

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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May 13, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 9024
URL: <https://www.seibuholdings.co.jp/en/>
Representative: Takashi Goto, President and CEO
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Scheduled date of annual general meeting of shareholders: June 22, 2021
Scheduled date to commence dividend payments: –
Scheduled date to file annual securities report: June 22, 2021
Preparation of supplementary results briefing material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	337,061	(39.2)	(51,587)	–	(58,785)	–	(72,301)	–
March 31, 2020	554,590	(2.0)	56,823	(22.5)	48,770	(25.4)	4,670	(89.7)

Note: Comprehensive income

For the fiscal year ended March 31, 2021: ¥(64,161) million [– %]
For the fiscal year ended March 31, 2020: ¥(22,850) million [– %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	(241.32)	–	(21.7)	(3.5)	(15.3)
March 31, 2020	15.18	15.16	1.2	2.8	10.2

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

For the fiscal year ended March 31, 2021: ¥(108) million

For the fiscal year ended March 31, 2020: ¥(76) million

Note: Diluted earnings per share for the fiscal year ended March 31, 2021 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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	1,698,497	385,687	17.6	999.50
March 31, 2020	1,707,784	373,427	21.5	1,227.03

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

As of March 31, 2021: ¥299,742 million

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

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	(24,264)	(47,537)	72,394	28,538
March 31, 2020	101,458	(96,655)	(3,025)	28,056

2. Cash Dividends

	Cash dividends per share					Total cash dividends (Annual)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter- end	Second quarter- end	Third quarter- end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	–	15.00	–	15.00	30.00	9,827	197.6	2.3
March 31, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2022 (Forecast)	–	0.00	–	5.00	5.00		–	

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022
(from April 1, 2021 to March 31, 2022)**

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2021	220,000	42.0	3,000	–	(1,000)	–
Fiscal year ending March 31, 2022	456,000	35.3	9,000	–	0	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2021	(8,000)	–	(26.68)
Fiscal year ending March 31, 2022	(5,000)	–	(16.67)

Note: From the start of the fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)” and relevant revised ASBJ regulations.

For further details, please refer to “Notice Regarding the Formulation of “FY2021-FY2023 Seibu Group’s Medium-term Management Plan” announced separately today.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: 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

(3) Number of issued shares (common shares)

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

As of March 31, 2021	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 March 31, 2021	23,571,694 shares
As of March 31, 2020	33,185,294 shares

c. Average number of outstanding shares during the period

Fiscal year ended March 31, 2021	299,616,052 shares
Fiscal year ended March 31, 2020	307,698,369 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 (1,254,700 shares as of March 31, 2021 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 (1,523,492 shares for the fiscal year ended March 31, 2021 and 1,581,833 shares for the fiscal year ended March 31, 2020).
2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in the number of treasury shares at the end of the period (21,998,594 shares as of March 31, 2021 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 (21,998,594 shares for the fiscal year ended March 31, 2021 and 22,090,091 shares for the fiscal year ended March 31, 2020).
3. For further details about the number of shares as a basis of calculation of basic earnings per share (consolidated), please refer to pages 25-26 of the Attached Materials, "Per share information" under "3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to consolidated financial statements."

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2021
(from April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	12,443	(48.0)	2,446	(81.7)	2,983	(79.2)	2,376	(82.3)
March 31, 2020	23,944	26.6	13,336	36.0	14,354	30.5	13,415	37.5

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	7.39	7.38
March 31, 2020	40.68	40.64

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	1,168,174	342,809	29.3	1,063.72
March 31, 2020	1,174,055	344,303	29.3	1,070.05

Reference: Equity (Net assets)

As of March 31, 2021:

¥342,402 million

As of March 31, 2020:

¥343,781 million

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

* Proper use of earnings forecasts, and other special notes

The business forecasts, targets, plans, forecasts and other forward-looking information of the Group contained in this material should be regarded as the judgment and thoughts of the Company at the present point in time, that have been created based on information currently available as of the release of this material. Actual results of earnings, financial position, etc. of the Group may differ significantly from the content of this material or the content surmised from this material due to various factors of uncertainty at the time of this material's preparation, including fluctuations in the state of domestic and global politics, economies and financial conditions, and the status of measures aimed for in "Notice Regarding the Formulation of "FY2021-FY2023 Seibu Group's Medium-term Management Plan" announced separately today.

About the matters regarding earnings forecasts (consolidated earnings forecasts for the fiscal year ending March 31, 2022, please refer to pages 10-11 of the Attached Materials, "(4) Future outlook" under "1. Review of Operating Results and Others."

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1. Review of Operating Results and Others

(1) Review of operating results for the fiscal year ended March 31, 2021

During the fiscal year ended March 31, 2021, 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 ended 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 following the state of emergency declaration and people refraining from going out. 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 medium-term management plan scheduled to start in FY2020 that was cancelled during formulation
 - (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 fiscal year ended March 31, 2021, the Company enhanced its on-hand liquidity, such as by securing liquidity funds of exceeding ¥250.0 billion through expanding borrowings and commitment lines from leading financial institutions to complement its cash and deposits. Furthermore, the Company had been 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 implementing suspension of operations with an eye to using employment adjustment subsidies.

Moreover, the Company had 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 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 facilities, 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, on November 26, 2020, we issued preferred shares at some of our consolidated subsidiaries with the aim of enhancing the Group's financial foundation. Additionally, on March 26, 2021, we sold Sugita Golf Driving Range (golf driving range and tennis courts), which we had owned and operated in Kanazawa-ku, Yokohama.

