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## Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2023 (FY2022) [J-GAAP] (Consolidated)

August 3, 2022

Company name: Japan Airport Terminal Co., Ltd. (“the Company”) Listed stock exchange: Tokyo, Prime Market  
 Code number: 9706 URL: <https://www.tokyo-airport-bldg.co.jp/company/en/>  
 Representative: Nobuaki Yokota, President and COO  
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Scheduled date of filing securities report: August 12, 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 Three Months of FY2022 (April 1, 2022 to June 30, 2022)

(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 Three Months of FY2022	19,371	61.5	(6,201)	-	(6,436)	-	(2,651)	-
FY2021	11,992	-	(11,168)	-	(11,711)	-	(7,129)	-

(Note) Comprehensive income/(loss): First three months of FY2022 ¥-7,416 million (-%) First three months of FY2021 ¥-10,651 million (-%)

	Net income/(loss) per share	Diluted net income per share
	Yen	Yen
First Three Months of FY2022	(28.47)	-
FY2021	(76.55)	-

(Note) Although potential shares exist, diluted net income per share for the first three months of FY2021 is not shown due to net loss per share.

In addition, diluted net income per share for the first three months of FY2022 is not shown since potential shares do not exist.

(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 June 30, 2022	456,250	148,592	33.0	1,616.52
As of March 31, 2022	463,878	156,009	33.2	1,655.32

(Reference) Equity capital: As of June 30, 2022 ¥150,557 million As of March 31, 2022 ¥154,170 million

### 2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2021	-	0.00	-	0.00	0.00
FY2022	-	-	-	-	-
FY2022 (Forecast)	-	-	-	-	-

(Note) 1. Revisions to the most recently announced dividends forecast for FY2022: None

2. We have decided to postpone the announcement of the outlook for dividend payment for the fiscal year ending March 31, 2023.

### 3. Forecast of Consolidated Financial Results for FY 2022 (April 1, 2022 to March 31, 2023)

(%: 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
First half	45,400	75.7	(10,500)	-	(11,000)	-	(4,000)	-	(42.95)
Full-year	105,600	85.1	(16,600)	-	(18,100)	-	(5,700)	-	(61.20)

Note: 1. Revisions to the most recently announced forecast of consolidated financial results for FY2022: 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 11 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 11 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 June 30, 2022 93,145,400 shares As of March 31, 2022 93,145,400 shares

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

As of June 30, 2022 8,747 shares As of March 31, 2022 8,737 shares

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

First quarter of FY2022 93,136,654 shares First quarter of FY2021 93,136,782 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. For the assumptions used in financial forecasts and precautionary statements regarding the use of the forecasts, please refer to page 5 of the appendix materials "1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2022 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements".

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## 1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2022 (April 1, 2022 to June 30, 2022)

### (1) Explanation of Operating Results

During the first three months of the fiscal year ending March 31, 2023, the Japanese economy showed a gradual recovery. Looking ahead, it is expected that the recovery trend will continue, resulting from the effects of various policies, while thorough measures are taken to prevent the spread of the new Coronavirus (“COVID-19”) infection and social as well as economic activities return to a normal state. However, it is necessary to pay close attention to downside risks due to a volatility in the financial and capital markets amid the tightening of monetary policy around the globe, an increase in raw material prices, and restrictions on supply chain networks, among other factors.

Under these economic conditions, in the airline industry, flight demand steadily recovered and the number of passengers on domestic flights at Haneda Airport for the first three months of FY2022 was just over twice the number of passengers during the same period of last year, and was just over 60% of the same period of FY2019, which was before the impact of COVID-19 hit. As for international flights, border control measures are being eased worldwide with the exception of some countries and regions. And in Japan, quarantine measures at the time of entry were eased in June, and acceptance of foreign tourists to Japan resumed with certain conditions. On the other hand, a cap has been set on the number of passengers entering Japan per day. As a result, although the number of passengers on international flights at Haneda Airport has increased to about four times year-on-year, it remains at the level of just over 10% of the same period of FY2019. The Japan Airport Terminal Group (“JAT Group”) continues to take measures at various locations within the terminal buildings to prevent the spread of COVID-19 and ensure the safety and security of airport users and employees.

