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For Immediate Release

Company Name	Seibu Holdings Inc.
Representative	President & Chief Executive Officer Takashi Goto (Code No.: 9024 First Section of the Tokyo Stock Exchange)
Inquiries	General Manager of Corporate Communication Kiyoto Kawakami (TEL. +81-3-6709-3112)

Notice Regarding Recognition of Extraordinary Losses (Impairment Loss) and the Revision of the Full-Year Consolidated Earnings Forecasts for the Year Ending March 31, 2021

Seibu Holdings Inc. (the "Company") now expects to record extraordinary losses (impairment loss) for the year ending March 31, 2021.

Furthermore, the Company resolved at a Board of Directors meeting held on February 25, 2021, to revise the full-year consolidated earnings forecasts for the year ending March 31, 2021, announced on September 24, 2020. The details are set forth below.

1. Recognition of extraordinary losses (impairment loss)

   The Company expects to additionally recognize approximately ¥18,000 million in extraordinary losses (impairment loss) in the fourth quarter of the fiscal year upon having analyzed future recoverability of certain non-current assets (including the railway business of Ohmi Railway Co., Ltd.*, overseas hotel operations, the Izuhakone business, golf course operations and resort hotel operations in Japan, and others) held by consolidated subsidiaries, pursuant to the "Accounting Standard for Impairment of Non-current Assets." Concerning impairment loss for the year ending March 31, 2021, the Company expects to record an amount of approximately ¥21,000 million of impairment loss, including the amount already recorded in the nine months ended December 31, 2020.

* This includes railway facilities that are expected to be transferred to the public sector due to the separation of infrastructure and operations under a scheme where the facilities are publicly owned and the operations are privately managed.

2. Forecast figures of the full-year consolidated earnings for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated earnings forecasts for the fiscal year ending March 31, 2021

	Operating revenue	Operating profit	EBITDA	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Financial forecast (A) (Announced on September 24, 2020)	332,000	(56,000)	0	(64,000)	(63,000)	(210.42)
Revised forecast (B)	334,000	(58,000)	(4,000)	(68,000)	(80,000)	(266.84)
Difference (B - A)	2,000	(2,000)	(4,000)	(4,000)	(17,000)	–
Change (%)	0.6%	–	–	–	–	–
(Reference) Results for the fiscal year ended March 31, 2020	554,590	56,823	114,535	48,770	4,670	15.18

(2) Reason of revisions

The Company has made the revision mainly reflecting its expected recording of an extraordinary loss (impairment loss) as described above and recent trends in its business performance.

On September 24, 2020, the Group announced its intention to equip the 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 carrying out the "management reforms," and also announced the consolidated earnings forecasts for the fiscal year ending March 31, 2021, which assumed that the situation would continue to be difficult with no turnaround and incorporated figures from the "management reforms" that could be quantified at that point, such as targets to reduce costs and capital investment.

For the forecast of operating revenue, we assume that the redeclared state of emergency will be extended until March 7, 2021 and a weak recovery in demand will continue for a certain period thereafter. Recently, due to the resurgence of COVID-19, together with the associated temporary suspension of the "Go To Campaign," and a redeclaration of a state of emergency, the conditions in the environment surrounding the Group have been deteriorating more than were expected as of September 24, 2020. However, mainly reflecting a larger-than-expected resurgence in demand for going out at the beginning of autumn, operating revenue is expected to exceed the figure announced on September 24, 2020.

Full-year fixed expenses are expected to be reduced by around ¥55,000 million from the initial estimate, mainly by delaying and reducing nonessential and non-urgent costs and capital investments; reviewing operating formats, including temporarily suspending operations and consolidating operations of facilities such as hotels, and reducing or suspending bus services, based on demand trends; reducing director remuneration and employee bonuses; and utilizing employment adjustment subsidies by having employees take a leave of absence. However, we do not expect to reach the target reduction of ¥62,000 million, and operating loss, EBITDA (loss), and ordinary loss are expected to be larger than the announced forecast.

Loss attributable to owners of parent is expected to be larger than the initially announced forecast. This is mainly attributable to an increase in ordinary loss, reclassification of fixed expenses during temporary suspension of operations at hotels operated by foreign subsidiaries as extraordinary losses, the expectation of adding the same reclassification for other operations such as hotels in Japan, and the expectation of recording extraordinary losses (impairment loss) as described above, despite expecting to record extraordinary income in association with the sale of Sugita Golf Driving Range (golf driving range and tennis courts) which was undertaken as an initiative related to cash flows from investing activities within the Group's "management reforms."