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 put all possible efforts into carrying out initiatives to encourage growth after the current turmoil settles down. For example, the Group 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. Furthermore, the Group worked to transform its business models in response to changes in people's values and activities caused by the COVID-19 pandemic. As part of this, we strengthened internal and external alliances, including a comprehensive partnership with East Japan Railway Company for promoting "New Lifestyles × Regional Revitalization" and a partnership with Allm Inc. for conducting measures to promote high levels of safety and security under the new normal.

In the FY2021-FY2023 Seibu Group's Medium-term Management Plan (hereinafter the "New Medium-term Management Plan"), announced separately today, we have 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." The Group will face this difficult business environment and strive to be "the best and strongest lifestyle support corporate group," by advancing initiatives with a three-point framework comprising "management reforms," "digital management," and "sustainability." For details of the New Medium-Term Management Plan, refer to "Notice Regarding the Formulation of "FY2021-FY2023 Seibu Group's Medium-term Management Plan."

The Group recorded the following results for the fiscal year ended March 31, 2021, 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 ¥337,061 million, down ¥217,529 million, or 39.2%, year on year. Operating loss was ¥51,587 million (operating profit of ¥56,823 million in 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 ¥1,882 million, down ¥112,652 million, or 98.4%, year on year. Ordinary loss was ¥58,785 million (an ordinary profit of ¥48,770 million in the same period of the previous fiscal year). Loss attributable to owners of parent was ¥72,301 million (a profit attributable to owners of parent of ¥4,670 million in the previous fiscal year), due to the recording of ordinary loss along with the recording of extraordinary losses such as impairment losses and expenses incurred for responding to COVID-19, despite recording gain on sales of non-current assets and subsidies for employment adjustment as extraordinary income.

Operating results for the fiscal year ended March 31, 2021, in each segment were as follows. Reportable segments were changed from the fiscal year ended March 31, 2021.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the year ended March 31, 2021	Change from previous year	Change (%)	For the year ended March 31, 2021	Change from previous year	Change (%)	For the year ended March 31, 2021	Change from previous year	Change (%)
Urban Transportation and Regional	122,597	(45,965)	(27.3)	(9,817)	(32,646)	–	12,392	(32,216)	(72.2)
Hotel and Leisure	84,050	(143,402)	(63.0)	(53,413)	(61,946)	–	(38,145)	(66,832)	–
Real Estate	55,395	(5,068)	(8.4)	15,422	(2,024)	(11.6)	27,442	(1,750)	(6.0)
Construction	96,134	(15,636)	(14.0)	4,058	(1,578)	(28.0)	4,552	(1,535)	(25.2)
Other	26,760	(17,455)	(39.5)	(7,562)	(9,437)	–	(3,499)	(9,141)	–
Total	384,939	(227,529)	(37.1)	(51,311)	(107,633)	–	2,743	(111,476)	(97.6)
Adjustments	(47,878)	10,000	–	(275)	(777)	–	(860)	(1,176)	–
Consolidated	337,061	(217,529)	(39.2)	(51,587)	(108,410)	–	1,882	(112,652)	(98.4)

- 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 fiscal year ended March 31, 2021, 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 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 year ended March 31, 2020	For the year ended March 31, 2021	Change
Operating revenue	168,563	122,597	(45,965)
Railway operations	106,488	77,330	(29,158)
Bus operations	25,847	18,081	(7,765)
Lifestyle service operations along railway lines	28,100	21,516	(6,583)
Sports operations	3,553	2,556	(997)
Others	4,573	3,112	(1,460)

- 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 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 28.7% year on year (of which commuters decreased by 27.7% and non-commuters decreased by 30.4%), and passenger transportation sales decreasing by 28.8% year on year (of which commuters decreased by 24.3% and non-commuters decreased by 32.7%). With fluctuations in the state of infection continuing, we took into account changes in use by customers and worked to build an operational structure appropriate for the levels of demand in the railway and bus operations, through such initiatives as reviewing routes and timetables.

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 ¥122,597 million, down ¥45,965 million, or 27.3%, 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 ¥9,817 million, compared with operating profit of ¥22,829 million in 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 ¥12,392 million, a deterioration of ¥32,216 million, or 72.2%, 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 year ended March 31, 2020	For the year ended March 31, 2021	Change
Operating revenue	227,452	84,050	(143,402)
City hotel operations	118,461	32,119	(86,342)
Resort hotel operations	40,141	16,647	(23,494)
Overseas hotel operations	27,064	9,587	(17,477)
Sports operations	22,069	12,760	(9,308)
Others	19,715	12,934	(6,780)

- 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 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 introduced the “Prince Safety Commitment” as a service standard for providing safe, secure environments, and came 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. In addition, we made efforts to develop new products in response to the changes in values brought about by the COVID-19 pandemic, including remote wedding plans, initiatives to popularize workation services in collaboration with East Japan Railway Company, and banquet hall usage plans with the optional offer of a PCR test in collaboration with Allm Inc. However, in Hotel operations, RevPAR* dropped a considerable ¥8,607 year on year to ¥3,029 due to the temporary suspension of operation and sluggish customer numbers since the resumption of operations. With fluctuations in the state of infections continuing, we worked to build an operational structure appropriate for levels of demand, such as by redistributing employees, and bringing operations in-house.

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 the limited service hotel Prince Smart Inn Ebisu, on October 8, 2020, while also making steady progress on preparations for the Prince Smart Inn Atami opened on April 21, 2021.

