



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

November 5, 2020

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Company name: Japan Airport Terminal Co., Ltd. ("the Company") Listed stock exchange: Tokyo, 1st Section
 Code number: 9706 URL: <https://www.tokyo-airport-bldg.co.jp/company/en/>
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Scheduled date of filing securities report: November 12, 2020
 Scheduled date of commencing dividend payment: —
 Supplementary materials on financial results (yes/no) Yes
 Holding of quarterly earnings announcement (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 FY2020 (April 1, 2020 to September 30, 2020)

(1) Consolidated Business Results (Cumulative)

%: Change from the same period of the previous year

	Operating revenues		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss) attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Six Months of FY2020	22,293	-83.5	(32,266)	-	(30,506)	-	(22,879)	-
FY2019	135,270	-1.6	11,156	-13.9	10,728	-8.8	5,945	-78.9

(Note) Comprehensive income: First six months of FY2020 ¥-39,482 million (-%) First six months of FY2019 ¥7,434 million (-76.5%)

	Net income/(loss) per share	Diluted net income per share
First Six Months of FY2020	Yen (281.67)	Yen -
FY2019	73.20	69.82

(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, 2020	481,061	161,574	28.3	1,676.62
As of March 31, 2020	521,363	201,899	31.2	2,001.83

(Reference) Equity capital: As of September 30, 2020 ¥136,188 million As of March 31, 2020 ¥162,605 million

2. Dividends

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

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

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

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

%: Change from the same period of the previous year

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

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2020: 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 13 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 September 30, 2020	84,476,500 shares	As of March 31, 2020	84,476,500 shares
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2) Number of treasury stock at the period-end:

As of September 30, 2020	3,248,445 shares	As of March 31, 2020	3,248,324 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

Second quarter of FY2020	81,228,117 shares	Second quarter of FY2019	81,228,476 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.

Supplementary materials on quarterly financial results and details of presentation at earnings announcement

Earnings announcement is planned to be held on November 13, 2020 for financial analysts. Materials on financial results used in the presentation will be promptly posted on the Company’s website following the presentation on the same day.

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1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2020 (April 1, 2020 to September 30, 2020)

(1) Explanation of Operating Results

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

Under these economic conditions, the airline industry has been in a particularly challenging situation, but there are signs of gradual recovery. On July 22nd, “Go To Travel” campaign was launched to stimulate demand for domestic travel. Travel to and from Tokyo was initially excluded from the scope of the campaign, but since the announcement in mid-September that travel to and from Tokyo would be added to the scope from October, domestic travel sentiment has been on the rise. Passenger volume on domestic flights at Haneda Airport was at a standstill in July and August resulting in a year-on-year decline of approximately 70% as the number of new COVID-19 cases in Tokyo increased again after the first quarter's year-on-year decline of approximately 90%. However, demand continued to recover in September, albeit slowly, as some routes were fully booked during the long stretch of holidays. For international flights, discussions between governments are underway with countries and regions where the situation regarding COVID-19 is relatively calm, with the aim of easing travel restrictions for travelers including long-term business travelers. Despite international flights at Haneda being resumed, the fall in the number of passengers continued to drop by more than 95% compared to the same period of the previous year. In addition, although the number of operating flights is increasing gradually, international passenger volume at international hub airports that we operate such as Narita Airport, continued to decline year-on-year significantly.

Under these circumstances, the Japan Airport Terminal Group (“JAT Group”) is taking measures to ensure the safety and security of airport users, based on the “Guidelines for Preventing the Spread of COVID-19 in the Aviation Field” (jointly prepared by the Scheduled Airlines Association and the All Japan Airport Terminal Association). With respect to facilities, in addition to improving the terminal's ventilation capacity, we have installed hand sanitizer and plastic sheets to prevent droplet infection throughout the terminal building, and introduced thermographic device for measuring body temperature at the security checkpoint. In addition, we have installed mask vending machines so that airport users can purchase masks outside of store hours. Furthermore, for international flights, amidst the government's effort to expand the PCR testing system upon entry to Japan, the JAT Group is providing part of Terminal 3 as a PCR testing area and a waiting area for testing. Since October 9th, the Toho University Haneda Airport Terminal 3 Clinic has been conducting PCR testing and issuing certificates for international travelers. We will continue to work with the government and other relevant organizations to push forward such efforts.

