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

November 9, 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/>
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Scheduled date of filing securities report: November 11, 2022
 Scheduled date of commencing dividend payment: —
 Supplementary materials on financial results (yes/no) Yes
 Holding of quarterly investors’ meeting (yes/no) Yes (for institutional investors and financial analysts)

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

1. Consolidated Financial Results for the First Six Months of FY2022 (April 1, 2022 to September 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 Six Months of FY2022	43,613	68.4	(9,273)	-	(9,759)	-	(3,341)	-
FY2021	25,896	-	(21,825)	-	(24,305)	-	(14,478)	-

(Note) Comprehensive income/(loss): First six months of FY2022 ¥-10,708 million (-%) First six months of FY2021 ¥-21,611 million (-%)

	Net income/(loss) per share	Diluted net income per share
	Yen	Yen
First Six Months of FY2022	(35.88)	-
FY2021	(155.45)	-

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

In addition, diluted net income per share for the first six 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 September 30, 2022	450,381	145,300	33.4	1,614.19
As of March 31, 2022	463,878	156,009	33.2	1,655.32

(Reference) Equity capital: As of September 30, 2022 ¥150,340 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	-	0.00	-	-	-
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
Full-year	105,900	85.6	(14,300)	-	(15,600)	-	(4,600)	-	(49.39)

Note: Revisions to the most recently announced forecast of consolidated financial results for FY2022: Yes

* 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 12 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 12 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 September 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 September 30, 2022 8,808 shares As of March 31, 2022 8,737 shares

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

Second quarter of FY2022 93,136,640 shares Second quarter of FY2021 93,136,749 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 6 of the appendix materials “1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2022 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements”.

Supplementary materials on financial results and details of presentation at quarterly investors’ meeting

Quarterly investors’ meeting is planned to be held on November 18, 2022 for financial analysts. Presentation materials used in the meeting will be promptly posted on the Company’s website following the meeting.

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

(1) Explanation of Operating Results

During the first six 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 moving on to a new stage of coexisting with the new Coronavirus (“COVID-19”) infection. However, the downturn in overseas economies is becoming downside risks to the Japanese economy amid the tightening of monetary policy around the globe. It is also necessary to pay close attention to price increases, restrictions on supply chain networks, and volatility in the financial and capital markets among other factors.

Under these economic conditions, in the airline industry, flight demand continued to recover as it was the first summer vacation in three years that did not involve behavioral restrictions. The number of passengers on domestic flights at Haneda Airport for the first six months of FY2022 was just over twice the number of passengers during the same period of last year, and was approximately 70% of the same period of FY2019, which was before the impact of COVID-19 hit. As for international flights, as border control measures are being eased in Japan, the number of passengers on international flights at Haneda Airport increased by about four times year-on-year. However, it remains at the level of approximately 20% 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.

During the first six months of FY2022, in terms of facilities, in addition to carrying out renovation work in preparation for major disasters, we are taking measures to improve passenger convenience in response to changing times including the installation of private work boxes suitable for working outside the office and expansion of mobile battery sharing service, “ChargeSPOT”. We have also cooperated with the request from the Ministry of Economy, Trade and Industry to save power, by 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 during the summer season. Moreover, we are steadily pushing 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.

On the sales front, we opened Seven-Eleven Haneda Airport T1 Departure Gate Store in the security area for those who wish to buy goods just before boarding. In addition, we actively held events such as “Haneda Airport Selection” featuring various products including those exclusive to Haneda Airport and 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 added new menus to the “in-flight meals from around the world” which are popular on our official e-commerce website “HANEDA Shopping” and we are also promoting efforts to link e-commerce and brick-and-mortar stores by launching “HANEDA PICK UP”, which allows customers to pick up items ordered through our e-commerce website at our Haneda Airport stores. In addition to the existing duty-free pre-order service for duty-free items that can be picked up at TIAT DUTY FREE CENTRAL, we will start a pre-order pick-up service at the dedicated gate for business jets to provide a service that allows passengers more time to relax at the airport.

