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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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February 10, 2021

Consolidated Financial Results for the Nine Months Ended December 31, 2020 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 9024
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Scheduled date to file quarterly securities report: February 12, 2021
Scheduled date to commence dividend payments: —
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (teleconference for institutional investors and analysts)

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	252,446	(41.6)	(37,072)	—	(44,195)	—	(48,142)	—
December 31, 2019	432,626	2.6	59,488	1.2	53,327	1.3	36,829	1.3

Note: Comprehensive income

For the nine months ended December 31, 2020: ¥(49,606) million [— %]

For the nine months ended December 31, 2019: ¥30,232 million [(8.4) %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2020	(160.72)	—
December 31, 2019	119.40	119.29

Note: Diluted earnings per share for the nine months ended December 31, 2020 is not noted even though the Company has issued potential shares, because the per share data is a loss per share.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2020	1,715,405	400,080	18.3
March 31, 2020	1,707,784	373,427	21.5

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

As of December 31, 2020: ¥314,518 million

As of March 31, 2020: ¥367,222 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	15.00	—	15.00	30.00
Fiscal year ending March 31, 2021	—	0.00	—		
Fiscal year ending March 31, 2021 (Forecast)				0.00	0.00

Note: Revisions to the forecast most recently announced: None

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021
(from April 1, 2020 to March 31, 2021)**

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2021	332,000	(40.1)	(56,000)	—	(64,000)	—

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	(63,000)	—	(210.42)

Note: Revisions to the forecast most recently announced: None

*** Notes**

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

(4) Number of issued shares (common shares)

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

As of December 31, 2020	323,462,920 shares
As of March 31, 2020	332,462,920 shares

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

As of December 31, 2020	23,662,694 shares
As of March 31, 2020	33,185,294 shares

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

Nine months ended December 31, 2020	299,539,171 shares
Nine months ended December 31, 2019	308,452,358 shares

Notes: 1. The Company's shares held by the share-based benefit trusts are included in the number of treasury shares at the end of the period (1,345,700 shares as of December 31, 2020 and 1,803,900 shares as of March 31, 2020). Also, the Company's shares held by the share-based benefit trusts are included in treasury shares that are deducted for calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (1,598,284 shares for the nine months ended December 31, 2020 and 1,497,843 shares for the nine months ended December 31, 2019).

2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in the number of treasury shares at the end of the period (21,998,594 shares as of December 31, 2020 and 21,998,594 shares as of March 31, 2020). Furthermore, the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in treasury shares that are deducted in the calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (21,998,594 shares for the nine months ended December 31, 2020 and 22,120,369 shares for the nine months ended December 31, 2019).

* Quarterly financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

*** Proper use of earnings forecasts, and other special notes**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company at the announcement of these materials and on certain assumptions pertaining to factors of uncertainty. These statements may differ from the actual business results.

For further details regarding earnings forecasts (consolidated earnings forecasts for the fiscal year ending March 31, 2021), please refer to page 9 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2020."

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1. Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2020

(1) Explanation of operating results

During the nine months ended December 31, 2020, the Japanese economy continued to face a severe situation due to the prolonged impact of the global novel coronavirus disease (COVID-19) pandemic, despite signs of a partial recovery in consumer spending. The outlook for business conditions is expected to recover while steps to prevent infections are taken and the level of social and economic activity improves as the effects of various government policies and improvements in overseas economies become apparent. However, the employment situation showed weakness due to the impact of the pandemic and the outlook is expected to remain extremely severe and unclear in the short term, with the risk of a downturn due to a resurgence of the pandemic, as well as the impact on trends in the financial and capital markets.

Under these conditions, from the end of the fiscal year ended March 31, 2020 to the first quarter of the fiscal year ending March 31, 2021, the Group was heavily impacted by factors such as a sharp decrease in demand due to temporary suspension of operations at facilities as people refrained from going out and a state of emergency was declared. In response to these changes in the business environment, the Group decided on May 26, 2020 to cancel the formulation of a new three-year medium-term management plan starting in FY2020 and withdraw the current medium-term management plan starting in FY2019. The Group also determined “Key business Issues in FY2020.” In addition, the pace of recovery in demand has been slowing due to the fluctuating number of infections and the spread of “New Lifestyle,” and we consider that it is possible that this difficult situation will not only continue during this fiscal year, but also next fiscal year onward. Therefore, on September 24, 2020, the Group decided that its management stance for facing and overcoming this difficult situation is to take further actions to effectively address the above “Key Business Issues in FY2020,” and carry out “management reforms.”

