shareholders from the Director candidate]		
	<p>I will offer further inspiration for each customer by proposing services which correspond to changes in people's values and activities due to COVID-19. In addition, I will realize development of the top-quality hotel chain in the industry, by expanding hotels in Japan and overseas mainly based on outsourced operations and franchises as a company specializing as the hotel operator leading the hotel and leisure business which is a driving force of improving corporate value.</p>		

* There is no special interest between Mr. KANEDA Yoshiki and the Company.

* He is scheduled to take office as President and Representative Director of SEIBU PRINCE HOTELS WORLDWIDE INC. on the date of the Annual General Meeting of Shareholders of the company scheduled to be held in June 2023.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned
7	<p>Reelection</p> <p>SAITO Tomohide</p> <p>November 28, 1965 (57 years old)</p> <p>Number of Years in office: 1 year (upon the conclusion of this General Meeting of Shareholders)</p>	<p>Apr. 1990 Joined The Sumitomo Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)</p> <p>May 2005 Joined Showajisyo Inc.</p> <p>Apr. 2007 Joined the Company</p> <p>Jul. 2009 General Manager, Commercial and Building Operations Department and Development and Planning Department of Seibu Properties Inc. (currently SEIBU REALTY SOLUTIONS INC.)</p> <p>Apr. 2010 General Manager, Development and Planning Department of the company</p> <p>Jul. 2011 General Manager, Development and Planning Department No.2 of the company</p> <p>Apr. 2013 General Manager, Leasing Business Division of the company</p> <p>Jun. 2014 Director, General Manager, Leasing Business Division of the company</p> <p>Apr. 2015 Director, General Manager, Leasing Business Division and General Manager, Commercial and Building Operations Department of the company</p> <p>Jun. 2015 Director and Managing Officer, General Manager, Leasing Business Division and General Manager, Commercial and Building Operations Department of the company</p> <p>Apr. 2016 Director and Senior Managing Officer, General Manager, Leasing Business Division of the company</p> <p>Apr. 2018 Director and Managing Executive Officer of the company</p> <p>Apr. 2021 Director and Executive Vice President of the company</p> <p>Apr. 2022 Director and Senior Managing Executive Officer of SEIBU REALTY SOLUTIONS INC.</p> <p>Jun. 2022 Director of Seibu Holdings Inc. (present) President, President and Representative Director of SEIBU REALTY SOLUTIONS INC. (present)</p>	9,029
	Attendance to the meetings of the Board of Directors in FY2022: 15/15 (100%)*	Important concurrent positions outside the Company President, President and Representative Director of SEIBU REALTY SOLUTIONS INC.	
	[Reason for nomination as Director and expected roles] As Director of SEIBU REALTY SOLUTIONS INC., Mr. SAITO Tomohide has contributed to the expansion of business and the improvement of earnings even under rapidly changing business conditions. In addition, he has had an extensive career in the real estate business, and we are certain that he will utilize the knowledge cultivated through this career to contribute to enhancing the corporate value of the Seibu Group. We expect he will do this by evolving the Group's Real Estate business into a more competitive business and by formulating and executing medium- to long-term strategies for further growth always from a new perspective, proactively capturing unknown social issues not limited to those from the post-COVID-19 perspective. Accordingly, we nominate him as a Director.		
	[Message to shareholders from the Director candidate] The Group has promoted the effective use of the abundant assets it holds across Japan, mainly in the Tokyo metropolitan area. Going forward, we will leverage the strengths and advantages of the Group to actively develop real estate, including mixed-use development of assets held in central Tokyo and at resorts, and at the same time expand our business and aim to make a leap forward to become a general real estate company by working to create demand tailored to new lifestyles and promoting the utilization of real estate with flexible ideas.		

* There is no special interest between Mr. SAITO Tomohide and the Company.

* Activities for SAITO Tomohide cover the Board of Directors meetings held after his appointment on June 22, 2022.

Candidate number	Name (Date of birth)	Career summary and position		Number of Company shares owned	
8	Reelection Outside Independent	Jun. 1969	Representative Director of Nippon Information Systems Inc.	12,566	
	OHYA Eiko (Name in the family register: EDAHIRO Eiko)	Aug. 1984	Representative Director of Office E Co., Ltd.		
		Jul. 1991	Representative Director of Ohya Eiko Jimusho Co., Ltd. (present)		
		Jun. 2001	Audit & Supervisory Board Member (external) of Shiseido Company, Ltd.		
		May 2007	Outside Director of Takashimaya Company, Limited		
		February 23, 1941 (82 years old)	Apr. 2008		President of Oya Soichi Bunko (currently Oya Soichi Library) (present)
		Number of Years in office: 10 years (upon the conclusion of this General Meeting of Shareholders)	Jun. 2013		Outside Director of Seibu Holdings Inc. (present)
		Feb. 2016	Representative Director of the specified non-profit organization ZENSEDAI (currently the approved specified non-profit organization ZENSEDAI) (present)		
	Attendance to the meetings of the Board of Directors in FY2022: 19/19 (100%)	Important concurrent positions outside the Company None			
	[Reason for nomination as Outside Director and expected roles] Ms. OHYA Eiko possesses abundant knowledge regarding social conditions in Japan and overseas gained through activities as a commentator and a member of various panels and committees over many years. She also has wide knowledge of the media, and has made broad and multifaceted statements backed by those activities and given advice concerning changes in lifestyles and value transformation in anticipation of a post-COVID-19 society. These have enabled various perspectives from a consumer standpoint to be reflected in the Company's management, while leading to revitalization of the Management Council and the Board of Directors. We believe that her opinions from a broad perspective backed by her knowledge, experience and other attributes, can be applied to the Company's management, thereby helping us to maximize our medium- to long-term corporate value going forward as well, so we nominate her as an Outside Director.				
	[Message to shareholders from the Outside Director candidate] The Seibu Group is engaged in enriching businesses closely bound up with the lives of customers. At present, in the midst of the ongoing changes in lifestyles and value transformation, there is an increased need for opinions and ways of thinking rooted in multifaceted perspectives from a consumer standpoint. I have actively made a contribution to discussions at the meetings of the Board of Directors from an objective point of view and based on my experience and knowledge. I would like to continue contributing to carrying out corporate social responsibilities and further promote diversity management. I can do this by making use of the experience I have gained through my activities as a member of numerous councils and as an outside director of other companies, etc. and by continuing to express opinions that are not merely an extension of past thinking and opinions that are not those of pre-established harmony.				

*The Company makes donations to the approved specified non-profit organization ZENSEDAI, of which Ms. OHYA is a representative director. However, the average annual amount donated in the last three fiscal years was ¥0 million, which falls below the standard amount stipulated in "Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members," and is therefore considered immaterial to Ms. OHYA's independence.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned
9	<p>Reelection Outside Independent</p> <p>GOTO Keiji</p> <p>July 30, 1959 (63 years old)</p> <p>Number of Years in office: 8 years (upon the conclusion of this General Meeting of Shareholders)</p>	<p>Apr. 1982 Joined the National Police Agency</p> <p>Jun. 1992 Assistant Counsellor of Cabinet Secretariat of Cabinet Legislation Bureau</p> <p>Apr. 2001 Director, Community Safety Department of Osaka Prefectural Police Headquarters</p> <p>Jan. 2003 Director, Police Administration Department of Aichi Prefectural Police Headquarters</p> <p>Aug. 2004 Counsellor of Cabinet Secretariat (in charge of security and crisis management)</p> <p>Aug. 2005 Registered as attorney at law Joined Nishimura & Partners (currently Nishimura & Asahi)</p> <p>Mar. 2006 Outside Audit & Supervisory Board Member of Hakuyosha Co., Ltd.</p> <p>Jul. 2008 Established Goto Compliance Law Firm</p> <p>Apr. 2009 Outside Audit & Supervisory Board Member of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.)</p> <p>May 2012 Outside Audit & Supervisory Board Member of Central Security Patrols, Co., Ltd. (present)</p> <p>Jun. 2013 Outside Director of Prince Hotels, Inc.</p> <p>Jun. 2015 Outside Director of Seibu Holdings Inc. (present)</p> <p>Jun. 2016 Director of Prince Hotels, Inc. Outside Corporate Auditor of Fukuda Denshi Co., Ltd. (present)</p> <p>Apr. 2022 Director of SEIBU PRINCE HOTELS WORLDWIDE INC.</p>	21,996
	Attendance to the meetings of the Board of Directors in FY2022: 18/19 (94.7%)	Important concurrent positions outside the Company Outside Audit & Supervisory Board Member of Central Security Patrols, Co., Ltd. Outside Corporate Auditor of Fukuda Denshi Co., Ltd. Attorney	
	[Reason for nomination as Outside Director and expected roles] As an attorney, Mr. GOTO Keiji possesses a high degree of expertise, abundant experience, and deep insight with respect to corporate legal affairs. The Company receives advice from the perspective of the legal compliance of each measure, the impact on reputation and risk management, in anticipation of a post-COVID-19 society when adjustment to changes in the business environment is required, while also receiving advice from him in promoting sustainability actions. In addition, he serves as Chairperson of the Company's Nomination Advisory Committee. We believe that his opinions from a broad perspective backed by his knowledge, experience other attributes, can be applied to the Company's management, thereby helping us to maximize our medium- to long-term corporate value, so we nominate him as an Outside Director.		
	[Message to shareholders from the Outside Director candidate] The Seibu Group has a variety of ongoing operations and projects that are expected to grow in the future. As an Outside Director, I will strive to further strengthen corporate governance to help enhance the Company's corporate value in the medium to long term at the time of crises including a pandemic that is expected going forward while making use of the experience gained in my career, including my experience as an outside audit & supervisory board member for other companies. One way I can do this is by positively voicing my opinions from an independent standpoint at the meeting of the Board of Directors and on other occasions. With the SDGs in mind, I also intend to contribute to the further promotion of the sustainability actions being pushed forward by Seibu Group as initiatives for solving issues faced by society.		

* There is no special interest between Mr. GOTO Keiji and the Company.

* Mr. GOTO was an Outside Audit & Supervisory Board Member of the Company's subsidiary Prince Hotels, Inc. from April 2009 to May 2010, an Outside Director of the company from June 2013 to June 2016 and a non-executive Director at that company from June 2016 to March 2022. In addition, he was a non-executive Director at the Company's subsidiary SEIBU PRINCE HOTELS WORLDWIDE INC. from April 2022 to April 2023.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned
10	<p>Reelection Outside Independent</p> <p>TSUJIHIRO Masafumi</p> <p>July 5, 1958 (64 years old)</p> <p>Number of Years in office: 5 years (upon the conclusion of this General Meeting of Shareholders)</p>	Apr. 1981 Joined DIAMOND, Inc.	1,879
		Apr. 2001 Editor-in-Chief of DIAMOND, Inc.	
		Sept. 2004 Director of Marketing Bureau of DIAMOND, Inc.	
		Jun. 2006 Director of DIAMOND, Inc.	
		Jun. 2014 Outside Director of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.)	
		Apr. 2015 Professor, Faculty of Economics at Teikyo University (present)	
		Apr. 2018 Director of Seibu Railway Co., Ltd.	
		Jun. 2018 Outside Director of Seibu Holdings Inc. (present)	
		Apr. 2020 Director of Prince Hotels, Inc.	
		Apr. 2022 Director of SEIBU PRINCE HOTELS WORLDWIDE INC. Director of SEIBU REALTY SOLUTIONS INC.	
Apr. 2023 Chairman of Department of Contemporary Business at Teikyo University Junior College (present)			
Attendance to the meetings of the Board of Directors in FY2022: 19/19 (100%)	Important concurrent positions outside the Company Professor, Faculty of Economics at Teikyo University Chairman of Department of Contemporary Business at Teikyo University Junior College		
[Reason for nomination as Outside Director and expected roles] Mr. TSUJIHIRO Masafumi possesses a high degree of expertise, abundant experience and keen insight with respect to the Japanese economy and corporate management, gained through his longstanding experience as Editor-in-Chief of an economics magazine and his current position as Professor, Faculty of Economics at Teikyo University. Amid the need to adapt to changes in the business environment in anticipation of a post-COVID-19 society, his expert opinions and advice on DX strategies and marketing including advice related to management judgments and corporate direction based on economic trends contribute to facilitating the Company's Board of Directors and promoting the sustainable growth of the Company. In addition, he serves as Chairperson of the Company's Remuneration Advisory Committee. We believe that he can help us to maximize the medium- to long-term corporate value of the Seibu Group. Accordingly, we nominate him as an Outside Director.			
[Message to shareholders from the Outside Director candidate] To ensure the sustainable growth of the Seibu Group while carrying out its social responsibility, we must grasp the needs of the market accurately and provide services. In addition, utilization of DX, which the Company lists as one of the important themes, should be tackled with speed. I will contribute to ensuring that the Seibu Group will make full use of my experience and knowledge as well as external resources to "create the inspiration for our customers" based on a new idea, according to economic trends and changes in the values of society.			

* There is no special interest between Mr. TSUJIHIRO Masafumi and the Company.

* Mr. TSUJIHIRO was an Outside Director of the Company's subsidiary Prince Hotels, Inc. from June 2014 to March 2018 and was a non-executive Director at that company from April 2020 to March 2022. In addition, he was a non-executive Director of Seibu Railway Co., Ltd., a subsidiary of the Company, from April 2018 to April 2023, and was a non-executive Director of SEIBU PRINCE HOTELS WORLDWIDE INC., and SEIBU REALTY SOLUTIONS INC., which are subsidiaries of the Company, from April 2022 to April 2023.

Candidate number	Name (Date of birth)	Career summary and position	Number of Company shares owned		
11	Reelection Outside Independent ARIMA Atsumi August 11, 1962 (60 years old) Number of Years in office: 2 years (upon the conclusion of this General Meeting of Shareholders)	Apr. 1986	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.)	3,313	
		Apr. 2013	General Manager of ALC Advisory of Mizuho Bank, Ltd.		
		Apr. 2014	Executive Officer, General Manager of Corporate Advisory of Mizuho Bank, Ltd.		
		Apr. 2016	Executive Officer, General Manager of Global Sales Department of Mizuho Bank, Ltd.		
		Dec. 2017	Resigned from Mizuho Bank, Ltd.		
		Apr. 2019	Outside Director of Seibu Railway Co., Ltd. Outside Director of Prince Hotels, Inc. (currently SEIBU REALTY SOLUTIONS INC.)		
		May 2020	Outside Director of Takashimaya Company, Limited (present)		
		Jun. 2021	Outside Director of Seibu Holdings Inc. (present) Director of Seibu Railway Co., Ltd. Director of Prince Hotels, Inc.		
		Apr. 2022	Director of SEIBU PRINCE HOTELS WORLDWIDE INC. Director of SEIBU REALTY SOLUTIONS INC.		
		Attendance to the meetings of the Board of Directors in FY2022: 18/19 (94.7%)	Important concurrent positions outside the Company Outside Director of Takashimaya Company, Limited		
		[Reason for nomination as Outside Director and expected roles] Ms. ARIMA Atsumi has a wealth of knowledge and experience in global affairs, including knowledge about finance such as M&A advisory services, having served as an executive officer at a megabank. Amid the need to adapt to changes in the business environment in anticipation of a post-COVID-19 society, the Company receives advice from her at many levels such as proposing and executing management strategies and plans, fostering human capital, and ensuring diversity and sustainability, as well as advice from the perspective of general shareholders and investors on the Company's IR activities. In addition, she serves as chairperson of the Company's Corporate Governance Council, and the Company believes that her opinions from a broad perspective backed by her knowledge and experience can be applied to the Company's management, thereby helping us to maximize the medium- to long-term corporate value of the Group, so we nominate her as an Outside Director.			
[Message to shareholders from the Outside Director candidate] For sustainable growth in a rapidly changing business environment that contains volatility, uncertainty, complexity and ambiguity (VUCA), more attention is being paid globally to the strengthening of "human resources" as a source of corporate value. The Group is also facing the issue of how to deal with human capital and organizational management in order to show the full merits of the group reorganization resolutely conducted during the COVID-19 pandemic. I will contribute to the reform of various systems and the creation of an organization and corporate culture, while incorporating new information and knowledge obtained from past organizational experience and external sources. In addition, for the proposals of plans and measures adapted to changes in the business environment, we will verify and monitor them from the perspective of various stakeholders including customers, business partners, investors, local communities and employees, and thereby strive to improve the sustainable corporate value of the Seibu Group.					

* Having been an Outside Director of the Company's subsidiaries Seibu Railway Co., Ltd. and Prince Hotels, Inc. since April 2019, Ms. ARIMA became a non-executive Director of both companies in June 2021, serving at Prince Hotels, Inc. until March 2022 and at Seibu Railway Co., Ltd. until April 2023. In addition, she was a non-executive Director of SEIBU PRINCE HOTELS WORLDWIDE INC., and SEIBU REALTY SOLUTIONS INC., which are subsidiaries of the Company, from April 2022 to April 2023. Furthermore, Ms. ARIMA was until December 2017 an executive officer at the Company's specified related operator Mizuho Bank, Ltd., but more than five years have passed since she retired from the bank. Therefore, the Company has judged that this does not have an impact on Ms. ARIMA's independence.

* The Company pays the course fees of employees attending the leadership skill training program for women, which Ms. ARIMA hosts. However, the average amount of transactions over the last three fiscal years was ¥0 million, and the Company has judged that it does not impact on Ms. ARIMA's independence.

<Reference>

The composition of the Board of Directors and each committee following the conclusion of the 18th General Meeting of Shareholders and the skill and experience of each Director

If Proposal No. 3 is approved and passed as proposed, the composition of the Board of Directors and each committee and the skills and experience of each Director will be as follows.