With respect to our commercial efforts, for domestic flights, many stores were temporarily closed during the declaration of a state of emergency period, but operations have now resumed with the exception of a few stores. We will continue to take thorough measures to prevent the spread of COVID-19 and make every effort to secure revenue opportunities including the introduction of “Go To Travel” regional coupons in October at approximately 100 stores within Haneda Airport. On the other hand, for international flights most stores remain temporarily closed. The rent reductions and exemptions for tenants that have been in place since April 2020 are being reviewed in light of passenger trends, and appropriate measures are implemented according to the situation.

In addition, we are implementing extensive cost-reduction measures to minimize the impact of the sharp decline in operating revenues on profits. During the first quarter, we temporarily closed part of the terminal and reduced management and administrative costs including utilities costs. In the second quarter, we continued to reduce fixed costs by cutting down non-urgent costs, partially reducing executive compensation and employee bonuses, to review facility maintenance costs to the extent that they do not affect passenger convenience, and to lower outsourcing costs. In particular, we are promoting to bring in-house tasks that require qualified personnel, such as inspection and maintenance of firefighting and electrical equipment, by encouraging our Group employees to obtain necessary license to perform such tasks. In addition, we will continue our efforts to reform our cost structure by reviewing operations and efficiently allocating personnel throughout the company.

From a financial perspective, we have raised ¥5.0 billion in long-term loans and secured a short-term borrowing facility of ¥20.0 billion by June 2020, in addition to an existing commitment line of ¥9.0 billion. We will continue to consider other measures to secure additional funds in preparation for the prolonged effect of our revenue decline.

The JAT Group has aspired to best satisfy the needs of all stakeholders. To create business and revenue

generation opportunities and achieve sustainable growth, we have set our long-term vision “To be a World Best Airport” and developed a medium-term business plan (FY2016 – FY2020). However, the impact of COVID-19 has significantly changed the business environment that the medium-term business plan was based on. Furthermore, society as a whole is shifting to the “new normal,” and the JAT Group recognizes the need to fundamentally review the way it operates its airport terminals, with ideas that are not bound by the conventional framework.

Taking into account the above, for international flights at Haneda Airport, in addition to improving passenger convenience by promoting “FAST TRAVEL” which enables stress-free and comfortable boarding procedures and “One ID” which uses face recognition technology, we will also take measures to prevent COVID-19 infections by expanding our non-face-to-face and contactless service facilities during the current fiscal year. For domestic flights, we launched new services utilizing self-driving wheelchairs, remote guiding robots, and sanitization work robots adapting to the “new normal.” We will continue to work on the commercialization of those services. We also acquired the sales rights of “Radi-Cool,” a radiative cooling film that improves air conditioning efficiency, and will sell the product to other airports based on its effectiveness demonstrated by the testing at Haneda Airport. With respect to our commercial efforts, we expanded the number of products available on our domestic e-commerce site, “Haneda Shopping,” and are actively handling products that are only available at Haneda Airport. We also made announcements on social networking sites to improve recognition and strengthened the functionality of the website. Looking ahead, we aim to secure a revenue stream that is not affected by temporary declines in passenger volume by continuing to strengthen our marketing and e-commerce business through leveraging Haneda Airport as the transportation hub, including merging our online operations with our physical stores.

In addition, in the Haneda Airport site 1st zone Development Project, in which we are participating, we opened “HANEDA INNOVATION CITY” in July, and in September began full-scale operations of the area that were scheduled to open during 2020. This facility has been selected as an “Advanced Model Project” by the Ministry of Land, Infrastructure, Transport and Tourism’s Smart City Model Project, where we are conducting demonstration tests of autonomous buses with the aim of early implementation of advanced technologies. The JAT Group is also operating “DEJIMA by 1→10,” a digital/experiential commercial facility that utilizes cutting-edge technology. We will continue to prepare for the grand opening of “HANEDA INNOVATION CITY” in 2022 as a creation and information hub of new industries by merging cutting-edge technology with Japanese culture.

