

SEIBU HOLDINGS Revises Earnings Forecasts—JCR Values Progress in Asset Light Strategy and Continues Watching Demand Trends for Railways and Hotels

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on SEIBU HOLDINGS INC. (security code: 9024)'s revisions to its earnings forecasts for the first half and full fiscal year ending March 2023.

- (1) On September 29, SEIBU HOLDINGS INC. (the "Company") announced revisions to its earnings forecasts for the first half and full fiscal year ending March 31, 2023 (FY2022). The revised forecasts are: operating revenue of 210 billion yen (214 billion yen before the revision), operating profit of 11 billion yen (15 billion yen before the revision), and profit attributable to owners of parent of 64 billion yen (5 billion yen before the revision) for the first half; and operating revenue of 416 billion yen (443 billion yen before the revision), operating profit of 13 billion yen (31 billion yen before the revision), and profit attributable to owners of parent of 75 billion yen (82 billion yen before the revision) for the full fiscal year. Factors such as slowdown in the recovery of demand for railways and hotels are incorporated into the revisions to operating revenues and operating profits. The initial forecasts for the profit attributable to owners of parent included gains from the sale of the hotel and leisure assets, but JCR believes that the revised forecasts now reflect a more accurate value. On the other hand, the Company has decided to record impairment losses on some hotel and leisure assets that are scheduled to be transferred, taking into account their recoverability.
- (2) On January 27, JCR announced its affirmation of the A- on the Company's long-term issuer rating with the Negative rating outlook. While incorporating a certain degree of financial improvement effect from the sale of hotel and leisure assets, JCR confirms the progress of the sale and the recovery conditions of the railways and hotels for the rating. The sale of hotel and leisure assets is an important measure for the recovery of the Company's financial base, and JCR believes that the decision to sell the four properties has increased the certainty of financial improvement. On the other hand, railway transportation and hotel occupancy are still affected by the COVID-19. JCR will continue to closely monitor these demand trends as well as efforts to lower the break-even point.

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<Reference>

Issuer: SEIBU HOLDINGS INC.

Long-term Issuer Rating: A- Outlook: Negative

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