<Key Business Issues in FY2020>

- (1) Dedicating efforts to minimum required business operations until turmoil eases
 - (i) Securing the necessary working capital
 - (ii) Seibu Group business management policy during COVID-19 pandemic
- (2) While prioritizing (i) and (ii), pursuing initiatives for after the current situation ends
 - (iii) Key initiatives envisaged in the new medium-term management plan
 - (iv) Structural reform prompted by changed values in post-pandemic society

In regard to “(1) Dedicating efforts to minimum required business operations until turmoil eases,” during the nine months ended December 31, 2020, the Company has enhanced its on-hand liquidity, such as by securing liquidity funds of exceeding ¥240.0 billion through expanding borrowings and commitment lines from leading financial institutions to complement its cash and deposits. Furthermore, the Company is working to reduce cash outflows through measures such as lowering the remuneration for Directors and bonuses for employees and controlling nonessential and non-urgent costs and capital investment; reducing utility costs and power costs by suspending operations of facilities and businesses while reviewing business formats; and using employment adjustment subsidies.

Moreover, the Company has rigorously enforced the action guidelines during the COVID-19 crisis of “safety and security,” “a customer-oriented approach,” and “yielding ethical profits,” among all employees, and the Group has made a united effort in its business operations. In response to the state of emergency declaration on April 7, 2020, the Company was obliged to temporarily suspend operations at many more facilities than before, such as hotels, golf courses, leisure facilities, and commercial facilities. However, in social infrastructure such as railways and buses, where operations continued, the Company continued operations while implementing rigorous measures such as ventilation and disinfection to prevent infection of employees and customers. After the state of emergency declaration was lifted on May 25, 2020, facilities that had suspended their operations gradually reopened following

government guidelines for phased-in relaxation of restrictions. Among these, Prince Hotels, Inc. introduced “Prince Safety Commitment” as a service standard for providing safe, secure environments. This was one of several steps to ensure the safety and security of employees and customers by thoroughly implementing measures to prevent infection across all of the Group’s businesses. The Group also worked to swiftly develop customer-oriented services, centered on initiatives for the government’s “Go To Campaign,” and to reduce fixed expenses, such as revising the operating format in line with demand trends, with a view to recovering earnings as quickly as possible.

Moreover, as announced on November 12, 2020, we issued preferred shares at some of our consolidated subsidiaries with the aim of enhancing the Group’s financial foundation.

In regard to “(2) While prioritizing (i) and (ii), pursuing initiatives for after the current situation ends,” while prioritizing business continuity as described above, the Group is putting all possible efforts into carrying out initiatives to encourage growth after the current turmoil settles down. For example, the Group has started its official smartphone app service for its “SEIBU PRINCE CLUB” and “SEIBU PRINCE CLUB emi” membership services to foster loyal customers. The Group also started the “LOSS TO VALUE” project for converting all kinds of “loss” into “value” as a “Sustainability Action” initiative for realizing a sustainable society. In addition, with regard to changing the business model in response to changes in the values and behavior of people caused by the COVID-19 crisis, the Group has started a comprehensive collaboration with East Japan Railway Company aimed at creating new lifestyles, as well as promoting regional revitalization by spreading these initiatives from the Tokyo Metropolitan Area out into the regions to stimulate transportation and the growth of the related populations.

The Group will undertake radical “management reforms” without exceptions to improve its structure, and transform its business model to anticipate changes in values driven by the COVID-19 crisis. Through this action, the Group will achieve a V-shaped recovery in the recovery phase.

The Group recorded the following results for the nine months ended December 31, 2020, mainly reflecting a decrease in passenger numbers and suspension of operations at some facilities due to the spread of COVID-19, and the spread of “New Lifestyle,” despite a recovery driven by a resurgence in demand for going out in the beginning of autumn and by initiatives related to the Japanese government’s “Go To Campaign.” Operating revenue was ¥252,446 million, down ¥180,179 million, or 41.6%, year on year. Operating loss was ¥37,072 million (operating profit of ¥59,488 million in the same period of the previous fiscal year), due to reduced operating revenue, although the Company reduced nonessential and non-urgent costs, and recorded fixed expenses at some facilities during the suspension of their operations as extraordinary losses. EBITDA was ¥2,680 million, down ¥99,153 million, or 97.4%, year on year.

Ordinary loss was ¥44,195 million (an ordinary profit of ¥53,327 million in the same period of the previous fiscal year). Loss attributable to owners of parent was ¥48,142 million (a profit attributable to owners of parent of ¥36,829 million in the same period of the previous fiscal year), due to the recording of ordinary loss along with the recording of extraordinary losses such as expenses incurred for responding to COVID-19, despite recording subsidies for employment adjustment as extraordinary income.

Operating results for the nine months ended December 31, 2020, in each segment were as follows.