Under these circumstances, the JAT Group has put together the new Medium-Term Business Plan (FY22-FY25) “To Be a World-Best Airport 2025 -towards becoming one of the most advanced, human-and-eco-friendly airports by 2030-”. Setting the years of 2030 and 2025 as milestones, the plan is a backcast by 2025 that reflects our goals for 2030. 2030 is when the government targets 60 million foreign visitors to Japan and a 46% reduction in CO2 emissions compared to 2013 and 2025 is when the number of passengers is expected to recover to the level of before COVID-19. The main pillars of our management strategy in the Medium-Term Business Plan are to establish a foundation for regrowth, to capture future airline demand and to expand our earnings base. In order to promote these strategies in a sophisticated and efficient manner, we will strengthen the management foundations of digital transformation, organization, personnel, governance, and financial strategies, and position sustainability as a core concept in our business operations.

On the sales front, during the first three months of FY2022, we opened two renewed “Samantha Thavasa” stores that sell upcycled products. In addition, we actively held events such as product and tourism fairs of various regions of Japan in an effort to capture demand driven by the recovery in the number of passengers. We also launched “HANEDA PICK UP”, which allows customers to pick up items ordered through our official e-commerce website “HANEDA Shopping” at our Haneda Airport stores. Other than that, we are promoting efforts to link e-commerce and brick-and-mortar stores, such as selling “in-flight meals from around the world” at vending machines in the airport terminal buildings, which are popular on our e-commerce website.

In terms of facilities, we are taking measures to improve passenger convenience that take into account the “New Normal” including the installation of private work boxes suitable for working outside the office. At the same time, to cooperate with the request from the Ministry of Economy, Trade and Industry to save power, we are turning off some of the lights and controlling air conditioning operation in the terminal buildings in response to the tight supply and demand of electricity. We will also steadily push forward investment plans for the future, such as selecting the contractor for the construction of connection between the satellite building on the north side of Terminal 2 and the main terminal building.

In addition, we are increasing the number of installations of “Radi-Cool”, a radiant cooling material for which we serve as a sales agent, at other domestic airports and elsewhere. We will also continue our efforts to reduce environmental burdens and build a recycling-oriented society including the hosting of “HANEDA Fashion Swap vol. 2”, an event to collect and exchange unwanted clothing. In May, a new terminal at the Palau International Airport, in which we participate, commenced operation. As the only international airport in the Republic of Palau, we aim to contribute to the sustainable development of the economy and society of Palau, where tourism is a key industry.

In terms of organization and governance, the Company shifted to the Prime Market of the Tokyo Stock Exchange in April. In June, the Company transitioned to a company with an Audit and Supervisory Committee to accelerate decision-making. In addition, in July, we established a new Sustainability Committee and created the Sustainability Promotion Office as a dedicated organization. Going forward, we will accelerate our sustainability initiatives across the entire company, while establishing theme-based

working groups.

Haneda Airport's passenger terminals have been awarded first place for the second consecutive year in the "Best Airports in Asia", a comprehensive evaluation of airports in Asia, in the 2022 Global Airport Rating by SKYTRAX in the UK. In addition, we were second place globally, for the fourth consecutive year in the "World's Best Airports", which comprehensively evaluates various aspects of airports. Furthermore, we were awarded first place in the "World's Cleanest Airports" (for the seventh consecutive year), "World's Best Domestic Airports" (for the tenth consecutive year), and "World's Best PRM / Accessible Facilities" (for the fourth consecutive year).

As a result of the above, with respect to the consolidated financial results for the first three months of the fiscal year ending March 31, 2023, operating revenues was ¥19,371 million (an increase of 61.5% year-on-year) due to the increase in operating revenues for all of the business segments compared to the same period of the previous year in line with the steady recovery of passenger volume. As a result of the recovery in revenue and sustained cost reduction, operating loss decreased to ¥6,201 million (compared to operating loss of ¥11,168 million during the same period of the previous year), ordinary loss was ¥6,436 million (compared to ordinary loss of ¥11,711 million during the same period of the previous year), and quarterly net loss attributable to owners of the parent was ¥2,651 million (compared to quarterly net loss attributable to owners of the parent of ¥7,129 million during the same period of the previous year).

