



Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2021 (FY2020) [J-GAAP] (Consolidated)

February 3, 2021

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Company name: Japan Airport Terminal Co., Ltd. ("the Company") Listed stock exchange: Tokyo, 1st Section
 Code number: 9706 URL: <https://www.tokyo-airport-bldg.co.jp/company/en/>
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Scheduled date of filing securities report: February 12, 2021
 Scheduled date of commencing dividend payment: —
 Supplementary materials on financial results (yes/no) No
 Holding of quarterly earnings announcement (yes/no) No

(Figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Nine Months of FY2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated Business Results (Cumulative)

%: Change from the same period of the previous year

	Operating revenues		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss) attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Nine Months of FY2020	39,720	-80.5	(44,025)	-	(41,377)	-	(26,478)	-
FY2019	203,451	-1.9	15,764	-18.8	14,907	-15.8	8,162	-74.1

(Note) Comprehensive income / (loss): First nine months of FY2020 (¥49,923 million) (-%) First nine months of FY2019 ¥10,703 million (-68.9%)

	Net income/(loss) per share	Diluted net income per share
First Nine Months of FY2020	Yen (325.97)	Yen -
FY2019	100.49	95.84

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	470,914	151,133	27.6	1,601.12
As of March 31, 2020	521,363	201,899	31.2	2,001.83

(Reference) Equity capital: As of December 31, 2020 ¥130,055 million As of March 31, 2020 ¥162,605 million

2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2019	-	22.00	-	10.00	32.00
FY2020	-	0.00	-	-	-
FY2020 (Forecast)	-	-	-	-	-

(Note) 1. Revisions to the most recently announced dividends forecast for FY2020: None

2. We have decided to postpone the announcement of the outlook for dividend payment for the fiscal year ending March 31, 2021

3. Forecast of Consolidated Financial Results for FY 2020 (April 1, 2020 to March 31, 2021)

%: Change from the same period of the previous year

	Operating revenues		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss) attributable to owners of the parent		Net income / (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	61,000	-75.6	(58,000)	-	(55,500)	-	(35,000)	-	(430.89)

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2020: None

*** Notes**

(1) Significant changes in subsidiaries during the period under review (changes in specified subsidiaries involving changes in scope of consolidation): No

New: None Excluded: None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to page 14 of the appendix materials “2. Quarterly Consolidated Financial Statements and Notes

(3) Notes on Quarterly Consolidated Financial Statements: Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements”.

(3) Changes in accounting policies, accounting estimates, and restatement of revisions

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the period-end (including treasury stock):

As of December 31, 2020	84,476,500 shares	As of March 31, 2020	84,476,500 shares
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2) Number of treasury stock at the period-end:

As of December 31, 2020	3,248,529 shares	As of March 31, 2020	3,248,324 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

Third quarter of FY2020	81,228,083 shares	Third quarter of FY2019	81,228,443 shares
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*** This quarterly financial report is not subject to the quarterly review by certified public accountants or auditing firms.**

*** Statements regarding the proper use of financial forecast and other special remarks**

Notes on the use of forward-looking statements

The forecast of the business results reported herein was prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. The Company makes no guarantee that these figures will be achieved. Actual results may differ significantly from forecasts due to various factors.

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1. Qualitative Information on Consolidated Financial Results for the First Nine Months of FY2020 (April 1, 2020 to December 31, 2020)

(1) Explanation of Operating Results

During the first nine months of the fiscal year ending March 31, 2021, the Japanese economy continued to face a difficult situation due to the impact of the new corona virus infection (COVID-19), but there have been signs of recovery. Looking ahead, it is expected that the recovery trend will continue due to the effects of various policies and improving overseas economies, while taking measures to prevent the spread of the infection. However, it is important to prudently monitor the increase of downside risk of the economy due to the spread of the infection in Japan and overseas.