Reportable segments were changed from the first quarter ended June 30, 2020.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the nine months ended December 31, 2020	Year-on-year change	Change (%)	For the nine months ended December 31, 2020	Year-on-year change	Change (%)	For the nine months ended December 31, 2020	Year-on-year change	Change (%)
Urban Transportation and Regional	92,041	(37,402)	(28.9)	(5,896)	(28,277)	–	10,543	(27,687)	(72.4)
Hotel and Leisure	62,662	(119,710)	(65.6)	(41,298)	(55,606)	–	(29,720)	(58,790)	–
Real Estate	41,363	(4,911)	(10.6)	11,955	(2,457)	(17.0)	20,928	(2,261)	(9.8)
Construction	70,550	(5,838)	(7.6)	3,164	(345)	(9.9)	3,527	(308)	(8.1)
Other	21,092	(16,527)	(43.9)	(4,899)	(8,848)	–	(1,945)	(8,647)	–
Total	287,711	(184,390)	(39.1)	(36,973)	(95,535)	–	3,333	(97,695)	(96.7)
Adjustments	(35,265)	4,210	–	(98)	(1,025)	–	(652)	(1,457)	–
Consolidated	252,446	(180,179)	(41.6)	(37,072)	(96,560)	–	2,680	(99,153)	(97.4)

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. From the first quarter ended June 30, 2020, the Company has newly established and changed its reportable segment structure, for the five points detailed below. To facilitate year-on-year comparison, the figures for the same period of the previous fiscal year have been restated to conform with the changed segment structure.

- Add the Yokohama Arena Co., Ltd. from the Urban Transportation and Regional business to the Seibu Lions business, and newly establish “Sports business” in Other as a field to grow going forward.
- Consolidate the Hawaii business into the Hotel and Leisure business to accelerate global expansion of hotel operations.
- Transfer the in-station convenience store “TOMONY” and the close-to-station children’s daycare facility “Nicot,” from the Real Estate business to the Urban Transportation and Regional business to strengthen the lifestyle-related business.
- Transfer Seibu SCCAT (building maintenance and security company) from the Hotel and Leisure business to the Real Estate business to expand the Company’s business domain.
- Establish “New businesses” in Other with the establishment of Blue Incubation Co., Ltd. on May 1, 2020 and Blue Muse Co., Ltd. on June 1, 2020 to encourage the creation of new business areas of the Group.

Urban Transportation and Regional

The Urban Transportation and Regional business segment consists of railway operations that include key commuter lines for the greater Tokyo metropolitan area, bus operations that support the transportation needs of our railway passengers, lifestyle service operations along railway lines, sports operations, and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	Change
Operating revenue	129,444	92,041	(37,402)
Railway operations	81,489	57,480	(24,009)
Bus operations	19,929	13,713	(6,215)
Lifestyle service operations along railway lines	21,765	16,624	(5,140)
Sports operations	2,735	1,785	(949)
Others	3,524	2,437	(1,087)

Note: In accordance with the new establishment and change of reportable segment structure, the business breakdown also includes newly established and changed items. To facilitate year-on-year comparison, the figures for the same period of the previous fiscal year have been restated to conform with the changed breakdown.

- Leisure facilities such as Seibuen Amusement Park, which were previously included under “Leisure facilities along railway lines” have been included under the newly established “Lifestyle service operations along railway lines,” along with the in-station convenience store “TOMONY” and the close-to-station children’s daycare facility “Nicot,” which have been transferred from the Real Estate business.
- Sports facilities such as the Sayama Indoor Ski and fitness clubs, which were previously included in “Leisure facilities along railway lines,” have been carved out to newly establish “Sports operations.”

In railway operations and bus operations, despite a reduction in the number of services and suspension of services of limited express trains, extra-fare reserved seating trains, and highway buses, mainly during the state of emergency declaration period, the Company fulfilled its role as a provider of social infrastructure by continuing its basic operations while taking measures to prevent COVID-19 infections, such as disinfecting station facilities and train interiors, and boosting the ventilation in carriages. In addition, the Company pressed ahead with measures to encourage growth after the current situation ends, such as bringing the MaaS app “SeMo” into service and conducting a field trial in the Kawagoe area.

However, there was a sharp decrease in performance with the number of passengers in railway operations decreasing by 30.7% year on year (of which commuters decreased by 28.8% and non-commuters decreased by 33.9%), and passenger transportation sales decreasing by 31.0% year on year (of which commuters decreased by 24.7% and non-commuters decreased by 36.3%).

In the lifestyle service operations along railway lines, operations were temporarily suspended at leisure facilities and in-station convenience store “TOMONY,” among others, mainly during the state of emergency declaration period. However, after the state of emergency declaration was lifted, the Company resumed operations and strove to recover earnings while taking steps to prevent infections, such as restricting entry in some facilities with an awareness of avoiding the three Cs and social distancing based on the government guidelines for phased-in relaxation of restrictions.

In addition, the Company implemented measures to encourage growth after the current turmoil settles down, such as construction work at Seibuen Amusement Park looking ahead to a renewal in 2021. Moreover, Toshimaen was closed as of August 31, 2020 for Tokyo metropolis park maintenance, but the Company entered an agreement to develop a facility for “Warner Bros. Studio Tour Tokyo-The Making of Harry Potter” on part of the site of the former park.