	If the election of candidates for Director is approved at the 18th General Meeting of Shareholders					Corporate management	Finance/ accounting	Personnel/ labor/ human capital development	Legal/ risk management	Sustainability	DX/ Marketing
	Name	Responsibilities in the Company	Composition of each committee after the 18th General Meeting of Shareholders								
			Nomination Advisory Committee	Remuneration Advisory Committee	Corporate Governance Council						
Board of Directors	GOTO Takashi		○	○	○	○	○	○	○	○	
	NISHIYAMA Ryuichiro	Compliance Dept., Corporate Planning	○	○	○	○			○	○	○
	FURUTA Yoshinari	Accounting Dept., Finance Dept.				○	○		○		
	YAMAZAKI Kimiyuki	Information Systems Dept.				○			○		○
	OGAWA Shuichiro	President and Representative Director of Seibu Railway Co., Ltd.				○		○	○	○	
	KANEDA Yoshiki	President and Representative Director of SEIBU PRINCE HOTELS WORLDWIDE INC.				○		○			○
	SAITO Tomohide	President and Representative Director of SEIBU REALTY SOLUTIONS INC.				○	○		○	○	○
	OHYA Eiko	Outside Director, Independent Director	○	○	○				○	○	
	GOTO Keiji	Outside Director, Independent Director	◎	○	○				○	○	
	TSUJIHIRO Masafumi	Outside Director, Independent Director	○	◎	○	○					○
	ARIMA Atsumi	Outside Director, Independent Director	○	○	◎	○	○	○		○	

*The above list does not represent all the knowledge and experience of each Director.

*“◎” indicates the chairperson of each committee, etc.

- **Policies and Procedures for Nomination of Candidates for Director**

When nominating candidates for the position of Director, the Board of Directors nominates candidates for reelection following deliberation of whether the individual deserves to be reelected on the basis of his/her contribution to corporate value and other aspects of the Company during his/her term of office. New candidates for election are nominated following deliberation of whether the individual has outstanding character and insight, and is a talented individual who can contribute to increasing corporate value.

The Board of Directors makes decisions after having consulted with the Nomination Advisory Committee chaired by an independent outside Director, among whose members are four outside Directors forming a majority, to ensure objectivity and transparency concerning the decision of candidates for the position of Director.

Reference

● Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company will determine to be independent any person who, in addition to meeting the independence standards specified by the Tokyo Stock Exchange, does not fall under any of the following:

- (1) a person who executes business (“executive”) of “a business partner where consolidated net sales to the business partner account for 2% or more of the Company’s consolidated net sales in any of the last three fiscal years”;
- (2) an executive of “a business partner where net sales to the Company account for 2% or more of the business partner’s net sales in any of the last three fiscal years”;
- (3) an executive of “a lender from which the Company borrows funds that account for 2% or more of the Company’s consolidated total assets in any of the last three fiscal years”;
- (4) an executive of “a major shareholder or investor of the Company with an equity ownership interest of 10% or more in any of the last three fiscal years”;
- (5) a consultant, accounting professional, or legal professional who receives remuneration of more than ¥10 million a year from the Company in any of the last three fiscal years;
- (6) a person who receives donation or subsidies from the Company in the annual average amount of more than ¥10 million over the last three fiscal years or an executive of such an organization; and
- (7) a spouse or relative within the second degree of kinship of a Director, etc. of the Company and its consolidated subsidiaries.

(Attached Documents)

Business Report

From April 1, 2022, to March 31, 2023

1. Status of the corporate group

(1) Progress and results of operations

1) Review of 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 a 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, the 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 Group (power with environmental value), realizing operations 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 in 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 a 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 million, or 434.2%, year on year, mainly reflecting the recording of a gain or loss due to transfer of the 26 properties mentioned above.

2) Operating results by segment for the fiscal year ended March 31, 2022

(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. 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 from the fiscal year ended March 31, 2023. 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

Railway operations, Bus operations, Lifestyle service operations along railway lines, etc.

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.

Operating revenue

	For the year ended March 31, 2022	For the year ended March 31, 2023	Change
Urban Transportation and Regional	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

<Reference> Key performance indicators

	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
Transportation performance in the railway operations at Seibu Railway Co., Ltd.				
Number of passengers (Thousand)	661,988	472,222	508,066	559,060
Passenger transportation sales	99,580	70,863	77,169	85,212
Other revenue	4,070	3,641	3,594	3,743

Hotel and Leisure

City hotel operations, Resort hotel operations, Overseas hotel operations, etc.

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.

Note: *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.

Operating revenue

	(Millions of yen)		
	For the year ended March 31, 2022	For the year ended March 31, 2023	Change
Hotel and Leisure	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 current fiscal year, based on the Group’s policy of “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.

<Reference> Key performance indicators

		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
Operating status of SEIBU PRINCE HOTELS WORLDWIDE INC.					
RevPAR	(Yen)	11,636	3,029	4,846	8,778
Average room rates	(Yen)	16,174	16,699	15,982	16,630
Occupancy rates of hotel rooms	(%)	71.9	18.1	30.3	52.8

Note: The segment structure in the hotel operations was changed from the fiscal year ended March 2023, and the figures for the previous fiscal year have been restated to conform with the changed segment structure.

Real Estate

Leasing operations, etc.

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.

Operating revenue

(Millions of yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023	Change
Real Estate	76,639	74,839	(1,799)
Leasing business	46,943	42,049	(4,894)
Other	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.

<Reference> Key performance indicators

		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
Operating status of leasing space					
Leasing space at end of period (Thousand m ²)	Commercial retail	246	246	245	242
	Office/residential	208	205	195	205
Vacancy rate for leasable space at end of period (%)	Commercial retail	1.0	2.7	2.0	2.9
	Office/residential	2.0	3.5	8.0	2.8

Other

Sports business, Izuhakone business, Ohmi business, new businesses

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 that 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 ¥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.

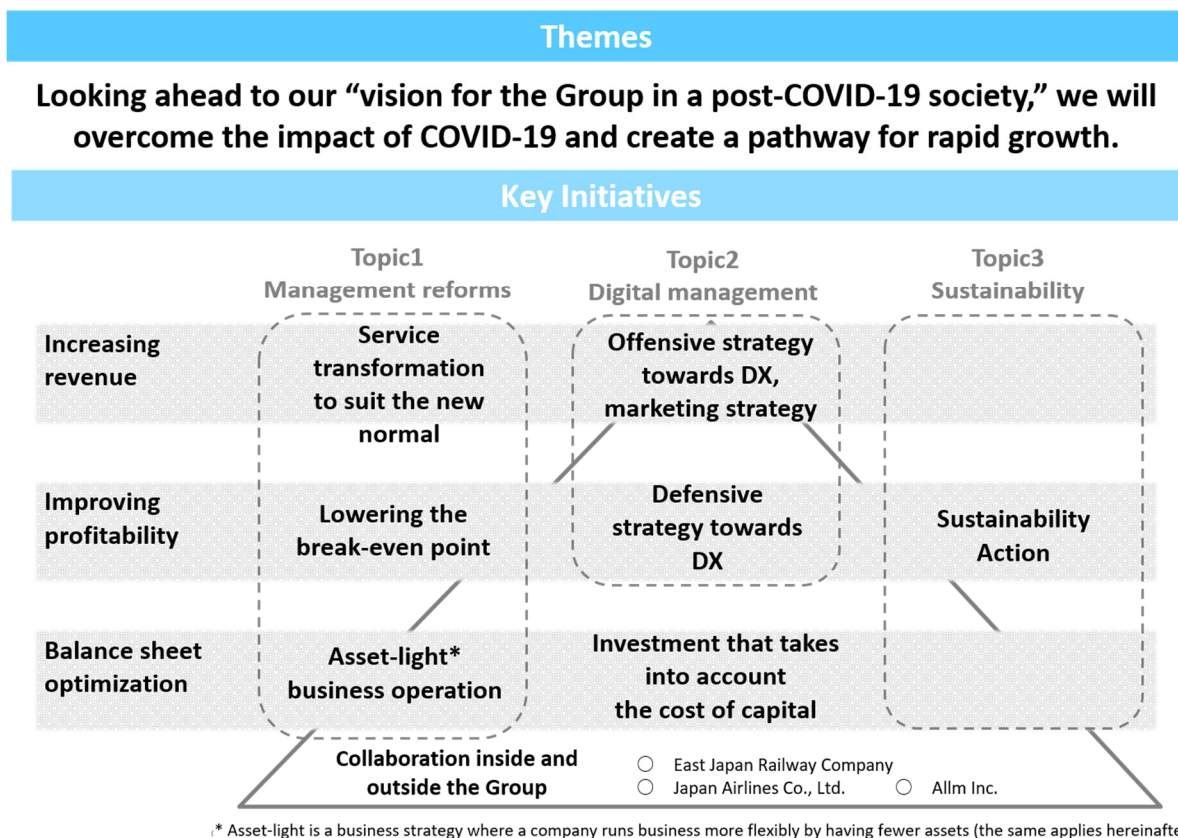
For sports operations in the Urban Transportation and Regional business and in the Hotel and Leisure business and for the Sports business within the Other businesses segment, the total operating revenue was ¥40,023 million, up ¥5,136 million, or 14.7%, year on year.

Note that the Construction business segment was eliminated from the fiscal year ended March 31, 2023 with the deconsolidation of Seibu Construction Co., Ltd.

(2) Issues to address

The Seibu Group aims to achieve sustainable and strong growth. To achieve this, under the Seibu Group's Long-Term Strategy, the Group expands the areas and added value in which it can provide a combination of various businesses and services in order to develop as a corporate group that will support customers in all scenarios of their everyday lives.

In this environment, on May 13, 2021, the Group formulated the "FY2021–FY2023 Seibu Group's Medium-term Management Plan," which sets forth the theme 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," with a three-point framework comprising "management reforms," "digital management," and "sustainability."



The Medium-Term Management Plan sets out the Group's "vision for the Group in a post-COVID-19 society," as "the best and strongest lifestyle support corporate group," and sets the three-year period as a period of initiatives to achieve that. Envisaging that changes in people's values and activities due to COVID-19 are to be established in a post-COVID-19 society, we have responded to them and changed our business model. In addition, as we envisage that crises with impacts comparable to the COVID-19 pandemic may occur again, we have strengthened the Group's corporate structure to maximize corporate value and shareholder value under any business environment.

<Key Initiatives in the New Medium-Term Management Plan>

We will now explain the progress of our initiatives under the three-point framework of "management reforms," "digital management," and "sustainability," and our initiatives for the fiscal year ending March 31, 2024 onward.

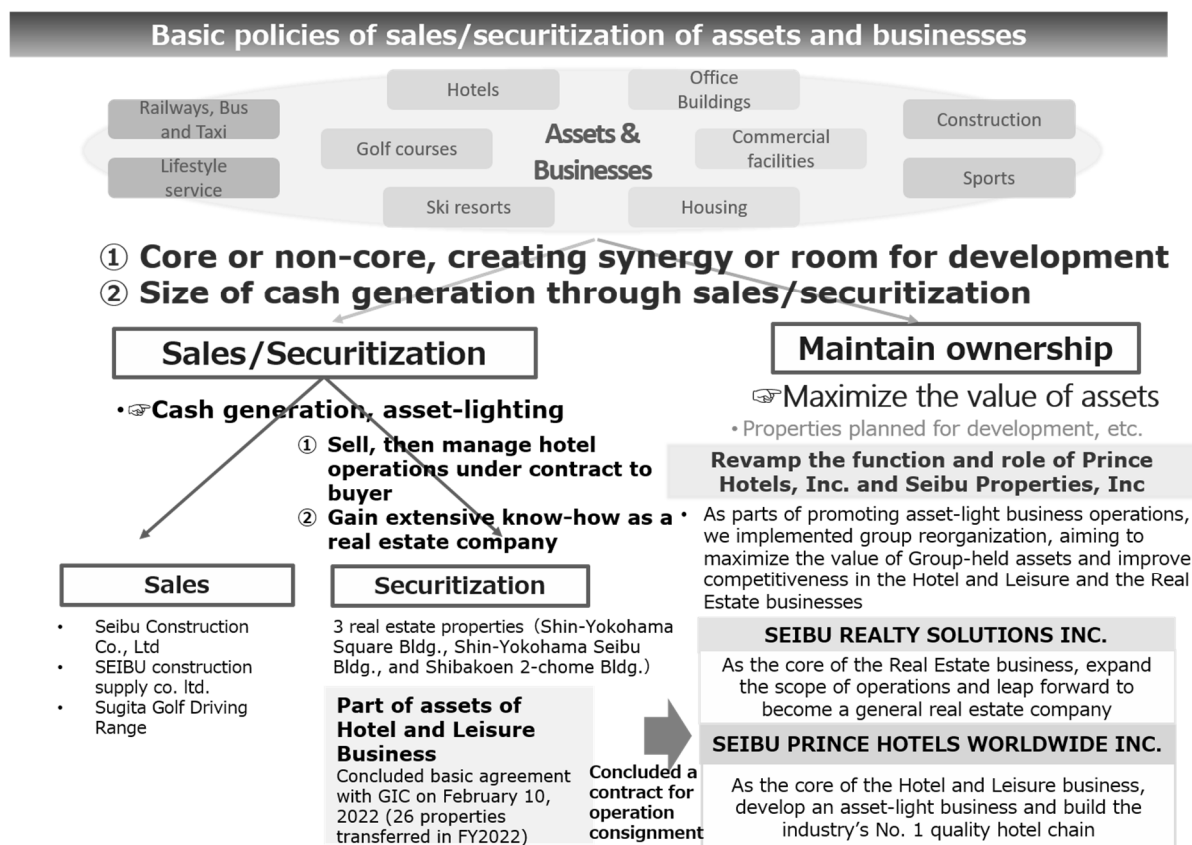
Topic 1: Management reforms

We have directly tackled management issues highlighted by the COVID-19 pandemic and

resolutely carried out management reforms with no exceptions on the three themes of “asset-light business operation,” “reducing the break-even point,” and “service transformation to suit the new normal.”

Theme 1: Asset-light business operation

We will sort all of our assets and business contents by comprehensively considering the benefits of ownership, scope for development, and scale of cash generated by their sale or securitization based on the following policy. This is needed to transform the business model from the current structure integrating “ownership” with “operation” to an “asset-light” themed model with a view to creating a robust structure in the face of crises that are expected to recur.



For the initiatives for the fiscal year under review, please refer to “1) Review of the fiscal year ended March 31, 2023” in “(1) Progress and results of operations” in “1. Status of the corporate group.”

In the fiscal year ending March 31, 2024, we will further promote “asset-light business operation” which has been promoted, to consider effective real estate turnover business by the Group, including private placement funds and private placement REITs.

Convert to an asset-light real estate business by leveraging real estate turnover business

Objectives

- ✓ Promote asset-light management within the Group
- ✓ Reinvest the acquired funds into new development and other projects by incorporating the Group's abundant, high-quality assets into private placement funds, private REITs, etc., promote development for attractive cities and regions, and also aim for social contribution such as reforestation.
- ✓ Launch the asset management business to make a leap forward to becoming a general real estate company that handles everything from management to operation.
- ✓ Provide new values to customers by increasing the number of properties managed and operated by the Group.



Toward realization of "Smiles ahead."

Theme 2: Reducing the break-even point

With regard to the recent economic situation, fixed expenses are on an increasing trend due to higher oil prices originating from the situation in Ukraine. However, we took initiatives until the fiscal year ended March 31, 2023, to permanently reduce fixed expenses, including revisions to timetables in the Urban Transportation and Regional business and controlled personnel in the Hotel and Leisure business. Seibu Process Innovation Inc. was established on December 1, 2022, to provide optimal shared services through flexible work styles and highly specialized human capital, anticipating the "sharing of back office operations," and preparations are underway for the start of operations on June 1, 2023.

Theme 3: Service transformation to suit the new normal

We positioned "Prince Grand Resort Karuizawa" to secure a position as Japan's top "Workation Resort" during the fiscal year ended March 31, 2023. In collaboration with East Japan Railway Company, etc., we improved facilities, services, and products. Moreover, Step Out Co., Ltd. took initiatives to start the barbecue business and open campgrounds in an effort to expand the outdoor business. We will aim to increase "Seibu Group Fans," who are repeat users of our diverse services, by expanding the scope of customers using the Group's services and satisfying them in this new era.

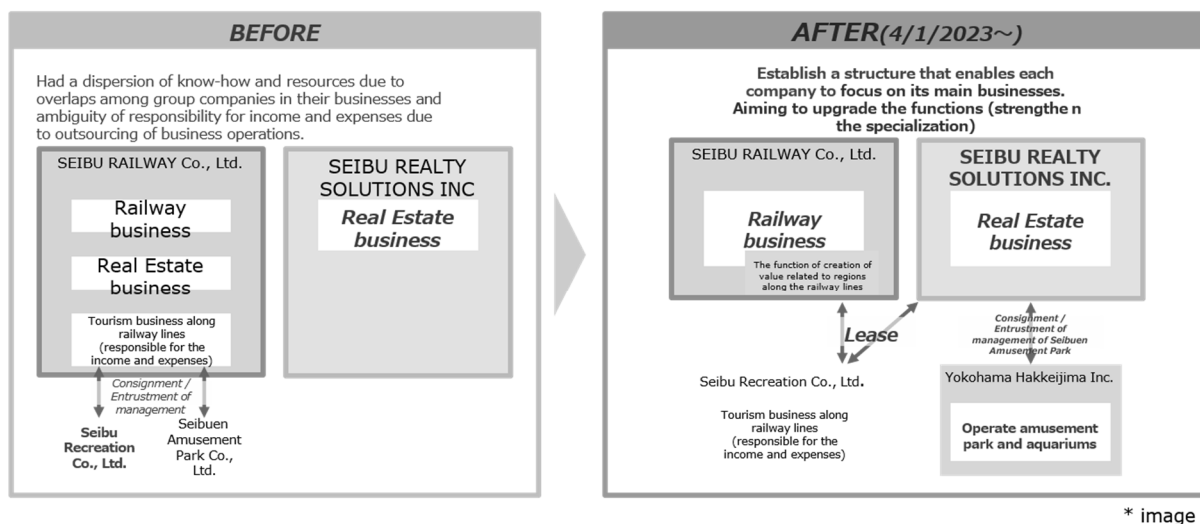
Management reforms of the Urban Transportation and Regional business

Even in the Urban Transportation and Regional business, there was an ongoing reduction in demand for sales from Seibu Railway's commuter passes due to the consolidation of remote working. Advances made in people's changes in values and behavior also led to a considerable review of the frequency of "movement," and the reduced possibility of a complete recovery in sales from commuter passes to pre-COVID levels. Consequently, in addition to the aforementioned initiatives, in the fiscal year ended March 31, 2023, we intended to further reform the profit and loss structure of Urban Transportation and Regional business and promoted "Management reforms

of the Urban Transportation and Regional business” based on the pillars of (1) optimizing the organizational and divisional structure, (2) increasing net sales, and (3) reducing fixed expenses.

<Optimizing the organizational and divisional structure>

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 developed its organizational and operational structures as follows.