Under these economic conditions, the airline industry has seen a recovery in domestic tourism demand with the addition of travel to and from Tokyo to the “Go To Travel” campaign since October 2020. However, the demand on air travel has again weakened since December by the rebound of COVID-19 cases and the nationwide suspension of the “Go To Travel” campaign. The number of passengers on domestic flights at Haneda Airport had steadily recovered from the approximately 70% year-on-year decline in the second quarter, to approximately 50% year-on-year decline in October and November, but in December, the number of passengers declined again from the previous month. On the other hand, for international flights, since October, South Korea, China, and other countries have been added to business and residence tracks, and the restrictions on new arrivals from all over the world were eased under certain conditions, but since December, restrictions have been tightened again due to the spread of infection caused by a variant of COVID-19 in Europe. As a result, the number of passengers on international flights at Haneda Airport continued to be down more than 95% from the previous year. The number of international passengers at Narita Airport and other international hub airports where we operate business has also remained significantly down from the previous year.

Under these circumstances, the Japan Airport Terminal Group (“JAT Group”) is making efforts to ensure the safety and security of airport users, based on the “Guidelines for Preventing the Spread of COVID-19 in the Aviation Field” (jointly prepared by the Scheduled Airlines Association and the All Japan Airport Terminal Association). To date, we have taken measures including the improvement of the ventilation capacity of the terminals, the installation of hand sanitizers and plastic sheets to prevent droplet infection throughout the terminal buildings, and the introduction of thermographic devices for measuring body temperature at security checkpoints. Furthermore, we are taking various initiatives including establishing a system that enables PCR testing for overseas travelers and issues a certificate of negative test result in as little as two hours at the Toho University Haneda Airport Terminal 3 Clinic, commencing a dedicated bus service for arrivals to hotels in cooperation with Airport Transport Service Company Ltd. and others, in addition to providing a part of Terminal 3 as a PCR testing area amidst the government's effort to expand the PCR testing system.

Meanwhile, in order to recover merchandise sales in the face of a significant decrease in operating revenues, we have been promoting measures to boost sales, mainly at stores for domestic flights where passenger recovery continued. We have been making efforts including enhancing the development of products exclusive to Haneda Airport by launching new original brands such as “HANEDA CHOCOLATE JOURNEY”. In the e-commerce business, in addition to enhancing the product lineup on the existing e-commerce website, we launched a new cross-border e-commerce website in cooperation with an outside company, and are taking various measures to expand the scale of the business. In the midst of a sluggish demand for air travel, we have been implementing rent reduction and exemption measures since April of the previous year as a support measure for airlines and tenants, while reviewing the details of the reduction and exemption in light of passenger trends.

We are also implementing extensive cost-reduction measures to minimize the impact of the decline in revenues. In addition to cutting down non-urgent costs, we temporarily closed part of the terminal in light of passenger trends, reduced facility maintenance and management costs by reviewing operations, and reduced outsourcing costs by bringing tasks in-house. With respect to personnel costs, we reduced fixed costs by partially reducing executive compensation, employee bonuses and temporary salary payment. We will try to sustain cost reduction and review our cost structure to build a more efficient profit-generating structure by curbing the possible cost increase associated with the recovery of passenger volume in the future.

From the financial perspective, we have worked to secure liquidity on hand by reviewing our investments, and we have raised ¥5.0 billion in long-term loans and secured a short-term borrowing facility of ¥20.0 billion to date, in addition to an existing commitment line of ¥9.0 billion. We will continue to consider other measures to secure additional funds in preparation for the prolonged effect of our revenue decline.

The JAT Group has aspired to best satisfy the needs of all stakeholders. To create business and revenue generation opportunities and achieve sustainable growth, we have developed a medium-term business plan (FY2016 – FY2020) and taken measures based on our long-term vision “To be a World Best Airport”.

However, the impact of COVID-19 has significantly changed the business environment that the medium-term business plan was based on. Furthermore, the society as a whole is shifting to the “new normal”, and the JAT Group is fundamentally reviewing the way it operates its airport terminals and its business operations, with ideas that are not bound by the conventional framework.