The Urban Transportation and Regional business segment recorded operating revenue of ¥92,041 million, down ¥37,402 million, or 28.9%, year on year, mainly reflecting a decrease in passenger numbers in the railway transportation and bus services and a suspension of operations and restrictions on entry at some leisure facilities and others due to the spread of COVID-19. Segment operating loss was ¥5,896 million, compared with operating profit of ¥22,381 million in the same period of the previous fiscal year due to reduced operating revenue, although the Company reduced nonessential and non-urgent costs and strove to reduce fixed expenses by reviewing the operating format based on demand trends, while recording fixed expenses at some facilities during the suspension of their operations as extraordinary losses. EBITDA was ¥10,543 million, a deterioration of ¥27,687 million, or 72.4%, year on year.

Hotel and Leisure

The Hotel and Leisure business segment consists of city hotel operations, resort hotel operations, overseas hotel operations, sports operations, and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	Change
Operating revenue	182,372	62,662	(119,710)
City hotel operations	99,033	24,588	(74,445)
Resort hotel operations	31,454	12,805	(18,649)
Overseas hotel operations	19,699	7,134	(12,564)
Sports operations	15,530	9,016	(6,514)
Others	16,654	9,117	(7,536)

- Notes: 1. City hotel operations include mainly hotels located in the central commercial areas of major cities or in the vicinity of transportation terminals. Resort hotel operations mainly include hotels located in sightseeing areas or summer resorts across Japan.
2. In accordance with the new establishment and change of reportable segment structure, the business breakdown also includes newly established and changed items. To facilitate year-on-year comparison, the figures for the same period of the previous fiscal year have been restated to conform with the changed breakdown.
- Overseas hotels such as those of StayWell Holdings Pty Ltd., which were previously included in “Others,” have been added to the hotels operating in Hawaii, which were previously reported as the Hawaii Business, to newly establish the “Overseas hotel operations.”
 - Bowling centers and other facilities, which were previously included in “City hotel operations” and “Resort hotel operations,” and ski resorts and other facilities, which were previously included in “Others,” have been added to “Golf course operations,” to newly establish “Sports operations.”

In hotel operations and sports operations, the Company was obliged to temporarily suspend all operations except for certain operations, mainly during the state of emergency declaration period. Even in this situation, however, the Company contributed to preventing the spread of infection throughout overall society, such as accommodating mild cases at Shinagawa Prince Hotel. After the state of emergency declaration was lifted, facilities that had suspended their operations gradually reopened following government guidelines for phased-in relaxation of restrictions. In this situation, as mentioned above, the Company has introduced the “Prince Safety Commitment” as a service standard for providing safe, secure environments, and has come up with initiatives related to the Japanese government’s “Go To Campaign” and accommodation plans for the Group’s “Campaign for Tokyo residents.” Through these initiatives, we strove to ensure the safety and security of employees and customers by thoroughly implementing measures to prevent infection, worked to swiftly develop customer-oriented services, and made efforts for an early recovery of earnings. Moreover, the Company has worked to develop new offerings aligned to the changes in values caused by the COVID-19 crisis, such as launching remote wedding plans and workation services for corporate customers. However, in Hotel operations, RevPAR* dropped a considerable ¥9,770 year on year to ¥3,286 due to the temporary suspension of operation and sluggish customer numbers since the resumption of operations.

In overseas hotel operations, the Company temporarily suspended operations at hotels including hotels operated in Hawaii and The Prince Akatoki London, which was rebranded and opened in London, United Kingdom, in September 2019, considering the status of the spread of infection in each region. In hotels that were able to continue operations, the Group provided a safe, secure environment for guests by implementing measures to prevent infection in accordance with the standards of each country.

* 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.

In addition, leisure facilities such as Yokohama Hakkeijima Sea Paradise were obliged to temporarily suspend operations, mainly during the state of emergency declaration period. However, after the state of emergency declaration was lifted, the Company resumed operations and strove to recover earnings while taking steps to prevent infections, such as restricting entry in some areas with an awareness of avoiding the three Cs and social distancing based on the government guidelines for phased-in relaxation of restrictions. Furthermore, the Company pressed ahead with measures to encourage growth after the current situation ends, such as opening the Tokyo Bay Shiomi Prince Hotel under the Management Contract (MC) system on September 1, 2020, and opening Prince Smart Inn Ebisu, the

first hotel of the next-generation hotel brand, on October 8, 2020, while also making steady progress on preparations for opening Prince Smart Inn Atami.

