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## Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2022 (FY2021) [J-GAAP] (Consolidated)

February 2, 2022

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 10, 2022

Scheduled date of commencing dividend payment: —

Supplementary materials on financial results (yes/no) No

Holding of quarterly investors’ meeting (yes/no) No

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

### 1. Consolidated Financial Results for the First Nine Months of FY2021 (April 1, 2021 to December 31, 2021)

(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 FY2021	42,590	-	(30,892)	-	(33,240)	-	(19,326)	-
FY2020	39,720	-80.5	(44,025)	-	(41,377)	-	(26,478)	-

(Note) Comprehensive income/(loss): First nine months of FY2021 ¥-30,183 million (-%) First nine months of FY2020 ¥-49,923 million (-%)

	Net income/(loss) per share	Diluted net income per share
	Yen	Yen
First Nine Months of FY2021	(207.51)	-
FY2020	(325.97)	-

(Note) As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 March 31, 2020) and relevant revised ASBJ regulations are adopted from the beginning of the first quarter of FY2021, the above consolidated financial results for the first nine months of FY2021 are after the adoption of such accounting standards and the rate of change from the same period of the previous fiscal year is not stated.

(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, 2021	504,661	165,360	31.6	1,714.75
As of March 31, 2021	519,193	195,544	34.3	1,910.83

(Reference) Equity capital: As of December 31, 2021 ¥159,706 million As of March 31, 2021 ¥177,968 million

(Note) As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 March 31, 2020) and relevant revised ASBJ regulations are adopted from the beginning of the first quarter of FY2021, the above consolidated financial results for the first nine months of FY2021 are after the adoption of such accounting standards.

### 2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2020	-	0.00	-	0.00	0.00
FY2021	-	0.00	-	-	-
FY2021 (Forecast)	-	-	-	-	-

(Note) 1. Revisions to the most recently announced dividends forecast for FY2021: No

2. We have decided to postpone the announcement of the outlook for dividend payment for the fiscal year ending March 31, 2022.

### 3. Forecast of Consolidated Financial Results for FY 2021 (April 1, 2021 to March 31, 2022)

(%: 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	69,500	49.3	(35,100)	-	(37,700)	-	(21,300)	-	(228.70)

Note: 1. Revisions to the most recently announced forecast of consolidated financial results for FY2021: No  
 2. As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 March 31, 2020) and relevant revised ASBJ regulations are adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022, the above consolidated financial forecasts are after the adoption of such accounting standards. The rate of change from the previous fiscal year is the rate of change calculated on the assumption that the abovementioned accounting standards are adopted to the fiscal year ended March 31, 2021.

#### \* 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.: Yes

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

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(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: Changes in Accounting Policies”.

(4) Number of shares outstanding (common stock)

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

As of December 31, 2021 93,145,400 shares As of March 31, 2021 93,145,400 shares

2) Number of treasury stock at the period-end:

As of December 31, 2021 8,727 shares As of March 31, 2021 8,595 shares

3) Average number of shares outstanding (quarterly consolidated cumulative period):

Third quarter of FY2021 93,136,724 shares Third quarter of FY2020 81,228,083 shares

**\* 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 FY2021 (April 1, 2021 to December 31, 2021)

### (1) Explanation of Operating Results

During the first nine months of the fiscal year ending March 31, 2022, the Japanese economy is recently showing signs of recovery while difficult situation caused by the new corona virus infection (“COVID-19”) is gradually improving. Looking ahead, it is expected that the recovery trend will continue, resulting from the effects of various policies and improving overseas economies, while thorough measures are taken to prevent the spread of the infection and social activities and economic activities are continued. However, it is necessary to pay close attention to downside risks due to the impact of COVID-19, restrictions on supply, and trends in raw material prices. We also need to prudently monitor the impact of fluctuations in the financial and capital markets, among other factors.

Under these economic conditions, in the airline industry, the pace of demand recovery picked up on domestic flights due to the decrease in the number of COVID-19 cases and the full lifting of the declaration of a state of emergency effective from October. The number of passengers on domestic flights at Haneda Airport during the first nine month of fiscal year ending March 31, 2022, recovered to about 40% of the same period of 2019, and to about 60% during the period from October to December. On the other hand, for international flights, restrictions on new entry of non-Japanese citizens and the number of people entering the country per day were eased in November, but entry restrictions were strengthened again due to the global spread of the Omicron variant, resulting in continuing sluggish demand. The number of passengers on international flights at Haneda Airport remains at a low level, down more than 95% compared to the same period in 2019.

