



Financial Report for the Third Quarter of the Fiscal Year Ending March 31, 2020 (FY2019) [J-GAAP] (Consolidated)

February 5, 2020

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Company name: Japan Airport Terminal Co., Ltd. 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 13, 2020
 Scheduled date of commencing dividend payment: -
 Supplementary materials on financial results (yes/no) No
 Holding of quarterly earnings announcement (yes/no) No

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

1. Consolidated Financial Results for the First Nine Months of FY2019 (April 1, 2019 to December 31, 2019)

(1) Consolidated Business Results (Cumulative)

#: Change from the same period of the previous year

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Nine Months of FY2019	203,451	-1.9	15,764	-18.8	14,907	-15.8	8,162	-74.1
FY2018	207,353	24.4	19,411	84.5	17,714	33.0	31,470	229.3

(Note) Comprehensive income: First nine months of FY2019 ¥10,703 million (-68.9%) First nine months of FY2018 ¥34,423 million (204.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
First Nine Months of FY2019	100.49	95.84
FY2018	387.43	370.04

(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, 2019	488,245	208,484	34.5	2,072.59
As of March 31, 2019	484,654	201,390	33.7	2,011.61

(Reference) Equity capital: As of December 31, 2019 ¥168,353 million As of March 31, 2019 ¥163,399 million

2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	-	23.00	-	22.00	45.00
FY2019	-	22.00	-		
FY2019 (Forecast)				20.00	42.00

(Note) Revisions to the most recently announced dividends forecast for FY2019: No

3. Forecast of Consolidated Financial Results for FY 2019 (April 1, 2019 to March 31, 2020)

#: Change from the same period of the previous year

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	275,700	0.8	16,700	-25.7	15,100	-25.9	8,300	-74.9	102.18

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2019: No

*** 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.: None

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

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(4) Number of shares outstanding (common stock)

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

As of December 31, 2019	84,476,500 shares	As of March 31, 2019	84,476,500 shares
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2) Number of treasury stock at the period-end:

As of December 31, 2019	3,248,164 shares	As of March 31, 2019	3,247,973 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

Third quarter of FY2019	81,228,443 shares	Third quarter of FY2018	81,228,673 shares
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*** This quarterly financial report is not subject to the quarterly review by certified public accountants or auditing firms.**

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

Notes on the use of forward-looking statements

The forecast of the business results reported herein was prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. The Company makes no guarantee that these figures will be achieved. Actual results may differ significantly from forecasts due to various factors. For the assumptions used in financial forecast 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 Nine Months of FY2019 (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 Nine Months of FY2019 (April 1, 2019 to December 31, 2019)

(1) Explanation of Operating Results

During the first nine months of the fiscal year ending March 31, 2020, the Japanese economy has experienced a gradual recovery, though exports have continued to show some signs of weakness driven by the increasing weakness in the manufacturing sector. Looking ahead, despite the near-term prospect of weakness, continuing improvement in employment and income, coupled with various government policies, is expected to support moderate economic recovery. However, the situation requires close attention to the change in consumer sentiment after the increase in consumption tax rate.

With respect to our business environment, although the sharp decrease in visitors from Korea is continuing since August 2019, the volume of inbound tourists from every region except Korea is exceeding that of the same period during the previous year, due to factors such as visitors for the Rugby World Cup 2019 hosted in Japan. In addition, recovering from the drop in 2018 suffered by natural disasters, the total accumulated number of inbound tourists in 2019 (January to December) has reached a record high of 31.88 million despite negative effects suffered by the typhoons in September and October 2019. However, it is important to prudently monitor various issues, such as the effect of the emergence of novel virus in China on passenger demand, in addition to the trend in number of visitors from Korea and the uncertainty of China's economic outlook.

Under these circumstances, the Japan Airport Terminal group ("JAT Group") has embraced its long-term vision "To be a World Best Airport" that aspires to best satisfy the needs of all stakeholders. To achieve this long-term vision, JAT Group is implementing various measures based on three strategic pillars: 1) Pursuit of the ideal of Haneda Airport, 2) Expansion of our business domain utilizing our strengths and the diversification of profits, and 3) Reconstruction of our profit base and the building of competitive advantages. Our management priorities for FY 2019 include preparations for operation after the opening of Haneda international facilities, an appropriate response to changes in the consumption trend of Chinese travelers to Japan, and the implementation of our profit plan to ensure that we accomplish our guidelines for FY 2020.