Hotel and Leisure business segment recorded operating revenue of ¥62,662 million, down ¥119,710 million, or 65.6%, year on year, mainly reflecting temporary suspension of operations at hotels, golf courses, leisure facilities, and so forth, as well as a decrease in users even after the facilities had reopened. Segment operating loss was ¥41,298 million, compared with operating profit of ¥14,307 million in the same period of the previous fiscal year, mainly reflecting reduced operating revenue, although the Company reduced nonessential and non-urgent costs and strove to reduce fixed expenses by reviewing the operating format based on demand trends, while recording fixed expenses at some facilities during the suspension of their operations as extraordinary losses. EBITDA was a loss of ¥29,720 million, compared with a profit of ¥29,069 million in the same period of the previous fiscal year.

Real Estate

The Real Estate business segment consists of leasing operations and others. Operating revenues for each of these operations were as follows.

(Millions of yen)			
	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	Change
Operating revenue	46,275	41,363	(4,911)
Leasing operations	36,565	34,862	(1,702)
Others	9,710	6,500	(3,209)

Note: Seibu SCCAT Co., Ltd., which was transferred from the Hotel and Leisure business, is included in “Others” for the nine months ended December 31, 2020 and also for the nine months ended December 31, 2019.

In leasing operations, operations were temporarily suspended at commercial facilities such as Karuizawa Prince Shopping Plaza, except certain facilities, mainly during the state of emergency declaration period. However, after the state of emergency declaration was lifted, the Company resumed operations while taking steps to prevent infections, such as restricting entry in some areas with an awareness of avoiding the three Cs and social distancing based on the government guidelines for phased-in relaxation of restrictions. Furthermore, the Company also worked with business clients to overcome this difficult situation, such as offering rent relief for rental facilities. In addition, the Company pressed ahead with measures to encourage growth after the situation ends, such as opening the Grand Emio Tokorozawa for phase II in the Tokorozawa Station East Building Plan, on September 2, 2020.

The Real Estate business segment recorded operating revenue of ¥41,363 million, down ¥4,911 million, or 10.6%, year on year, mainly reflecting a fallback from condominium unit sales in the same period of the previous fiscal year and the temporary suspension of operations and decline in the number of users at commercial facilities, despite an increase in rent at DaiyaGate Ikebukuro, which opened in April 2019. Segment operating profit was ¥11,955 million, a decrease of ¥2,457 million, or 17.0%, year on year, mainly reflecting reduced operating revenue, despite a reduction in nonessential and non-urgent costs and recording fixed expenses at some facilities during the suspension of their operations as extraordinary losses. EBITDA was ¥20,928 million, a decrease of ¥2,261 million, or 9.8%, year on year.

Construction

The Construction business segment consists of construction operations and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	Change
Operating revenue	76,389	70,550	(5,838)
Construction operations	53,706	51,150	(2,556)
Others	22,683	19,400	(3,282)

Notes: 1. Construction operations include net sales of sideline business of Seibu Construction Co., Ltd. Seibu Construction Co., Ltd. leases some of its real estate holdings, and the associated net sales are included in operating revenues of construction operations.

2. SEIBU AGRIBUSINESS INC., established on April 1, 2020, is included in "Others."

In construction operations, the Company took steps such as suspending operations at construction sites as part of COVID-19 countermeasures. In addition to proceeding with projects such as public works and private housing construction while thoroughly implementing measures to prevent infection, we made every effort to increase our intake of orders from outside the Group and exercise cost management.

The Construction business segment recorded operating revenue of ¥70,550 million, a decrease of ¥5,838 million, or 7.6%, year on year, mainly due to a decrease in construction progress associated with the spread of COVID-19. Segment operating profit was ¥3,164 million, down ¥345 million, or 9.9%, year on year. EBITDA was ¥3,527 million, a decrease of ¥308 million, or 8.1%, year on year.

Other

In the Izuhakone business and the Ohmi business, we worked with local communities to overcome these circumstances by continuing basic operations for railway and bus operations to fulfill our role as a provider of social infrastructure, among other activities.

In the newly created Sports business, during the waiting period until the postponed start of the professional baseball league regular season, we worked to strengthen the Saitama Seibu Lions' team while taking every precaution to prevent the infection of players and team personnel and actively spread information to support staying at home. The season started on June 19 with professional baseball games without spectators; however, stadium entrance restrictions have been gradually relaxed in line with government guidelines. The Company also pressed ahead with measures to encourage future growth, such as the MetLife Dome area renewal project, which is on track for completion in March 2021. At Yokohama Arena Co., Ltd., we worked unitedly with event holders to overcome the current difficulties through measures such as postponing events, holding live events without spectators, and accepting events where spectators were gradually admitted under relaxed entry conditions in line with government policy.

In addition, setting our sights on the post-COVID-19 era, we established Blue Incubation Co., Ltd. to invest in and manage the new business fields on May 1, 2020 and Blue Muse Co., Ltd. as an operating company on June 1, 2020, as the initiatives toward the creation of new business areas.