Under these circumstances, the Japan Airport Terminal Group (“JAT Group”) has taken measures at various locations within the terminal buildings in accordance with the “Guidelines for Prevention of the Spread of COVID-19 in the Aviation Field” (jointly prepared by the Scheduled Airlines Association of Japan and the All Japan Airport Terminal Association) to prevent the spread of COVID-19 and ensure the safety and security of airport users. In addition to the provision of pre-entry PCR testing space for the Japanese government at Terminal 3, we have also established PCR testing facility for departing passengers at Terminals 1 and 2 (Kinoshita Group Co., Ltd.) and Terminal 3 (Toho University Haneda Airport Terminal 3 Clinic). As a result of these efforts, Haneda Airport became the first airport in Japan to receive the highest rating globally of 5-star in the “COVID-19 Airport Safety Rating”, an evaluation conducted by SKYTRAX (UK) with respect to the measures against COVID-19 infection.

On the sales front, while passenger traffic is recovering especially on domestic flights, the “Haneda Chocolate Journey”, a festival featuring the world’s finest chocolates made by renowned chocolatiers from Japan and abroad, is being held at Terminal 1. Moreover, as part of our initiatives to promote regional revitalization, we opened “Hokkaido Dosanko Plaza Haneda Airport”, an official Hokkaido antenna store with a dine-in space for light meal and beverage, and opened the redesigned “WAKURABA”, a promotional café based on the concept of “sharing the charm of various regions of Japan through food” and making our efforts to capture demand. In addition, we are working to strengthen our profitability in segments other than the airline segment, and in October, we held Japan’s first art auction using bonded warehouse space at Terminal 1, leveraging the JAT Group’s experience with respect to customs management. In the e-commerce business, we expanded new menus for the popular in-flight meal set and other products, and launched a LINE mini-app, “HANEDA Shopping” to increase sales. Although it is temporary closed as a passenger area, we are offering Terminal 2 international flight facility as filming locations for movies and television drama. In December, the facility also hosted the “2nd Parkour Japan Championships”, the first official event of the sport in Japan, exhibiting that Haneda Airport is not limited to the conventional notion of an airport where people get on and off planes, but continues to take on new challenges.

(Parkour is a new urban sport, approved by the International Gymnastics Federation as a new discipline in 2017, with the aim of inclusion in future Olympic Games.)

In terms of facilities, we have been taking initiatives including renovating specific ceilings (a type of ceiling that is specified by the Minister of Land, Infrastructure, Transport and Tourism as one that is likely to cause serious harm by falling off) in consideration of safety, and improving the public wireless LAN to improve services for our customers among other efforts. In addition, at domestic flights, we expanded the service coverage of “WHILL”, a personal mobility vehicle equipped with autonomous driving technology, to all departure gates and the service is being used by many customers. At international flights, the “Face Express” system, which implements face recognition technology, was put into full-scale operation and dedicated facility for business jets, which is five times the size of the existing business jet facility, was also put into service. We are working to turn Haneda Airport into a smart airport in anticipation of the end of the pandemic through these efforts, which function as enhanced infection prevention measures through contactless and non-face-to-face interaction in addition to improved convenience.

With respect to our efforts to address environmental issues, as Haneda Airport was selected by the

Ministry of Land, Infrastructure, Transport and Tourism as one of the priority study airports to consider specific measures for the decarbonization of airports in July 2021, the “Tokyo International Airport Eco-Airport Council” (“Council”), established under the chairmanship of the Director of Tokyo International Airport, will take the lead in putting together plans to reduce the impact of Haneda Airport on environment as a whole. We have achieved the obligation to reduce the total amount of greenhouse gas emissions imposed on large-scale business establishments by the Tokyo Metropolitan Government, and we will continue to make every effort to achieve a “carbon-neutral society in 2050” as a member of the Council cooperating with other businesses active in Haneda Airport.

With respect to enhancing our governance structure, our Board of Directors resolved in December to change the Company to a company with Audit and Supervisory Committee, subject to approval at the next General Meeting of Shareholders. The Audit and Supervisory Committee, the majority of whose members are outside directors, will be responsible for auditing and supervising the legitimacy and appropriateness of business execution, thereby realizing more transparent management and building a structure that can more accurately meet the expectations of domestic and international stakeholders. In addition, by delegating the authority of the Board of Directors to make decisions on business execution to each director, we aim to further accelerate management decision-making and execution under the appropriate supervision of the Board of Directors.