Topic 2: Digital management

For the year ended March 31, 2023, the Company established the DX & Marketing Strategy Department to promote digital management with speed.

We have built the Group Marketing Foundation, which enables linking and use of data from in and outside the Group, centered on the Group’s “SEIBU PRINCE CLUB” membership system to realize digital management using approaches that take both offense and defense into account. Using this system will lead to the abovementioned service transformation to suit the new normal and the acquisition of “Seibu Group Fans.”

We will also shift management-related operations to a common Group system, helping to realize operation and workstyle reforms and reduce fixed expenses.

Topic 3: Sustainability

The Group continued to “Sustainability Actions” with the 12 key objectives in the four areas of safety, environment, community engagement, and corporate culture, in order to realize a sustainable society. Among these, as our environmental initiatives, we have endorsed the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)” and started solar sharing for the first time in the Seibu Group through SEIBU AGRIBUSINESS INC., striving to realize “Green Management” that appropriately recognizes and actively responds to the effects of progressing climate change on both risks and business opportunities.

For the fiscal year ended March 31, 2023, 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 Group (power with environmental value), realizing operation with effectively zero CO₂ emissions. In addition, we introduced solar power generation at the Karuizawa Prince Shopping Plaza using on-site PPA, and started operations in March 2023. With regard to our response to climate change, since we will continue to be called upon to respond with speed, we have revised and newly established our CO₂ emission reduction targets (long-term

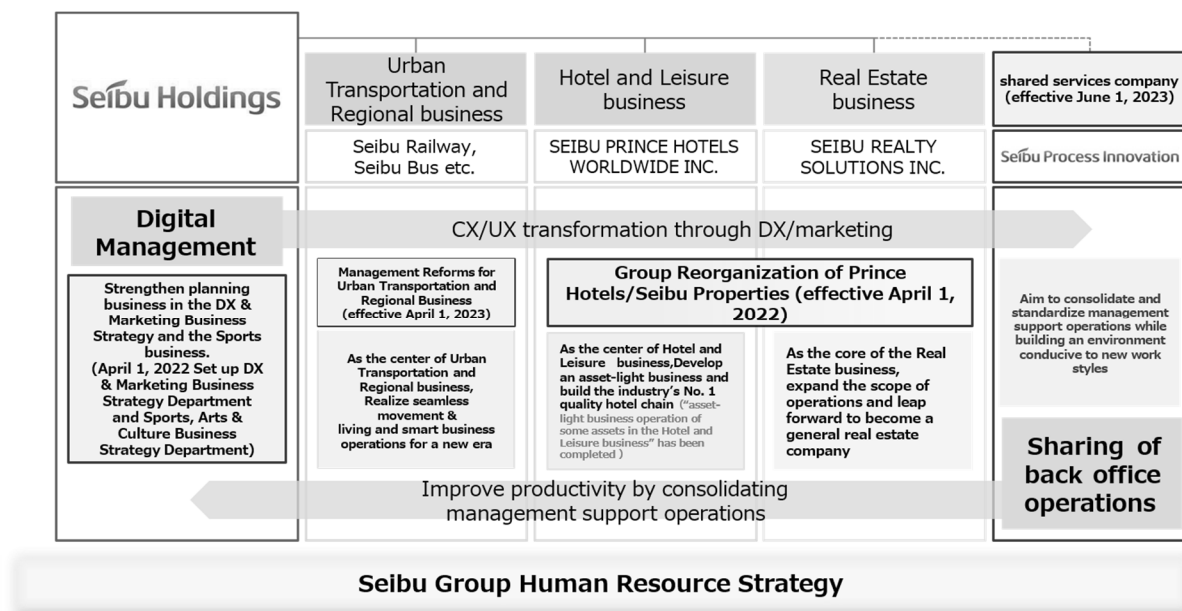
target: net zero emissions by FY2050, medium-term target: 46% reduction from the FY2018 level by FY2030, and short-term target: 5% reduction from the previous fiscal year’s level every fiscal year) to ensure steady progress on eliminating even more CO₂ from our business operations.

<Issues for the future>

Based on the aforementioned initiatives under the Medium-term Management Plan, we have developed the system to clarify the role of each company in the Group and maximize corporate value and shareholder value in a post-COVID-19 era.

In combination with the organizational structure, we have formulated a basic concept for the Seibu Group Human Capital Strategy linked to the enhancing the expertise in our main businesses through management reforms. We will aim to become a “professional organization” by improving engagement and creating human capital through the promotion of plans in line with each of the six strategic themes: “Visualization of human capital,” “Improvement of employee satisfaction (ES),” “Strengthening management,” “Creation and refinement of human capital,” “Promoting diversity” and “Management human capital development.”

Overall picture of the reorganization



<Management KPIs>

Towards achieving our “vision for the Group in a post-COVID-19 society,” and keeping the “asset-light” model in mind, we set the following “medium- to long-term targets” for capital efficiency and optimized capital structure when we formulated the Medium-term Management Plan in May 2021.

- ROE At least 10%
- ROA At least 3.5%
- Capital-to-asset ratio 25 to 30%
- Net interest-bearing debt EBITDA ratio Around 6 times

Going forward, we will work to approach these levels for these important management indicators.

The constant slogan of the Seibu Group has been, and will continue to be, “Smiles Ahead.” We aim to create an enriched and sustainable society by creating activity and excitement for customers as a company that grows together with customers and local communities. Moreover, we aim to offer “the best” for our customers, local communities, and the earth’s environment, and to support this with “the strongest” protection through totally reliable safety and security, by continuing to drive

innovation inspired by the key concept of Big Hairy Audacious Goals (BHAGs) and conducting corporate management for the maximization of corporate value and shareholder value.

(3) Changes in assets and results of operations

(Millions of yen)

	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
Operating revenue	554,590	337,061	396,856	428,487
Ordinary profit (loss)	48,770	(58,785)	(17,440)	20,133
Profit (loss) attributable to owners of parent	4,670	(72,301)	10,623	56,753
Basic earnings (loss) per share (Yen)	15.18	(241.32)	35.39	188.70
Total assets	1,707,784	1,698,497	1,703,442	1,587,834
Net assets	373,427	385,687	387,217	377,633
Equity-to-asset ratio (%)	21.5	17.6	18.3	23.5
Return on equity (ROE) (%)	1.2	(21.7)	3.5	16.6

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the year ended March 31, 2022, and the figures for the year ended March 31, 2022, are those after applying the accounting standard and relevant ASBJ regulations.

(4) Capital expenditures

Capital expenditures for the fiscal year under review amounted to ¥48,555 million, which included the following major outlays.

1) Major facilities completed

Segment	Company name	Major capital expenditures
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Manufacture of 40000 series trains

2) New construction and expansion of major facilities in progress

Segment	Company name	Major capital expenditures
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Project for continuous grade-separation of railroad crossings between Nakai Station and Nogata Station on the Shinjuku Line (underground)
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Project for continuous grade separation of railroad crossings near Higashimurayama Station on the Shinjuku line (elevated)
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Manufacture of 40000 series trains
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Renovation of Toshimaen Station
Real Estate	Seibu Railway Co., Ltd.*	Tokorozawa Station West Plan

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

3) Sale of major facilities

To cooperate for the Tokyo Urban Planning Park Nos. 5, 5, and 10 “Nerima Joshi Koen” (Nerima Castle Ruins Park) project, in December 2022, we transferred part of the Maintenance area of Nerima Castle Ruins Park owned by Seibu Railway Co., Ltd., our consolidated subsidiary of the Company.

In addition, with the intention of shifting to asset-light business operation and creating cash, we completed the securitization of 26 properties, including The Prince Park Tower Tokyo owned by SEIBU REALTY SOLUTIONS INC., our consolidated subsidiary.

(5) Financing activities

As part of Seibu Group’s promotion of Sustainability Actions, we raised ¥12.0 billion by

sustainability-linked loans in March 2023.

To ensure liquidity, we have also established commitment lines of credit for earthquake response totaling ¥150.0 billion. In April 2023, we changed the commitment lines of credit to the total of ¥100.0 billion, considering the Group's demand for funds, etc.

(6) Major subsidiaries (As of March 31, 2023)

Company name	Capital stock (Millions of yen)	Ratio of voting rights held by the Company (%)	Major businesses
Seibu Railway Co., Ltd.	21,665	100.0	Urban Transportation and Regional business (Railway operations, Lifestyle service operations along railway lines, Sports operations) Real Estate business (Leasing operations)
SEIBU PRINCE HOTELS WORLDWIDE INC.	100	100.0	Hotel and Leisure business (Domestic hotel operations, Overseas hotel operations, Sports operations)
SEIBU REALTY SOLUTIONS INC.	8,600	100.0	Hotel and Leisure business (Domestic hotel operations, Sports operations) Real Estate business (Leasing operations)
Seibu Bus Co., Ltd.	100	100.0	Urban Transportation and Regional business (Bus operations) Real Estate business (Leasing operations)
Seibu Lions, Inc.	100	100.0	Sports Business
Izuhakone Railway Co., Ltd.	640	74.0	Izuhakone Business
Ohmi Railway Co., Ltd.	405	100.0	Ohmi Business

- Notes: 1. The ratios of voting rights shown include rights with respect to direct holdings of the Company as well as rights involving indirect holdings through ownership stakes of the Company's subsidiaries and other entities.
2. The Company has 78 consolidated subsidiaries, including the seven companies listed above (one more than the previous fiscal year), and two equity-method associates (one less than the previous fiscal year). The Company has two other non-consolidated subsidiaries not accounted for using equity method (one less than the previous fiscal year).
3. On April 1, 2022, Prince Hotels, Inc. conducted an absorption-type company split to transfer part of its business to SEIBU PRINCE HOTELS WORLDWIDE INC.
4. On April 1, 2022, Prince Hotels, Inc. and Seibu Properties Inc. conducted an absorption-type merger with the former as the surviving company and the latter as the dissolved company, and changed the trade name to SEIBU REALTY SOLUTIONS INC.
5. The status of a specified wholly-owned subsidiary as of March 31, 2023 is as follows.

Name of the specified wholly-owned subsidiary	Seibu Railway Co., Ltd.
Address of the specified wholly-owned subsidiary	1-11-1 Kusunokidai, Tokorozawa-shi, Saitama
Book value of shares of the specified wholly-owned subsidiary at the Company and its wholly-owned subsidiaries	215,698 million yen
Total assets of the Company	1,062,320 million yen

(7) Major businesses and offices (As of March 31, 2023)

Segment	Businesses	Major offices
Urban Transportation and Regional	Railway operations	[Seibu Railway Co., Ltd.] Operating length: 176.6 km Number of stations: 101 (including signal stations) Number of vehicles: 1,227
	Bus operations	[Seibu Bus Co., Ltd.] Number of sales offices: 11 (Tokyo and Saitama) Number of vehicles: 866
	Lifestyle service operations along railway lines	[Seibuen Amusement Park Co., Ltd.] Seibuen Amusement Park (Tokorozawa-shi, Saitama)
	Sports operations	[Seibu Recreation Co., Ltd.] BIGBOX Higashiyamato (Higashiyamato -shi, Tokyo)
Hotel and Leisure	Domestic hotel operations (ownership/lease)	[SEIBU PRINCE HOTELS WORLDWIDE INC.] The Prince Gallery Tokyo Kioicho (Chiyoda-ku, Tokyo) The Prince Sakura Tower Tokyo (Minato-ku, Tokyo) The Prince Hakone Lake Ashinoko (Hakone-machi, Kanagawa) The Prince Villa Karuizawa (Karuizawa-machi, Nagano) The Prince Karuizawa (Karuizawa-machi, Nagano)
	Domestic hotel operations (MC/FC)	[SEIBU PRINCE HOTELS WORLDWIDE INC.] The Prince Park Tower Tokyo (Minato-ku, Tokyo) The Prince Kyoto Takaragaike (Kyoto-shi, Kyoto)
	Overseas hotel operations	[StayWell Holdings Pty Ltd.] The Prince Akatoki London (London, UK)
	Sports operations	[SEIBU PRINCE HOTELS WORLDWIDE INC.] Kuni Country Club (Hanno-shi, Saitama) Karuizawa Prince Hotel Ski Area (Karuizawa-machi, Nagano)
	Other	[Yokohama Hakkeijima Inc.] Yokohama Hakkeijima Sea Paradise (Yokohama-shi, Kanagawa)
Real Estate	Leasing business	[SEIBU REALTY SOLUTIONS INC.] Tokyo Garden Terrace Kioicho (Chiyoda-ku, Tokyo) DaiyaGate Ikebukuro (Toshima-ku, Tokyo) Karuizawa Prince Shopping Plaza (Karuizawa-machi, Nagano)
Other Businesses	Izuhakone Business	[Izuhakone Railway Co., Ltd.] Operating length: 29.4 km, number of stations: 25, number of vehicles: 70
	Ohmi Business	[Ohmi Railway Co., Ltd.] Operating length: 59.5 km, number of stations: 33, number of vehicles: 36
	Sports operations	[Seibu Lions, Inc.] Belluna Dome (Tokorozawa-shi, Saitama)

(8) Employees (As of March 31, 2023)

Segment	Number of employees	
Urban Transportation and Regional	7,192	[1,002]
Hotel and Leisure	9,292	[2,322]
Real Estate	1,684	[543]
Other	2,310	[292]
Corporate	378	[0]
Total	20,856	[4,159]

- Notes: 1. The number of employees represents individuals working within the Group, excluding employees seconded outside the Group from the Group but including employees seconded to the Group from outside the Group. In addition, employees retired as of March 31, 2023 are included therein.
2. The average number of temporary employees for the fiscal year under review is shown in brackets. Temporary employees are not included in the figure indicating number of employees described in Note 1.
3. The number of employees under “Corporate” is the number of employees of the Company.
4. The increase in the number of employees in the Real Estate business compared to the previous fiscal year is due to the transfer of 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 to the Real Estate business segment, with the deconsolidation of Seibu Construction Co., Ltd.

(9) Major lenders (As of March 31, 2023)

(Millions of yen)

Lender	Outstanding amount of loans (Note)
Development Bank of Japan Inc.	157,152
Mizuho Bank, Ltd.	138,681
MUFG Bank, Ltd.	117,695
Sumitomo Mitsui Banking Corporation	68,899
Sumitomo Mitsui Trust Bank, Limited	49,660

Note: Outstanding amount of loans includes ¥39,900 million of loans under syndicate loan contracts and commitment line contracts.

(10) Status of major organizational restructuring actions, etc.

On April 1, 2022, the Company conducted an absorption-type company split to transfer part of the business of Prince Hotels, Inc. to SEIBU PRINCE HOTELS WORLDWIDE INC. In addition, on the same day, Prince Hotels, Inc. and Seibu Properties Inc. conducted an absorption-type merger with the former as the surviving company and the latter as the dissolved company, and changed the trade name to SEIBU REALTY SOLUTIONS INC.

2. Shares of the Company (As of March 31, 2023)

- (1) Total number of shares authorized: 1,300,000,000 shares
(2) Total number of shares issued: 323,462,920 shares (including 198,190 treasury shares)
(3) Number of shareholders: 64,721
(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
NW Corporation Inc.	51,158	15.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,556	10.07
Custody Bank of Japan, Ltd. (Trust Account)	13,204	4.08
Development Bank of Japan Inc.	9,906	3.06
Custody Bank of Japan, Ltd. as trustee for Retirement Benefit Trust Account H re-entrusted by Mizuho Trust and Banking Co., Ltd.	7,529	2.33
Keikyu Corporation	7,155	2.21
Mizuho Bank, Ltd.	7,114	2.20
MSIP CLIENT SECURITIES	6,094	1.89
Sumitomo Realty & Development Co., Ltd.	4,738	1.47
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	4,724	1.46

Note: The shareholding ratio is calculated after deducting treasury shares (198,190 shares). The treasury shares do not include 285,900 shares of the Company that are held as trust assets in “Board Benefit Trust (BBT)” and disposition-type “Employee Stock Ownership Plan (ESOP).”

- (5) Shares issued to Directors and Audit & Supervisory Board Members of the Company (including those who were Directors and Audit & Supervisory Board Members of the Company) during the fiscal year under review as consideration for their execution of duties

Position	Number of shares	Number of Directors to whom the shares were issued to
Director (excluding Outside Directors)	18,100	2

3. Share acquisition rights, etc. of the Company

(1) Share acquisition rights held by Directors and Audit & Supervisory Board Members of the Company as of the end of the fiscal year under review, issued as consideration for the execution of their duties

Name (Date of resolution for issuance)	Number of holders	Number of share acquisition rights	Class and number of shares underlying share acquisition rights	Issue value	Amount to be paid in upon exercise of share acquisition rights	Exercise period	Conditions for exercise
The first Share Acquisition Rights (June 25, 2014)	2 Directors (excluding Outside Directors)	161	Common shares of the Company 16,100 shares	¥1,974 per share	¥1 per share	From July 12, 2014 to July 11, 2044	Note
The second Share Acquisition Rights (June 23, 2015)	2 Directors (excluding Outside Directors)	161	Common shares of the Company 16,100 shares	¥2,669 per share	¥1 per share	From July 10, 2015 to July 9, 2045	Note
The third Share Acquisition Rights (June 21, 2016)	2 Directors (excluding Outside Directors) Note 1	161	Common shares of the Company 16,100 shares	¥1,497 per share	¥1 per share	From July 8, 2016 to July 7, 2046	Note
The fourth Share Acquisition Rights (June 21, 2017)	3 Directors (excluding Outside Directors) Note 1	197	Common shares of the Company 19,700 shares	¥1,729 per share	¥1 per share	From July 8, 2017 to July 7, 2047	Note
The fifth Share Acquisition Rights (June 21, 2018)	4 Directors (excluding Outside Directors)	257	Common shares of the Company 25,700 shares	¥1,493 per share	¥1 per share	From July 10, 2018 to July 9, 2048	Note

Note: Conditions for exercise of share acquisition rights are as follows:

- (1) A holder of Share Acquisition Rights may, during the period of ten (10) days immediately following the day on which such holder loses the position as a director of the Company (excluding death), exercise his/her offered Share Acquisition Rights.
- (2) In the event of death of a holder of the Share Acquisition Rights, his/her successor may exercise the rights.
- (3) Other conditions shall be as prescribed in the "Share Acquisition Rights Allotment Agreement" to be concluded by and between the Company and a holder of Share Acquisition Rights.

4. Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2023)

Position	Name	Responsibilities	Important concurrent positions outside the Company
President and CEO	GOTO Takashi	Corporate Affairs Supervision, Compliance Dept.	Director and Chairman of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE INC. Director and Chairman of SEIBU REALTY SOLUTIONS INC.
Director	NISHIYAMA Ryuichiro	President's Office, Corporate Communication Dept., Corporate Planning Dept.	Director of SEIBU PRINCE HOTELS WORLDWIDE INC.
Director	OGAWA Shuichiro	Administration Dept., Personnel Dept., Group Human Resources Development Dept.	Director of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE INC.
Director	FURUTA Yoshinari	Accounting Dept., Finance Dept.	
Director	KITAMURA Kimio		President and Representative Director of Seibu Railway Co., Ltd.
Director	KOYAMA Masahiko		President and Representative Director of SEIBU PRINCE HOTELS WORLDWIDE INC.
Director	SAITO Tomohide		President and Representative Director of SEIBU REALTY SOLUTIONS INC.
Director	OHYA Eiko		
Director	GOTO Keiji		Director of SEIBU PRINCE HOTELS WORLDWIDE Outside Audit & Supervisory Board Member of Central Security Patrols, Co., Ltd. Outside Corporate Auditor of Fukuda Denshi Co., Ltd. Attorney
Director	TSUJIHIRO Masafumi		Director of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE Director of SEIBU REALTY SOLUTIONS INC. Professor, Faculty of Economics at Teikyo University
Director	ARIMA Atsumi		Director of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE Director of SEIBU REALTY SOLUTIONS INC. Outside Director of Takashimaya Company, Limited
Audit & Supervisory Board Member (Full-time)	NAKAMURA Hitoshi		
Audit & Supervisory Board Member	NAKAGAWA Yoshihide		Audit & Supervisory Board Member (Standing) of SEIBU REALTY SOLUTIONS INC.

Position	Name	Responsibilities	Important concurrent positions outside the Company
Audit & Supervisory Board Member	YANAGISAWA Giichi		Outside Audit & Supervisory Board Member of Nagatanien Holdings Co. Ltd. Certified Public Accountant, Licensed Tax Accountant
Audit & Supervisory Board Member	SAKAMOTO Chihiro		Attorney

- Notes: 1. OHYA Eiko, GOTO Keiji, TSUJIHIRO Masafumi and ARIMA Atsumi are Outside Directors.
2. YANAGISAWA Giichi and SAKAMOTO Chihiro are Outside Audit & Supervisory Board Members.
3. Audit & Supervisory Board Member YANAGISAWA Giichi is qualified as a certified public accountant and a certified public tax accountant, and possesses extensive financial and accounting knowledge.
4. The Company has designated Directors OHYA Eiko, GOTO Keiji, TSUJIHIRO Masafumi and ARIMA Atsumi, and Audit & Supervisory Board Members YANAGISAWA Giichi and SAKAMOTO Chihiro as independent directors/audit & supervisory board members in accordance with the rules and regulations of the Tokyo Stock Exchange, and has registered them as such with the TSE.
5. On April 1, 2023, certain changes were made in the position, responsibilities, and important concurrent positions of Directors, as indicated below.

Position	Name	Responsibilities	Important concurrent positions outside the Company
Chairman and CEO Representative Director	GOTO Takashi		Director and Chairman of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE INC. Director and Chairman of SEIBU REALTY SOLUTIONS INC.
President and COO Representative Director	NISHIYAMA Ryuichiro	Compliance Dept., Corporate Planning Dept.	
Executive Director	OGAWA Shuichiro		Director of Seibu Railway Co., Ltd.
Director	TSUJIHIRO Masafumi		Director of Seibu Railway Co., Ltd. Director of SEIBU PRINCE HOTELS WORLDWIDE INC. Director of SEIBU REALTY SOLUTIONS INC. Professor, Faculty of Economics at Teikyo University Chairman and Professor, Department of Contemporary Business at Teikyo University Junior College

6. On May 1, 2023, certain changes were made in the important concurrent positions of Directors, as indicated below.

Position	Name	Important concurrent positions outside the Company
Director	GOTO Keiji	Outside Audit & Supervisory Board Member of Central Security Patrols, Co., Ltd. Outside Corporate Auditor of Fukuda Denshi Co., Ltd. Attorney
Director	TSUJIHIRO Masafumi	Professor, Faculty of Economics at Teikyo University Chairman and Professor, Department of Contemporary Business at Teikyo University Junior College
Director	ARIMA Atsumi	Outside Director of Takashimaya Company, Limited

(2) Overview of limitation of liability agreements

The Company and its Outside Directors have concluded agreements limiting the liability of the Outside Directors for damages under Article 423, paragraph (1) of the Companies Act, to the minimum amount stipulated in Article 425, paragraph (1) thereof.

(3) Overview of the Contract of Directors and Officers Liability Insurance

The Company has concluded a contract of Directors and Officers Liability Insurance with an insurance agency, as provided for in Article 430-3, paragraph (1) of the Companies Act. Directors, Audit & Supervisory Board Members and managing officers of the Company, Seibu Railway Co., Ltd. SEIBU PRINCE HOTELS WORLDWIDE INC., and SEIBU REALTY SOLUTIONS INC., are the insured covered by the insurance policy, and they do not bear the insurance premium. The insurance policy covers damages and legal costs. As a measure to maintain the adequacy of execution of duties by the insured, the Company excludes from coverage the damages arising from criminal act or other wrong doing of the insured.

(4) Amount of Remuneration for Directors and Audit & Supervisory Board Members

1) Amount of remuneration for Directors and Audit & Supervisory Board Members

Classification	Total amount paid (Millions of yen)	Amount of remuneration by type (Millions of yen)			Number of eligible officers (persons)
		Basic remuneration	Share-based remuneration		
			Annual incentive	Long-term incentive	
Directors [Of the above, Outside Directors]	301 [71]	227 [71]	– [–]	73 [–]	13 [4]
Audit & Supervisory Board Members [Of the above, Outside Audit & Supervisory Board Members]	52 [22]	52 [22]	– [–]	– [–]	5 [4]

Note: The amount of “Share-based remuneration (annual incentive + long-term incentive)” is equal to the amount of provision for purchase of shares recognized in the fiscal year under review, which is based on the points granted to each Directors. Note that the annual incentive is performance-based remuneration, and no provision was recognized for this fiscal year because conditions for payment were not met.

2) Resolution at the General Meeting of Shareholders regarding remuneration for Directors and Audit & Supervisory Board Members

The maximum amount of basic remuneration for Directors of the Company was resolved at the 13th Annual General Meeting of Shareholders held on June 21, 2018, at ¥660 million annually (including ¥120 million annually for Outside Directors; excluding the amount of employee salary for Directors serving concurrently as employees). The number of Directors as of the conclusion of the said Annual General Meeting of Shareholders was 12 (including four Outside Directors).

In addition to the basic remuneration, the Company resolved at the 14th Annual General Meeting of Shareholders held on June 21, 2019 to introduce Board Benefit Trust (BBT), a share-based remuneration system, to Directors (excluding Outside Directors). The maximum amount of contribution to the trust to be made as a fund to purchase shares for Directors over a period of three fiscal years was decided at ¥750 million (¥300 million for the annual incentive and ¥450 million for the long-term incentive). The number of Directors as of the conclusion of the said Annual General Meeting of Shareholders was eight (excluding Outside Directors).

The maximum amount of basic remuneration for Audit & Supervisory Board Members was resolved at the 9th Annual General Meeting of Shareholders held on June 25, 2014, at ¥100 million annually. The number of Audit & Supervisory Board Members as of the conclusion of the said Annual General Meeting of Shareholders was four.

3) Policy on determining the details of remuneration for individual Directors

(1) Method of determining policy on determining the details of remuneration for individual Directors, and overview of the determined policy

The Company has decided on “Remuneration Policy for Directors of Seibu Holdings,” a policy for determining the amount and calculation method of Director’s remuneration, at the Meeting of the Board of Directors held on March 23, 2023. The decision was made after obtaining advice from the Remuneration Advisory Committee, which is chaired by an Independent Outside Director and four Independent Outside Directors form the majority members. The details of the policy are as follows:

(a) Basic policy

- Remuneration for Directors shall be commensurate with Directors who are capable and can practice “Group Vision” and “Seibu Group Corporate Code of Ethics” of the Seibu Group.
- The remuneration system shall be designed in a manner to increase Directors’ willingness and motivation to contribute to improving business results, corporate value and shareholder value over the medium to long term.
- Remuneration for Directors shall reflect the Group’s business environments and operating performance based on comparison with industry peers’ remuneration levels and other factors.
- The remuneration system for Directors shall be objective and fair for stakeholders.
- Upon deciding remuneration for Directors, the Company shall obtain advice from the Remuneration Advisory Committee, which is chaired by an Independent Outside Director and the majority of whose members are Independent Outside Directors, in order to ensure its objectivity.

(b) Remuneration system

- The remuneration system for Directors (excluding Outside Directors) consists of basic remuneration and share-based remuneration (annual incentive and long-term incentive), and the ratio of these remunerations shall be set so as to increase Directors willingness to contribute to maximizing business results, corporate value and shareholder value over the medium to long term by clarifying the link between remuneration for Directors and the medium to long-term improvement in business results and shareholder value.
- The remuneration of outside Directors consists of basic remuneration only, in view of their roles and independence.
- Basic remuneration shall be a fixed monthly payment, and its amount shall be determined based on Director’s roles and responsibilities, and not exceeding the maximum total remuneration amount approved and resolved at the General Meeting of Shareholders.
- For share-based remuneration, shares acquired through a trust shall be delivered based on the points granted to Directors.
 - (i) For the annual incentive, points shall be granted to Directors in accordance with “Annual Incentive” set out in Officer Stock Benefit Rules, for each period for execution of duties, depending on their roles and responsibilities and the degree of their achievement of set goals. The amount shall not exceed the number approved and resolved at the General Meeting of Shareholders. Directors will receive the Company’s shares from the trust annually at a certain time.
 - (ii) For the long-term incentive, points shall be granted to Directors in accordance with “Long-Term Incentive” set out in Officer Stock Benefit Rules, for each period for execution of duties, depending on their duties and responsibilities. The amount shall not exceed the number approved and resolved at the General Meeting of Shareholders. Directors will receive the Company’s shares from the trust at the time of their retirement as Director.

Classification		Details of remuneration and period of payment	Target
Basic remuneration		Amount determined based on Director's roles and responsibilities are paid monthly	Director
Share-based remuneration	Annual incentive	The Company's shares are given annually at a certain time based on points granted to Director depending on his/her roles, responsibilities and the degree of achievement of set goals for each period for execution of duties	Director (excluding Outside Directors)
	Long-term incentive	The Company's shares are given at the time of the retirement as Director based on points granted to him/her depending on his/her roles and responsibilities for each period for execution of duties	Director (excluding Outside Directors)

(c) How the basic remuneration amount is determined

The Board of Directors shall determine the amount of basic remuneration of each Director according to the roles and responsibilities of Directors within the maximum total remuneration amount approved and resolved at the General Meeting of Shareholders after seeking and obtaining advice from the Remuneration Advisory Committee, which is chaired by an Independent Outside Director and the majority of whose members are Independent Outside Directors, to ensure objectivity in determining the remuneration.

(d) How the amount to be paid as share-based remuneration (annual incentive and long-term incentive) is determined, and its calculation method

Share-based remuneration shall be given in accordance with Officer Stock Benefit Rules which sets out rules for determining how many points to grant taking into account the balance with basic remuneration, the roles and responsibilities of Director as well as the level of achievement of set goals, and in the amount not exceeding the range resolved at the General Meeting of Shareholders. The Board of Directors must first seek advice from the Remuneration Advisory Committee, which is chaired by an Independent Outside Director and the majority of whose members are Independent Outside Directors, to make sure that the share-based remuneration that they will determine will increase willingness and motivation of Directors.

■ Target and details of share-based remuneration (annual incentive and incentive system)

(i) Target

On the date the Director (excluding Outside Directors; the same applies to the rest of "Target and detail of share-based remuneration (annual incentive and long-term incentive)" section.) assumes post, he/she becomes the person planned to receive the share-based remuneration (hereinafter referred to as the "Planned Recipient"); provided, however, if the Director engages in certain illegal act or meets other condition set forth in Officer Stock Benefit Rules, then such Director may not be granted points or may not receive the Company's shares.

(ii) Details of remuneration, etc. given as share-based remuneration

Points are granted to Directors, where 1 point will equal to 1 share, and they will receive the Company's common shares (hereinafter referred to as "the Company's Share") and cash based on their points.

■ Calculation method of share-based remuneration (annual incentive)

(i) The timing to grant points

Points are granted to the Planned Recipients on the date of the Annual General Meeting of Shareholders each year (referred to as the "Point Grant Date" in the rest of "Calculation method of share-based remuneration (annual incentive)" section), as consideration for their execution of duties for the period beginning from the previous year's Annual General Meeting of Shareholders to the current year's Annual General Meeting of Shareholders (referred to as the "period for execution of duties" in the remuneration policy). The points to be granted shall not exceed the amount resolved at

the 14th Annual General Meeting of Shareholders held on June 21, 2019. The points will be granted only to the Directors who were in office until the conclusion of the Annual General Meeting of Shareholders held on the Point Grant Date (excluding Directors who were newly appointed at the said General Meeting of Shareholders).

(ii) The number of points to be granted

Points to be granted are calculated based on the following formula; provided, however, Directors who are appointed or changed his/her position in the middle of the period for execution of duties will be granted points calculated based on Officer Stock Benefit Rules “Annual Incentive” that sets out formula taking into account the timing and the reason of appointment or change in position.

(Formula)

Position points based on the position on the date of Point Grant Date (schedule 1) x Performance evaluation coefficient (schedule 2) based on the performance of the fiscal year previous to Point Grant Date (hereinafter referred to as the “Evaluation Period”).

Schedule 1: Position points

Position	Points
Director and Chairman	7,200
President and Director or President and Director, President and Chief Executive Officer	7,200
Director and Vice President or Director and Executive Vice President	5,400
Senior Managing Director or Director and Senior Managing Officer	4,500
Executive Director or Director and Executive Managing Officer	3,600
Director or Senior Managing Officer	2,412
Director [concurrent position: President and Representative Director of Seibu Railway Co., Ltd.]	4,500
Director [concurrent position: President and Representative Director of SEIBU PRINCE HOTELS WORLDWIDE INC.]	4,500
Director [concurrent position: President and Representative Director of SEIBU REALTY SOLUTIONS INC.]	3,600

* The above position points represent the maximum number of shares (points) for each position for each fiscal year under the Company’s annual incentive system. The maximum number of shares (points) shown above includes the number of shares (points) to be given in cash by making the conversion upon provision.

Schedule 2: Performance evaluation coefficient

Performance evaluation	Coefficient
Evaluation based on the undermentioned formula	0.0-1.0

(Formula)

Performance evaluation coefficient = $\frac{(\text{EBITDA coefficient [A]} + \text{ROE coefficient [B]})}{2}$

* If the actual value of either EBITDA or ROE does not meet the budget, performance evaluation coefficient will be 0. Calculation shall be made using the actual value and the budget value on a consolidated basis. Resulting performance evaluation coefficient shall be rounded to one decimal place.

[A] EBITDA coefficient: $\frac{(\text{Actual EBITDA} - \text{Budget EBITDA})}{(\text{Budget EBITDA} \times 0.1)}$

* If actual EBITDA is equal to or more than “annual budget + 10%,” then EBITDA coefficient is 1.

[B] ROE coefficient: $\frac{(\text{Actual ROE} - \text{Budget ROE})}{(\text{Budget ROE} \times 0.1)}$

* If actual ROE is equal to or more than “annual budget + 10%,” then ROE coefficient is 1.

* Indexes are defined as follows (all figures are based on the amount appearing in the consolidated

financial statements):

- EBITDA (operating profit before depreciation and amortization)
= Operating profit + Depreciation + Amortization of goodwill

Note that the figure for operating profit shall be the amount shown in the Consolidated Statement of Income, and depreciation and amortization of goodwill shall be the amount shown in the Consolidated Statements of Cash flows.

- ROE (return on equity) = Profit attributable to owners of parent / ((Equity at the beginning of the year + Equity at the end of the year) / 2) x 100
Note that Equity = Net assets – Share acquisition rights – Non-controlling interests.

(iii) The reason for selecting the index

We selected performance indexes based on the following reasons: EBITDA is an index that greatly relates to all facets of profit and finance of the Group, and is the index that is we give our greatest attention in making managerial judgements; ROE is one of the indexes that we focus greatly when considering shareholder value enhancement, and is the index that represent the year's net profit growth.

(iv) The amount of shares and cash to be given

Planned Recipients who has acquired the rights to receive the benefit shall receive the Company's share defined in [i] and cash defined in [ii] as described below.

i. Shares of the Company

The number of shares calculated based on the following formula, where 1 point will equal to 1 share

(Formula)

Number of shares = Number of points held x 60% (shares less than one unit are rounded off)

ii. Cash

The amount of cash calculated based on the following formula

(Formula)

Amount of cash = (Number of points held – Number of shares calculated by applying above [i]) x Market value of the Company's share as of the vesting date

* Market value of the Company's share shall be the closing price of the major financial instruments exchange where the Company's share is listed, on the day the market value is to be assessed. If the closing price is not announced on such day, then the Company shall retrospectively apply the most recent closing price available (hereinafter referred simply as "market value of the Company's share").

■ Calculation method of share-based remuneration (long-term incentive)

(i) The timing to grant points

Points are granted to the Planned Recipients on the date of the Annual General Meeting of Shareholders each year (together with the undermentioned retirement date, collectively referred to as the "Point Grant Date" in the rest of "Calculation method of share-based remuneration (long-term incentive)" section), as consideration for their execution of duties during the period for execution of duties. The points to be granted shall not exceed the amount resolved at the 14th Annual General Meeting of Shareholders held on June 21, 2019.

Apart from the above, if a Director retires on the day other than the day of the Annual General Meeting of Shareholders (including retirement by death; hereinafter the same applies unless otherwise specified), points are granted on such retirement day.

(ii) The number of points to be granted

Points listed in schedule 3 are granted to Directors based on their position as of the beginning date of the period for execution of duties; provided, however, Directors who are appointed or retired or changed his/her position in the middle of the period for execution of duties will be granted points calculated based on Officer Stock Benefit

Rules “Long-Term Incentive” that sets out formula taking into account the timing and the reason of appointment or retirement or change in position.