Operating Results	(Millions of yen)		
	First Three Months of FY2021 (ended June 30, 2021)	First Three Months of FY2022 (ended June 30, 2022)	Year-on-Year (%)
Operating revenues	11,992	19,371	61.5
[Facilities Management]	9,014	12,486	38.5
[Merchandise Sales]	2,289	5,306	131.7
[Food and Beverage]	687	1,578	129.6
Operating income/(loss)	(11,168)	(6,201)	-
Ordinary income/(loss)	(11,711)	(6,436)	-
Quarterly net income/(loss) attributable to owners of the parent	(7,129)	(2,651)	-

Although the outlook remains uncertain, as evidenced by the increasing number of new cases of COVID-19, passenger volume on domestic flights at Haneda Airport has remained steady. The number of international flights is also gradually increasing, with the resumption of flights to South Korea at the end of June, and further recovery is expected in the future. The JAT Group will continue to apply the lessons learned from the COVID-19 pandemic to its terminal operations, while capturing the recovering passenger demand and pave the way for renewed growth. And we will work to enhance the value of Haneda Airport, the gateway to Japan and the greater Tokyo area, by further improving the convenience, comfort, and functionality of the Haneda Airport Passenger Terminal as well as 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 revenues of each segment include intersegment sales and 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 Three Months of FY2021 (ended June 30, 2021)	First Three Months of FY2022 (ended June 30, 2022)	Year-on-Year (%)
Sales to external customers	9,014	12,486	38.5
Rent revenue	4,486	5,012	11.7
Facility user charges revenue	1,940	4,720	143.3
Other revenues	2,588	2,753	6.4
Intersegment sales and transfers	389	538	38.5
Total of Operating Revenues	9,404	13,025	38.5
Segment income/(loss)	(6,776)	(3,225)	-

Rent revenue increased from the same period of the previous year primarily due to the increase in rent income on a percentage basis.

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 and the revision of charges.

Other revenues increased from the same period of the previous year primarily due to the increase in paid lounge sales and parking revenue despite the decrease in contracted construction revenue.

As a result, operating revenues from facilities management operations was ¥13,025 million (an increase of 38.5% year-on-year). Operating loss for the segment improved to ¥3,225 million (compared to operating loss of ¥6,776 million during the same period of the previous year).

#### [Merchandise Sales]

Operating Results	(Millions of yen)		
	First Three Months of FY2021 (ended June 30, 2021)	First Three Months of FY2022 (ended June 30, 2022)	Year-on-Year (%)
Sales to external customers	2,289	5,306	131.7
Sales at domestic terminal stores	757	1,869	146.7
Sales at international terminal stores	742	2,087	181.1
Other revenues	789	1,349	71.0
Intersegment sales and transfers	61	190	209.7
<b>Total of Operating Revenues</b>	<b>2,351</b>	<b>5,497</b>	<b>133.8</b>
<b>Segment income/(loss)</b>	<b>(1,802)</b>	<b>(836)</b>	<b>-</b>

Sales at domestic terminal stores increased from the same period of the previous year because of the recovery in domestic passenger volume.

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.

As a result, operating revenues from merchandise sales operations was ¥5,497 million (an increase of 133.8% year-on-year) and operating loss for the segment was ¥836 million (compared to operating loss of ¥1,802 million during the same period of the previous year).

#### [Food and Beverage]

Operating Results	(Millions of yen)		
	First Three Months of FY2021 (ended June 30, 2021)	First Three Months of FY2022 (ended June 30, 2022)	Year-on-Year (%)
Sales to external customers	687	1,578	129.6
Sales from food and beverage stores	444	1,023	130.2
Sales from in-flight meals	147	332	125.6
Other revenues	95	223	132.7
Intersegment sales and transfers	142	231	62.8
<b>Total of Operating Revenues</b>	<b>829</b>	<b>1,810</b>	<b>118.2</b>
<b>Segment income/(loss)</b>	<b>(921)</b>	<b>(268)</b>	<b>-</b>

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 increase in passenger volume of the foreign carriers at Narita Airport.

As a result, operating revenues from food and beverage operations was ¥1,810 million (an increase of 118.2% year-on-year) and operating loss for the segment was ¥268 million (compared to operating loss of ¥921 million during the same period of the previous year).

## (2) Explanation of Financial Position

### [Assets]

Current assets decreased by ¥309 million from the previous fiscal year end to ¥113,558 million primarily due to the decrease in merchandise and finished products. Fixed assets decreased by ¥7,318 million from the previous fiscal year end to ¥342,691 million primarily due to depreciation. As a result, total assets decreased by ¥7,628 million from the previous fiscal year end to ¥456,250 million.