Haneda Airport’s passenger terminals have been awarded the world’s highest standard “5-star Airport” rating for six consecutive years in the SKYTRAX “Global Airport Rating”, an international airport evaluation. In addition, in the customer survey evaluating international airports, we were awarded first place in the “Best Airports in Asia” as the first airport in Japan and second place globally for the third consecutive year in the “World’s Best Airports”, which comprehensively evaluates various aspects of international airports. Furthermore, we were awarded first place in the “World’s Cleanest Airports” (for the sixth consecutive year), “World’s Best Domestic Airports” (for the ninth consecutive year), and “World’s Best PRM / Accessible Facilities” (for the third consecutive year). We will continue our company-wide efforts to improve our services to satisfy all customers using Haneda Airport.

As a result of the above, with respect to the consolidated financial results for the first nine months of the fiscal year ending March 31, 2022, operating revenues was ¥42,590 million primarily due to the increase in facility user charges revenue compared to the same period of the previous year, driven by the gradual recovery of passenger volume on domestic and international flights. Despite the recovery in revenue and sustained cost reduction from the previous fiscal year, operating loss was ¥30,892 million, ordinary loss was ¥33,240 million, and quarterly net loss attributable to owners of the parent was ¥19,326 million.

As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 March 31, 2020) and relevant revised ASBJ regulations are adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022, the above explanation does not state the rate of change (%) from the same period of the previous fiscal year. For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes on Quarterly Consolidated Financial Statements: Changes in Accounting Policies and Segment Information”.

Operating Results	(Millions of yen)		
	First Nine Months of FY2020 (ended December 31, 2020)	First Nine Months of FY2021 (ended December 31, 2021)	Year-on-Year (%)
Operating revenues	39,720	42,590	-
[Facilities Management]	26,719	29,847	-
[Merchandise Sales]	10,575	9,971	-
[Food and Beverage]	2,426	2,771	-
Operating income/(loss)	(44,025)	(30,892)	-
Ordinary income/(loss)	(41,377)	(33,240)	-
Quarterly net income/(loss) attributable to owners of the parent	(26,478)	(19,326)	-

In January, the impact on domestic air travel demand is starting to be observed, after the application of stricter measures to prevent the spread of COVID-19 to Tokyo and other cities in response to the increase in the number of new COVID-19 cases caused primarily by the community transmission of the Omicron variant. In addition, international flights continue to face a difficult situation as the measures to restrict entry into Japan due to the spread of the Omicron variant have been extended until the end of February. Under these circumstances, although the JAT Group has been working to improve the convenience, comfort, and functionality of the passenger terminals at Haneda Airport, due to the increase in fixed costs related to the passenger terminals and variable costs including operating expenses, we are planning to revise the price of

passenger service facility charge in March. The JAT Group will work to enhance the value of Haneda Airport, the air gateway to Japan and the Tokyo metropolitan area, by promoting further management efficiency in addition to implementing measures to appropriately respond to passenger demand and by ensuring the safe and smooth entry, exit, and transportation of all customers.

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 FY2020 (ended December 31, 2020)	First Nine Months of FY2021 (ended December 31, 2021)	Year-on-Year (%)
Sales to external customers	26,719	29,847	-
Rent revenue	12,450	13,787	-
Facility user charges revenue	5,838	7,729	-
Other revenues	8,430	8,330	-
Intersegment sales and transfers	1,425	1,454	-
<b>Total of Operating Revenues</b>	<b>28,144</b>	<b>31,302</b>	<b>-</b>
<b>Segment income/(loss)</b>	<b>(27,408)</b>	<b>(18,805)</b>	<b>-</b>

Rent revenue increased from the same period of the previous year primarily due to the increase in revenue associated with the provision of rental space to the Japanese government for PCR testing before entry and vaccination sites for Japanese citizens living overseas at Terminal 3.

Revenue from facility user charges increased from the same period of the previous year primarily due to the increase in the passenger service facility charge driven by the recovery in passenger volume.

Other revenues decreased from the same period of the previous year primarily due to the decrease in advertising revenue.

As a result, operating revenues from facilities management operations was ¥31,302 million. Operating loss for the segment improved to ¥18,805 million.