Schedule 3: Long-term incentive points

Position	Points
Director and Chairman	12,500
President and Director or President and Director, President and Chief Executive Officer	12,500
Director and Vice President or Director and Executive Vice President	7,500
Senior Managing Director or Director and Senior Managing Officer	6,000
Executive Director or Director and Executive Managing Officer	4,800
Director or Senior Managing Officer	3,600
Director [concurrent position: President and Representative Director of Seibu Railway Co., Ltd.]	6,000
Director [concurrent position: President and Representative Director of SEIBU PRINCE HOTELS WORLDWIDE INC.]	6,000
Director [concurrent position: President and Representative Director of SEIBU REALTY SOLUTIONS INC.]	4,800

* The above long-term incentive points represent the maximum number of shares (points) for each position for each fiscal year under the Company’s long-term incentive system. The maximum number of shares (points) shown above includes the number of shares (points) to be given in cash by making the conversion at the time of retirement.

(iii) The amount of shares and cash to be given

Provision to Planned Recipients who has acquired the rights to receive the benefit shall be carried out as described below:

a. When a Director retires due to expiration of his/her term of office or retires in the middle of his/her office due to the Group’s executive personnel changes

The Company’s share defined in [i] and cash defined in [ii] below will be given.

i. The Company’s share

The number of shares calculated based on the following formula, where 1 point will equal to 1 share

(Formula)

Number of shares = Number of points held x 60% (shares less than one unit are rounded off)

ii. Cash

The amount of cash calculated based on the following formula

(Formula)

Amount of cash = (Number of points held – Number of shares calculated by applying above [i]) x Market value of the Company’s share on the retirement date

b. When a Director retires from his/her office for other reasons (excluding retirement by death)

The Company’s shares are given in the number calculated where 1 point will equal to 1 share.

c. When a Director retires due to his/her death

The amount of cash calculated based on the following formula will be paid to the surviving family as survivor benefit.

(Formula)

Amount of cash = Number of points held x Market value of the Company’s share on the date of death

- Effective March 23, 2023, the following revisions were made to “Remuneration Policy for Directors of Seibu Holdings.” The chairperson of the Remuneration Advisory Committee was changed from the Representative Director to an Independent Outside Director, and the method for determining the basic remuneration of each Director was changed from the delegation to the Representative Director to the decision at the meeting of the Board of Directors.

- (2) The reason for the Board of Directors judging that the details of individual Director’s remuneration, etc. for the period under review complies with the policy on determining remuneration

In deciding the details of individual Director’s remuneration, etc., the Company obtains advice from the Remuneration Advisory Committee in order to ensure its objectivity. The Remuneration Advisory Committee, among whose members are four outside Directors forming a majority, carries out multifaceted deliberation by checking the consistency of the original proposal with remuneration policy or using data from external research organization to compare and examine the level of remuneration of relevant industry or corporate size. As such, the Board of Directors judge that the details of individual Director’s remuneration comply with the policy on determining remuneration.

4) Matters concerning delegation of decision making regarding individual Director’s remuneration, etc.

During the fiscal year under review, the Company has resolved at the Meeting of the Board of Directors held on June 22, 2022, to delegate the decision making authority regarding individual Director’s remuneration to GOTO Takashi, Representative Director (Director and President, in charge of control over corporate affairs and Compliance Dept.).

The detail of the delegated authority is to decide the amount of basic remuneration of each Director. The Company delegated such authority because the Company considers making agile management decisions on important business execution matters as one of the key functions of the Board of Directors, and believes that in order to decide the details of the remuneration by assessing each Director’s performance taking into account the overall performance of the Company and the Group, decision by the Representative Director who is at the position to control the business execution is more suited compared to deliberation and determination through consultation of the Board. In order to ensure objectivity in such decision making, the Representative Director first obtains advice from the Remuneration Advisory Committee and follows the Company’s policy on Director’s remuneration to determine the amount.

Effective March 23, 2023, the Company revised “Remuneration Policy for Directors of Seibu Holdings” to change the method for determining the basic remuneration of each Director from the delegation to the Representative Director to the decision at the meeting of the Board of Directors, in order to further improve the transparency and objectivity of determining remuneration of Directors. The amount of share-based remuneration for each Director (excluding Outside Directors) are determined in accordance with the internal regulations resolved by the Board of Directors.

(5) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

1) Relationship between the Company and other organizations where Outside Directors concurrently hold key positions

Organizations where Outside Directors concurrently hold key positions include the Company's subsidiaries Seibu Railway Co., Ltd., SEIBU PRINCE HOTELS WORLDWIDE INC. and SEIBU REALTY SOLUTIONS INC., as listed in "(1) Directors and Audit & Supervisory Board Members." No special relationships exist between the Company and other corporations or other entities.

2) Major activities of Outside Directors and Outside Audit & Supervisory Board Members during the current fiscal year

Four Directors, OHYA Eiko, GOTO Keiji, TSUJIHIRO Masafumi and ARIMA Atsumi attend the meetings of the Board of Directors, as well as other important meetings, including Management Council, Nomination Advisory Committee, Remuneration Advisory Committee and Corporate Governance Council to express their opinions based on each expertise. They play an important role to supervise the management.

Position	Name	Attendance to meetings of Board of Directors	Attendance to meetings of Audit & Supervisory Board	Contribution to meetings
Director	OHYA Eiko	19/19 (100%)	—	She possesses abundant knowledge regarding social conditions in Japan and overseas gained through activities as a commentator and a member of various panels and committees over many years. She has also wide knowledge of the media, and her broad and multifaceted statements backed by those activities and advice concerning changes in lifestyles and anticipation of a post-COVID-19 society enable the various perspectives from a consumer standpoint to be reflected in the Company's management, while leading to revitalization of the Management Council and the Board of Directors.
Director	GOTO Keiji	18/19 (94.7%)	—	As an attorney, he possesses a high degree of expertise, abundant experience, and deep insight with respect to corporate legal affairs. The Company receives advice from a risk management perspective concerning the legal compliance of each measure and the impact on reputation amid the need for adapting to change in the business environment in anticipation of a post-COVID-19 society, while also receiving advice from him in promoting sustainability actions.
Director	TSUJIHIRO Masafumi	19/19 (100%)	—	As a long-serving chief editor of an economic magazine and incumbent professor, faculty of economics at Teikyo University, he holds a high level of expertise and extensive experience and achievement related to the Japanese economy and corporate management. Amid the need to adapt to changes in the business environment in anticipation of a post-COVID-19 society, his expert opinions and advice on DX strategies and marketing including related to management judgments and corporate direction based on economic trends contributes to facilitate the Company's Board of Directors and promote the sustainable growth of the Company.

Position	Name	Attendance to meetings of Board of Directors	Attendance to meetings of Audit & Supervisory Board	Contribution to meetings
Director	ARIMA Atsumi	18/19 (94.7%)	–	She has a wealth of knowledge and experience in global affairs, including knowledge on finance such as M&A advisory services, which includes having served as an executive officer at a megabank. Amid the need to adapt to changes in the business environment in anticipation of a post-COVID-19 society, the Company receives advice from her at many levels such as proposing and executing management strategies and plans, fostering human capital, and ensuring diversity and sustainability, as well as advice from the perspective of general shareholders and investors on the Company's IR activities.
Audit & Supervisory Board Member	YANAGISAWA Giichi	15/15 (100%)	11/11 (100%)	He has advanced expertise, extensive experience, and sophisticated insight into finance and accounting as a certified public accountant and a tax accountant. His expertise helps to perform audits of the Company from a fair and neutral position, while providing the Company with opinions from a broad perspective, which was gained from his knowledge and experience.
Audit & Supervisory Board Member	SAKAMOTO Chihiro	14/15 (93.3%)	11/11 (100%)	He has advanced expertise, extensive experience, and sophisticated insight into corporate legal affairs as an attorney. His expertise helps to perform audits of the Company from a fair and neutral position, while providing the Company with opinions from a broad perspective, which was gained from his knowledge and experience.

Note: Activities for YANAGISAWA Giichi and SAKAMOTO Chihiro cover only the Board of Directors meetings held after their appointments on June 22, 2022.

<Reference> Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

For the Company's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to page 24.

5. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remunerations to Accounting Auditor for the current fiscal year

1) Remunerations payable to the Accounting Auditor for the fiscal year under review

¥143 million

2) Total amount of money and other financial profits to be paid by the Company and its subsidiaries

¥326 million

- Notes:
1. The audit agreement between the Company and its Accounting Auditor does not distinguish remuneration paid for audit work performed in conformity with the Companies Act and remuneration paid for audit work performed in conformity with the Financial Instruments and Exchange Act, and it is effectively impossible to do so. Therefore, the figure presented in the remunerations payable to the Accounting Auditor for the fiscal year under review above shows the total amount.
 2. The Audit & Supervisory Board agreed to the remuneration of the Accounting Auditor after reviewing the time taken to execute the planned duties and the trend of the estimated audit remuneration amount in previous fiscal years, as well as the planned and actual number of days taken to audit each item in the previous fiscal year, and discussing whether the time for the planned duties and estimated audit remuneration amount for the fiscal year under review were appropriate.

(3) Description of non-auditing services

Not applicable.

(4) Policy for decisions on dismissal and non-reappointment of Accounting Auditor

The Audit & Supervisory Board will dismiss the Accounting Auditor, with the unanimous consent of the Audit & Supervisory Board Members, in the event the Accounting Auditor is recognized as falling under any of the item listed in Article 340, paragraph (1) of the Companies Act.

Moreover, the Audit & Supervisory Board shall call for the dismissal or non-reappointment of the Accounting Auditor at a general meeting of shareholders if it is deemed that the Accounting Auditor's ability to properly execute its duties has been impeded and the reliability of its audit has been undermined due to a legal violation or other such act, or when otherwise deeming the action necessary.

6. Systems to ensure that business is conducted properly and operating status of relevant system

(1) Systems to ensure that business is conducted properly (The Seibu Holdings' Basic Policy on Internal Controls)

1) Objectives

The purpose of this statement of basic policy is to specify matters for Seibu Group companies, which include Seibu Holdings Inc. (hereinafter collectively referred to as the "Seibu Group"), such that pertain to Seibu Group initiatives to develop systems of internal control designed to ensure the adequacy and legal compliance of its business operations so that the Seibu Group can build a managerial platform to enable sustainable growth achieved in the spirit of the "Group Vision." The Seibu Group swiftly implements specific measures on the basis of the policies stipulated below, checks on implementation of such measures, and ceaselessly works to make improvements.

2) System to ensure that Directors and employees of the Seibu Group perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

- The Seibu Group adheres to the Seibu Group Corporate Code of Ethics which spells out the fundamental rules that all Seibu Group Directors and employees must take to heart, the aim of which is to ensure that the Group acts as part of society in upholding its responsibilities and earning the trust of others. The Seibu Group also instills a firm awareness of the Seibu Group Corporate Code of Ethics by stipulating guidelines for behavior to be practiced when executing job duties, and through other means that include distributing compliance manuals to the Directors and employees and providing them with training in that regard.
- In accordance with the Seibu Group Basic Rules on Compliance Systems, the Company has established the Seibu Group Corporate Ethics Committee, which is chaired by the President and works on developing a compliance framework for the Seibu Group and also checks on how the framework is operating. The Company also has a Compliance Department which comprises the department's general manager and staff members and is tasked with overseeing compliance matters. Moreover, the Company also sets up corporate ethics hotlines as well as sexual harassment and human relations hotlines both within and outside the Company, to enable swift identification and resolution of issues pertaining to Seibu Group compliance.
- The Seibu Group vows to sever any and all ties with antisocial forces. The Seibu Group also works with law enforcement authorities, attorneys and others in standing against such elements of society and otherwise takes a firm and organized stand in handling such matters, in accordance with the Seibu Group Basic Rules on Dealings with Antisocial Forces which stipulate fundamental principles for addressing matters involving antisocial forces.
- The Seibu Group maintains internal regulations that comply with laws and regulations and the Articles of Incorporation, and the Directors and employees perform their duties in accordance with such regulations.
- The Seibu Group establishes a legal compliance framework to ensure proper execution of duties, and works to improve units handling legal affairs so that the Group is ready to take firm action when laws and regulations are revised.
- The Seibu Group properly maintains, operates and evaluates internal control systems for financial reporting, and ensures that respective financial reports are reliable, in accordance with the Seibu Group Basic Rules on Internal Controls for Financial Reporting.
- The Company has established the Internal Audit and Internal Control Department, which functions independently of operating units. The department is tasked with performing internal audits, and duly monitors Seibu Group operations to ensure that they are adequate and in compliance with relevant laws and regulations and internal rules.

3) System for retaining and managing information pertaining to the performance of duties by Directors

- The Company clearly stipulates which units are to maintain responsibility for managing information and mechanisms in that regard, and also properly safeguards, manages and uses its overall information assets, in accordance with the Seibu Group Rules on Information Management.
- All documents pertaining to the performance of Company duties, such as minutes of the Board of Directors and Management Council meetings (including details recorded on electronic media), are tracked, stored, retained and discarded in accordance with procedures set forth in the Rules on Documentation. The Company's Directors and Audit & Supervisory Board Members may inspect all documents and other such information that has been stored and retained.
- The Company ensures proper safeguarding, management and use of information assets contained in information systems, in accordance with the Seibu Group Rules on Information Security.

4) Rules and other systems to manage financial risk of the Seibu Group

- The Company establishes units in charge of controlling risk, while also assessing risk, preemptively addressing risk-related matters, and forging a framework that enables measures to be taken swiftly should any specific risk materialize, in accordance with the Seibu Group Risk Management Policy and the Seibu Group Rules on Risk Management, which stipulates fundamental approaches and control frameworks for managing risk in the Seibu Group.
- The Company's Internal Audit and Internal Control Department monitors the efficacy and efficiency of its risk control framework. Any details regarding risk that emerges through such monitoring is shared with units in charge of risk management.

5) System to ensure that Directors of the Seibu Group perform their duties efficiently

- The Company holds meetings of the Board of Directors at least once per month, as a general rule, for the purpose of deliberating on matters of managerial importance. The Company has also established the Management Council, which comprises managing officers and others and adequately deliberates on matters of importance with respect to business execution.
- The "Group Vision" of the Seibu Group is shared among its Directors and employees, while Seibu Group Directors and executives also work to achieve objectives targeted in accordance with business plans established with the aim of realizing the "Group Vision" in mind. The Company's Board of Directors requests that performance reports be provided to executive divisions on a regular basis, and checks on progress toward achieving planned objectives.
- Individual companies of the Seibu Group establish respective organizational structures, divisions of job duties, and rules on administrative authority to ensure that operations are performed efficiently and in a systematic manner.
- The Company's Internal Audit and Internal Control Department monitors operations to ensure that they are performed efficiently.

6) System to ensure proper business operations in the Group, comprising the stock company and its parent company and subsidiaries

- The Seibu Group shares the "Group Vision" across the entire group, and engages in business activities drawing on the whole group toward making the "Group Vision" a reality. Moreover, each company of the Seibu Group adheres to the Seibu Group Corporate Code of Ethics and acts as a part of society in upholding their responsibilities.
- The Seibu Group ensures that decision making and business operations of respective Seibu Group companies are performed properly and efficiently in accordance with the Seibu Group Rules on Subsidiary and Associate Management. Furthermore, matters of importance with respect to business operations of subsidiaries are referred or reported to the Company in accordance with the

categories for operation procedures prescribed in the Seibu Group Rules on Subsidiary and Associate Management.

- The Company's Compliance Department and Internal Audit and Internal Control Department readily act in conjunction with relevant units of respective Seibu Group companies in cooperating, providing guidance and lending support with respect to compliance efforts and internal audits, aggregating risk data, and forging mechanisms that enable shared contingency response measures.
- The Seibu Group ensures that business operations are efficient through active use of information technologies, while also seeing to it that information systems are managed and operated properly, in accordance with the Seibu Group Basic Policy on Information Technology, the Seibu Group Rules on Management and Operation of Information Systems, and the Seibu Group Rules on Information Security Systems.

7) Matters relating to employees who assist Audit & Supervisory Board Members upon request of such Audit & Supervisory Board Members for assistance

- The Seibu Group establishes Audit & Supervisory Board Member's Offices each with their own respective general managers and staff members and act as units that assist the Audit & Supervisory Board Members in their duties. Audit & Supervisory Board Member's Offices staffing is determined upon giving due consideration to the views of the Audit & Supervisory Board Members.

8) Matters relating to independence from Directors of employees who assist Audit & Supervisory Board Members and ensuring effectiveness of instructions given to the relevant employees

- Staff members of Audit & Supervisory Board Member's Offices perform their duties under the Audit & Supervisory Board Members' chain of command.
- Matters such as employee reassignment and personnel evaluations involving staff of Audit & Supervisory Board Member's Offices are determined upon gaining approval of the Audit & Supervisory Board Members.

9) System for Directors, employees, and directors, audit & supervisory board members, employees, etc. of subsidiaries to report to Audit & Supervisory Board Members

- Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons provide necessary reports and information to the Audit & Supervisory Board Members.
- Reports and information provided to the Audit & Supervisory Board Members, as stipulated in the previous item, mainly include details regarding:
 - (a) Upgrades and maintenance of internal control systems;
 - (b) Internal audits, compliance and risk controls;
 - (c) Material matters involving litigation and disputes;
 - (d) The state of initiatives involving internal audit units of individual Seibu Group companies;
 - (e) Disclosure of corporate information;
 - (f) Circulation of important documents pertaining to the performance of business operations such as minutes of Management Committee meetings and approval documents (*ringi*); and
 - (g) Other matters involving requests of the Audit & Supervisory Board Members for reports or information.
- Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons will not be treated unfavorably on account of their reporting to the Audit & Supervisory Board Members.

10) Other systems to ensure that Audit & Supervisory Board Members perform audits effectively

- The Audit & Supervisory Board Members may attend, and state their views at important meetings such as those of the Management Council.
- In order to perform efficient and effective audits, the Audit & Supervisory Board Members may seek cooperation from individuals and entities including the Compliance Department, Internal Audit and Internal Control Department, and representative directors and audit & supervisory board members of respective Seibu Group companies.
- The Audit & Supervisory Board Members may seek advice as necessary from outside experts (attorneys, certified public accountants, licensed tax accountants, etc.).
- Expenses necessary for the performance of duties of the Audit & Supervisory Board Members are to be borne by the Company. When spending audit costs, the Audit & Supervisory Board Members pay attention to the efficiency and fairness thereof.
- The Representative Directors hold regular meetings with the Audit & Supervisory Board Members where they exchange views regarding key issues pertaining to audits and other such matters.