Especially for "preparations for opening of Haneda international facilities", while air transport business plans are being announced by domestic and foreign airline companies based on the allocation of the increased flight slots of international flights at Haneda Airport announced by Ministry of Land, Infrastructure, Transport and Tourism ("MLIT") in September 2019, we are proceeding with our preparation as planned for the name change of the International Terminal to Terminal 3 on March 14, 2020 and commencement of operation of the Terminal 2 international flight facility on March 29, 2020. As part of these efforts, the expansion of office space at the north side of Terminal 2 has been completed in October 2019 and the space is being rented to airline companies. In advance of the expansion of the International Terminal, two boarding gates and expansion part of departure and arrival lobby have also commenced operation in December 2019. In addition, in order to respond to increasing volume of international passengers, we have improved security screening lanes to enhance customer convenience. For the commercial facility within the airport, we will open "Tokyo 2020 Official Shop" and renew the existing shops at the domestic terminals and renew the luxury brand stores at the international terminal in order to prepare for the increase in international flights.

We have announced to acquire the shares of AGP Corporation ("AGP") in November 2019 and completed the acquisition in February 2020, turning AGP into an associate accounted for using equity method. By combining our expertise in airport terminal operation and AGP's know-how of ground handling business, we believe we can create synergies in expanding our business domains and applying them to our domestic and overseas airport terminal operation in line with our long-term vision.

As part of our ESG related effort, we started our support to "Japan Public-Private Partnership Student Study Abroad Program (TOBITATE! Young Ambassador Program)" and installed vending machines that accept donation and started broadcasting video advertising to encourage studying abroad whereby contributing to global human resource development across Japan.

Water supplies have been disrupted within Haneda Airport in November 2019, which resulted in closures of restaurants and suspension of water at hand-washing at restrooms at Terminal 2. Until the water supply from the operator resumed, we provided plastic bottled drinking water for hand-washing use and made efforts with all the staff to minimize the inconvenience caused to our customers. MLIT has set up an exploratory committee consisting of experts in December 2019 and the investigation for the cause is continuing to take place.

Under these circumstances, regarding consolidated financial results for the first nine months of the fiscal year ending March 31, 2020, operating revenues decreased 1.9% compared with the same period during the previous year to ¥203,451 million primarily due to decline in merchandise sales. The decline in revenue, coupled with the increase in expense related to facilities and one-time expenses such as real estate acquisition tax on the acquisition of a new training facility caused operating income to fall to ¥15,764 million (down 18.8% year-on-year). Ordinary income, without the one-time expense due to financing in the previous year,

was ¥14,907 million (down 15.8% year-on-year). Without the one-off extraordinary income due to consolidation of TIAT in the previous fiscal year, net income (attributable to owners of the parent) was ¥8,162 million (down 74.1% year-on-year).

(Millions of yen)			
Operating Results	First Nine Months of FY2018 (ended December 31, 2018)	First Nine Months of FY2019 (ended December 31, 2019)	Year-on-Year (%)
Operating revenues	207,353	203,451	-1.9
[Facilities Management]	61,550	64,474	4.8
[Merchandise Sales]	130,523	123,438	-5.4
[Food and Beverage]	15,279	15,538	1.7
Operating income	19,411	15,764	-18.8
Ordinary income	17,714	14,907	-15.8
Quarterly net income attributable to owners of the parent	31,470	8,162	-74.1

In the Skytrax (UK) “Global Airport Rating” published in November 2019, Haneda Airport’s passenger terminals were awarded the world’s highest standard “5-star Airport” for six consecutive years.

With the Tokyo Olympics and Paralympics approaching, JAT Group works cooperatively as an entire airport and as a sky gateway to the Tokyo metropolitan area, so that both domestic and international terminals offer a high level of customer convenience, comfort, and functionality. In pursuit of the ideal of Haneda Airport, we aim to be the airport that earns the long-term trust of customers from all over the world.

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

Overview by Segment

[Facilities Management]

(Millions of yen)			
Operating Results	First Nine Months of FY2018 (ended December 31, 2018)	First Nine Months of FY2019 (ended December 31, 2019)	Year-on-Year (%)
Facilities Management	61,550	64,474	4.8
Rent revenue	13,088	13,669	4.4
Facility user charges revenue	32,782	33,437	2.0
Other revenues	15,679	17,366	10.8
Intersegment sales and transfers	3,721	4,066	9.3
Total of Operating Revenues	65,271	68,540	5.0
Segment income	12,183	10,222	-16.1

Rent revenue rose from the same period of the previous year due to the opening of “THE HANEDA HOUSE” in the previous fiscal year and an increase in rental spaces to airline companies including floor expansion of office space at the north side of Terminal 2 in October 2019.