Hotel and Leisure business segment recorded operating revenue of ¥84,050 million, down ¥143,402 million, or 63.0%, 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 ¥53,413 million, compared with operating profit of ¥8,533 million in 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 ¥38,145 million, compared with a profit of ¥28,687 million for 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 year ended March 31, 2020	For the year ended March 31, 2021	Change
Operating revenue	60,464	55,395	(5,068)
Leasing operations	48,398	46,527	(1,870)
Others	12,065	8,867	(3,197)

Note: Seibu SCCAT Co., Ltd., which was transferred from the Hotel and Leisure business, is included in “Others” for the fiscal year ended March 31, 2021 and also for the fiscal year ended March 31, 2020.

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 to opening the Grand Emio Tokorozawa for phase II in the Tokorozawa Station East Building Plan on September 2, 2020, we worked on measures focused on generating growth after the coronavirus situation is resolved, such as launching a business for prefabricated rental unit houses and expanding our office sharing business in response to the changes in values and behavior caused by the COVID-19 pandemic.

The Real Estate business segment recorded operating revenue of ¥55,395 million, down ¥5,068 million, or 8.4%, year on year, mainly reflecting a fallback from condominium unit sales in 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 ¥15,422 million, a decrease of ¥2,024 million, or 11.6%, 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 ¥27,442 million, a decrease of ¥1,750 million, or 6.0%, 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 year ended March 31, 2020	For the year ended March 31, 2021	Change
Operating revenue	111,771	96,134	(15,636)
Construction operations	80,252	68,644	(11,607)
Others	31,519	27,489	(4,029)

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 ¥96,134 million, a decrease of ¥15,636 million, or 14.0%, year on year, mainly due to a decrease in construction progress associated

with the spread of COVID-19. Segment operating profit was ¥4,058 million, down ¥1,578 million, or 28.0%, year on year. EBITDA was ¥4,552 million, a decrease of ¥1,535 million, or 25.2%, 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, 2020 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 renewal of MetLife Dome area, which reopened on March 26, 2021, after completion. 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 ¥26,760 million, a decrease of ¥17,455 million, or 39.5%, 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 ¥7,562 million, compared with operating profit of ¥1,874 million in 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 ¥3,499 million, compared with a profit of ¥5,642 million in 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 ¥26,659 million, down ¥18,382 million, or 40.8%, year on year.

(2) Review of financial position for the fiscal year ended March 31, 2021

Assets

Total current assets as of March 31, 2021 stood at ¥124,086 million, an increase of ¥2,118 million from the previous fiscal year-end. The increase was due mainly to an increase of ¥8,749 million in "other" under current assets, primarily reflecting an increase in consumption taxes refund receivable at Prince Hotels, Inc., etc.

Total non-current assets amounted to ¥1,574,410 million, down ¥11,405 million from the previous fiscal year-end. The decrease was due mainly to decreases in property, plant and equipment and intangible assets of ¥14,580 million.

As a result, total assets stood at ¥1,698,497 million, a decrease of ¥9,287 million from the previous fiscal year-end.

Liabilities

Total current liabilities as of March 31, 2021 stood at ¥378,883 million, a decrease of ¥17,452 million from the previous fiscal year-end. The decrease was due mainly to a decrease of ¥11,557 million in "other" under current liabilities, primarily reflecting a decrease in accounts payable for construction contracts of Prince Hotels, Inc., etc.

Non-current liabilities amounted to ¥933,926 million, down ¥4,094 million from the previous fiscal year-end. The decrease was due mainly to a decrease in retirement benefit liability of ¥7,984 million.

As a result of the above, total liabilities stood at ¥1,312,809 million, a decrease of ¥21,547 million from the previous fiscal year-end.

Net assets

Total net assets as of March 31, 2021 stood at ¥385,687 million, an increase of ¥12,259 million from the previous fiscal year-end. The increase was due mainly to an increase in non-controlling interests of ¥79,855 million resulting from issuance of preferred shares by consolidated subsidiaries of the Company.

(3) Review of cash flows for the fiscal year ended March 31, 2021

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2021 increased ¥482 million compared to the end of the previous fiscal year to ¥28,538 million.

Cash flows from operating activities

Net cash used in operating activities was ¥24,264 million, compared net cash provided of ¥101,458 million in the previous fiscal year, after recording loss before income taxes of ¥71,970 million and making adjustments for depreciation and income taxes paid.

Cash flows from investing activities

Net cash used in investing activities was ¥47,537 million, ¥49,118 million less than in the previous fiscal year. The decrease in cash outflows was due mainly to a decrease of ¥29,064 million in purchase of property, plant and equipment and intangible assets.

Cash flows from financing activities

Net cash provided by financing activities was of ¥72,394 million, compared to net cash used of ¥3,025 million in the previous fiscal year, due mainly to issuance of preferred shares by consolidated subsidiaries of the Company.

The Group’s cash flow indices were as follows.

	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2021
Equity-to-asset ratio (%)	23.3	24.1	21.5	17.6
Equity-to-asset ratio based on market value (%)	34.8	34.7	20.8	21.5
Interest-bearing debt to cash flow ratio (Years)	8.7	10.3	9.2	—
Interest coverage ratio (Times)	9.8	8.7	10.1	—

Notes: 1. Equity-to-asset ratio: Equity / Total assets

2. Equity-to-asset ratio based on market value: Market capitalization / Total assets

3. Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flow

4. Interest coverage ratio: Operating cash flow / Interest payments

5. The above indices are calculated based on consolidated financial figures.

6. Market capitalization is calculated as follows: Final stock price at end of period x Total number of issued shares at end of period (excluding treasury shares).