(2) Operating status of systems to ensure that business is conducted properly

At the start of the fiscal year, the Company formulates an annual plan based on the items of the Seibu Holdings' Basic Policy on Internal Controls, having considered the status of initiatives in the previous fiscal year, and reports the plan to the Board of Directors. At the interim period, a progress report is made to the Board of Directors and matters to be noted for the second half of the fiscal year are confirmed to ensure the effectiveness of the plan. Moreover, the execution status is verified at the end of the fiscal year and points for improvement are identified for reflection in the annual plan for the following fiscal year. In this way, a PDCA cycle is established.

Specific operating status of systems in the current fiscal year is detailed below. To prevent the spread of infection to our customers and employees, the Company has properly implemented a range of measures under the influence of COVID-19.

■Compliance system

To continuously promote compliance-oriented management, the Company utilized e-learning tools and online streaming to implement activities to entrench compliance, evaluate and monitor the effectiveness of internal control over financial reporting at each Group company, and to eliminate antisocial forces.

In addition, we have formulated, and strived to disseminate and establish the Seibu Group Human Rights Policy to more concretely express the Seibu Group's approach to "respect for human rights" as stipulated in the Seibu Group Code of Corporate Ethics, and to appropriately respond to the risk of corporate human rights violations, which is a growing concern both in Japan and overseas.

■Document and information management system

Given an increase in remote work, the Company implemented appropriate management of paper and electronic documents by continuing its work on computerizing the accounting records and approval procedure, and promotion of a paperless and paper-stockless workplace and introducing a new electronic contract system.

In addition, as information security measures, we reviewed our information security guidelines, and conducted training for employees through e-learning and targeted attack e-mail training.

■Risk management system

The Company worked systematically and integrally to reduce risks that impede the achievement of the management plan targets and confirmed the status of progress on each type of initiative.

In addition, the Company has implemented a Group-wide Risk Management Plan which was created to further enhance the effectiveness of its risk management, by clarifying the severity of each risk and the risks to focus on by utilizing a Group Risk Map.

■System for efficient decision-making and business execution in line with management policy

With respect to the questionnaire survey conducted to help the Board of Directors fulfill its role and responsibilities appropriately, the Company improved the precision of its analysis and evaluation of the survey, for example by asking questions based on the Corporate Governance Code revised in 2021. Based on the questionnaire results, the Company held a meeting of the Corporate Governance Council, the majority of whose members are Outside Directors, and confirmed the effectiveness of the Board of Directors, and also identified and shared issues.

Furthermore, to improve the effectiveness of the Board of Directors, the Company secured sufficient time for discussing each proposal through a range of measures, such as distributing meeting materials in advance. In addition, the Company enhanced deliberations at meetings by raising awareness of the management PDCA cycle for even more active discussions.

In addition, the Company has clarified the points of discussions and issues for the monitoring of “management reforms,” “digital management,” and “sustainability” which are the topics of the “FY2021-FY2023 Seibu Group’s Medium-term Management Plan,” as well as promoting discussion on human capital strategies.

To enhance the efficiency of Management Council and Board of Directors meetings, the Company used not only the web conferencing system to share the materials, but also the collaboration tools which enable video conference to secure the environment to facilitate a good and efficient discussion.

■Group management system

To secure the appropriateness of operations amid the changing Group systems such as the shift to an asset-light model centered on the Hotel and Leisure business and reorganization, the Company grasped the issues through regular reporting, conducted appropriate consultations among relevant parties, and developed a crisis management system.

In addition, to maintain and improve the quality of the Group’s audits, the Company provided training to and shared information with each Group company, and inspected and evaluated all audits conducted by Group companies.

With respect to matters to be discussed and reported by Group companies, the Company continued to maintain an appropriate and effective management system, by promoting the efficiency of business structures and the integration of operations and systems, including preparations for the introduction of workflow systems.

■System relating to Audit & Supervisory Board Members

To assist the Audit & Supervisory Board Members in performing their duties, the Company allocated staff dedicated to support operations, and thus, ensured their independence.

Audit & Supervisory Board Members conducted hearings with relevant companies to secure appropriate reporting systems for Audit & Supervisory Board Members.

Looking ahead, the Company will continue to appropriately and effectively implement systems for ensuring proper business operations, and will undertake various measures.

Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
I. Current assets	94,373	I. Current liabilities	367,867
1. Cash and deposits	25,988	1. Notes and accounts payable - trade	17,566
2. Notes and accounts receivable - trade, and contract assets	29,991	2. Short-term borrowings	131,537
3. Land and buildings for sale in lots	5,322	3. Lease liabilities	1,136
4. Merchandise and finished goods	1,151	4. Income taxes payable	9,603
5. Costs on construction contracts in progress	102	5. Advances received	103,280
6. Raw materials and supplies	3,169	6. Provision for bonuses	5,871
7. Other	28,744	7. Provision for loss on guarantees	809
Allowance for doubtful accounts	(95)	8. Other provisions	1,977
II. Non-current assets	1,493,460	9. Asset retirement obligations	66
1. Property, plant and equipment	1,378,748	10. Other	96,018
(1) Buildings and structures	497,252	II. Non-current liabilities	842,333
(2) Machinery, equipment and vehicles	62,947	1. Bonds payable	50,000
(3) Land	660,547	2. Long-term borrowings	593,136
(4) Leased assets	13,807	3. Long-term accounts payable to Japan railway construction, transport and technology agency	6,014
(5) Construction in progress	127,105	4. Lease liabilities	10,563
(6) Other	17,087	5. Deferred tax liabilities	104,326
2. Intangible assets	23,245	6. Deferred tax liabilities for land revaluation	7,829
(1) Leased assets	24	7. Provision for retirement benefits for directors (and other officers)	431
(2) Other	23,221	8. Provision for share awards for directors (and other officers)	279
3. Investments and other assets	91,466	9. Other provisions	69
(1) Investment securities	61,617	10. Retirement benefit liability	19,809
(2) Long-term loans receivable	269	11. Asset retirement obligations	1,556
(3) Retirement benefit asset	15,893	12. Liabilities from application of equity method	15,449
(4) Deferred tax assets	5,330	13. Other	32,865
(5) Other	8,654		
Allowance for doubtful accounts	(299)	Total liabilities	1,210,201
		Net assets	
		I. Shareholders' equity	334,499
		1. Share capital	50,000
		2. Capital surplus	96,519
		3. Retained earnings	241,154
		4. Treasury shares	(53,174)
		II. Accumulated other comprehensive income	37,951
		1. Valuation difference on available-for-sale securities	8,227
		2. Revaluation reserve for land	11,580
		3. Foreign currency translation adjustment	15,431
		4. Remeasurements of defined benefit plans	2,711
		III. Share acquisition rights	193
		IV. Non-controlling interests	4,988
		Total net assets	377,633
Total assets	1,587,834	Total liabilities and net assets	1,587,834

Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
I. Operating revenue		428,487
II. Operating expenses		
1. Operating expenses and cost of sales of transportation	366,305	
2. Selling, general and administrative expenses	40,026	406,332
Operating profit		22,155
III. Non-operating income		
1. Interest income	9	
2. Dividend income	957	
3. Subsidy to keep a bus on a regular route	992	
4. Subsidies for infection-prevention measures	1,412	
5. Subsidies for employment adjustment	927	
6. Other	2,678	6,977
IV. Non-operating expenses		
1. Interest expenses	7,673	
2. Share of loss of entities accounted for using equity method	12	
3. Other	1,312	8,999
Ordinary profit		20,133
V. Extraordinary income		
1. Gain on sale of non-current assets	80,522	
2. Contribution received for construction	884	
3. Subsidy income	85	
4. Gain on sale of investment securities	1,174	
5. Other	596	83,261
VI. Extraordinary losses		
1. Impairment losses	37,066	
2. Loss on sale of non-current assets	1	
3. Loss on retirement of non-current assets	1,897	
4. Tax purpose reduction entry of contribution for construction	881	
5. Loss on tax purpose reduction entry of non-current assets	83	
6. Loss on sale of investment securities	168	
7. Loss on valuation of investment securities	14	
8. Other	1,270	41,384
Profit before income taxes		62,011
Income taxes - current	10,600	
Income taxes - deferred	(6,920)	3,680
Profit		58,330
Profit attributable to non-controlling interests		1,577
Profit attributable to owners of parent		56,753

Consolidated Statement of Changes in Equity

(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

Notes to Consolidated Financial Statements

Notes on significant matters forming the basis for preparing consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 78 companies

Names of principal consolidated subsidiaries

Seibu Railway Co., Ltd.
SEIBU PRINCE HOTELS WORLDWIDE INC.
SEIBU REALTY SOLUTIONS INC.
Seibu Bus Co., Ltd.
Seibu Lions, Inc.
Izuhakone Railway Co., Ltd.
Ohmi Railway Co., Ltd.

- (2) Number of non-consolidated subsidiaries: 2 companies

Names of non-consolidated subsidiaries

PRINCE HOTELS (THAILAND) Co., Ltd.
Seibu Singapore Pte Ltd.

The two non-consolidated subsidiaries are small in size and the aggregate total assets, net sales, profit (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage) and other indicators do not have a material effect on the consolidated financial statements and have therefore been excluded from the scope of consolidation.

2. Application of the equity method

- (1) Number of associates accounted for using the equity method: 3 companies

Company name

Ikebukuro Shopping Park Co., Ltd.
NW Corporation Inc.
Chichibu Machizukuri Inc.

- (2) Number of non-consolidated subsidiaries not accounted for by the equity method: 2 companies

Company name

PRINCE HOTELS (THAILAND) Co., Ltd.
Seibu Singapore Pte Ltd.

The two non-consolidated subsidiaries not accounted for by the equity method have a minimal effect on profit, retained earnings and others and are not material as a whole, and have therefore been excluded from the scope of application of the equity method.

- (3) Since the accounting period of Ikebukuro Shopping Park Co., Ltd., an associate accounted for using the equity method, is different from that of the Company, financial statements for the associate's fiscal year are used.

3. Fiscal year end of consolidated subsidiaries

- (1) The balance sheet dates of the Company's consolidated subsidiaries are as follows:

End of December: 33 companies
End of March: 45 companies

- (2) Of the Company's subsidiaries whose balance sheet date is the end of March, the Company has consolidated the financial information of StayWell Hospitality Management Pvt Limited using its financial statements as of the end of December that were prepared for consolidation purposes. For the other subsidiaries, the Company has consolidated their financial information using their financial statements as of their respective balance sheet dates.
For significant transactions that occurred between the date of the consolidated financial statements and the above balance sheet dates, necessary adjustments have been made for consolidation purposes.

4. Accounting policies

(1) Valuation bases and methods of significant assets

i. Securities

Other securities

Other than shares, etc. that do not have a market price

Stated at fair value based on the market price or the like at the fiscal year-end.

(Unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method.)

Shares, etc. that do not have a market price

Stated at cost based on the moving-average method.

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph (2) of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

ii. Inventories

Inventories held for sale in the ordinary course of business

Stated at cost.

(Amounts on the balance sheet for inventories other than costs on uncompleted construction contracts are determined based on the method of writing down the book value in accordance with the declining in profitability of assets.)

Land and buildings for sale in lots

Principally, average cost method (weighted average cost method) or identified cost method for land, and identified cost method for buildings

Merchandise and finished goods

Principally, average cost method (weighted average cost method)

Costs on construction contracts in progress

Stated using the identified cost method.

Raw materials and supplies

Principally, average cost method (weighted average cost method or moving average method)

(2) Depreciation and amortization method for significant depreciable assets

i. Property, plant and equipment (excluding leased assets)

Depreciation method for Urban Transportation and Regional business, etc.

Depreciated mainly using the declining balance method. However, buildings (excluding accompanying facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

Depreciation method for Hotel and Leisure business, etc.

Depreciated mainly using the straight-line method.

The useful lives for major assets are as follows:

Buildings and structures 2 to 62 years

Machinery, equipment and vehicles 2 to 20 years

ii. Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is stated using the straight-line method based on usable period within the Company (mainly 5 years).

iii. Leased assets

Leased assets under finance lease transactions that transfer ownership

Depreciated using the same method as that applied to self-owned property, plant and equipment.

Leased assets under finance lease transactions that do not transfer ownership

Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.

(3) Significant allowances and provisions

i. Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

ii. Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is recognized.

iii. Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to Directors, the amount to be paid at the fiscal year-end, based on the Rules on Directors' Retirement Benefits, is recognized.

iv. Provision for share awards for directors (and other officers)

To prepare for the payment of share awards to Directors, the amount expected to be paid based on the officer stock benefit rules, is recognized as provision for share awards for directors (and other officers).

v. Provision for loss on guarantees

To prepare for the case where there is remaining outstanding obligations related to trust assets at the termination of the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP), the amount of loss expected to be incurred is recognized.

(4) Other significant matters for preparing the consolidated financial statements

i. Standards for recognizing revenue and expenses

The main performance obligations and the normal timing at which revenue is recognized in the main businesses are as follows.

Railway operations and bus operations

Railway operations and bus operations in the Urban Transportation and Regional business segment earn revenue mainly from the sale of passenger tickets and commuter passes. For passenger tickets, the performance obligation is deemed to be satisfied when transportation services are provided, and revenue is recognized when the services are rendered. For the sale of commuter passes, the performance obligation to provide transportation is deemed to be satisfied over the period during which the commuter pass is valid, and revenue is recognized according to the valid period.

Domestic hotel operations and overseas hotel operations

Domestic hotel operations and overseas hotel operations in the Hotel and Leisure business segment earn revenue mainly from the sale of accommodation and the use of restaurants and banquets in the hotels. For the sale of accommodation, since the provision of rooms is a performance obligation and the right to use the rooms is transferred to the customer upon check-in, the performance obligation is deemed to be satisfied, and the revenue recognized, when the customer checks in. However, for consecutive nights, the Company recognizes revenue for each day of the stay. For restaurants and banquets, the performance obligation is deemed to be satisfied when services are provided, and revenue is recognized at the time of completion of the services.

Leasing operations

Leasing operations in the Real Estate business segment earn revenue mainly by leasing office buildings, commercial facilities, and residences owned by Group companies. Rent revenue is recognized over the lease term in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007), etc.

Agent transactions

When recognizing the revenue of goods or services, if the Group determines that it controls such goods or services prior to providing them to the customer, the revenue is recognized as a principal transaction; otherwise, the revenue is recognized as an agent transaction. For transactions in which the Group's role in provision of goods or services to customers is an agent, revenue is recognized at the net amount calculated by deducting the amount paid to suppliers from the amount received from customers.

- ii. Translation of major assets or liabilities denominated in foreign currencies
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the consolidated statements of income. Assets and liabilities of foreign subsidiaries are translated into yen at the spot exchange rates in effect at the balance sheet date. Revenue and expenses are translated into yen at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments in net assets.
- iii. Method of significant hedge accounting
The Company and certain domestic subsidiaries adopt hedge accounting.
 - Method of hedge accounting
Special treatment is applied for interest rate swaps.
 - Hedging instruments and hedged items
Interest rate swap transactions are used for interest on variable-rate long-term borrowings.
 - Hedging policy
To mitigate interest rate fluctuation risks, hedges are performed to the extent that requirements of hedge accounting are met.
 - Method of assessing hedge effectiveness
Assessment of effectiveness is omitted for interest rate swaps since special treatment is applied for them.
- iv. Recognition of net defined benefit liability
To prepare for the payment of employees' retirement benefits, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability, based on the estimated amount at the end of the current fiscal year.
Past service costs are amortized as incurred by the straight-line method over periods (principally 10 years) which are equal to or shorter than the average remaining years of service of the eligible employees.
Actuarial gains and losses are amortized in the fiscal year following the fiscal year in which the gains or losses are recognized by the straight-line method over periods (principally 10 to 15 years) which are equal to or shorter than the average remaining years of service of the eligible employees.
Unrecognized actuarial gains and losses and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjustment of tax effects.
- v. Method of treatment of significant deferred assets
Bond issuance cost is fully accounted for as expenses when incurred.
- vi. Treatment of contribution for construction
In engaging in construction, etc. of facilities in the railway operation and other operations, some consolidated subsidiaries have received contribution for construction from local municipalities as part of construction costs.
This contribution for construction is recorded by directly reducing the acquisition cost of non-current assets for which contribution for construction was received at the completion of the construction.
In the consolidated statement of income, "Contribution received for construction" is recorded in extraordinary income, and the amount directly reduced from the acquisition cost of non-current assets is recorded as "Tax purpose reduction entry of contribution for construction" in extraordinary losses.

For expenses incidental to assets acquired with contribution for construction in the railway operations, the amount corresponding to contribution for construction is directly deducted from “Contribution received for construction.”

Notes on changes in accounting policies

1. 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.

2. 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.

Notes on changes in presentation

1. Matters concerning the consolidated statements of income

(1) Foreign exchange gains

“Foreign exchange gains,” which was presented separately in the fiscal year ended March 31, 2022, is included in “Other” under non-operating income from the fiscal year ended March 31, 2023 due to the decrease in the significance of the amount.

In the fiscal year ended March 31, 2023, “Foreign exchange gains” included in “Other” under non-operating income was ¥525 million.

Notes on Accounting Estimates

The following is a list of items for which the amounts were recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the next fiscal year.

1. Impairment of non-current assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Impairment losses	¥ 37,066 million
Property, plant and equipment and intangible assets	¥ 1,401,994 million

(2) Information that contributes to understanding the details of accounting estimates

For non-current assets, if the total undiscounted future cash flows from an asset or asset group, for which an indication of impairment is identified, are less than the book value of the asset or asset group, the book value is reduced to the recoverable amount, and the reduced amount is recorded as impairment losses. Future changes in uncertain economic conditions and other factors may affect this estimate. Accordingly, if future cash flows decrease as a result of such changes, the Group may be required to recognize additional impairment losses in the consolidated financial statements for the next fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Deferred tax assets (before offsetting deferred tax liabilities)	¥ 24,926 million
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(2) Information that contributes to understanding the details of accounting estimates

In recognizing deferred tax assets, the Group estimates the timing when taxable income arises and the amount of such income based on future business plans. Future changes in uncertain economic conditions and other factors may affect these estimates. Accordingly, if the actual timing and amount differs from the estimates, this may have a significant impact on the amount of deferred tax assets in the consolidated financial statements for the next fiscal year.