Segment operating revenue was ¥21,092 million, a decrease of ¥16,527 million, or 43.9%, year on year, due to the postponed start of the professional baseball league regular season and restricting entry after the season started for the Saitama Seibu Lions, canceled events at Yokohama Arena, etc., while the Izuhakone business and the Ohmi business were also affected by people refraining from going out and other impacts. Segment operating loss was ¥4,899 million, compared with operating profit of ¥3,949 million in the same period of the previous fiscal year, mainly reflecting reduced operating revenue, although the Company reduced nonessential and non-urgent costs and recorded fixed expenses at some facilities during the suspension of their operations as extraordinary losses. EBITDA was a loss of ¥1,945 million, compared with a profit of ¥6,701 million in the same period of the previous fiscal year.

For the sports operations in the Urban Transportation and Regional business and in the Hotel and Leisure business and for the Sports business within the Other businesses segment, the total operating revenue was ¥20,249 million, down ¥15,863 million, or 43.9%, year on year.

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

On September 24, 2020, the Group announced its intention to equip the Group's management with the capability to overcome the difficult environment generated by the COVID-19 pandemic by more effectively addressing "Key Business Issues in FY2020" (announced on May 26, 2020) and carry out "management reforms" and also announced the consolidated earnings forecasts for the fiscal year ending March 31, 2021, which assumes that the situation will continue to be difficult with no turnaround and incorporates figures from the "management reforms" that can be quantified at that point, such as targets to reduce costs and capital investment.

Recently, due to the resurgence of COVID-19, together with the associated temporary suspension of the "Go To Campaign," a redeclaration of a state of emergency and other factors, the conditions in the environment surrounding the Group have deteriorated more than expected as of September 24, 2020. However, due to the larger-than-expected resurgence in demand for going out in the beginning of autumn, as of the filing date of this report, Consolidated Financial Results for the Nine Months Ended December 31, 2020, the Group has not revised the consolidated earnings forecasts for the fiscal year ending March 31, 2021 that were announced on September 24, 2020.

The Group aims to overcome the impact of COVID-19, and pave the way for the leap forward in the post-COVID-19 society by carrying out the above-mentioned "management reforms" with a sense of urgency and with no exceptions.

(3) Impact, etc. associated with COVID-19

As the infection status continues to fluctuate, in each of the Group's businesses, we are conducting business activities while striving to prevent infections and the spread of infections through measures such as thoroughly disinfecting and ventilating, making the last train services earlier, and changing operating times and formats. In addition, in the event that any of the following cases occur, it could lead to declines in operating revenue and an increase in expenses for countermeasures, causing a further significant impact on the results and the financial position of the Group. Those cases are as follows: (a) the impact of the further spread of COVID-19 on various economic conditions in Japan and overseas is protracted, (b) the number of tourists from both outside and within Japan continues to drop, (c) temporary closures of certain facilities in the Urban Transportation and Regional business and in the Hotel and Leisure business are prolonged, people continue to refrain from going out, and customer numbers fall as result of unavoidable changes to business formats to take social distancing into account, and (d) people's values change in the post-COVID-19 society, such as the spread of remote working leading to a reduction in commuting, or people going out less due to increased participation in online social activity.

For the employees of the Group, we are taking every caution. Measures include reducing the number of employees in offices and having them work at home utilizing remote working depending on the state of the ICT infrastructure of the various group companies; ensuring that when employees commute due to business necessity they do so only at times that clearly avoid congested periods on trains (staggered working hours); and setting up a "COVID-19 Response Standard" in case of people contracting the disease or coming into close contact with infected persons. Nevertheless, if the infection spreads among employees, there are concerns that some problems may occur in our normal business activities. In such an event, there could be an impact on the results and financial position of the Group.

In addition, while we expect a reduction in operating cash flow following a decline in operating revenue due to the spread of COVID-19, we have secured necessary working capital for the time being by working to defer nonessential/non-urgent costs and capital investments, improving the earning structure and controlling cash flows, in addition to borrowings and expansion of our commitment lines. We have also taken steps to enhance the Group's financial foundation by issuing preferred shares at some of our consolidated subsidiaries to "raise capital funds as the Group without diluting the Company's shares." However, in the event that the COVID-19 pandemic is prolonged and demand for funds increases, there may be a further significant impact on the results and financial position of the Group.

Furthermore, regarding credit management, while responding flexibly, such as reducing the rent for business clients and reviewing payment terms, we are working to strengthen the credit management system as a measure for this risk by ascertaining the financial position of business clients, understanding the balance of receivables, and conducting a credit check. However, if it becomes difficult to collect a large amount of payments in the event that the COVID-19 pandemic is prolonged or due to deterioration in the cash flows of various business clients, defaults, etc., there could be an impact on the results and financial position of the Group.