7. The figure for operating cash flow is “net cash provided by operating activities” on the consolidated statement of cash flows. Interest-bearing debt refers to all debt posted on the consolidated balance sheet for which interest is paid. Furthermore, regarding the interest payments, we use “interest paid” on the consolidated statement of cash flows.

8. The interest-bearing debt to cash flow ratio and interest coverage ratio for the year ended March 31, 2021 are not noted because cash flows from operating activities was negative.

(4) Future outlook

Consolidated earnings forecasts for the fiscal year ending March 31, 2022, which is the first year of the New Medium-term Management Plan, are predicated on the assumption that difficult conditions will continue as a result of the fluctuations in the state of COVID-19 infections, but we expect a gradual easing of economic restrictions in the second half as progress is made with vaccinations. In addition, we have excluded the impact of visitors from overseas in our calculation of the effects of holding the Tokyo Olympics and Paralympics. Meanwhile, changes in values and activities during the COVID-19 pandemic (widespread use of remote working, online meetings, etc.) are expected to persist.

As a result of calculations based on the above assumptions, operating revenue is not expected to return to the pre-coronavirus level recorded in the fiscal year ended March 31, 2020. However, due to initiatives such as utilizing cooperation both inside and outside the Group to create service transformation to suit the new normal, we expect an increase of 35.3% year on year relative to the fiscal year ended March 31, 2021, to ¥456.0 billion. Also, in addition to conducting a cost review, we are striving to reduce fixed costs, beginning with the hotel business, through such measures as revamping operational structure based on demands, reorganizing the contents of businesses and the divisional structure, and bringing operations in-house. As a result, we expect operating profit to be ¥9.0 billion, compared to an operating loss of ¥51.5 billion for the previous fiscal year. We expect EBITDA to be ¥67.0 million (¥1.8 billion in the previous fiscal year).

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

	Operating revenue															
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Construction		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2021	70.2	19.6	78.0	129.3	30.5	13.8	42.1	(9.1)	20.2	56.0	241.0	34.8	(21.0)	—	220.0	42.0
Fiscal year ending March 31, 2022	142.8	16.5	176.9	110.5	55.8	0.7	89.0	(7.4)	33.4	24.8	497.9	29.3	(41.9)	—	456.0	35.3

- Notes: 1. Adjustments mainly consist of elimination of inter-company transactions.
 2. From the start of the fiscal year ending March 31, 2022, the Company has applied “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)” and relevant revised ASBJ regulations.
 For further details, please refer to “Notice Regarding the Formulation of “FY2021-FY2023 Seibu Group’s Medium-term Management Plan” announced separately today.

	Operating profit															
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Construction		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2021	1.4	—	(9.1)	—	10.9	45.5	1.1	(39.2)	(0.7)	—	3.6	—	(0.6)	—	3.0	—
Fiscal year ending March 31, 2022	0.0	—	(4.0)	—	15.9	3.1	3.3	(18.7)	(4.7)	—	10.5	—	(1.5)	—	9.0	—

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

	EBITDA															
	Urban Transportation and Regional		Hotel and Leisure		Real Estate		Construction		Other		Total		Adjustments		Consolidated earnings forecast	
	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%	Billion yen	%
Six months ending September 30, 2021	12.4	146.1	0.0	—	16.9	26.0	1.3	(36.4)	1.3	—	31.9	—	0.1	—	32.0	—
Fiscal year ending March 31, 2022	23.1	86.4	14.1	—	27.7	0.9	3.7	(18.7)	(0.5)	—	68.1	—	(1.1)	—	67.0	—

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

Ordinary profit is expected to be ¥0 billion (ordinary loss of ¥58.7 billion in the previous fiscal year). After incorporating some extraordinary gains and losses from the sales and liquidations of assets and businesses to be conducted under the New Medium-term Management Plan (the estimated total as of May 13, 2021 related to sales of Shin-Yokohama Seibu Bldg. and Seibu Construction Supply Co., Ltd. and liquidations of Shin-Yokohama Square Bldg. and Shibakoen 2-chome Bldg.), net loss attributable to owners of parent is expected to be ¥5.0 billion (net loss attributable to owners of parent of ¥72.3 billion in the previous fiscal year). The forecast figures do not reflect sales and liquidations that are currently being selected, including hotels in Japan and overseas. We aim to realize these as soon as possible.

For more details, please refer to “Notice Regarding the Formulation of “FY2021-FY2023 Seibu Group’s Medium-term Management Plan” announced separately today.

(5) Basic policy on profit distribution and dividends for the current period and the following period

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

In addition, in accordance with our long-term strategy, we aim to provide returns to our stakeholders and conduct investments that will contribute to our future growth in a balanced manner. Furthermore, our basic policy is to use retained earnings, while considering further improvement in our financial strength, and to invest in strengthening the future business base of our group, establishing a stable management base.

For the time being, our top priority is to strengthen our financial structure, which has worsened due to COVID-19, and we will proceed with rigorous screening of capital investments and "management reforms" on the theme of "asset light." At the same time, we will emphasize returns to shareholders and strive to distribute profits.

Regarding the dividend for the fiscal year ended March 31, 2021, the Company regretfully will not pay this in order to minimize the loss of net assets as it has recorded significant net losses.

Moreover, regarding the annual dividend for the fiscal year ending March 31, 2022, the Company's priority is to strengthen its financial structure, which has deteriorated under COVID-19. We will work for improvement through carrying out "management reforms" on the theme of "asset light," and also give comprehensive consideration to the consolidated earnings forecasts for the fiscal year ending March 31, 2022 described in "(4) Future outlook," profit levels for the three years of the new medium-term management plan, and the status of funds. As a result, we plan to pay a dividend of ¥5 per share (interim dividend ¥0, year-end dividend ¥5).