Outside of Haneda Airport, in the sales agent business for Radi-Cool, a radiant cooling material that contributes to CO2 emissions reduction, we have increased track records of installation mainly at other domestic airports, capturing the momentum towards the creation of a decarbonized society as a business opportunity. In addition, in order to promote the use of robot technologies in guidance and cleaning operations in anticipation of issues including future labor shortages, which is a common issue at airports throughout Japan, we conducted demonstration experiments jointly with other domestic airports.

In July 2022, we established the structure to accelerate our sustainability initiatives by introducing the Sustainability Committee and the Sustainability Management Office. In September, we expressed our support to the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD). In addition, we aim to reduce the use of resources and reduce environmental impact by changing the material of shopping bags and charging for them at our directly operated stores at domestic flights. We are also working on cross industry collaboration projects, as well as collaboration projects between industry and academia to foster a corporate culture of “Think by oneself and take on challenges”. In terms of diversity and inclusion (D&I), we are accelerating the employment of people with disabilities and introducing baggage carts with artwork

produced by people with disabilities to deepen the understanding towards D&I among passengers using Haneda Airport. Furthermore, in order to spread the appeal of Haneda Airport to a wider audience, we are strengthening our marketing efforts, including the introduction of Haneda Airport's official YouTube channel, "HANEDA Airport".

As a result of the above, with respect to the consolidated financial results for the first six months of the fiscal year ending March 31, 2023, operating revenues was ¥43,613 million (an increase of 68.4% 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 ¥9,273 million (compared to operating loss of ¥21,825 million during the same period of the previous year), ordinary loss was ¥9,759 million (compared to ordinary loss of ¥24,305 million during the same period of the previous year), and quarterly net loss attributable to owners of the parent was ¥3,341 million (compared to quarterly net loss attributable to owners of the parent of ¥14,478 million during the same period of the previous year).

Operating Results	(Millions of yen)		
	First Six Months of FY2021 (ended September 30, 2021)	First Six Months of FY2022 (ended September 30, 2022)	Year-on-Year (%)
Operating revenues	25,896	43,613	68.4
[Facilities Management]	18,825	27,311	45.1
[Merchandise Sales]	5,546	12,871	132.1
[Food and Beverage]	1,523	3,430	125.1
Operating income/(loss)	(21,825)	(9,273)	-
Ordinary income/(loss)	(24,305)	(9,759)	-
Quarterly net income/(loss) attributable to owners of the parent	(14,478)	(3,341)	-

Currently, passenger volume at Haneda Airport continues to show a recovery trend. From October 2022, nationwide travel support program started for domestic flights and border entry restrictions were significantly eased for international flights, including the removal of the cap on number of visitors, the exemption of short-stay visas, and allowing entry of foreign individual tourists. It will take time for the number of passengers on international flights to recover to the level before COVID-19 due to the continuation of the Chinese government's zero COVID policy while Chinese tourists were the largest group of foreign visitors before COVID-19. However, airline demand is expected to recover mainly driven by foreign visitors from other Asian countries and Western countries.

In June 2022, Haneda Airport's passenger terminals were awarded first place in the "Best Airports in Asia" for the second consecutive year by SKYTRAX, and second place globally for the fourth consecutive year in the "World's Best Airports", which comprehensively evaluated various aspects of international 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). In November, we were also awarded the world's highest standard "5-star Airport" rating for the ninth consecutive year in the SKYTRAX "Global Airport Rating".

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 Six Months of FY2021 (ended September 30, 2021)	First Six Months of FY2022 (ended September 30, 2022)	Year-on-Year (%)
Facilities Management	18,825	27,311	45.1
Rent revenue	9,099	10,099	10.0
Facility user charges revenue	4,265	11,146	161.3
Other revenues	5,460	6,155	12.7
Intersegment sales and transfers	946	1,095	15.7
Total of Operating Revenues	19,772	28,406	43.7
Segment income/(loss)	(13,367)	(4,062)	-

Rent revenue increased from the same period of the previous year primarily due to the decrease in rent reductions and exemptions offered to tenants and 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 ¥28,406 million (an increase of 43.7% year-on-year). Operating loss for the segment improved to ¥4,062 million (compared to operating loss of ¥13,367 million during the same period of the previous year).