## [Merchandise Sales]

Operating Results	(Millions of yen)		
	First Nine Months of FY2020 (ended December 31, 2020)	First Nine Months of FY2021 (ended December 31, 2021)	Year-on-Year (%)
Sales to external customers	10,575	9,971	-
Sales at domestic terminal stores	6,853	3,837	-
Sales at international terminal stores	1,772	3,267	-
Other revenues	1,949	2,886	-
Intersegment sales and transfers	517	578	-
Total of Operating Revenues	11,092	10,549	-
Segment income/(loss)	(7,746)	(4,457)	-

Sales at domestic terminal stores increased from the same period of the previous year because of the recovery in domestic passenger volume, but the amount of revenue recognized was lower than the same period of the previous year due to the impact of adopting the “Accounting Standard for Revenue Recognition” from this fiscal year.

Sales at international terminal stores increased from the same period of the previous year due to the increase in international passenger volume at Haneda Airport, Narita Airport and other airports.

Other revenues increased from the same period of the previous year because of the increase in revenue for the wholesaling business to each local airport.

As a result, operating revenues from merchandise sales operations was ¥10,549 million and operating loss for the segment was ¥4,457 million.



## [Food and Beverage]

Operating Results	(Millions of yen)		
	First Nine Months of FY2020 (ended December 31, 2020)	First Nine Months of FY2021 (ended December 31, 2021)	Year-on-Year (%)
Sales to external customers	2,426	2,771	-
Sales from food and beverage stores	1,876	2,002	-
Sales from in-flight meals	286	522	-
Other revenues	263	246	-
Intersegment sales and transfers	773	594	-
Total of Operating Revenues	3,200	3,365	-
Segment income/(loss)	(3,601)	(2,365)	-

Sales from food and beverage operations increased from the same period of the previous year primarily due to the recovery in domestic passenger volume.

Sales from in-flight meals increased from the same period of the previous year primarily due to the recovery in passenger volume of the foreign carriers, our clients in this business.

As a result, operating revenues from food and beverage operations was ¥3,365 million and operating loss for the segment was ¥2,365 million.

## (2) Explanation of Financial Position

### [Assets]

Current assets increased by ¥4,034 million from the previous fiscal year end to ¥147,441 million. This is primarily due to long-term loans raised by Tokyo International Air Terminal Corporation (“TIAT”). Fixed assets decreased by ¥18,565 million from the previous fiscal year end to ¥357,219 million primarily due to depreciation.

As a result, total assets decreased by ¥14,531 million from the previous fiscal year end to ¥504,661 million.

### [Liabilities]

Current liabilities increased by ¥3,964 million from the previous fiscal year end to ¥63,058 million primarily due to the increase in accrued expenses from the recording of government-owned property user charges. Fixed liabilities increased by ¥11,687 million from the previous fiscal year end to ¥276,243 million primarily due to long-term loans raised by TIAT.

As a result, total liabilities increased by ¥15,652 million from the previous fiscal year end to ¥339,301 million.

### [Net Assets]

Total net assets decreased by ¥30,183 million from the previous fiscal year end to ¥165,360 million primarily due to the decrease in retained earnings and non-controlling interests by quarterly net loss despite the increase in accumulated other comprehensive income.

As a result, the equity ratio was 31.6% (compared to 34.3% at the previous fiscal year end).

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

During the first nine months of the fiscal year ending March 31, 2022, the number of passengers at Haneda Airport was generally in line with the forecast for domestic flights but the number of passengers for international flights fell below the forecast. As for the consolidated financial results, operating revenues fell slightly below the forecast, but income/loss was generally in line with the forecast due to our cost reduction efforts.