During the current fiscal year, for international flights at Haneda Airport, we are implementing measures to prevent COVID-19 infections by non-face-to-face and contactless services and facilities along with improving passenger convenience through the promotion of “FAST TRAVEL” which enables stress-free and comfortable boarding procedures and the introduction of “One ID” which uses face recognition technology. On domestic flights, utilizing the robot demonstration experiments conducted to date, we are actively using digital technology to promote flexible and efficient terminal operations including the introduction of automated wheelchairs, remote guidance robots, sanitization work robots, and the “C-FACE”, multilingual translation smart masks that apply translation robot technology. In addition, we are also working on a sales agency business to sell these world-class technologies and products that we have jointly developed and adopted at Haneda Airport to other airports. As for international flights, while the recovery in general passenger volume will take some time, we are working on the construction of dedicated facilities to business jets in anticipation of the demand for business jet segment picking up, which is expected to commence operation in July when the Tokyo Olympic and Paralympic Games will be held. We will continue to develop new businesses in order to diversify our revenue sources by acquiring new customer segments and to secure revenue sources that do not solely depend on flight passengers.

With respect to ESG (Environmental, Social and Governance), in addition to our existing efforts to reduce CO2 emissions toward a decarbonized society including the use of LED lighting, we completed the construction of a new recycling building in December 2020 as a countermeasure to the increasing waste volume at Haneda Airport. We also started a demonstration experiment of “TABETE Rescue Deli”, a service to sell unsold items at airport stores to airport employees to reduce food loss. Moreover, to enhance our universal design service facilities, we are taking various measures including setting up a “Calm Down, Cool Down Space” in the security area after passing through the baggage checkpoint, where people with disabilities can use when they need to calm down.

As a result of the above, with respect to consolidated financial results for the first nine months of the fiscal year ending March 31, 2021, operating revenues were ¥39,720 million (down 80.5% year-on-year) due to continuous decline in revenue from facility user charges, merchandise sales, and food and beverage sales because of the substantial drop in passenger volume for domestic and international flights. As a result of the fall in revenue, operating loss was ¥44,025 million (compared to operating income of ¥15,764 million during the same period of the previous fiscal year), coupled with increase in depreciation expense of Haneda’s international facilities that commenced operation last fiscal year despite taking thorough cost reduction measures. Ordinary loss was ¥41,377 million (compared to ordinary income of ¥14,907 million during the same period of the previous fiscal year), and quarterly net loss attributable to owners of the parent was ¥26,478 million (compared to quarterly net income attributable to owners of the parent of ¥8,162 million during the same period of the previous fiscal year).

Operating Results	(Millions of yen)		
	First Nine Months of FY2019 (ended December 31, 2019)	First Nine Months of FY2020 (ended December 31, 2020)	Year-on-Year (%)
Operating revenues	203,451	39,720	-80.5
[Facilities Management]	64,474	26,719	-58.6
[Merchandise Sales]	123,438	10,575	-91.4
[Food and Beverage]	15,538	2,426	-84.4
Operating income / (loss)	15,764	(44,025)	-
Ordinary income / (loss)	14,907	(41,377)	-
Quarterly net income / (loss) attributable to owners of the parent	8,162	(26,478)	-

In the Skytrax (UK) “Global Airport Rating” published in November 2019, Haneda Airport’s passenger terminals were awarded the world’s highest standard “5-star Airport” for the sixth consecutive year. Moreover, in May 2020, we were awarded second place globally in the “World’s Best Airports” for the second consecutive year, which comprehensively evaluates various aspects of international airports in 2020. We were also awarded first place globally in the World’s Cleanest Airports (for the fifth consecutive year), World’s Best Domestic Airports (for the eighth consecutive year), and World’s Best PRM / Accessible Facilities (for the second consecutive year).