Revenue from facility user charges rose from the same period of the previous year because growth in international passenger traffic increased user charges revenue despite the negative impacts on revenues due to the decision to keep the level of user charges for domestic terminals unchanged even after the consumption tax hike in October 2019 and decline in passenger volume caused by Typhoon 19.

Other revenues rose from the same period of the previous year primarily because of revenue increase in contracting construction work and security and other outsourced operations and the expansion of P4 parking in March 2019, which boosted parking revenue. In addition, the increase in advertising revenue at international terminal and the revenue from lounges for both domestic and international terminals increased as a result of the renovation of the “POWER LOUNGE” for domestic passengers also contributed to its growth.

As a result, operating revenues from facilities management operations increased to ¥68,540 million (up 5.0% year-on-year). Operating income for the segment decreased to ¥10,222 million (down 16.1% year-on-year). The decrease was because depreciation expense and operating expenses increased as a result of the boarding stations and the satellite facility near Terminal 2 and the expansion of P4 parking that opened during the previous year and expansion part in international terminal that began in December 2019 and because one-time costs were recorded such as the increase in maintenance expense upon the completion of renovation work of Terminal 1 in September 2019 and floor expansion of office space at the north side of Terminal 2 in October 2019.

[Merchandise Sales]

Operating Results	(Millions of yen)		
	First Nine Months of FY2018 (ended December 31, 2018)	First Nine Months of FY2019 (ended December 31, 2019)	Year-on-Year (%)
Merchandise Sales	130,523	123,438	-5.4
Sales at domestic terminal stores	27,754	27,415	-1.2
Sales at international terminal stores	74,368	70,540	-5.1
Other revenues	28,401	25,482	-10.3
Intersegment sales and transfers	902	751	-16.7
Total of Operating Revenues	131,426	124,190	-5.5
Segment income	12,658	11,146	-11.9

Sales at domestic terminal stores fell from the same period of the previous year due to decline in sales of closed stores such as Isetan Haneda Store (men's) in Terminal 2 as construction work progressed on the expansion of Terminal 2 and effect of Typhoon 19 in October 2019, despite proactive sales growth efforts involving promotional events including launch of the official store for Japan's rugby national team during the 2019 Rugby World Cup and opening of "Tokyo 2020 Official Shop" for the Tokyo Olympics and Paralympics.

Sales at international terminal stores at Haneda Airport slightly exceeded the same period of the previous year due to the renewal effect of TIAT DUTY FREE SHOP CENTRAL and passenger growth despite the negative effect of Typhoon 19. Sales at duty free shops at Narita Airport and airport-style in-city duty-free shops decreased from the same period of the previous year due to temporary closures of shops during the renovation period in the 1st half coupled with the continued decline in consumption by Chinese travelers, despite increased numbers of flights from China since the end of October 2019 and opening of a new area in collaboration with Shiseido Group at the airport-style in-city duty-free shop "Japan Duty Free GINZA." The total sales at duty-free shops is exceeding the accumulated sales during the first nine months of the year before the last fiscal year and has continued an upward trend, but the rate of increase is slowing down. We will continue our efforts to further increase sales by capturing the increasing volume of inbound tourists especially from China and positive effects on sales through renovation of the shops to the maximum extent possible.

Other revenues fell below the same period of the previous year due to a decrease in the wholesaling business and outsourced store operations at Narita Airport and a decrease in wholesale business at regional airports resulting from the decrease in inbound tourists from Korea.

As a result, operating revenues from merchandise sales operations decreased to ¥124,190 million (down 5.5% year-on-year) and operating income fell to ¥11,146 million (down 11.9% year-on-year) due to the increase in one-time cost for the renovation of duty free shops and airport-style in-city duty-free shop at Narita Airport in addition to the effect of revenue decline.

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Nine Months of FY2018 (ended December 31, 2018)	First Nine Months of FY2019 (ended December 31, 2019)	Year-on-Year (%)
Food and Beverage	15,279	15,538	1.7
Sales from food and beverage stores	9,561	9,580	0.2
Sales from in-flight meals	5,107	5,268	3.1
Other revenues	610	689	13.0
Intersegment sales and transfers	1,943	1,945	0.1
Total of Operating Revenues	17,223	17,484	1.5
Segment income	766	796	3.9

Sales from food and beverage operations slightly increased from the same period of the previous year driven by the growth of international passenger volume, though sales decreased at Haneda's domestic terminals due to closures of food and beverage shops during the expansion construction period and negative effect of Typhoon 19.