(6) 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, suspension of services of some trains, 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); mandating PCR tests, etc. for employees in certain situations, and setting up a "COVID-19 Response Standard" in case of people contracting the disease or coming into close contact with infected persons. Nevertheless, if the infection spreads among employees, there are concerns that some problems may occur in our normal business activities. In such an event, there could be an impact on the results and financial position of the Group.

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." Furthermore, with the aim of achieving asset-light business operations, we will implement business reforms and sell and liquidate assets and businesses in order to strengthen our financial foundation. 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 risk associated with credit management by ascertaining the financial position of business clients, understanding the balance of receivables, and conducting a credit check. However, if it becomes difficult to collect a large amount of 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.

The impact of the COVID-19 pandemic on the Group's results has been significant as described in "(1) Explanation of operating results," with demand falling sharply due to temporary suspension of operations at certain leisure facilities in response to the state of emergency declaration on April 7, 2020 and people refraining from going out. After the state of emergency declaration was lifted, the status of infections fluctuated and new lifestyles became popular, which slows the pace of recovery in customer usage. Since adverse conditions could continue beyond the fiscal year under review and into the following fiscal year, on September 24, 2020, we announced the Group's management position for confronting and overcoming the adverse environment, and decided to push through "management reforms." Looking ahead, there is an increasing sense of uncertainty over the future, partly due to the reinstatement of state of emergency declarations. However, under our new medium-term management plan, announced separately today, we have adopted the theme of "Looking ahead to our vision for the Company in a post-COVID-19 society, overcoming the impact of COVID-19 and creating pathway for rapid growth." The Group will face this difficult business environment and strive to be "the best and strongest lifestyle support corporate group," by advancing initiatives with a three-point framework comprising "management reforms," "digital management," and "sustainability."

2. Basic Rationale for Selecting the Accounting Standard

Although the Company is preparing its consolidated financial statements in accordance with the accounting principles generally accepted in Japan, it is deliberating over future application of international financial reporting standards (IFRSs) while keeping track of trends inside and outside Japan.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	28,340	28,816
Notes and accounts receivable - trade	63,348	58,193
Land and buildings for sale in lots	7,419	7,158
Merchandise and finished goods	1,392	1,418
Costs on construction contracts in progress	3,535	1,764
Raw materials and supplies	3,028	3,113
Other	14,979	23,729
Allowance for doubtful accounts	(77)	(107)
Total current assets	121,968	124,086
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,244,395	1,261,705
Accumulated depreciation and impairment	(685,948)	(714,832)
Buildings and structures, net	558,446	546,873
Machinery, equipment and vehicles	323,712	327,174
Accumulated depreciation and impairment	(251,826)	(257,875)
Machinery, equipment and vehicles, net	71,885	69,299
Land	713,566	705,485
Leased assets	10,812	13,960
Accumulated depreciation and impairment	(2,634)	(3,246)
Leased assets, net	8,177	10,714
Construction in progress	79,272	90,841
Other	89,958	90,181
Accumulated depreciation and impairment	(64,822)	(68,351)
Other, net	25,135	21,829
Total property, plant and equipment	1,456,485	1,445,044
Intangible assets		
Leased assets	26	38
Other	22,475	19,324
Total intangible assets	22,502	19,362
Investments and other assets		
Investment securities	55,585	66,949
Long-term loans receivable	274	293
Retirement benefit asset	24,068	21,656
Deferred tax assets	19,475	13,786
Other	7,849	7,745
Allowance for doubtful accounts	(424)	(427)
Total investments and other assets	106,828	110,003
Total non-current assets	1,585,816	1,574,410
Total assets	1,707,784	1,698,497

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,409	22,799
Short-term borrowings	203,390	197,537
Lease obligations	1,004	1,105
Income taxes payable	7,603	3,205
Advances received	59,353	69,587
Provision for bonuses	5,809	4,889
Other provisions	3,855	3,262
Asset retirement obligations	4	146
Other	87,905	76,348
Total current liabilities	396,336	378,883
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	667,117	675,898
Long-term accounts payable to Japan railway construction, transport and technology agency	14,989	11,287
Lease obligations	4,480	7,707
Deferred tax liabilities	108,568	105,145
Deferred tax liabilities for land revaluation	11,916	10,839
Provision for retirement benefits for directors (and other officers)	737	665
Provision for share awards for directors (and other officers)	57	133
Provision for loss on guarantees	—	315
Other provisions	241	154
Retirement benefit liability	38,342	30,357
Asset retirement obligations	2,093	1,967
Liabilities from application of equity method	15,712	15,536
Other	33,762	33,917
Total non-current liabilities	938,020	933,926
Total liabilities	1,334,356	1,312,809
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	110,267	96,491
Retained earnings	248,027	172,512
Treasury shares	(69,945)	(55,077)
Total shareholders' equity	338,349	263,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,806	14,489
Revaluation reserve for land	18,019	16,716
Foreign currency translation adjustment	5,083	933
Remeasurements of defined benefit plans	(36)	3,676
Total accumulated other comprehensive income	28,873	35,816
Share acquisition rights	522	407
Non-controlling interests	5,682	85,538
Total net assets	373,427	385,687
Total liabilities and net assets	1,707,784	1,698,497