The airline industry continues to face a very difficult situation, and a state of emergency was again

declared in Tokyo and other areas at the beginning of 2021. As a result, the reopening of "Go To Travel" campaign has been postponed and restaurants have been asked to shorten their operating hours, which has had a significant impact on air travel demand and our business. In light of these trends, the JAT Group will continue to ensure the safety and security of passengers using Haneda Airport and will operate the passenger terminal to appropriately respond to the demand. In the long-term, we expect a steady increase in demand for air travel, and we will continue to work towards increasing the value of Haneda Airport by further improving the convenience, comfort and functionality of the terminal buildings as the sky gateway to Japan and the Tokyo metropolitan area.

The following is a breakdown of earnings / (loss) by segment. Note that the figures for operating income / (loss) are equivalent to those for segment income / (loss).

Overview by Segment

[Facilities Management]

Operating Results	(Millions of yen)		
	First Nine Months of FY2019 (ended December 31, 2019)	First Nine Months of FY2020 (ended December 31, 2020)	Year-on-Year (%)
Facilities Management	64,474	26,719	-58.6
Rent revenue	13,669	12,450	-8.9
Facility user charges revenue	33,437	5,838	-82.5
Other revenues	17,366	8,430	-51.5
Intersegment sales and transfers	4,066	1,425	-65.0
Total of Operating Revenues	68,540	28,144	-58.9
Segment income / (loss)	10,222	(27,408)	-

Rent revenue decreased from the same period of the previous year primarily due to continued rent reductions and exemptions offered to tenants and others which have been implemented since April 2020.

Revenue from facility user charges fell significantly below the same period of the previous year due to a substantial drop in user charges. Although passenger volume for domestic flights was steadily recovering, it turned to a downward trend again after December 2020. The passenger volume for international flights remained significantly down from the previous year.

Other revenues fell significantly below the same period of the previous year due to the decline in parking revenue, paid lounge sales, hotel revenue and advertising revenue as a result of the slump in passenger volume.

As a result, operating revenues from facilities management operations decreased to ¥28,144 million (down 58.9% year-on-year). Operating loss for the segment was ¥27,408 million (compared to operating income of ¥10,222 million during the same period of the previous fiscal year) primarily due to the drop in revenue and the increase in depreciation expense after the opening of Haneda Airport Terminal 2 international facilities and expansion part of Terminal 3 in the previous fiscal year.

[Merchandise Sales]

Operating Results	(Millions of yen)		
	First Nine Months of FY2019 (ended December 31, 2019)	First Nine Months of FY2020 (ended December 31, 2020)	Year-on-Year (%)
Merchandise Sales	123,438	10,575	-91.4
Sales at domestic terminal stores	27,415	6,853	-75.0
Sales at international terminal stores	70,540	1,772	-97.5
Other revenues	25,482	1,949	-92.4
Intersegment sales and transfers	751	517	-31.2
Total of Operating Revenues	124,190	11,092	-91.1
Segment income / (loss)	11,146	(7,746)	-

Merchandise sales at domestic terminal stores significantly decreased from the same period of the previous year due to the significant impact of the drop in passenger volume and change in consumer sentiment, despite the positive effects by the introduction of “Go To Travel” regional coupons since October 2020.

Sales at international terminal stores significantly decreased from the same period of the previous year primarily due to the substantial decrease in international passenger volume and continued temporary closures of many of our directly-managed duty-free stores. In addition to TIAT DUTY FREE SHOP CENTRAL, some of the brand boutiques have resumed operation in line with flight schedule at Haneda Airport Terminal 3. Some stores at Narita Airport are operating on limited days of the week, but merchandise sales at each store including airport-style in-city duty-free shop “Japan Duty Free Ginza” continue to face difficulties.

Other revenues significantly decreased from the same period of the previous year because of the decrease in the wholesaling business at local airports due to the drop in passenger volume.

As a result, operating revenues from merchandise sales operations dropped to ¥11,092 million (down 91.1% year-on-year) and operating loss was ¥7,746 million (compared to operating income of ¥11,146 million during the same period of the previous fiscal year).