### [Liabilities]

Total liabilities decreased by ¥211 million from the previous fiscal year end to ¥307,658 million primarily due to the scheduled payment of long-term loans payable despite the increase in accrued interest payable and accrued expenses due to the recording of government-owned property user charges.

### [Net Assets]

Total net assets decreased by ¥7,417 million from the previous fiscal year end to ¥148,592 million primarily due to the decrease in retained earnings and non-controlling interests by quarterly net loss.

As a result, the equity ratio was 33.0% (compared to 33.2% at the previous fiscal year end).

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

During the first three months of the fiscal year ending March 31, 2023, the number of passengers at Haneda Airport exceeded the forecast for both domestic and international flights due to recovery in travel demand following the lifting of restrictions on activities in Japan and the easing of quarantine measures at entry into Japan. As for the consolidated financial results, operating revenues and operating income/loss both exceeded the forecast due to higher-than-expected revenue from facility user charges and merchandise sales in addition to sustained cost reduction.

With respect to the future prospect, the outlook remains uncertain due to increase in number of COVID-19 cases in Japan, while we expect a recovery in demand for domestic flight during the summer vacation period. We decided not to make any changes to the consolidated financial forecasts for the first half and full year of the fiscal year ending March 31, 2023, which we announced on May 12, 2022, and will closely monitor future trends.

In addition, we have decided to postpone the announcement of the outlook for dividend payment.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	First Three Months of FY2022 (As of June 30, 2022)
<b>ASSETS</b>		
Current assets		
Cash and deposits	57,128	61,455
Accounts receivable	5,408	7,061
Securities	40,000	35,000
Merchandise and finished products	5,364	4,247
Raw materials and stored goods	271	278
Other current assets	5,756	5,565
Allowance for doubtful accounts	(60)	(50)
Total current assets	113,868	113,558
Fixed assets		
Tangible fixed assets		
Buildings and structures	560,906	561,434
Accumulated depreciation and impairment loss	(323,206)	(328,366)
Buildings and structures (net)	237,700	233,067
Machinery, equipment and vehicles	36,022	36,011
Accumulated depreciation and impairment loss	(20,325)	(20,874)
Machinery, equipment and vehicles (net)	15,696	15,137
Land	12,874	12,874
Lease assets	3,533	3,536
Accumulated depreciation and impairment loss	(1,591)	(1,709)
Lease assets (net)	1,941	1,826
Construction in progress	1,467	1,568
Other tangible fixed assets	67,977	68,072
Accumulated depreciation and impairment loss	(57,711)	(58,376)
Other tangible fixed assets (net)	10,265	9,695
Total tangible fixed assets	279,945	274,170
Intangible fixed assets		
Leasehold right	31,516	31,054
Other intangible fixed assets	2,872	2,656
Total intangible fixed assets	34,388	33,711
Investments and other assets		
Investment securities	18,293	16,984
Deferred tax assets	12,877	13,379
Net defined benefit assets	1,013	1,028
Other investments	3,491	3,417
Total investments and other assets	35,676	34,810
Total fixed assets	350,010	342,691
<b>TOTAL ASSETS</b>	<b>463,878</b>	<b>456,250</b>



	(Millions of yen)	
	FY2021 (As of March 31, 2022)	First Three Months of FY2022 (As of June 30, 2022)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,956	2,760
Short-term loans payable	15,626	15,630
Accrued expenses	8,782	11,118
Income taxes payable	483	646
Allowance for employees' bonuses	1,073	499
Other current liabilities	8,925	8,097
Total current liabilities	36,847	38,752
Fixed liabilities		
Bonds	55,287	55,250
Long-term loans payable	184,153	182,743
Lease obligations	1,596	1,482
Deferred tax liabilities	15,660	15,380
Allowance for directors' retirement benefits	68	45
Net defined benefit liabilities	4,761	4,818
Asset retirement obligations	620	622
Other fixed liabilities	8,873	8,561
Total fixed liabilities	271,021	268,905
<b>TOTAL LIABILITIES</b>	<b>307,869</b>	<b>307,658</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	60,843	58,191
Treasury stock	(9)	(9)
Total shareholders' equity	153,120	150,468
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,526	1,482
Deferred gains or losses on hedges	(1,115)	(1,065)
Foreign currency translation adjustment	66	94
Remeasurements of defined benefit plans	(426)	(421)
Total accumulated other comprehensive income	1,050	89
Non-controlling interests	1,838	(1,965)
<b>TOTAL NET ASSETS</b>	<b>156,009</b>	<b>148,592</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>463,878</b>	<b>456,250</b>