Sales from in-flight meals rose from the same period of the previous year due to an increase in the passenger numbers of foreign carriers, our clients in this business.

As a result, operating revenues from food and beverage operations increased to ¥17,484 million (up 1.5% year-on-year). Operating income for the segment amounted to ¥796 million (up 3.9% year-on-year) because of

revenue growth and cost-saving efforts in procurement and other costs.

(2) Explanation of Financial Position

[Assets]

Regarding current assets, cash and deposits decreased due to payment of usage fee for government-owned properties. Fixed assets increased due to the increase in the buildings and structures resulting from the completion of expansion work of International Terminal and floor expansion of office space at the north side of Terminal 2, despite the progress of depreciation of buildings and structures. As a result, total assets increased by ¥3,590 million from the previous fiscal year end to ¥488,245 million.

[Liabilities]

Liabilities decreased due to payment of accrued expenses booked at the previous fiscal year end, combined with the repayment of long-term loans payable despite new borrowings. As a result, total liabilities decreased by ¥3,503 million from the previous fiscal year end to ¥279,761 million.

[Net Assets]

While dividend distribution was made, quarterly income attributable to owners of the parent increased retained earnings and non-controlling interests. As a result, total net assets increased by ¥7,094 million from the previous fiscal year end to ¥208,484 million.

As a result, the equity ratio was 34.5% (compared to 33.7% at the previous fiscal year end).

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

With regard to full-year forecasts, there is a possibility that emergence of the novel virus in China will dampen the passenger demand, although we expect continued growth in the volume of inbound tourists. We are concerned about further negative impacts such as suspension of flights to and from China. Nevertheless, since the outlook is unclear, the forecasts of full-year consolidated results have been left unchanged at this point and close attention will be paid to the development of the situation.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2018 (As of March 31, 2019)	First Nine Months of FY2019 (As of December 31, 2019)
ASSETS		
Current assets		
Cash and deposits	87,458	76,974
Accounts receivable	17,959	20,564
Merchandise and finished products	10,968	12,731
Raw materials and stored goods	141	194
Other current assets	7,306	11,662
Allowance for doubtful accounts	(16)	(17)
Total current assets	123,817	122,110
Fixed assets		
Tangible fixed assets		
Buildings and structures	459,499	491,262
Accumulated depreciation and impairment loss	(261,619)	(272,786)
Buildings and structures (net)	197,879	218,476
Machinery, equipment and vehicles	23,945	26,502
Accumulated depreciation and impairment loss	(13,457)	(14,720)
Machinery, equipment and vehicles (net)	10,488	11,781
Land	11,371	12,881
Lease assets	1,261	2,717
Accumulated depreciation and impairment loss	(695)	(856)
Lease assets (net)	565	1,860
Construction in progress	58,988	38,962
Other tangible fixed assets	59,926	62,463
Accumulated depreciation and impairment loss	(46,826)	(49,732)
Other tangible fixed assets (net)	13,099	12,731
Total tangible fixed assets	292,393	296,693
Intangible fixed assets		
Leasehold right	37,050	35,667
Other intangible fixed assets	2,586	2,279
Total intangible fixed assets	39,637	37,946
Investments and other assets		
Investment securities	16,835	19,784
Deferred tax assets	6,981	6,782
Net defined benefit assets	1,385	1,494
Other investments	3,604	3,434
Total investments and other assets	28,806	31,494
Total fixed assets	360,837	366,135
TOTAL ASSETS	484,654	488,245