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Operating revenue	554,590	337,061
Operating expenses		
Operating expenses and cost of sales of transportation	454,950	349,760
Selling, general and administrative expenses	42,815	38,887
Total operating expenses	497,766	388,648
Operating profit (loss)	56,823	(51,587)
Non-operating income		
Interest income	20	9
Dividend income	939	873
Subsidy to keep a bus on a regular route	942	1,064
Foreign exchange gains	—	795
Insurance claim income	106	936
Other	1,374	1,791
Total non-operating income	3,382	5,470
Non-operating expenses		
Interest expenses	9,979	9,959
Share of loss of entities accounted for using equity method	76	108
Share issuance costs	—	1,408
Other	1,379	1,191
Total non-operating expenses	11,435	12,668
Ordinary profit (loss)	48,770	(58,785)
Extraordinary income		
Gain on sale of non-current assets	286	15,568
Contribution for construction	955	3,262
Subsidy income	138	482
Gain on sale of investment securities	10	382
Gain on reversal of contingent consideration	284	332
Subsidies for employment adjustment	—	*1 11,489
Other	264	1,928
Total extraordinary income	1,940	33,447
Extraordinary losses		
Impairment losses	24,373	20,225
Loss on sale of non-current assets	16	378
Loss on retirement of non-current assets	3,227	2,652
Tax purpose reduction entry of contribution for construction	941	3,091
Loss on tax purpose reduction entry of non-current assets	125	468
Loss on sale of investment securities	0	—
Loss on valuation of investment securities	813	86
Loss on temporary suspension of operations	—	*2 18,904
Loss on disaster	783	—
Provision for loss on disaster	1,555	—
Other	101	825
Total extraordinary losses	31,938	46,632
Profit (loss) before income taxes	18,773	(71,970)
Income taxes - current	13,064	3,156
Income taxes - deferred	710	(2,729)
Total income taxes	13,775	427
Profit (loss)	4,998	(72,398)
Profit (loss) attributable to non-controlling interests	328	(96)
Profit (loss) attributable to owners of parent	4,670	(72,301)

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit (loss)	4,998	(72,398)
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,558)	8,682
Revaluation reserve for land	(1)	—
Foreign currency translation adjustment	(322)	(4,152)
Remeasurements of defined benefit plans, net of tax	(13,965)	3,706
Total other comprehensive income	(27,848)	8,236
Comprehensive income	(22,850)	(64,161)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(23,179)	(64,055)
Comprehensive income attributable to non-controlling interests	329	(105)

(3) Consolidated statements of changes in equity

Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	110,274	253,199	(53,922)	359,551
Changes during period					
Dividends of surplus			(10,383)		(10,383)
Profit attributable to owners of parent			4,670		4,670
Reversal of revaluation reserve for land			541		541
Purchase of treasury shares				(17,378)	(17,378)
Disposal of treasury shares		(7)		1,064	1,057
Change in treasury shares arising from change in equity in entities accounted for using equity method				291	291
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	—	(7)	(5,171)	(16,022)	(21,201)
Balance at end of period	50,000	110,267	248,027	(69,945)	338,349

	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	19,365	18,562	5,415	13,921	57,264	504	5,394	422,715
Changes during period								
Dividends of surplus								(10,383)
Profit attributable to owners of parent								4,670
Reversal of revaluation reserve for land								541
Purchase of treasury shares								(17,378)
Disposal of treasury shares								1,057
Change in treasury shares arising from change in equity in entities accounted for using equity method								291
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes in items other than shareholders' equity	(13,558)	(543)	(331)	(13,957)	(28,391)	17	288	(28,085)
Total changes during period	(13,558)	(543)	(331)	(13,957)	(28,391)	17	288	(49,287)
Balance at end of period	5,806	18,019	5,083	(36)	28,873	522	5,682	373,427

Current fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	50,000	110,267	248,027	(69,945)	338,349
Changes during period					
Dividends of surplus			(4,516)		(4,516)
Loss attributable to owners of parent			(72,301)		(72,301)
Reversal of revaluation reserve for land			1,302		1,302
Disposal of treasury shares		16		1,074	1,091
Cancellation of treasury shares		(13,793)		13,793	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(13,776)	(75,515)	14,868	(74,423)
Balance at end of period	50,000	96,491	172,512	(55,077)	263,925

	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	5,806	18,019	5,083	(36)	28,873	522	5,682	373,427
Changes during period								
Dividends of surplus								(4,516)
Loss attributable to owners of parent								(72,301)
Reversal of revaluation reserve for land								1,302
Disposal of treasury shares								1,091
Cancellation of treasury shares								—
Net changes in items other than shareholders' equity	8,682	(1,302)	(4,149)	3,713	6,943	(115)	79,855	86,683
Total changes during period	8,682	(1,302)	(4,149)	3,713	6,943	(115)	79,855	12,259
Balance at end of period	14,489	16,716	933	3,676	35,816	407	85,538	385,687