[Merchandise Sales]

Operating Results	(Millions of yen)		
	First Six Months of FY2021 (ended September 30, 2021)	First Six Months of FY2022 (ended September 30, 2022)	Year-on-Year (%)
Merchandise Sales	5,546	12,871	132.1
Sales at domestic terminal stores	1,827	4,036	120.8
Sales at international terminal stores	2,145	5,624	162.2
Other revenues	1,573	3,211	104.1
Intersegment sales and transfers	372	426	14.5
Total of Operating Revenues	5,918	13,298	124.7
Segment income/(loss)	(3,248)	(664)	-

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 ¥13,298 million (an increase of 124.7% year-on-year) and operating loss for the segment was ¥664 million (compared to operating loss of ¥3,248 million during the same period of the previous year).

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Six Months of FY2021 (ended September 30, 2021)	First Six Months of FY2022 (ended September 30, 2022)	Year-on-Year (%)
Food and Beverage	1,523	3,430	125.1
Sales from food and beverage stores	1,003	2,449	144.0
Sales from in-flight meals	343	766	123.4
Other revenues	176	213	21.1
Intersegment sales and transfers	344	432	25.4
Total of Operating Revenues	1,868	3,863	106.7
Segment income/(loss)	(1,735)	(818)	-

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 ¥3,863 million (an increase of 106.7% year-on-year) and operating loss for the segment was ¥818 million (compared to operating loss of ¥1,735 million during the same period of the previous year).

(2) Explanation of Financial Position

[Assets]

Current assets increased by ¥100 million from the previous fiscal year end to ¥113,969 million primarily due to the increase in accounts receivable related to passenger service facility charge among other items driven by the recovery in passenger volume. Fixed assets decreased by ¥13,597 million from the previous fiscal year end to ¥336,412 million primarily due to depreciation. As a result, total assets decreased by ¥13,497 million from the previous fiscal year end to ¥450,381 million.

[Liabilities]

Total liabilities decreased by ¥2,787 million from the previous fiscal year end to ¥305,081 million primarily due to the scheduled payment of long-term loans payable despite the increase in accrued expenses due to the recording of government-owned property user charges.

[Net Assets]

Total net assets decreased by ¥10,709 million from the previous fiscal year end to ¥145,300 million primarily due to the decrease in retained earnings and non-controlling interests by quarterly net loss.

As a result, the equity ratio was 33.4% (compared to 33.2% at the previous fiscal year end).

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

During the first six months of the fiscal year ending March 31, 2023, the number of passengers at Haneda Airport fell below the original forecast by approximately 10% for domestic flights due to the impact of the seventh wave of COVID-19 infections since the summer. The number of passengers for international flights was in line with the original forecast due to the gradual easing of border control measures. As for the consolidated financial results, although operating revenues fell below the forecast due to the sluggish growth in passenger volume at domestic flights, operating income / (loss) was above the forecast due to sustained cost reduction.

With respect to the full-year forecast, we expect the number of passengers to fall below the original forecast by approximately 10% for domestic flights due to the slow pace of recovery during the first half of the year. However, we expect the number of passengers to exceed the original forecast by approximately 20% for international flights for the full year due to the significant easing of border control measures. With respect to consolidated financial forecasts for the full year, we expect operating revenues to be generally in line with our original forecast as a result of slow recovery in domestic flights being offset by international flights, and operating income to exceed our original forecast as a result of sustained cost reduction.

Taking these factors into account, we decided to revise the consolidated financial forecasts for full year of the fiscal year ending March 31, 2023, which we announced on May 12, 2022, as below.

(Millions of yen)

	Operating revenues	Operating income / (loss)	Ordinary income / (loss)	Net income / (loss) attributable to owners of the parent	Net income / (loss) per share (Yen)
Previous Forecasts (A)	105,600	(16,600)	(18,100)	(5,700)	(61.20)
Forecasts on Nov. 9 th (B)	105,900	(14,300)	(15,600)	(4,600)	(49.39)
Change (B-A)	300	2,300	2,500	1,100	
Change (%)	0.3	-	-	-	
Reference: FY 2021 results	57,057	(41,255)	(43,861)	(25,217)	(270.75)