Regarding the impact of the COVID-19 pandemic on the results of the Group, as stated in (1) Explanation of operating results, as a result of the state of emergency declared on April 7, 2020, the Group experienced a decline in passenger numbers in its railway operations and bus operations due to people refraining from going out, and with some exceptions, the operations of hotels, golf courses, leisure facilities and so forth were temporarily suspended. After the lifting of the state of emergency, the pace of recovery of customer usage has been slow as the number of infections fluctuates and “New Lifestyle” spread, and it is likely that the difficult situation will persist not only for the rest of the fiscal year but into the next fiscal year as well. Accordingly, on September 24, 2020, the Group announced that it would equip the Group’s management with the capability to ride out this difficult environment and the Group’s consolidated earnings forecasts for the fiscal year ending March 31, 2021, based on the assumptions stated in “(2) Explanation of consolidated earnings forecasts and other forward-looking statements.” Although there are no changes to the consolidated earnings forecasts as of the filing date of this report, Consolidated Financial Results for the Nine Months Ended December 31, 2020, a sense of uncertainty regarding the outlook is increasing due to the extension of the state of emergency and other factors. Therefore, the Group will continuously monitor the situation closely for any impacts on the Group’s performance. The Group aims to overcome the impact of COVID-19, and pave the way for the leap forward in the post-COVID-19 society by carrying out the “management reforms” with a sense of urgency and with no exceptions.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	28,340	53,372
Notes and accounts receivable - trade	63,348	50,996
Land and buildings for sale in lots	7,419	7,267
Merchandise and finished goods	1,392	1,455
Costs on construction contracts in progress	3,535	4,328
Raw materials and supplies	3,028	3,483
Other	14,979	18,696
Allowance for doubtful accounts	(77)	(63)
Total current assets	121,968	139,537
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	558,446	553,457
Machinery, equipment and vehicles, net	71,885	69,862
Land	713,566	712,183
Leased assets, net	8,177	11,036
Construction in progress	79,272	79,612
Other, net	25,135	22,138
Total property, plant and equipment	1,456,485	1,448,290
Intangible assets		
Leased assets	26	21
Other	22,475	20,782
Total intangible assets	22,502	20,804
Investments and other assets		
Investment securities	55,585	59,277
Long-term loans receivable	274	265
Retirement benefit asset	24,068	18,926
Deferred tax assets	19,475	21,126
Other	7,849	7,611
Allowance for doubtful accounts	(424)	(435)
Total investments and other assets	106,828	106,773
Total non-current assets	1,585,816	1,575,868
Total assets	1,707,784	1,715,405

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,409	19,347
Short-term borrowings	203,390	155,271
Lease obligations	1,004	1,065
Income taxes payable	7,603	1,387
Advances received	59,353	67,398
Provision for bonuses	5,809	2,733
Other provisions	3,855	4,065
Asset retirement obligations	4	121
Other	87,905	57,800
Total current liabilities	396,336	309,191
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	667,117	738,411
Long-term accounts payable to Japan railway construction, transport and technology agency	14,989	13,139
Lease obligations	4,480	7,791
Deferred tax liabilities	108,568	107,361
Deferred tax liabilities for land revaluation	11,916	11,915
Provision for retirement benefits for directors (and other officers)	737	680
Provision for share-based remuneration for directors (and other officers)	57	127
Other provisions	241	200
Retirement benefit liability	38,342	34,917
Asset retirement obligations	2,093	2,058
Liabilities from application of equity method	15,712	15,530
Other	33,762	33,998
Total non-current liabilities	938,020	1,006,132
Total liabilities	1,334,356	1,315,324
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	110,267	96,491
Retained earnings	248,027	195,369
Treasury shares	(69,945)	(55,239)
Total shareholders' equity	338,349	286,621
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,806	8,710
Revaluation reserve for land	18,019	18,018
Foreign currency translation adjustment	5,083	2,715
Remeasurements of defined benefit plans	(36)	(1,547)
Total accumulated other comprehensive income	28,873	27,896
Share acquisition rights	522	407
Non-controlling interests	5,682	85,155
Total net assets	373,427	400,080
Total liabilities and net assets	1,707,784	1,715,405