3. Accounting estimates related to COVID-19

The Group formulated the “FY2021-FY2023 Seibu Group’s Medium-term Management Plan,” targeting, for its planned figures, a return to pre-COVID-19 pandemic profit levels by FY2023 through management reforms and such, based on the assumption that the COVID-19 pandemic being brought under control by FY2022, setting inbound tourism and the Japanese economy on recovery paths for FY2023. However, for FY2023, the Company made calculations based on the assumption that a return to pre-COVID-19 pandemic profit levels in FY2024 or after, by appropriately reflecting delays in the recovery of inbound tourism and sales from transportation in the railway operations due to the changed environment, and changes such as soaring costs for power and raw materials. The accounting estimates regarding the impact of the COVID-19 pandemic on the Group has been made assuming such planned figures.

Furthermore, there are uncertainties in the impact of COVID-19 and others. Therefore, the actual results may differ from the above assumptions.

Notes to the consolidated balance sheet

1. Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment	¥ 1,031,497 million
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Accumulated depreciation includes accumulated impairment losses.

2. Pledged assets and secured debts

(1) Assets pledged as collateral are as follows:

Foundation collateral

Land	¥113,512 million
Buildings and structures	¥160,474 million
Machinery, equipment and vehicles	¥44,633 million
“Other” in property, plant and equipment	¥1,333 million
<hr/> Total	<hr/> ¥319,954 million

Other assets pledged as collateral

Cash and deposits	¥20 million
Land	¥2,550 million
Buildings and structures	¥474 million
<hr/> Total	<hr/> ¥3,045 million

Obligations secured are as follows:

Long-term borrowings	¥95,640 million
Current portion of long-term borrowings (short-term borrowings)	¥8,983 million
Long-term accounts payable to Japan railway construction, transport and technology agency	¥5,728 million
Accounts payable to Japan railway construction, transport and technology agency (“Other” under current liabilities)	¥834 million
Notes and accounts payable - trade	¥20 million

(2) In addition to the above, a pledge is created over the investment securities of ¥220 million as security for obligations by the investee companies.

3. Assets pledged for lending stocks

Pledged assets for and funds procured with lending stocks are as follows:

(1) Assets pledged for lending stocks

Investment securities	¥737 million
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(2) Funds procured with lending stocks

“Other” in current liabilities	¥500 million
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4. Notes on non-consolidated subsidiaries and associates

The amount to non-consolidated subsidiaries and associates is as follows:

Investment securities (stocks)	¥2,393 million
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5. Guarantee obligations

Guarantees have been made for borrowings, etc. as follows:

Lease liabilities guarantees	¥97 million
Tie-up loan guarantees	¥11 million
Total	¥108 million

6. Accumulated contributions for construction

Accumulated contributions for construction directly reduced from acquisition cost of non-current assets are as follows:

¥153,367 million

7. Revaluation of land used for business

Pursuant to the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998 and Act No. 24, promulgated on March 31, 1999), land used for business was revaluated, and revaluation reserve for land was recorded in net assets.

• Revaluation method

The revaluation is calculated by making reasonable adjustments based on the assessed value of non-current assets stipulated in Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998).

• Date of revaluation

March 31, 2000

• The amount calculated by deducting the fair value from the book value of revaluated land after the revaluation at the end of the current fiscal year is as follows:

¥5,404 million

8. Loan commitment agreements

The Company has entered into loan commitment agreements with seven banks to efficiently raise working capital.

The balance of unexecuted borrowings is as follows:

Total amount of loan commitments	¥150,000 million
Borrowings outstanding	¥41,400 million
Balance of unexecuted borrowings	¥108,600 million

9. Restrictive financial covenant for maintaining net assets and profits

- (1) The Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Short-term borrowings	¥5,115 million
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Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥181,500 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (2) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Short-term borrowings	¥1,000 million
Long-term borrowings	¥3,000 million
Total	¥4,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥200,800 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (3) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥10,000 million
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Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥253,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (4) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥8,000 million
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Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥259,200 million or more.

- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (5) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥10,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥280,000 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (6) Other than the above, the Company has made a commitment for its loan commitment agreement dated on April 7, 2021 as described in “8. Loan commitment agreements” above as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥280,000 million or more.

- (7) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥15,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥283,400 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

10. A portion of the Company’s shares held by equity-method associates corresponding to the Company’s equity in the aforementioned associates were recognized as treasury shares. The book value and number of shares of the relevant treasury shares are ¥52,378 million and 21,998 thousand shares.

Notes to the consolidated statement of changes in equity

1. Class and total number of shares issued

(Shares)

Class of shares	Number of shares at the beginning of the current fiscal year	Increase	Decrease	Number of shares at the end of the current fiscal year
Common shares	323,462,920	–	–	323,462,920

2. Dividends

(1) Amount of dividend payments

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Proposal of the Annual General Meeting of Shareholders held on June 22, 2022	Common shares	¥1,616 million	¥5.00	March 31, 2022	June 23, 2022
Proposal of the Board of Directors meeting held on November 10, 2022	Common shares	¥1,616 million	¥5.00	September 30, 2022	December 2, 2022

- Notes:
1. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders held on June 22, 2022 includes the dividends of ¥3 million on the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E).
 2. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders held on June 22, 2022 includes the dividends of ¥109 million on the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates.
 3. Total amount of dividends by a resolution of the Board of Directors meeting held on November 10, 2022 includes the dividends of ¥2 million on the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E).
 4. Total amount of dividends by a resolution of the Board of Directors meeting held on November 10, 2022 includes the dividends of ¥109 million on the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates.

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Proposal of the Annual General Meeting of Shareholders to be held on June 21, 2023	Common shares	Retained earnings	¥6,465 million	¥20.00	March 31, 2023	June 22, 2023

- Notes:
1. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders to be held on June 21, 2023 includes the dividends of ¥5 million on the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E).
 2. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders to be held on June 21, 2023 includes the dividends of ¥439 million on the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates.

3. Class and number of shares underlying share acquisition rights at the end of the current fiscal year (excluding those for which the exercise period has not started).

Common shares 108,400 shares

Financial instruments

1. Status of financial instruments

(1) Policy for financial instruments

In principle, the Group concentrates loans from financial institutions such as banks and financing through issuance of bonds in the Company and improves the efficiency of financing and fund management by centralizing funds within the Group. As the policy, the Group utilizes derivatives for the purpose of hedging interest rate fluctuation risks on borrowings and does not enter into such transactions for speculative purposes.

(2) Content and risks of financial instruments and risk management system

Notes and accounts receivable - trade, which are operating receivables, are exposed to credit risks of customers. For such risks, the Group researches credit risks of business partners as needed and conducts transactions based on the necessary internal procedures.

In addition, the Group works to identify and reduce doubtful accounts as soon as possible by managing due dates and balances for each business partner.

Investment securities are mainly stocks of companies with which the Group has business relationships and exposed to risks of fluctuations in their market prices. However, their fair values obtained are reported to the Board of Directors periodically.

Notes and accounts payable - trade, which are operating debts, are mainly due within one year.

Borrowings and bonds are mainly for financing for business transactions and capital investment.

Variable-rate borrowings are exposed to interest rate fluctuation risks, but derivatives (interest rate swaps) are utilized as hedging instruments by individual agreement for some of variable-rate long-term borrowings to hedge risks of fluctuations in interests paid and fix interest expenses. Since these interest rate swaps satisfy the requirements for special treatment, the assessment of the effectiveness is omitted due to this determination.

Derivatives are executed and managed in accordance with the internal rules that stipulate transaction authority. In utilizing derivatives, the Group has transactions only with high-rated financial institutions to mitigate credit risks.

Operating debts, borrowings and bonds are exposed to liquidity risks but are managed by means such as establishment of commitment lines and preparation of funding plans.

(3) Supplemental remarks on fair values of financial instruments

As changeable factors are included in calculating fair values of financial instruments, if different assumptions, etc. are used, these values could vary.

2. Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair value, and the difference between them as of March 31, 2023 are as shown below. Shares, etc. that do not have a market price are not included in “(1) Investment securities” (See Note).

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Investment securities	53,562	53,562	–
Total assets	53,562	53,562	–
(1) Bonds payable	50,000	48,768	(1,231)
(2) Long-term borrowings (*2)	638,987	626,845	(12,142)
Total liabilities	688,987	675,614	(13,373)
Derivatives	–	–	–

(*1) Information regarding cash and monetary receivables and payables, etc. that are settled in a short time period is omitted since their fair value approximates their carrying amount.

(*2) Current portion of long-term borrowings is included in “(2) Long-term borrowings.”

Note: Shares, etc. that do not have a market price

(Millions of yen)

Category	Carrying amount in the consolidated balance sheet
Unlisted shares	4,631
Unlisted share acquisition rights	199
Shares of non-consolidated subsidiaries and associates (*1)	2,393
Investments in partnerships, etc. (*2)	966

(*1) See “4. Notes on non-consolidated subsidiaries and associates” under “Notes to the consolidated balance sheet” for information regarding shares of non-consolidated subsidiaries and associates.

(*2) Investments in partnerships, etc. are primarily limited liability partnerships, etc. These are not subject to disclosure of fair value in accordance with paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

3. Matters related to breakdown of financial instruments by level of fair values, etc.

Fair values of financial instruments are categorized into the following three levels in accordance with the observability of inputs used to determine fair values and their significance.

Fair values of Level 1: Fair values determined by quoted prices related to assets and liabilities subject to measurement of fair values formed in active markets from among the observable inputs related to measurement of fair values

Fair values of Level 2: Fair values determined using inputs related to measurement of fair values other than Level 1 inputs from among observable inputs related to measurement of fair values

Fair values of Level 3: Fair values determined using unobservable inputs related to measurement of fair values

Where multiple inputs are used that have a significant impact on measurement of fair value, the fair value is categorized in the level that has the lowest level of priority in measurement of fair value from among the levels those inputs belong.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	53,562	–	–	53,562
Total assets	53,562	–	–	53,562

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	48,768	–	48,768
Long-term borrowings	–	626,845	–	626,845
Total liabilities	–	675,614	–	675,614

Note: Explanation of valuation techniques and inputs used to measure fair value

Investment securities

Listed shares are valued using the quoted price. Listed shares are traded on active markets, so their fair values are categorized as fair values of Level 1.

Bonds payable

Fair values of bonds are calculated by discounting at the weighted average interest rate, calculating based on the balance at fiscal year-end and the average compound yield rate on the fiscal year-end in the reference statistical price published by the Japan Security Dealers Association. They are categorized as fair values of Level 2.

Long-term borrowings

For fair values of long-term borrowings, the book values are used as the fair values for borrowings with floating interest rates, given that the fair values are deemed to approximate the book values their interest rates are reviewed on a short-term interval to reflect market interest rates. For borrowings with fixed interest rates, the fair values are calculated by discounting the sum of the principal and interest at the interest rates obtained assuming that similar loans are newly provided. These are categorized as fair values of Level 2. Interest rate swaps which are accounted for applying the special treatment are recorded using the method where their amounts are calculated by discounting the total amount of principal and interest that are treated in conjunction with the interest rate swaps at the interest rate assumed if a similar loan is newly made.

Investment and rental properties

1. Status of investment and rental properties

Some consolidated subsidiaries own rental commercial facilities, rental office buildings, rental apartments and idle properties in Tokyo and other areas.

Some of these rental facilities, which are used by the Company and some consolidated subsidiaries, are considered to be properties including the portion used as investment and rental properties.

The carrying amounts in the consolidated balance sheets and fair values of these investment and rental properties and properties including the portion used as investment and rental properties as follows:

2. Fair values of investment and rental properties

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value
Investment and rental properties	162,727	294,328
Properties including the portion used as investment and rental properties	192,618	378,775

Notes: 1. The carrying amount in the consolidated balance sheet is the acquisition cost less accumulated depreciation and impairment losses.

2. The fair values of main properties are based on real estate appraisal value calculated by external real estate appraisers (including amounts adjusted using indicators, etc.), while the fair values of other properties are based on amounts adjusted using certain appraisal value and indicators considered to appropriately reflect market prices.

Revenue recognition

1. Information on disaggregation of revenue from contracts with customers

(Millions of yen)

	Reportable segments					Adjustments (Note 2)	Amount in the consolidated financial statement
	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Other (Note 1)	Total		
Railway operations	90,708	–	–	–	90,708		
Bus operations	21,032	–	–	–	21,032		
Lifestyle service operations along railway lines	17,926	–	–	–	17,926		
Sports operations	2,985	17,158	–	–	20,144		
Domestic hotel operations	–	121,865	–	–	121,865		
Overseas hotel operations	–	30,061	–	–	30,061		
Leasing operations	–	–	3,082	–	3,082		
Others	3,297	18,678	32,421	34,908	89,305		
Revenue from contracts with customers	135,950	187,763	35,503	34,908	394,126		
Other revenue	7,756	3,404	39,336	4,303	54,800		
Operating revenue	143,706	191,167	74,839	39,212	448,927	(20,439)	428,487

Notes: 1. “Other” consists of Izuhakone business, Ohmi business, Sports business and New businesses.

2. Adjustments of ¥(20,439) million mainly consist of elimination of inter-company transactions

2. Information that forms the basis for understanding revenue from contracts with customers

Details of information that forms the basis for understanding revenue from contracts with customers are described as “i. Standards for recognizing revenue and expenses” under “(4) Other significant matters for preparing the consolidated financial statements” in “4. Accounting Policies” under “Notes on significant matters forming the basis for preparing consolidated financial statements.”

3. Information for understanding amounts of revenue for the current fiscal year and subsequent fiscal years

(1) Balances of contract assets and contract liabilities, etc.

Receivables from contracts with customers and balances of contract assets and contract liabilities are as follows:

	(Millions of yen)
	Current fiscal year
Receivables from contracts with customers (Balance at beginning of period)	21,767
Receivables from contracts with customers (Balance at end of period)	28,161
Contract assets (Balance at beginning of period)	668
Contract assets (Balance at end of period)	1,829
Contract liabilities (Balance at beginning of period)	19,320
Contract liabilities (Balance at end of period)	20,152

Contract assets are assets related to rights to unbilled consideration involved in recognizing revenue according to progress, mostly for construction contracts. Contract assets are mainly transferred to trade receivables at the time of the receiving inspection by customers when construction is completed. Contract liabilities are prepaid fares within the valid period that are received from customers mainly in railway operations and bus operations. Contract liabilities are reversed as the revenue is recognized.

In addition, ¥17,572 million of the revenue recognized in the current fiscal year was included in the balance of contract liabilities at the beginning of the period.

(2) Transaction price allocated to the remaining performance obligations

For the remaining performance obligations at the end of the current fiscal year, the Company expects to recognize the revenue within approximately one year as the performance obligations of ¥20,152 million are satisfied.

Amounts per share

Net assets per share	¥1,237.46
Basic earnings per share	¥188.70

Notes: 1. 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 was 285,900, and the average number of treasury shares during period deducted in calculating the basic earnings per share was 500,059.

2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates that is recorded as treasury shares under shareholders' equity is 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 was 21,998,594, and the average number of treasury shares during period deducted in calculating the basic earnings per share was 21,998,594.

Significant events after the reporting period

1. 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.

Other notes

1. Transactions to offer the Company's shares to employees, etc. through trust

The Company conducts transactions to offer the Company's shares to the employee stock ownership plan through trust, with the aim of enhancing employee benefits and providing incentives for employees to increase the corporate value of the Company.

(1) Description of transactions

To initiate the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP), the Company concluded the "Stock Benefit Trust (disposition-type ESOP) Agreement" (the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Also, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee Custody Bank of Japan, Ltd. (the "Trust Account E").

The Trust Account E acquires shares of the Company that the Seibu Holdings Employee Stock Holding Partnership ("Stock Holding Partnership") is expected to collectively obtain in advance over the five years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to enrollees and former members of Stock Holding Partnership who meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee which enable the Trust Account E to acquire Company shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event that there are any remaining borrowings equivalent to losses on sales of shares due to a downturn in the price of Company shares up until termination of the ESOP Trust.

(2) Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥67 million and 37 thousand shares.

(3) Book value of borrowings recorded using the gross method

¥891 million

2. Transactions to offer the Company's shares to Directors through trust

From the perspective of strengthening corporate governance, the Company aims to give Directors of the Company and its subsidiaries (Seibu Railway Co., Ltd., SEIBU PRINCE HOTELS WORLDWIDE INC., SEIBU REALTY SOLUTIONS INC., Seibu Bus Co., Ltd., Izuhakone Railway Co., Ltd. and Ohmi Railway Co., Ltd.; hereinafter referred to as "Subsidiaries") (in either case, excluding Outside Directors; hereinafter referred to as "Eligible Directors") incentives to further contribute toward maximizing the corporate value and shareholder value by further clarifying the link between the remuneration for the Eligible Directors and the medium- to long-term improvement in the corporate performance and the shareholder value of the Company. In this end the Company enters into transactions to offer the Company's shares to the Eligible Directors through trust.

(1) Description of transactions

The Board Benefit Trust (BBT) is a share-based remuneration system under which, using the money the Company contributes as funds, the Company's shares are to be acquired by the trust (hereinafter the trust that is established based on the BBT is referred to as the "Trust") and the Company's shares and the amount of cash equivalent to the market price of the Company's shares (hereinafter referred to as the "Company's Shares, etc.") are to be provided through the Trust to the Eligible Directors in accordance with the officer stock benefit rules (annual incentive) and the officer stock benefit rules (long-term incentive) stipulated by the Company and Subsidiaries. The BBT consists of the Annual Incentive System through which the Eligible Directors receive the Company's Shares, etc. annually while in office depending on their respective positions and the degree of achievement of the performance goals and the Long-term Incentive System through which the Eligible Directors receive the Company's Shares, etc. upon their retirement as Directors depending on their respective

positions. The Annual Incentive System covers Directors of the Company only whereas the Long-term Incentive System covers Directors of the Company and Subsidiaries.

(2) Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥424 million and 248 thousand shares.