	(Millions of yen)	
	FY2018 (As of March 31, 2019)	First Nine Months of FY2019 (As of December 31, 2019)
LIABILITIES		
Current liabilities		
Accounts payable	9,774	11,522
Short-term loans payable	12,724	13,319
Current portion of bonds with stock acquisition rights	15,013	15,002
Accrued expenses	13,547	8,556
Income taxes payable	4,482	1,827
Allowance for employees' bonuses	1,725	867
Allowance for directors' bonuses	269	199
Other current liabilities	10,355	13,867
Total current liabilities	67,894	65,162
Fixed liabilities		
Bonds	11,127	11,021
Bonds with stock acquisition rights	15,031	15,023
Long-term loans payable	161,345	160,789
Lease obligations	409	1,646
Deferred tax liabilities	14,204	13,533
Allowance for directors' retirement benefits	57	51
Net defined benefit liabilities	4,059	4,034
Asset retirement obligations	478	484
Other fixed liabilities	8,656	8,014
Total fixed liabilities	215,370	214,598
TOTAL LIABILITIES	283,264	279,761
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	122,012	126,601
Treasury stock	(3,246)	(3,247)
Total shareholders' equity	157,592	162,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,506	5,531
Deferred gains or losses on hedges	197	454
Foreign currency translation adjustment	47	30
Remeasurements of defined benefit plans	55	156
Total accumulated other comprehensive income	5,807	6,172
Non-controlling interests	37,990	40,131
TOTAL NET ASSETS	201,390	208,484
TOTAL LIABILITIES AND NET ASSETS	484,654	488,245

(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 FY2018 (from April 1, 2018 to December 31, 2018)	First Nine Months of FY2019 (from April 1, 2018 to December 31, 2019)
Operating revenues		
Rent revenue	13,088	13,669
Facility user charges revenue	32,782	33,437
Other revenues	15,869	17,605
Sales of merchandise	130,333	123,200
Sales of food and beverage	15,279	15,537
Total operating revenues	207,353	203,451
Cost of sales		
Cost of sales of merchandise	92,250	86,750
Cost of sales of food and beverage	8,323	8,248
Total cost of sales	100,573	94,999
Gross profit	106,780	108,452
Selling, general and administrative expenses		
Salaries and wages	9,520	10,121
Provision for employees' bonuses	759	923
Provision for directors' bonuses	178	190
Expenses for retirement benefits	721	676
Rent expenses	12,781	12,501
Outsourcing and commission	22,268	21,767
Depreciation expenses	18,096	19,752
Other costs and expenses	23,041	26,755
Total selling, general and administrative expenses	87,369	92,688
Operating income	19,411	15,764
Non-operating income		
Interest income	20	19
Dividends income	328	361
Equity in earnings of affiliates	247	222
Miscellaneous income	737	1,056
Total non-operating income	1,334	1,660
Non-operating expenses		
Interest expenses	2,325	2,145
Loss on retirement of fixed assets	59	146
Miscellaneous expenses	646	225
Total non-operating expenses	3,031	2,517
Ordinary income	17,714	14,907

	(Millions of yen)	
	First Nine Months of FY2018 (from April 1, 2018 to December 31, 2018)	First Nine Months of FY2019 (from April 1, 2019 to December 31, 2019)
Extraordinary gains		
Gains on sales of fixed assets	-	81
Gain on offsetting assets and liabilities	5,626	-
Gain on negative goodwill	20,126	-
Government subsidy	207	419
Total extraordinary gains	25,960	501
Extraordinary loss		
Loss on retirement of fixed assets	196	429
Loss on reduction of fixed assets	-	320
Loss of step acquisition	2,725	-
Other extraordinary loss	62	-
Total extraordinary loss	2,984	749
Quarterly income before income taxes and non-controlling interests	40,689	14,660
Income taxes – current	7,018	4,572
Quarterly income	33,671	10,087
Quarterly net income attributable to non-controlling interests	2,201	1,924
Quarterly net income attributable to owners of the parent	31,470	8,162

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Nine Months of FY2018 (from April 1, 2018 to December 31, 2018)	First Nine Months of FY2019 (from April 1, 2019 to December 31, 2019)
Quarterly income before minority interests	33,671	10,087
Other comprehensive income		
Valuation difference on available-for-sale securities	(894)	18
Deferred gains (losses) on hedges	234	503
Foreign currency translation adjustment	(2)	(17)
Remeasurements of defined benefit plans	139	102
Share of other comprehensive income of associates accounted for using equity method	1,273	9
Total other comprehensive income	751	616
Comprehensive income	34,423	10,703
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	32,092	8,528
Comprehensive income attributable to non-controlling interests	2,330	2,175

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

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

Calculation of tax expenses

The effective tax rate on income before taxes for the consolidated fiscal year including the third quarter after the application of tax effect accounting is reasonably estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses.

(Segment Information, etc.)