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Nine Months of FY2019 (ended December 31, 2019)	First Nine Months of FY2020 (ended December 31, 2020)	Year-on-Year (%)
Food and Beverage	15,538	2,426	-84.4
Sales from food and beverage stores	9,580	1,876	-80.4
Sales from in-flight meals	5,268	286	-94.6
Other revenues	689	263	-61.8
Intersegment sales and transfers	1,945	773	-60.2
Total of Operating Revenues	17,484	3,200	-81.7
Segment income / (loss)	796	(3,601)	-

Sales from food and beverage operations significantly fell from the same period of the previous year at both domestic and international terminals due to the temporary closures and shortened operating hours in addition to the slump in passenger volume.

Sales from in-flight meals significantly fell from the same period of the previous year due to a significant decline in passenger volume for flights to and from Narita and Haneda by many of the foreign carriers, our clients in this business.

As a result, operating revenues from food and beverage operations dropped to ¥3,200 million (down 81.7% year-on-year) and operating loss for the segment was ¥3,601 million (compared to operating income of ¥796 million during the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets]

Current assets decreased primarily due to the decrease in cash and deposits and accounts receivable because of the decline in operating revenues. Fixed assets decreased primarily due to the depreciation of buildings and structures. As a result, total assets decreased by ¥50,448 million from the previous fiscal year end to ¥470,914 million.

[Liabilities]

Liabilities increased due to long-term loans of approximately ¥30.0 billion that the Company raised despite the payment of the construction cost of Haneda Airport international facilities which the construction was completed last fiscal year. As a result, total liabilities increased by ¥317 million from the previous fiscal year end to ¥319,781 million.

[Net Assets]

Dividend distribution was made, and quarterly loss decreased retained earnings and non-controlling interests. As a result, total net assets decreased by ¥50,766 million from the previous fiscal year end to ¥151,133 million.

As a result, the equity ratio was 27.6% (compared to 31.2% at the previous fiscal year end).

(3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

In the first nine months of the fiscal year ending March 31, 2021, the number of passengers exceeded the forecast for domestic flights, while the number of passengers fell short of the forecast for internal flights at Haneda Airport. With respect to the consolidated results, operating revenues surpassed the forecast, mainly due to higher-than-expected facility user charges and other revenues. With respect to profit and loss, the outcome was also better than the forecast, mainly due to progress in cost reduction efforts.

The outlook for the full year is unclear due to the possibility of a further decline in passenger demand as a result of factors including the declaration of a state of emergency in 11 prefectures, including the Tokyo metropolitan area, from the beginning of 2021 due to the spread of COVID-19 and the complete suspension of new entries by foreigners. However, the full-year consolidated financial forecasts announced on November 5, 2020 remain unchanged at this time, and we will continue to closely monitor future developments.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2019 (As of March 31, 2020)	First Nine Months of FY2020 (As of December 31, 2020)
ASSETS		
Current assets		
Cash and deposits	71,958	67,476
Accounts receivable	8,924	4,662
Merchandise and finished products	13,440	12,233
Raw materials and stored goods	146	301
Other current assets	19,797	6,775
Allowance for doubtful accounts	(18)	(62)
Total current assets	114,248	91,386
Fixed assets		
Tangible fixed assets		
Buildings and structures	552,854	556,216
Accumulated depreciation and impairment loss	(277,692)	(295,792)
Buildings and structures (net)	275,162	260,424
Machinery, equipment and vehicles	37,743	35,697
Accumulated depreciation and impairment loss	(15,266)	(17,315)
Machinery, equipment and vehicles (net)	22,476	18,381
Land	12,881	12,883
Lease assets	3,622	3,530
Accumulated depreciation and impairment loss	(965)	(990)
Lease assets (net)	2,657	2,540
Construction in progress	6,258	4,697
Other tangible fixed assets	67,111	67,737
Accumulated depreciation and impairment loss	(50,994)	(54,372)
Other tangible fixed assets (net)	16,116	13,364
Total tangible fixed assets	335,551	312,291
Intangible fixed assets		
Leasehold right	35,205	33,822
Other intangible fixed assets	3,614	3,316
Total intangible fixed assets	38,820	37,138
Investments and other assets		
Investment securities	20,082	14,991
Deferred tax assets	8,748	11,148
Net defined benefit assets	387	514
Other investments	3,523	3,442
Total investments and other assets	32,742	30,097
Total fixed assets	407,114	379,527
TOTAL ASSETS	521,363	470,914