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	First Six Months of FY2022 (As of September 30, 2022)
ASSETS		
Current assets		
Cash and deposits	57,128	55,652
Accounts receivable	5,408	8,907
Securities	40,000	39,500
Merchandise and finished products	5,364	4,121
Raw materials and stored goods	271	294
Other current assets	5,756	5,539
Allowance for doubtful accounts	(60)	(45)
Total current assets	113,868	113,969
Fixed assets		
Tangible fixed assets		
Buildings and structures	560,906	561,562
Accumulated depreciation and impairment loss	(323,206)	(333,490)
Buildings and structures (net)	237,700	228,071
Machinery, equipment and vehicles	36,022	36,026
Accumulated depreciation and impairment loss	(20,325)	(21,430)
Machinery, equipment and vehicles (net)	15,696	14,596
Land	12,874	12,874
Lease assets	3,533	3,549
Accumulated depreciation and impairment loss	(1,591)	(1,825)
Lease assets (net)	1,941	1,724
Construction in progress	1,467	1,711
Other tangible fixed assets	67,977	68,089
Accumulated depreciation and impairment loss	(57,711)	(59,020)
Other tangible fixed assets (net)	10,265	9,069
Total tangible fixed assets	279,945	268,048
Intangible fixed assets		
Leasehold right	31,516	30,593
Other intangible fixed assets	2,872	2,422
Total intangible fixed assets	34,388	33,016
Investments and other assets		
Investment securities	18,293	17,576
Deferred tax assets	12,877	13,298
Net defined benefit assets	1,013	1,045
Other investments	3,491	3,426
Total investments and other assets	35,676	35,347
Total fixed assets	350,010	336,412
TOTAL ASSETS	463,878	450,381

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	First Six Months of FY2022 (As of September 30, 2022)
LIABILITIES		
Current liabilities		
Accounts payable	1,956	3,264
Short-term loans payable	15,626	15,778
Accrued expenses	8,782	12,679
Income taxes payable	483	1,873
Allowance for employees' bonuses	1,073	1,042
Other current liabilities	8,925	7,598
Total current liabilities	36,847	42,235
Fixed liabilities		
Bonds	55,287	55,213
Long-term loans payable	184,153	177,610
Lease obligations	1,596	1,376
Deferred tax liabilities	15,660	15,119
Allowance for directors' retirement benefits	68	49
Net defined benefit liabilities	4,761	4,904
Asset retirement obligations	620	624
Other fixed liabilities	8,873	7,945
Total fixed liabilities	271,021	262,845
TOTAL LIABILITIES	307,869	305,081
NET ASSETS		
Shareholders' equity		
Common stock	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	60,843	57,501
Treasury stock	(9)	(9)
Total shareholders' equity	153,120	149,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,526	1,714
Deferred gains or losses on hedges	(1,115)	(877)
Foreign currency translation adjustment	66	141
Remeasurements of defined benefit plans	(426)	(416)
Total accumulated other comprehensive income	1,050	561
Non-controlling interests	1,838	(5,040)
TOTAL NET ASSETS	156,009	145,300
TOTAL LIABILITIES AND NET ASSETS	463,878	450,381

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

Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Six Months of FY2021 (from April 1, 2021 to September 30, 2021)	First Six Months of FY2022 (from April 1, 2022 to September 30, 2022)
Operating revenues		
Rent revenue	9,099	9,998
Facility user charges revenue	4,266	11,147
Other revenues	5,483	6,275
Sale of merchandise	5,533	12,783
Sale of food and beverage	1,513	3,408
Total operating revenues	25,896	43,613
Cost of sales		
Cost of sales of merchandise	2,926	6,881
Cost of sales of food and beverage	1,295	2,146
Total cost of sales	4,221	9,028
Gross profit	21,674	34,584
Selling, general and administrative expenses		
Salaries and wages	4,928	4,682
Provision for employees' bonuses	144	988
Expenses for retirement benefits	465	409
Rent expenses	4,530	4,039
Outsourcing and commission	5,896	5,985
Depreciation expenses	15,872	14,442
Other costs and expenses	11,662	13,309
Total selling, general and administrative expenses	43,499	43,858
Operating income / (loss)	(21,825)	(9,273)
Non-operating income		
Interest income	8	11
Dividends income	40	41
Subsidy income	1,369	588
Miscellaneous income	552	554
Total non-operating income	1,970	1,196
Non-operating expenses		
Interest expenses	1,284	1,532
Loss on retirement of fixed assets	91	70
Equity in losses of affiliates	1,596	10
Commission fee	1,450	48
Miscellaneous expenses	28	20
Total non-operating expenses	4,450	1,682
Ordinary income / (loss)	(24,305)	(9,759)