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Operating revenue	432,626	252,446
Operating expenses		
Operating expenses and cost of sales of transportation	341,121	260,830
Selling, general and administrative expenses	32,015	28,688
Total operating expenses	373,137	289,518
Operating profit (loss)	59,488	(37,072)
Non-operating income		
Interest income	15	7
Dividend income	872	822
Subsidy to keep a bus on a regular route	363	357
Other	1,000	1,305
Total non-operating income	2,252	2,493
Non-operating expenses		
Interest expenses	7,537	7,603
Share of loss of entities accounted for using equity method	88	112
Other	786	1,900
Total non-operating expenses	8,412	9,616
Ordinary profit (loss)	53,327	(44,195)
Extraordinary income		
Gain on sales of non-current assets	258	2,633
Contribution for construction	278	1,358
Subsidy income	51	56
Gain on sales of investment securities	10	19
Subsidies for employment adjustment	—	*1 9,325
Other	170	1,594
Total extraordinary income	770	14,988
Extraordinary losses		
Impairment loss	160	2,797
Loss on sales of non-current assets	14	373
Loss on retirement of non-current assets	1,270	1,087
Tax purpose reduction entry of contribution for construction	270	1,198
Loss on tax purpose reduction entry of non-current assets	39	43
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	0	86
Loss on temporary suspension of operations	—	*2 14,433
Loss on disaster	200	—
Provision for loss on disaster	2,206	—
Other	102	1,404
Total extraordinary losses	4,265	21,424
Profit (loss) before income taxes	49,832	(50,631)
Income taxes - current	12,170	1,636
Income taxes - deferred	340	(3,641)
Total income taxes	12,511	(2,005)
Profit (loss)	37,321	(48,626)
Profit (loss) attributable to non-controlling interests	491	(484)
Profit (loss) attributable to owners of parent	36,829	(48,142)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss)	37,321	(48,626)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,730)	2,903
Revaluation reserve for land	(1)	—
Foreign currency translation adjustment	(2,055)	(2,368)
Remeasurements of defined benefit plans, net of tax	(2,300)	(1,515)
Total other comprehensive income	(7,088)	(979)
Comprehensive income	30,232	(49,606)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,745	(49,117)
Comprehensive income attributable to non-controlling interests	486	(488)

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Additional information

Significant accounting estimates

There are no significant changes with respect to assumptions regarding COVID-19 that were presented in "Significant accounting estimates" under "Additional information" in the Quarterly Securities Report for the second quarter ended September 30, 2020 (from July 1, 2020 to September 30, 2020). However, as there are many uncertainties regarding the impact of COVID-19, there may be a significant impact on the Group's financial position, operating results and cash flows if there are any changes in the above-mentioned assumptions.

Quarterly consolidated statement of income

***1. Subsidies for employment adjustment**

Subsidies for employment adjustment recorded in the first nine months ended December 31, 2020 consisted of the proceeds applicable to special measures such as subsidies for employment adjustment associated with the impact of COVID-19.

***2. Loss on temporary suspension of operations**

The loss on the temporary suspension of operations recorded in the first nine months ended December 31, 2020 consisted of fixed expenses (personnel expenses, depreciation and amortization, etc.) that arose during the period of suspended operation of operating facilities that temporarily suspended operations as a result of official requests and declarations, etc. from the national and local governments to prevent the spread of COVID-19.

Segment information**I. For the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)**

The segment information is as stated in “2. Matters relating to changes, etc. in reportable segments” under “II. For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)”

II. For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)**1. Information about operating revenue and profit (loss) by reportable segment**

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	92,041	62,662	41,363	70,550	21,092	287,711	(35,265)	252,446
Segment profit (loss)	(5,896)	(41,298)	11,955	3,164	(4,899)	(36,973)	(98)	(37,072)

- Notes: 1. “Other” consists of the Izuhakone business, Ohmi business, Sports business and New businesses.
 2. Adjustments for segment profit (loss) of ¥(98) million mainly consist of elimination of inter-company transactions.
 3. Segment profit (loss) has been reconciled with operating loss in the quarterly consolidated statement of income.

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

Starting from the first quarter ended June 30, 2020, the pre-existing five segments of “Urban Transportation and Regional,” “Hotel and Leisure,” “Real Estate,” “Construction,” and “Hawaii Business” were changed to the four segments of “Urban Transportation and Regional,” “Hotel and Leisure,” “Real Estate,” and “Construction.”

For details on the changes made to each segment, please refer to Note 3 under the table showing the operating results for the nine months ended December 31, 2020, in each segment under “Qualitative Information Regarding Financial Results for the Nine Months Ended December 31, 2020 (1) Explanation of operating results.” In the business segment results, the Izuhakone business, Ohmi business, Sports business and New businesses are included in “Other.”

As a result, the reportable segments and their main business components are as follows:

- (i) Urban Transportation and Regional: Railway operations, bus operations, lifestyle service operations along railway lines, sports operations, etc.
- (ii) Hotel and Leisure: City hotel operations, resort hotel operations, overseas hotel operations, sports operations, etc.
- (iii) Real Estate: Leasing operations, etc.
- (iv) Construction: Construction operations, etc.

After retrospectively adjusting the first nine months ended December 31, 2019 to reflect the changes to segments, the operating revenue and profit (loss) by reportable segment during said period are as follows.

(Millions of yen)

	Urban Transporta- tion and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	129,444	182,372	46,275	76,389	37,619	472,102	(39,476)	432,626
Segment profit	22,381	14,307	14,412	3,510	3,949	58,561	927	59,488

- Notes: 1. “Other” consists of the Izuhakone business, Ohmi business and Sports business.
2. Adjustments for segment profit of ¥927 million mainly consist of elimination of inter-company transactions.
3. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.