	(Millions of yen)	
	FY2019 (As of March 31, 2020)	First Nine Months of FY2020 (As of December 31, 2020)
LIABILITIES		
Current liabilities		
Accounts payable	3,261	1,776
Short-term loans payable	13,646	16,543
Accrued expenses	8,736	11,887
Income taxes payable	1,517	407
Allowance for employees' bonuses	1,635	599
Allowance for directors' bonuses	186	-
Other current liabilities	35,343	8,914
Total current liabilities	64,327	40,129
Fixed liabilities		
Bonds	50,985	50,878
Bonds with stock acquisition rights	15,020	15,012
Long-term loans payable	161,011	179,179
Lease obligations	2,402	2,212
Deferred tax liabilities	13,357	17,038
Allowance for directors' retirement benefits	55	67
Net defined benefit liabilities	4,141	4,180
Asset retirement obligations	486	491
Other fixed liabilities	7,675	10,592
Total fixed liabilities	255,136	279,652
TOTAL LIABILITIES	319,464	319,781
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	123,451	96,160
Treasury stock	(3,248)	(3,249)
Total shareholders' equity	159,029	131,738
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,637	1,209
Deferred gains or losses on hedges	609	(2,256)
Foreign currency translation adjustment	37	25
Remeasurements of defined benefit plans	(708)	(661)
Total accumulated other comprehensive income	3,575	(1,682)
Non-controlling interests	39,294	21,077
TOTAL NET ASSETS	201,899	151,133
TOTAL LIABILITIES AND NET ASSETS	521,363	470,914

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Nine Months of FY2019 (from April 1, 2019 to December 31, 2019)	First Nine Months of FY2020 (from April 1, 2020 to December 31, 2020)
Operating revenues		
Rent revenue	13,669	12,450
Facility user charges revenue	33,437	5,838
Other revenues	17,605	8,527
Sales of merchandise	123,200	10,455
Sales of food and beverage	15,537	2,449
Total operating revenues	203,451	39,720
Cost of sales		
Cost of sales of merchandise	86,750	8,096
Cost of sales of food and beverage	8,248	2,460
Total cost of sales	94,999	10,556
Gross profit	108,452	29,164
Selling, general and administrative expenses		
Salaries and wages	10,121	8,538
Provision for employees' bonuses	923	367
Provision for directors' bonuses	190	-
Expenses for retirement benefits	676	726
Rent expenses	12,501	8,809
Outsourcing and commission	21,767	9,764
Depreciation expenses	19,752	25,766
Other costs and expenses	26,755	19,217
Total selling, general and administrative expenses	92,688	73,189
Operating income / (loss)	15,764	(44,025)
Non-operating income		
Interest income	19	2,429
Dividends income	361	225
Equity in earnings of affiliates	222	-
Subsidies for employment adjustment	-	2,889
Miscellaneous income	1,056	901
Total non-operating income	1,660	6,445
Non-operating expenses		
Interest expenses	2,145	1,760
Loss on retirement of fixed assets	146	356
Equity in losses of affiliates	-	1,530
Miscellaneous expenses	225	149
Total non-operating expenses	2,517	3,797
Ordinary income / (loss)	14,907	(41,377)