	(Millions of yen)	
	First Six Months of FY2021 (from April 1, 2021 to September 30, 2021)	First Six Months of FY2022 (from April 1, 2022 to September 30, 2022)
Extraordinary gains		
Gains on sale of investment securities	-	6
Government subsidies	1,422	58
Total extraordinary gains	1,422	64
Extraordinary loss		
Loss on valuation of investment securities	54	-
Loss on reduction entry of fixed assets	1,388	36
Total extraordinary loss	1,443	36
Quarterly income / (loss) before income taxes and non-controlling interests	(24,326)	(9,731)
Income taxes – current	(1,328)	842
Quarterly income / (loss)	(22,998)	(10,574)
Quarterly net income / (loss) attributable to non-controlling interests	(8,519)	(7,232)
Quarterly net income / (loss) attributable to owners of the parent	(14,478)	(3,341)

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Six Months of FY2021 (from April 1, 2021 to September 30, 2021)	First Six Months of FY2022 (from April 1, 2022 to September 30, 2022)
Quarterly income / (loss)	(22,998)	(10,574)
Other comprehensive income		
Valuation difference on available-for-sale securities	812	(806)
Deferred gains (losses) on hedges	564	581
Foreign currency translation adjustment	28	75
Remeasurements of defined benefit plans	(18)	17
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	1,386	(133)
Comprehensive income	(21,611)	(10,708)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(13,375)	(3,830)
Comprehensive income attributable to non-controlling interests	(8,236)	(6,878)

(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 second 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 six 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.

Financial covenants

For part of the long-term loans payable with financial covenants, despite being in breach of these covenants at the end of the second quarter of the fiscal year ending March 31, 2023, financial institutions have granted a consent not to exercise the right to accelerate repayment. The balance amount of the borrowings under these agreements and relevant covenants are outlined below.

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	First Six Months of FY2022 (As of September 30, 2022)
Short-term loans payable	750	750
Long-term loans payable	5,250	4,875
Total	6,000	5,625

(¥750 million of short-term loans payable and ¥4,875 million of long-term loans payable)

- (1) On and after the corresponding agreement is entered into, the total net assets on the consolidated balance sheet on the last day of each fiscal year and each second quarter shall not be less than 75% of the total net assets on the consolidated balance sheet on the last day of the fiscal year and second quarter immediately preceding (six months prior to) the fiscal year and second quarter in question or the last day of the fiscal year ended March 2019, whichever is larger.
- (2) On and after the corresponding agreement is entered into, the total net assets on the non-consolidated balance sheet on the last day of each fiscal year and each second quarter shall not be less than 75% of the total net assets on the non-consolidated balance sheet on the last day of the fiscal year and second quarter immediately preceding (six months prior to) the fiscal year and second quarter in question or the last day of the fiscal year ended March 2019, whichever is larger.

- (3) On and after the corresponding agreement is entered into, ordinary profit during each fiscal year shall not be negative on a consolidated basis for two consecutive fiscal years.
- (4) On and after the corresponding agreement is entered into, ordinary profit during each fiscal year shall not be negative on a non-consolidated basis for two consecutive fiscal years.

(Segment Information)

Segment Information

I. First six months of FY2021 (from April 1, 2021 to September 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	18,825	5,546	1,523	25,896	-	25,896
Intersegment sales and transfers	946	372	344	1,664	(1,664)	-
Total	19,772	5,918	1,868	27,560	(1,664)	25,896
Segment income/(loss)	(13,367)	(3,248)	(1,735)	(18,351)	(3,473)	(21,825)

(Notes) 1. Adjustments to the segment income include ¥3,475 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 six months of FY2022 (from April 1, 2022 to September 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	27,311	12,871	3,430	43,613	-	43,613
Intersegment sales and transfers	1,095	426	432	1,954	(1,954)	-
Total	28,406	13,298	3,863	45,568	(1,954)	43,613
Segment income/(loss)	(4,062)	(664)	(818)	(5,545)	(3,727)	(9,273)

(Notes) 1. Adjustments to the segment income include ¥3,734 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