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	18,773	(71,970)
Depreciation	56,713	57,839
Impairment losses	24,373	20,225
Amortization of goodwill	997	488
Retirement benefit expenses	(2,943)	(1,672)
Increase (decrease) in provision for bonuses	(39)	(919)
Increase (decrease) in retirement benefit liability	3,987	(4,332)
Decrease (increase) in retirement benefit asset	(2,488)	5,581
Increase (decrease) in allowance for doubtful accounts	(88)	32
Interest and dividend income	(959)	(882)
Interest expenses	9,979	9,959
Share of loss (profit) of entities accounted for using equity method	76	108
Proceeds from contribution for construction	(955)	(3,262)
Subsidy income	(138)	(482)
Loss (gain) on sale of investment securities	(10)	(382)
Loss (gain) on valuation of investment securities	813	86
Loss (gain) on sale of non-current assets	(270)	(15,190)
Loss on retirement of non-current assets	3,227	2,652
Reduction entry of land contribution for construction	941	3,091
Loss on tax purpose reduction entry of non-current assets	125	468
Gain on reversal of contingent consideration	(284)	(332)
Loss on disaster	674	—
Provision for loss on disaster	1,555	—
Other extraordinary loss (income)	(25)	297
Decrease (increase) in trade receivables	6,060	5,107
Decrease (increase) in inventories	7,952	2,012
Decrease (increase) in accounts receivable - other	2,939	(10,447)
Increase (decrease) in trade payables	(3,492)	(4,591)
Increase (decrease) in advances received	(458)	(2,228)
Increase (decrease) in accrued consumption taxes	336	(2,238)
Other, net	(2,071)	1,535
Subtotal	125,301	(9,446)
Interest and dividends received	1,001	922
Interest paid	(10,001)	(9,965)
Income taxes refund (paid)	(14,842)	(5,774)
Net cash provided by (used in) operating activities	101,458	(24,264)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Payments into time deposits	(157)	(150)
Proceeds from withdrawal of time deposits	153	157
Purchase of investment securities	(226)	(283)
Proceeds from sale of investment securities	417	422
Purchase of property, plant and equipment and intangible assets	(107,951)	(78,886)
Proceeds from sale of property, plant and equipment and intangible assets	537	15,961
Proceeds from contribution received for construction	10,966	15,562
Other, net	(395)	(321)
Net cash provided by (used in) investing activities	(96,655)	(47,537)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,807	(18,573)
Proceeds from long-term borrowings	94,468	134,186
Repayments of long-term borrowings	(87,796)	(112,692)
Proceeds from issuance of bonds	9,928	—
Repayments of accounts payable to Japan railway construction, transport and technology agency	(4,385)	(3,676)
Repayments of lease obligations	(2,052)	(1,205)
Dividends paid	(10,367)	(4,513)
Purchase of treasury shares	(17,378)	—
Proceeds from sale of treasury shares	1,097	642
Proceeds from share issuance to non-controlling shareholders	—	78,592
Other, net	(345)	(365)
Net cash provided by (used in) financing activities	(3,025)	72,394
Effect of exchange rate change on cash and cash equivalents	10	(110)
Net increase (decrease) in cash and cash equivalents	1,787	482
Cash and cash equivalents at beginning of period	26,269	28,056
Cash and cash equivalents at end of period	28,056	28,538

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

Not applicable.

Additional information**Tentative accounting estimates related to COVID-19**

The Group has formulated “FY2021-FY2023 Seibu Group’s Medium-term Management Plan,” and in the planned figures it is targeting a return to pre-COVID-19-pandemic profit levels by FY 2023 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. The accounting estimates regarding impact of the COVID-19 pandemic on the Group has been made assuming these plan figures.

Furthermore, there are uncertainties in the estimates regarding the spread of COVID-19 and the timing for its ending. Therefore, the actual results may differ from the above assumptions.

Consolidated statement of income***1. Subsidies for employment adjustment**

Subsidies for employment adjustment recorded in the fiscal year ended March 31, 2021 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 fiscal year ended March 31, 2021 consisted of fixed expenses (personnel expenses, depreciation and amortization, etc.) that arose during the period of suspended operation of operating facilities that temporarily suspended operations as a result of official requests and declarations, etc. from the national and local governments to prevent the spread of COVID-19.

Segment information**(a) Segment information**

The business segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2020 and 2021 was as follows:

1. Overview of the reportable segments

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

Starting from the year ended March 31, 2021, 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 fiscal year ended March 31, 2021, in each segment under “1. Review of Operating Results and Others (1) Review of operating results for the fiscal year ended March 31, 2021.” In the business segment results, the Izuhakone business, Ohmi business, Sports business and New businesses are included in “Other.”

- (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.

2. Method for calculating the amounts of operating revenue, profit (loss), assets and other items by reportable segment

With regard to the currency translation of revenues and expenses of overseas subsidiaries, etc. into Japanese yen, the Group uses the assumed exchange rate that was used in budget-making.

Inter-segment operating revenue and transfer are based on the prevailing market prices.

Segment profit (loss) is substantially the same as operating profit.

3. Information about operating revenue, profit (loss), assets and other items by reportable segment

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Urban Transporta- tion and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated financial statement (Note 3)
Operating revenue								
Operating revenue from external customers	160,295	220,944	47,348	85,687	40,314	554,590	—	554,590
Inter-segment operating revenue and transfer	8,267	6,508	13,115	26,084	3,901	57,878	(57,878)	—
Total	168,563	227,452	60,464	111,771	44,216	612,468	(57,878)	554,590
Segment profit	22,829	8,533	17,447	5,637	1,874	56,321	501	56,823
Segment assets	553,176	633,707	392,569	93,633	77,285	1,750,372	(42,587)	1,707,784
Other items								
Depreciation	21,779	20,154	11,745	450	3,768	57,898	(1,184)	56,713
Increase in property, plant and equipment and intangible assets	40,609	17,289	12,952	629	14,768	86,250	743	86,993

- (Notes) 1. “Other” consists of the Izuhakone business, Ohmi business, and Sports business.
 2. Details of adjustments are as follows:
 (1) Adjustments for operating revenue of ¥(57,878) million mainly consist of elimination of inter-company transactions.
 (2) Adjustments for segment profit of ¥501 million mainly consist of elimination of inter-company transactions.
 (3) Adjustments for segment assets of ¥(42,587) million mainly consist of elimination of inter-company transactions. The amount of corporate assets which are not allocable to the reportable segments, such as surplus funds (cash and deposits), is ¥11,798 million.
 (4) Adjustments for increase in property, plant and equipment and intangible assets of ¥743 million are mainly due to purchases of intangible assets.
 3. Segment profit has been reconciled with operating profit in the consolidated statement of income.