Although the infection of the Omicron variant has been spreading, there are reports that the percentage of patients suffering severe symptoms is low and the number of new cases seemed to have peaked in some overseas countries. Since the impact of the Omicron variant on economic activities and the outlook of airline demand is extremely uncertain, we decided not to revise the consolidated financial forecasts for full year of the fiscal year ending March 31, 2022, which we announced on November 5, 2021 and will closely monitor future trends.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2020 (As of March 31, 2021)	First Nine Months of FY2021 (As of December 31, 2021)
<b>ASSETS</b>		
Current assets		
Cash and deposits	120,355	87,761
Accounts receivable	5,272	6,616
Securities	-	41,000
Merchandise and finished products	9,658	6,718
Raw materials and stored goods	249	299
Other current assets	7,944	5,108
Allowance for doubtful accounts	(73)	(63)
Total current assets	143,407	147,441
Fixed assets		
Tangible fixed assets		
Buildings and structures	557,609	560,223
Accumulated depreciation and impairment loss	(301,148)	(317,678)
Buildings and structures (net)	256,460	242,544
Machinery, equipment and vehicles	37,073	35,977
Accumulated depreciation and impairment loss	(17,939)	(19,732)
Machinery, equipment and vehicles (net)	19,133	16,245
Land	12,874	12,874
Lease assets	3,530	3,533
Accumulated depreciation and impairment loss	(1,111)	(1,472)
Lease assets (net)	2,418	2,060
Construction in progress	1,626	1,968
Other tangible fixed assets	67,643	67,918
Accumulated depreciation and impairment loss	(54,833)	(56,986)
Other tangible fixed assets (net)	12,810	10,931
Total tangible fixed assets	305,324	286,625
Intangible fixed assets		
Leasehold right	33,361	31,977
Other intangible fixed assets	3,756	2,883
Total intangible fixed assets	37,117	34,860
Investments and other assets		
Investment securities	16,430	18,241
Deferred tax assets	12,414	12,934
Net defined benefit assets	945	1,002
Other investments	3,553	3,556
Total investments and other assets	33,343	35,734
Total fixed assets	375,785	357,219
<b>TOTAL ASSETS</b>	<b>519,193</b>	<b>504,661</b>

	(Millions of yen)	
	FY2020 (As of March 31, 2021)	First Nine Months of FY2021 (As of December 31, 2021)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,274	3,090
Short-term loans payable	16,612	15,273
Current portion of bonds with stock acquisition rights	15,009	15,001
Accrued expenses	14,523	20,474
Income taxes payable	573	367
Allowance for employees' bonuses	1,176	562
Allowance for loss on store closing	575	-
Other current liabilities	9,347	8,287
Total current liabilities	59,093	63,058
Fixed liabilities		
Bonds	54,983	55,324
Long-term loans payable	175,842	188,013
Lease obligations	2,082	1,717
Deferred tax liabilities	16,740	15,944
Allowance for directors' retirement benefits	71	64
Net defined benefit liabilities	4,486	4,712
Asset retirement obligations	613	618
Other fixed liabilities	9,735	9,847
Total fixed liabilities	264,555	276,243
<b>TOTAL LIABILITIES</b>	323,648	339,301
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	86,060	66,733
Treasury stock	(8)	(9)
Total shareholders' equity	178,338	159,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,855	2,542
Deferred gains or losses on hedges	(1,836)	(1,494)
Foreign currency translation adjustment	19	53
Remeasurements of defined benefit plans	(408)	(405)
Total accumulated other comprehensive income	(369)	695
Non-controlling interests	17,575	5,654
<b>TOTAL NET ASSETS</b>	195,544	165,360
<b>TOTAL LIABILITIES AND NET ASSETS</b>	519,193	504,661

## (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 FY2020 (from April 1, 2020 to December 31, 2020)	First Nine Months of FY2021 (from April 1, 2021 to December 31, 2021)
Operating revenues		
Rent revenue	12,450	13,787
Facility user charges revenue	5,838	7,730
Other revenues	8,527	8,367
Sale of merchandise	10,455	9,950
Sale of food and beverage	2,449	2,753
Total operating revenues	39,720	42,590
Cost of sales		
Cost of sales of merchandise	8,096	5,642
Cost of sales of food and beverage	2,460	2,178
Total cost of sales	10,556	7,820
Gross profit	29,164	34,769
Selling, general and administrative expenses		
Salaries and wages	8,538	7,894
Provision for employees' bonuses	367	93
Expenses for retirement benefits	726	698
Rent expenses	8,809	6,633
Outsourcing and commission	9,764	8,758
Depreciation expenses	25,766	23,802
Other costs and expenses	19,217	17,782
Total selling, general and administrative expenses	73,189	65,662
Operating income / (loss)	(44,025)	(30,892)
Non-operating income		
Interest income	2,429	18
Dividends income	225	61
Subsidies for employment adjustment	2,889	1,725
Miscellaneous income	901	1,184
Total non-operating income	6,445	2,988
Non-operating expenses		
Interest expenses	1,760	1,994
Loss on retirement of fixed assets	356	191
Equity in losses of affiliates	1,530	1,619
Commission fee	59	1,483
Miscellaneous expenses	90	47
Total non-operating expenses	3,797	5,336
Ordinary income / (loss)	(41,377)	(33,240)