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
I. Current assets	638,297	I. Current liabilities	142,035
1. Cash and deposits	1,229	1. Short-term borrowings	79,387
2. Accounts receivable - trade	1,249	2. Short-term borrowings from subsidiaries and associates	22,258
3. Short-term loans receivable from subsidiaries and associates	629,059	3. Current portion of long-term borrowings	36,299
4. Accounts receivable - other	6,766	4. Accounts payable - other	1,450
5. Prepaid expenses	229	5. Accrued expenses	280
6. Other	1,567	6. Income taxes payable	436
7. Allowance for doubtful accounts	(1,806)	7. Provision for bonuses	319
II. Non-current assets	424,023	8. Provision for loss on guarantees	809
1. Property, plant and equipment	1,973	9. Other	794
(1) Buildings	1,285	II. Non-current liabilities	546,495
(2) Machinery and equipment	6	1. Bonds payable	50,000
(3) Tools, furniture and fixtures	679	2. Long-term borrowings	494,876
(4) Construction in progress	2	3. Provision for retirement benefits	669
2. Intangible assets	3,636	4. Provision for retirement benefits for directors (and other officers)	171
(1) Trademark right	14	5. Provision for share awards for directors (and other officers)	208
(2) Software	3,046	6. Other	569
(3) Software in progress	575	Total liabilities	688,531
3. Investments and other assets	418,413	Net assets	
(1) Investment securities	830	I. Shareholders' equity	373,584
(2) Shares of subsidiaries and associates	413,788	1. Share capital	50,000
(3) Long-term loans receivable from subsidiaries and associates	3,000	2. Capital surplus	285,041
(4) Deferred tax assets	748	(1) Other capital surplus	285,041
(5) Other	46	3. Retained earnings	39,339
		(1) Legal retained earnings	3,861
		(2) Other retained earnings	35,477
		Retained earnings brought forward	35,477
		4. Treasury shares	(795)
		II. Valuation and translation adjustments	10
		1. Valuation difference on available-for-sale securities	10
		III. Share acquisition rights	193
		Total net assets	373,788
Total assets	1,062,320	Total liabilities and net assets	1,062,320

Non-consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
I. Operating revenue		
1. Dividends from subsidiaries and associates	31,197	
2. Commissions from subsidiaries and associates	12,927	
3. Other operating revenue	99	44,224
		12,246
II. Selling, general and administrative expenses		
Operating profit		31,978
III. Non-operating income		
1. Interest income	6,315	
2. Other	1,296	7,612
IV. Non-operating expenses		
1. Interest expenses	5,754	
2. Interest on bonds	232	
3. Provision of allowance for doubtful accounts	919	
4. Other	297	7,203
Ordinary profit		32,387
V. Extraordinary losses		
1. Loss on retirement of non-current assets	226	
2. Loss on valuation of shares of subsidiaries and associates	199	426
Profit before income taxes		31,960
Income taxes - current	866	
Income taxes - deferred	56	923
Profit		31,036

Non-consolidated Statement of Changes in Equity

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at beginning of period	50,000	285,026	285,026	3,538	7,996	11,534
Changes during period						
Dividends of surplus				323	(3,555)	(3,232)
Profit					31,036	31,036
Purchase of treasury shares						
Disposal of treasury shares		14	14			
Net changes in items other than shareholders' equity						
Total changes during period	-	14	14	323	27,481	27,804
Balance at end of period	50,000	285,041	285,041	3,861	35,477	39,339

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,713)	344,847	2	2	298	345,148
Changes during period						
Dividends of surplus		(3,232)				(3,232)
Profit		31,036				31,036
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	917	932				932
Net changes in items other than shareholders' equity			8	8	(105)	(96)
Total changes during period	917	28,736	8	8	(105)	28,639
Balance at end of period	(795)	373,584	10	10	193	373,788

Notes to Non-consolidated Financial Statements

Important accounting policies

1. Valuation bases and methods of assets
 - Valuation bases and methods of securities
 - Shares of subsidiaries

Stated at cost based on the moving-average method.
 - Other securities
 - Other than shares, etc. that do not have a market price

Stated at fair value based on the market price or the like at the fiscal year-end.
(Unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method.)
 - Shares, etc. that do not have a market price

Stated at cost based on the moving-average method.
Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph (2) of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.
2. Depreciation and amortization method for non-current assets
 - (1) Property, plant and equipment

Depreciated using the straight-line method.
The useful lives are as follows:

Buildings	8 to 38 years
Machinery and equipment	8 years
Tools, furniture and fixtures	2 to 20 years
 - (2) Intangible assets

Amortized using the straight-line method.
Software for internal use is stated using the straight-line method based on usable period within the Company (mainly 5 years).
3. Allowances and provisions
 - (1) Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.
 - (2) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is recognized.
 - (3) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, the amount based on the estimated retirement benefits obligation and fair value of plan assets as of the end of the current fiscal year is recognized.
Actuarial gains and losses are amortized in the fiscal year following the fiscal year in which the gains or losses are recognized by the straight-line method over periods (15 years) which are equal to or shorter than the average remaining years of service of the eligible employees.
 - (4) Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to Directors, the amount to be paid at the fiscal year-end, based on the Rules on Directors' Retirement Benefits, is recognized.

(5) Provision for share awards for directors (and other officers)

To prepare for the payment of share awards to Directors, the amount expected to be paid based on the officer stock benefit rules, is recognized as provision for share awards for directors (and other officers).

(6) Provision for loss on guarantees

To prepare for the case where there is remaining outstanding obligations related to trust assets at the termination of the Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP), the amount of loss expected to be incurred is recognized.

4. Standards for recognizing revenue and expenses

Revenue of the Company mainly consists of business management fees and dividends from subsidiaries. For the business management fees, the provision of business management operations to subsidiaries based on the contents of a contract is the performance obligation, and revenue is recognized at the time when the business management operations are carried out, since this is when the Company's performance obligation is satisfied. Dividend income is recognized on the effective date of the dividends.

5. Other significant matters that form the basis for preparing the non-consolidated financial statements

(1) Method of hedge accounting

- Method of hedge accounting
Special treatment is applied for interest rate swaps.
- Hedging instruments and hedged items
Interest rate swap transactions are used for interest on variable-rate long-term borrowings.
- Hedging policy
To mitigate interest rate fluctuation risks, hedges are performed to the extent that requirements of hedge accounting are met.
- Method of assessing hedge effectiveness
Assessment of effectiveness is omitted for interest rate swaps since special treatment is applied for them.

(2) Treatment of retirement benefits

The accounting method for unrecognized actuarial gains and losses, unrecognized past service costs and net retirement benefit obligation at transition for retirement benefits is different from the accounting method for these items in the consolidated financial statements.

(3) Method of treatment of significant deferred assets

Bond issuance cost is fully accounted for as expenses when incurred.

(4) Translation of assets or liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the non-consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the non-consolidated statements of income.

Notes on changes in presentation

“Provision of allowance for doubtful accounts,” which was included in “Other” under non-operating income in the fiscal year ended March 31, 2022, is separately presented from the fiscal year ended March 31, 2023, due to the increased significance of the amount.

In the fiscal year ended March 31, 2022, “Provision of allowance for doubtful accounts” was ¥887 million.

Notes to the non-consolidated balance sheet

1. Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment	¥1,071 million
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2. Guarantee obligations

The Company has provided guarantees as follows on loans, etc. from financial institutions and (long-term) accounts payable to Japan railway construction, transport and technology agency of the companies described below.

Seibu Railway Co., Ltd.	¥51,375 million
SEIBU PRINCE HOTELS WORLDWIDE INC.	¥20 million
<hr/> Total	<hr/> ¥51,396 million

3. Monetary claims and monetary debts to subsidiaries and associates (excluding items shown separately)

Short-term monetary claim	¥2,145 million
Long-term monetary claim	¥22 million
Short-term monetary debt	¥335 million

4. Loan commitment agreements

The Company has entered into loan commitment agreements with seven banks to efficiently raise working capital.

The balance of unexecuted borrowings at the end of the current fiscal year is as follows:

Total amount of loan commitments	¥150,000 million
<hr/> Borrowings outstanding	<hr/> ¥41,400 million
Balance of unexecuted borrowings	¥108,600 million

5. Restrictive financial covenant for maintaining net assets and profits

- (1) The Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Current portion of long-term borrowings	¥5,115 million
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Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥181,500 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (2) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Current portion of long-term borrowings	¥1,000 million
Long-term borrowings	¥3,000 million
<hr/> Total	<hr/> ¥4,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥200,800 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (3) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥10,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥253,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (4) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥8,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥259,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (5) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥10,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥280,000 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (6) Other than the above, the Company has made a commitment for its loan commitment agreement dated on April 7, 2021 described in “4. Loan commitment agreements” above as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥280,000 million or more.

- (7) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥15,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥283,400 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

Notes to the non-consolidated statement of income

Amount of transactions with subsidiaries and associates (excluding items shown separately)

Volume of business transactions

Selling, general and administrative expenses ¥1,510 million

Volume of other transactions ¥6,555 million

Notes to the non-consolidated statement of changes in equity

Class and number of treasury shares

(Shares)

Class of shares	Number of shares at beginning of the current fiscal year	Increase	Decrease	Number of shares at end of the current fiscal year
Common shares	1,009,900	90	525,900	484,090

Notes: 1. The increase in treasury shares is as follows:

- Increase due to purchase of fractional shares 90 shares

2. The decrease in treasury shares is as follows:

- Decrease due to sale of the Company's shares by Custody Bank of Japan, Ltd. (Trust E Account) 439,300 shares
- Decrease due to the exercise of stock option rights 59,100 shares
- Decrease due to provision of the Company's shares by Custody Bank of Japan, Ltd. (Trust E Account) 27,500 shares

3. Total number of treasury shares indicated above includes the Company's shares of 285,900 held by Custody Bank of Japan, Ltd. (Trust E Account).

Tax effect accounting

Deferred tax assets arose mainly due to the recognition of accrued enterprise tax, provision for bonuses, provision for retirement benefits and provision for loss on guarantees.

Transactions with related parties

Subsidiaries

(Millions of yen)

Classification	Name of company, etc.	Ratio of voting rights, etc. held	Relationship with related parties	Transactions	Amount of transactions	Item	Balance at end of period
Subsidiary	Seibu Railway Co., Ltd.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	Receipt of dividends (Note 1)	31,197	–	–
				Business management, etc. (Note 2)	5,978	Accounts receivable - trade	548
				CMS transactions (Notes 3 and 4)	104,821	Short-term loans receivable from subsidiaries and associates	289,568
				Collection of funds (Note 4)	31,000	Short-term loans receivable from subsidiaries and associates	–
				Receipt of interest (Note 4)	2,073	Accounts receivable - other	171
				Guarantee of obligation (Note 5)	51,375	–	–
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 6)	126,443	–	–
	SEIBU REALTY SOLUTIONS INC.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	CMS transactions (Notes 3 and 4)	(161,248)	Short-term loans receivable from subsidiaries and associates	310,905
				Collection of funds (Note 4)	1,000	Short-term loans receivable from subsidiaries and associates	1,000
						Long-term loans receivable from subsidiaries and associates	3,000
				Receipt of interest (Note 4)	3,768	Accounts receivable - other	277
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 6)	126,443	–	–
				Purchase of shares of subsidiaries and associates (Note 7)	37,981	–	–

Transaction terms and conditions and policy for deciding the terms and conditions, etc.

Notes: 1. These are the year-end dividends (¥3.0 per share) and the special dividend (¥69.0 per share) for the fiscal year ended March 31, 2021 from Seibu Railway Co., Ltd.

2. This is mainly the receipt of fees for business management operations for Seibu Railway Co., Ltd. and SEIBU REALTY SOLUTIONS INC. Business management fees are determined based on reasonable calculation between the Company and Seibu Railway Co., Ltd., SEIBU REALTY SOLUTIONS INC., Inc. and other seven major group companies with which the Company has entered into a business management agreement.
3. The transaction amounts for cash management system (CMS) transactions are the net amounts of the difference between the beginning and the end of the fiscal year.
4. These are loans to Seibu Railway Co., Ltd. and SEIBU REALTY SOLUTIONS INC. Interest rate on loans are reasonably determined in consideration of market interest rates.
5. These are guarantees for loans from financial institutions and (long-term) accounts payable to Japan railway construction, transport and technology agency of Seibu Railway Co., Ltd.
6. The debts guaranteed by Seibu Railway Co., Ltd. and SEIBU REALTY SOLUTIONS INC. for the Company's bank borrowings are for funds borrowed for the Company to lend funds to these two companies.
7. Based on the share transfer agreement concluded on March 31, 2022, the Company acquired shares of SEIBU PRINCE HOTELS WORLDWIDE INC. from SEIBU REALTY SOLUTIONS INC. in the fiscal year under review. The acquisition price was determined, taking into consideration of stock valuation documents by independent third parties.

Revenue recognition

Information that forms the basis for understanding revenue from contracts with customers is as described in “4. Standards for recognizing revenue and expenses” under “Important accounting policies.”

Amounts per share

Net assets per share	¥1,156.72
Basic earnings per share	¥96.16

Note: 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 was 285,900, and the average number of treasury shares during period deducted in calculating the basic earnings per share was 500,059.

Significant events after the reporting period

Not applicable.

(Translation)

Independent Auditor's Report

May 17, 2023

The Board of Directors
Seibu Holdings Inc.

Ernst & Young ShinNihon LLC
Tokyo office
SUZUKI Yuji
Certified Public Accountant
Designated and Engagement Partner
SUZUKI Osamu
Certified Public Accountant
Designated and Engagement Partner
MORIYA Takahiro
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements of Seibu Holdings Inc. (the "Company") applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Seibu Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2023 in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the code of professional ethics in Japan, and we have fulfilled other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such

internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on the consolidated financial statements in our auditor's report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making of users of the consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related notes thereto.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements and notes thereto represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

Conflicts of Interest

We or the engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Independent Auditor's Report

May 17, 2023

The Board of Directors
Seibu Holdings Inc.

Ernst & Young ShinNihon LLC
Tokyo office
SUZUKI Yuji
Certified Public Accountant
Designated and Engagement Partner
SUZUKI Osamu
Certified Public Accountant
Designated and Engagement Partner
MORIYA Takahiro
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements, and the supplementary schedules (hereinafter, collectively, the "non-consolidated financial statements, etc.") of Seibu Holdings Inc. (the "Company"), applicable to the 18th business year from April 1, 2022 to March 31, 2023. In our opinion, the non-financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2023 in accordance with accounting principles generally accepted in Japan.

Other information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, etc., and we express no opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements, etc. or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements, etc.* section of our report. We are independent of the Company in accordance with the code of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Non-consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair

presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements, etc.

Our responsibility is to express an opinion on the non-consolidated financial statements, etc. in our auditor's report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making of users of the non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the non-consolidated financial statements, etc. whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related notes thereto.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to non-consolidated financial statements, etc. or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. and notes thereto represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards. We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

Conflicts of Interest

We or the engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Audit Report

Based on the audit report prepared by each Audit & Supervisory Board Member with regard to the performance of duties by the Directors of Seibu Holdings Inc. (the "Company") for the 18th fiscal year (from April 1, 2022 to March 31, 2023), the Audit & Supervisory Board of the Company prepares this audit report after deliberation and hereby report, by a unanimous show of hands, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit
 - (1) The Audit & Supervisory Board specified audit policies, assigned duties to each Audit & Supervisory Board Member and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, and received reports from Directors, etc. and accounting auditors on the status of the performance of their duties and asked them for explanations as necessary.
 - (2) In conformity with the auditing standards stipulated by the Audit & Supervisory Board, and in accordance with auditing policies and the assignment of duties, all Audit & Supervisory Board Members strived to achieve effective communication with Directors, the Internal Audit Department and other employees, collected information and improved the audit environment. In addition, all Audit & Supervisory Board Members conducted an audit in the following methods.
 - i. All Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings, received reports from Directors and employees about the status of the performance of their duties, obtained explanations as necessary, reviewed important approval documents, and conducted investigations on the status of the business operations and assets of the Company at its head office. Furthermore, Audit & Supervisory Board Members also worked to facilitate communication and information exchange with the Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company, and received reports on the business conditions of subsidiaries as necessary.
 - ii. Audit & Supervisory Board Members received reports periodically from Directors and employees on the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors conforms with laws and regulations and the Company's Articles of Incorporation, as described in the Company's business report, and other systems prescribed in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Company Act as systems necessary for ensuring proper business conduct by a stock company and a corporate group formed by its subsidiaries (internal control system), as well as the construction and status of operation of the internal control system developed based on said resolution. As necessary, Audit & Supervisory Board Members also asked for explanations from Directors and employees and expressed opinions. As for internal controls over financial reporting, reports made by Directors, etc. and Ernst & Young ShinNihon LLC about the status of assessment and audit of said internal controls were provided to Audit & Supervisory Board Members, who asked for explanations as necessary.
 - iii. We have monitored and verified whether the accounting auditor maintained independence and properly implemented its audit, received from the accounting auditor reports on the performance of its duties, and asked it for explanations as necessary. The accounting auditor reported to us that the "Systems for Ensuring Proper Execution of Duties" (listed in each item of Article 131 of Regulation on Accounting of Companies) have been developed in accordance with the "Quality Control Standards concerning Audit" (Business Accounting Council, October 28, 2005) and other applicable regulations, and we asked the accounting auditor for explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report, and their supplementary schedule, financial statements (balance sheet, statement of income, statement of changes in equity, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the said fiscal year.

2. Audit results

(1) Results of audit of the business report, etc.

- i. We confirm that the business report and its supplementary schedules present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
- ii. With respect to the Directors' performance of their duties, we confirm that there has been no improper act committed or important violation of applicable laws and regulations or of the Articles of Incorporation.
- iii. We confirm that the details of the resolution made by the Board of Directors concerning the internal control system are proper. With respect to the description in the business report and the Directors' performance of their duties regarding the said internal control system, including internal controls over financial reporting, we confirm that there is no matter to be pointed out.

(2) Results of audit of financial statements and their supplementary schedules

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

(3) Results of audit of consolidated financial statements

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

May 18, 2023

The Audit & Supervisory Board,
Seibu Holdings Inc.

NAKAMURA Hitoshi [Seal]

Full-time Audit & Supervisory Board Member

NAKAGAWA Yoshihide [Seal]

Audit & Supervisory Board Member

YANAGISAWA Giichi [Seal]

Outside Audit & Supervisory Board Member

SAKAMOTO Chihiro [Seal]

Outside Audit & Supervisory Board Member