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

## Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Three Months of FY2021 (from April 1, 2021 to June 30, 2021)	First Three Months of FY2022 (from April 1, 2022 to June 30, 2022)
Operating revenues		
Rent revenue	4,486	5,012
Facility user charges revenue	1,940	4,720
Other revenues	2,741	2,799
Sale of merchandise	2,139	5,272
Sale of food and beverage	684	1,565
Total operating revenues	11,992	19,371
Cost of sales		
Cost of sales of merchandise	1,172	3,061
Cost of sales of food and beverage	613	999
Total cost of sales	1,785	4,061
Gross profit	10,206	15,310
Selling, general and administrative expenses		
Salaries and wages	2,489	2,386
Provision for employees' bonuses	(169)	464
Expenses for retirement benefits	194	215
Rent expenses	2,346	2,004
Outsourcing and commission	2,919	2,866
Depreciation expenses	7,902	7,220
Other costs and expenses	5,692	6,353
Total selling, general and administrative expenses	21,375	21,511
Operating income / (loss)	(11,168)	(6,201)
Non-operating income		
Interest income	3	8
Dividends income	38	39
Subsidy income	771	314
Contributions in aid of construction	-	131
Miscellaneous income	276	161
Total non-operating income	1,090	654
Non-operating expenses		
Interest expenses	642	778
Loss on retirement of fixed assets	72	47
Equity in losses of affiliates	890	35
Miscellaneous expenses	27	28
Total non-operating expenses	1,632	890
Ordinary income / (loss)	(11,711)	(6,436)

	(Millions of yen)	
	First Three Months of FY2021 (from April 1, 2021 to June 30, 2021)	First Three Months of FY2022 (from April 1, 2022 to June 30, 2022)
Extraordinary gains		
National subsidies	1,422	58
Total extraordinary gains	1,422	58
Extraordinary loss		
Loss on reduction entry of fixed assets	1,388	36
Total extraordinary loss	1,388	36
Quarterly income / (loss) before income taxes and non-controlling interests	(11,677)	(6,415)
Income taxes – current	(655)	118
Quarterly income / (loss)	(11,021)	(6,533)
Quarterly net income / (loss) attributable to non-controlling interests	(3,892)	(3,881)
Quarterly net income / (loss) attributable to owners of the parent	(7,129)	(2,651)

## Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Three Months of FY2021 (from April 1, 2021 to June 30, 2021)	First Three Months of FY2022 (from April 1, 2022 to June 30, 2022)
Quarterly income / (loss)	(11,021)	(6,533)
Other comprehensive income		
Valuation difference on available-for-sale securities	533	(1,041)
Deferred gains (losses) on hedges	(116)	122
Foreign currency translation adjustment	27	27
Remeasurements of defined benefit plans	(73)	8
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	370	(883)
Comprehensive income	(10,651)	(7,416)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(6,702)	(3,613)
Comprehensive income attributable to non-controlling interests	(3,949)	(3,803)

(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 first 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 Accounting Standard for Fair Value Measurement*

The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of the fiscal year ending March 31, 2023. The Company has also decided to adopt the new accounting policy stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment described in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact of this change on the consolidated financial statements for the first three months of the fiscal year ending March 31, 2023.

(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, 2022.

## (Segment Information)

## Segment Information

## I. First three months of FY2021 (from April 1, 2021 to June 30, 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	9,014	2,289	687	11,992	-	11,992
Intersegment sales and transfers	389	61	142	592	(592)	-
Total	9,404	2,351	829	12,585	(592)	11,992
Segment income/(loss)	(6,776)	(1,802)	(921)	(9,499)	(1,669)	(11,168)

(Notes) 1. Adjustments to the segment income include ¥1,680 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 three months of FY2022 (from April 1, 2022 to June 30, 2022)

## 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	12,486	5,306	1,578	19,371	-	19,371
Intersegment sales and transfers	538	190	231	960	(960)	-
Total	13,025	5,497	1,810	20,332	(960)	19,371
Segment income/(loss)	(3,225)	(836)	(268)	(4,330)	(1,871)	(6,201)

(Notes) 1. Adjustments to the segment income include ¥1,873 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