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated financial statement (Note 3)
Operating revenue								
Operating revenue from external customers	115,346	80,902	42,913	74,415	23,483	337,061	—	337,061
Inter-segment operating revenue and transfer	7,250	3,147	12,482	21,718	3,277	47,878	(47,878)	—
Total	122,597	84,050	55,395	96,134	26,760	384,939	(47,878)	337,061
Segment profit (loss)	(9,817)	(53,413)	15,422	4,058	(7,562)	(51,311)	(275)	(51,587)
Segment assets	582,553	623,349	388,232	83,900	73,349	1,751,385	(52,888)	1,698,497
Other items								
Depreciation	22,209	15,268	12,019	494	4,063	54,055	(1,074)	52,981
Increase in property, plant and equipment and intangible assets	32,141	15,436	8,360	636	9,032	65,607	(4,934)	60,673

- (Notes) 1. “Other” consists of the Izuhakone business, Ohmi business, Sports business and New businesses.
2. Details of adjustments are as follows:
- (1) Adjustments for operating revenue of ¥(47,878) million mainly consist of elimination of inter-company transactions.
 - (2) Adjustments for segment profit (loss) of ¥(275) million mainly consist of elimination of inter-company transactions.
 - (3) Adjustments for segment assets of ¥(52,888) million mainly consist of elimination of inter-company transactions. The amount of corporate assets which are not allocable to the reportable segments, such as surplus funds (cash and deposits), is ¥10,278 million.
 - (4) Adjustments for increase in property, plant and equipment and intangible assets of ¥(4,934) million are mainly due to elimination of inter-company transactions.
3. Segment profit (loss) has been reconciled with operating loss in the consolidated statement of income.

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

For the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Other	Unallocated amount and elimination	Total
Impairment loss	43	12,168	11,917	—	243	—	24,373

(Note) The amount in “Other” consists of an amount relating to Ohmi business.

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Other	Unallocated amount and elimination	Total
Impairment loss	3,404	7,202	451	206	8,959	—	20,225

(Note) The amount in “Other” consists of an amount relating to Izuhakone business and Ohmi business.

Per share information

(Yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net assets per share	1,227.03	999.50
Basic earnings (loss) per share	15.18	(241.32)
Diluted earnings per share	15.16	—

(Notes) 1. Diluted earnings per share for the fiscal year ended March 31, 2021 is not noted even though the Company has issued potential shares, because the per share data is a loss per share.

2. The basis for calculation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Total net assets (Millions of yen)	373,427	385,687
Amounts deducted from total net assets (Millions of yen)	6,204	85,945
[Of the above, share acquisition rights (Millions of yen)]	[522]	[407]
[Of the above, non-controlling interests (Millions of yen)]	[5,682]	[85,538]
Net assets related to common shares (Millions of yen)	367,222	299,742
Number of common shares used to calculate net assets per share (share)	299,277,626	299,891,226

3. The basis for calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	4,670	(72,301)
Amounts not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent related to common shares (Millions of yen)	4,670	(72,301)
Average number of outstanding common shares during period (share)	307,698,369	299,616,052
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (share)	292,083	235,060
[Of the above, share acquisition rights (share)]	[292,083]	[235,060]
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	—	—

4. 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 (loss) per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.

The number of treasury shares at end of period deducted in calculating net assets per share for the fiscal year ended March 31, 2020 was 1,803,900, and for the fiscal year ended March 31, 2021 was 1,254,700. The average number of treasury shares during period deducted in calculating the basic earnings (loss) per share for the fiscal year ended March 31, 2020 was 1,581,833, and for the fiscal year ended March 31, 2021 was 1,523,492.

5. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates and recorded as treasury shares under shareholders' equity is included in the number of treasury shares that are deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic earnings (loss) per share, it is included in treasury shares that are deducted in the calculation of the average number of outstanding shares during the period.

The numbers of treasury shares at end of period deducted in calculating net assets per share for the fiscal year ended March 31, 2020 was 21,998,594, and for the fiscal year ended March 31, 2021 was 21,998,594. The

average number of treasury shares during period deducted in calculating the basic earnings (loss) per share for the fiscal year ended March 31, 2020 was 22,090,091, and for the fiscal year ended March 31, 2021 was 21,998,594.

Significant events after the reporting period

Transfer of Shares of Subsidiary

The Company resolved to transfer the shares of its consolidated subsidiary Seibu Construction Supply Co., Ltd. (hereinafter, “Seibu Construction Supply”) at the meeting of the Board of Directors held on May 13, 2021.

1. Reasons for transfer

The Company has decided to transfer all of the shares of Seibu Construction Supply held by the Company’s consolidated subsidiary Seibu Construction Co., Ltd. because it believes that this will contribute to the growth of Seibu Construction Supply and views this transfer as an opportunity to realize an asset-light business operation by reviewing the Group’s business portfolio.

2. Subsidiary to be transferred

Seibu Construction Supply Co., Ltd. (Major businesses: Manufacture and wholesale of building materials, mineral and metal materials, etc.)

3. Transferee of shares

TOWA ARKS CO., LTD.

4. Number of shares to be transferred

704,000 shares (Ownership ratio after transfer: 0%)

5. Date of transfer

July 1, 2021 (scheduled)

6. Impact on financial results

In line with the transfer of shares of subsidiary, the Company expects to record extraordinary losses of approximately ¥3.0 billion in the fiscal year ending March 31, 2022.