	(Millions of yen)	
	First Nine Months of FY2019 (from April 1, 2019 to December 31, 2019)	First Nine Months of FY2020 (from April 1, 2020 to December 31, 2020)
Extraordinary gains		
Gain on sales of investment securities	-	3,504
Gain on sales of fixed assets	81	-
Government subsidies	419	4,568
Total extraordinary gains	501	8,072
Extraordinary loss		
Loss on retirement of fixed assets	429	-
Impairment loss	-	1,097
Loss on valuation of other investments	-	5
Loss on reduction entry of fixed assets	320	4,479
Total extraordinary loss	749	5,583
Quarterly income / (loss) before income taxes and non-controlling interests	14,660	(38,887)
Income taxes – current	4,572	3,033
Quarterly income / (loss)	10,087	(41,921)
Quarterly net income / (loss) attributable to non-controlling interests	1,924	(15,443)
Quarterly net income / (loss) attributable to owners of the parent	8,162	(26,478)

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Nine Months of FY2019 (from April 1, 2019 to December 31, 2019)	First Nine Months of FY2020 (from April 1, 2020 to December 31, 2020)
Quarterly income / (loss)	10,087	(41,921)
Other comprehensive income		
Valuation difference on available-for-sale securities	18	(2,432)
Deferred gains (losses) on hedges	503	(5,618)
Foreign currency translation adjustment	(17)	(12)
Remeasurements of defined benefit plans	102	90
Share of other comprehensive income of associates accounted for using equity method	9	(28)
Total other comprehensive income	616	(8,001)
Comprehensive income / (loss)	10,703	(49,923)
Comprehensive income / (loss) attributable to:		
Comprehensive income / (loss) attributable to owners of the parent	8,528	(31,736)
Comprehensive income / (loss) attributable to non-controlling interests	2,175	(18,186)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Calculation of tax expenses

The effective tax rate on income before taxes for the consolidated fiscal year including the third quarter after the application of tax effect accounting is reasonably estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses. However, in cases where the use of such an estimated effective tax rate would result in a significant lack of rationality, the statutory effective tax rate is applied.

(Additional Information)

Accounting estimates with respect to the impact of the spread of COVID-19

To judge the recoverability of deferred tax assets, the Company is developing and evaluating scenarios based on the information from external sources available at the time of preparation of the quarterly consolidated financial statements. In the second quarter of the current consolidated financial year, we reviewed the assumptions, including the timing when the spread of COVID-19 will be contained that were included in (Additional Information) of the Securities Report for the fiscal year ended March 31, 2020, with reference to the aviation demand forecast announced by the International Air Transport Association (IATA) on July 28, 2020. As a result, there is no change in our initial forecast for the recovery in number of passengers, which affect earnings and other factors, that the recovery will take about two years for domestic flights and four years for international flights starting from the end of March 2020, but the current trend in passenger volume indicates a slower recovery. The accounting estimates based on such assumptions are reflected in the accounting treatment.

Although there have been no changes made to these assumptions for the third quarter of the current consolidated financial year, changes in these assumptions may affect future earnings.

(Segment Information)

Segment Information

I. First nine months of FY2019 (from April 1, 2019 to December 31, 2019)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	64,474	123,438	15,538	203,451	-	203,451
Intersegment sales and transfers	4,066	751	1,945	6,764	(6,764)	-
Total	68,540	124,190	17,484	210,216	(6,764)	203,451
Segment income (loss)	10,222	11,146	796	22,165	(6,400)	15,764

(Notes) 1. Adjustments to the segment income include ¥6,404 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.

2. Segment income is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

Not applicable

II. First nine months of FY2020 (from April 1, 2020 to December 31, 2020)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note 2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	26,719	10,575	2,426	39,720	-	39,720
Intersegment sales and transfers	1,425	517	773	2,716	(2,716)	-
Total	28,144	11,092	3,200	42,436	(2,716)	39,720
Segment income/(loss)	(27,408)	(7,746)	(3,601)	(38,756)	(5,268)	(44,025)

(Notes) 1. Adjustments to the segment income include ¥5,273 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.

2. Segment income is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

In the "Merchandise Sales" segment, the Company recorded an impairment loss of ¥1,097 million on fixed assets related to business assets.