(3) Forecasts for operating revenue, operating profit, and EBITDA by segment

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the year ending March 31, 2021 (Revised forecast)	Comparison with announce-ment of September 24	YoY change	For the year ending March 31, 2021 (Revised forecast)	Comparison with announce-ment of September 24	YoY change	For the year ending March 31, 2021 (Revised forecast)	Comparison with announce-ment of September 24	YoY change
Urban Transportation and Regional	122,100	(700)	(46,463)	(12,700)	(5,400)	(35,529)	9,600	(5,600)	(35,008)
Hotel and Leisure	81,700	(6,000)	(145,752)	(55,600)	(400)	(64,133)	(40,200)	(2,500)	(68,887)
Real Estate	55,100	1,100	(5,364)	14,800	(900)	(2,647)	26,800	(900)	(2,392)
Construction	97,100	1,300	(14,671)	3,900	1,300	(1,737)	4,400	1,300	(1,688)
Other	26,400	2,600	(17,816)	(8,500)	3,300	(10,374)	(4,400)	3,200	(10,042)
Total	382,400	(1,700)	(230,068)	(58,100)	(2,100)	(114,421)	(3,800)	(4,500)	(118,019)
Adjustments	(48,400)	3,700	9,478	100	100	(401)	(200)	500	(515)
Consolidated	334,000	2,000	(220,590)	(58,000)	(2,000)	(114,823)	(4,000)	(4,000)	(118,535)

(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 ending March 31, 2021, the Company has newly established and changed its reportable segment structure. 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.

Operating revenue in the Urban Transportation and Regional business segment is expected to be lower than the figure announced on September 24, 2020, mainly reflecting the impacts of people refraining from going out in conjunction with a current resurgence in COVID-19 and a redeclaration of a state of emergency, despite a larger-than-expected resurgence in demand for going out at the beginning of autumn. The Company has striven to reduce fixed expenses by conducting a cost review, reducing overtime work and employee bonuses, and reviewing its operating formats, such as reducing and suspending bus services. However, the Company does not expect to meet the cost reduction target, and operating loss is expected to be larger and EBITDA is expected to be lower than the announced figures. Sales from railway transportation in the railway business in March 2021 are expected to be down by about 28% from March 2019, which is lower than the expected drop of about 15% that was announced previously.
Operating revenue in the Hotel and Leisure business segment had been on a recovery trend driving by the "Go To Campaign" of the Japanese government, but is expected to be lower than the announced figure, mainly reflecting the impacts of a resurgence in COVID-19 and the associated temporary suspension of the "Go To Campaign," as well as the impact of people refraining from going out due to the redeclaration of a state of emergency. Operating loss and EBITDA (loss) are expected to be larger than the announced forecast. This is mainly attributable to lower-than-expected operating revenue, despite having reduced fixed expenses by measures such as revising operating formats in accordance with demand trends, reclassification of fixed expenses during temporary suspension of operations at hotels operated by foreign subsidiaries as

extraordinary losses, and the expectation of adding the same reclassification for other operations such as hotels in Japan. The occupancy rate is expected to be about 11% during the fourth quarter (the occupancy rate for the second half is expected to be around 21%), which is lower than the expected occupancy rate for the second half of about 30% to 40% that was announced previously.

Operating revenue in the Real Estate business segment is expected to exceed the announced figure, mainly reflecting a lower-than-expected decrease at retail commercial facilities such as Karuizawa Prince Shopping Plaza. The Company has striven to reduce fixed expenses by conducting a cost survey of advertising expenses and so forth. However, the Company does not expect to meet the cost reduction target, and operating income and EBITDA are both expected to be lower than the initially announced figures.

In the Construction business segment, operating revenue is expected to be higher than the announced figure, mainly due to better-than-expected progress in civil engineering projects.

In the “other” segment, operating revenue is expected to exceed the announced figure and operating loss and EBITDA (loss) are expected to be smaller than the announced figures. This is mainly due to a greater-than-expected relaxation of restrictions on the mobilization of spectators for the Seibu Lions at the beginning of autumn in the Sport business, and demand for going out recovering to a greater degree than expected in the Izuhakone business and Ohmi business.

(Note) The above forecasts are based on information available to the Company at the announcement of this material. Actual earnings results may differ from the forecast figures due to various factors going forward.

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