	(Millions of yen)	
	First Nine Months of FY2020 (from April 1, 2020 to December 31, 2020)	First Nine Months of FY2021 (from April 1, 2021 to December 31, 2021)
Extraordinary gains		
Gain on sales of investment securities	3,504	-
Government subsidies	4,568	1,422
Total extraordinary gains	8,072	1,422
Extraordinary loss		
Impairment loss	1,097	-
Loss on valuation of investment securities	-	64
Loss on valuation of other investments	5	-
Loss on reduction entry of fixed assets	4,479	1,388
Total extraordinary loss	5,583	1,452
Quarterly income / (loss) before income taxes and non-controlling interests	(38,887)	(33,270)
Income taxes – current	3,033	(1,688)
Quarterly income / (loss)	(41,921)	(31,581)
Quarterly net income / (loss) attributable to non-controlling interests	(15,443)	(12,254)
Quarterly net income / (loss) attributable to owners of the parent	(26,478)	(19,326)

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Nine Months of FY2020 (from April 1, 2020 to December 31, 2020)	First Nine Months of FY2021 (from April 1, 2021 to December 31, 2021)
Quarterly income / (loss)	(41,921)	(31,581)
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,432)	683
Deferred gains (losses) on hedges	(5,618)	669
Foreign currency translation adjustment	(12)	33
Remeasurements of defined benefit plans	90	12
Share of other comprehensive income of associates accounted for using equity method	(28)	(1)
Total other comprehensive income	(8,001)	1,398
Comprehensive income	(49,923)	(30,183)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(31,736)	(18,261)
Comprehensive income attributable to non-controlling interests	(18,186)	(11,921)

(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 quarterly income before taxes 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.

(Changes in Accounting Policies)

*Adoption of the Accounting Standard for Revenue Recognition*

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition") and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. The Company now recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control over the goods or services is transferred to the customer.

The Company previously recognized revenue including those from inventory that is recorded only when the product is sold and those from consignment sales stores as the gross amount of consideration received from customers. However, for transactions in which the Company's role in providing goods or services to customers falls under the category of agent, revenue is now recognized as the net amount, the amount received from customers less the amount paid to suppliers.

For the adoption of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, the Company has followed the transitional treatment stipulated in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retroactively applying the new accounting policy prior to the beginning of the first quarter of the fiscal year ending March 31, 2022 has been added to or deducted from retained earnings at the beginning of the current first quarter, hence the new accounting policy has been applied to the relevant opening balance.

As a result, operating revenues, cost of sales, and selling, general and administrative expenses for the first nine months of the fiscal year ending March 31, 2022 decreased by ¥7,699 million, ¥7,560 million, and ¥138 million, respectively. There is no impact on operating loss, ordinary loss, quarterly loss before income taxes and minority interests, and the balance of retained earnings at the beginning of the fiscal year ending March 31, 2022.

*Adoption of Accounting Standard for Fair Value Measurement*

The Company has adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Fair Value Measurement") and relevant revised ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. The Company has also decided to adopt the new accounting policy stipulated in the Accounting Standard for Fair Value Measurement and relevant revised ASBJ regulations in accordance with the transitional treatment described in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The effect of this change on the consolidated financial statements for the first nine months of the fiscal year ending March 31, 2022 is immaterial.



(Additional Information)

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

There have been no material changes made to the assumptions, including the timing when the spread of COVID-19 will be contained, described in the “Significant Accounting Estimates” section of the Securities Report for the fiscal year ended March 31, 2021. The impact of COVID-19 is highly uncertain and depending on the situation in the future, it may affect the financial position and business performance of the Company.

## (Segment Information)

## Segment Information

## I. 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.

## II. First nine months of FY2021 (from April 1, 2021 to December 31, 2021)

## 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	29,847	9,971	2,771	42,590	-	42,590
Intersegment sales and transfers	1,454	578	594	2,627	(2,627)	-
Total	31,302	10,549	3,365	45,217	(2,627)	42,590
Segment income/(loss)	(18,805)	(4,457)	(2,365)	(25,628)	(5,264)	(30,892)

(Notes) 1. Adjustments to the segment income include ¥5,267 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

## 3. Matters related to changes in reportable segments, etc.

As described in the "Changes in Accounting Policies" section, from the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company has adopted the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, and changed its accounting method for revenue recognition. Therefore, the measurement of income or loss in the business segments has been changed as well. As a result of this change, compared with the previous accounting method, operating revenues for the first nine months of the fiscal year ending March 31, 2022 in the "Merchandise Sales" segment and the "Food and Beverage" segment decreased by ¥7,278 million and ¥591 million, respectively. There is no impact of this change on segment income/(loss).