Segment Information

I. First nine months of FY2018 (from April 1, 2018 to December 31, 2018)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	61,550	130,523	15,279	207,353	-	207,353
Intersegment sales and transfers	3,721	902	1,943	6,567	(6,567)	-
Total	65,271	131,426	17,223	213,921	(6,567)	207,353
Segment income (loss)	12,183	12,658	766	25,609	(6,197)	19,411

(Notes) 1. Adjustments to the segment income include ¥6,209 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.
3. During the first quarter, with the acquisition of TIAT's shares, TIAT became included in the scope of consolidation. Accordingly, amount of assets in each reportable segment increased by ¥174,977 million for "Facilities Management", ¥6,197 million for "Merchandise Sales", and ¥576 million for "Food and Beverage".

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment
Not applicable

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

1. Sales and income (loss) by reportable segment

(Millions of yen)

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

(Notes) 1. Adjustments to the segment income include ¥6,404 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.
2. Segment income is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment
Not applicable

(Significant Subsequent Events)

Issuance of Domestic Unsecured Straight Corporate Bond

At the meeting of the Board of Directors held on February 5, 2020, the comprehensive resolution was made regarding issuance of domestic unsecured straight corporate bond. The summary is as follows:

(1) Total amount to be issued	40,000 million yen It is possible to issue bonds multiple times as long as the total amount stays within this amount.
(2) Denomination per bond	1 million yen
(3) Issue price	100 yen per face value 100 yen
(4) Redemption date	5 – 20 years
(5) Cap of interest rate	The yield of Japanese Government Bond with maturity essentially equivalent to redemption period + 1% or less
(6) Period of issuance	From February 5, 2020 to January 31, 2022 If offering date falls within the above period, payment date could come after this period.
(7) Redemption method	Bullet redemption at maturity Call provision that allows the issuer to repurchase and retire its bonds can be included.
(8) Use of proceeds	Capital expenditure, redemption of bonds
(9) Others	Decisions on matters related to items set forth in Article 676 of Companies Act and matters necessary for issuance of corporate bond are to be made by President and COO to the extent mentioned above.

Acquisition of Shares (Conversion into an Associate Accounted for Using Equity Method)

At the meeting of the Board of Directors held on November 8, 2019, the Company resolved to acquire from Mitsubishi Corporation (“Mitsubishi”) all of the shares in AGP Corporation (“AGP”) held by Mitsubishi, AGP’s major shareholder (“Acquisition”). A share transfer agreement was concluded with Mitsubishi on the same day. On February 4, 2020, the transaction was closed.

As a result of this transaction, our shareholding ratio (ratio of shares held to the total number of issued shares, excluding treasury stocks; the same hereinafter) in AGP increased to 26.81%, turning AGP into an associate accounted for using equity method.

(1) Purpose of Acquisition

Since its establishment in 1953, the JAT Group engaged in the construction, management and operation of domestic passenger terminals at Haneda Airport, the hub of domestic air transport in Japan, seeking to improve the convenience, comfort, and functionality of the passenger terminals with its basic management philosophy of harmony between public good and business success, pursuing its businesses in the spirit of customer-first and absolute safety. Furthermore, with a view toward enhancing customer satisfaction of airport users, the JAT Group is also involved in a variety of business serving customers, including merchandise sales and food and beverage.

AGP, meanwhile, has grown and developed as a company responsible for the infrastructure functions of Japan’s airports since its establishment in 1965, with a common Group corporate philosophy of excelling in its technological capabilities to contribute to the environmental society. Applying the technologies it has cultivated to protect airport safety and security and extending them into other areas, AGP is also actively engaged in the retail electricity business, GSE and other sales businesses, and other new businesses.

JAT realized that, given the commonality and connections between JAT and AGP, making AGP an affiliated company of JAT accounted for using equity method could be expected to lead to significant synergies in future business development for both companies, and decided to enter into this share transfer transaction.

(2) Name of the seller of Acquisition

Mitsubishi Corporation

(3) Details of AGP

i) Company name	AGP Corporation
ii) Address	1-7-1 Hanedakuko, Ota-ku, Tokyo
iii) Name and title of representative	Hiroyuki Hioka, President and CEO
iv) Description of business	Power business, including the provision of electrical power and heating/cooling to parked aircraft, and maintenance and management business of buildings and equipment and airport-related facilities at and outside the airport
v) Capital	2,038,750,000 yen
vi) Date established	December 16, 1965

(4) Dates of Acquisition

i) Date of share transfer agreement	November 8, 2019
ii) Date of share transfer (closing)	February 4, 2020

(5) Number of shares acquired, acquisition cost, and shareholding ratio after Acquisition

i) Number of shares acquired	3,740,000 shares
ii) Acquisition cost	2,255,220,000 yen
iii) Shareholding ratio after Acquisition	26.81%