As a result of the above, with respect to consolidated financial results for the first six months of the fiscal year ending March 31, 2021, operating revenues were ¥22,293 million (down 83.5% year-on-year) due to significant decline in revenue from facility user charges, merchandise sales, and food and beverage sales because of the substantial decrease in passenger volume for domestic and international flights caused by the impact of COVID-19. As a result of the fall in revenue, operating loss was ¥32,266 million (compared to operating income of ¥11,156 million during the same period of the previous fiscal year), coupled with increase in depreciation expense of Haneda’s international facilities that commenced operation last fiscal year despite various cost reduction measures. Ordinary loss was ¥30,506 million (compared to ordinary income of ¥10,728 million during the same period of the previous fiscal year), and quarterly net loss attributable to owners of the parent was ¥22,879 million (compared to quarterly net income attributable to owners of the parent of ¥5,945 million during the same period of the previous fiscal year).

Operating Results	(Millions of yen)		
	First Six Months of FY2019 (ended September 30, 2019)	First Six Months of FY2020 (ended September 30, 2020)	Year-on-Year (%)
Operating revenues	135,270	22,293	-83.5
[Facilities Management]	42,645	16,448	-61.4
[Merchandise Sales]	82,234	4,607	-94.4
[Food and Beverage]	10,389	1,237	-88.1
Operating income / (loss)	11,156	(32,266)	-
Ordinary income / (loss)	10,728	(30,506)	-
Quarterly net income / (loss) attributable to owners of the parent	5,945	(22,879)	-

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

Although the airline industry continues to face a very difficult situation, domestic flights are steadily recovering with an increase in new reservations of passenger flights in October. For international flights, international traffic is gradually resuming as travel restrictions are being eased, including the introduction of a business track framework that exempts passengers from being quarantined for 14 days after arriving in Japan on the condition that travelers submit a certificate proving that they tested negative on PCR testing and an activity plan during their stay.

In light of these efforts, the JAT Group will continue to ensure the safety of passengers using Haneda Airport and operate the passenger terminal to appropriately respond to the recovering demand. In the long-term, we expect a steady increase in demand for air travel, and we will continue to work towards increasing the value of Haneda Airport by further improving the convenience, comfort and functionality of the terminal buildings as the sky gateway to Japan and the Tokyo metropolitan area.

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

Overview by Segment

[Facilities Management]

Operating Results	(Millions of yen)		
	First Six Months of FY2019 (ended September 30, 2019)	First Six Months of FY2020 (ended September 30, 2020)	Year-on-Year (%)
Facilities Management	42,645	16,448	-61.4
Rent revenue	9,024	7,974	-11.6
Facility user charges revenue	22,269	3,021	-86.4
Other revenues	11,351	5,452	-52.0
Intersegment sales and transfers	2,653	791	-70.1
Total of Operating Revenues	45,298	17,240	-61.9
Segment income / (loss)	7,462	(20,486)	-

Rent revenue decreased from the same period of the previous year primarily due to rent reductions and exemptions offered to tenants which has been continuing since April, 2020 despite an increase in revenue coming from the floor expansion of office space on the north side of Terminal 2 in October 2019.

Revenue from facility user charges fell significantly below the same period of the previous year due to a drop in user charges as the passenger volume for international flights continued to fall sharply while passenger volume for domestic flights are slowly recovering.

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

As a result, operating revenues from facilities management operations decreased to ¥17,240 million (down 61.9% year-on-year). Operating loss for the segment was ¥20,486 million (compared to operating income of ¥7,462 million during the same period of the previous fiscal year) primarily due to the drop in revenue and the increase in depreciation expense after the opening of Haneda Airport Terminal 2 international facilities and expansion part of Terminal 3.

[Merchandise Sales]

Operating Results	(Millions of yen)		
	First Six Months of FY2019 (ended September 30, 2019)	First Six Months of FY2020 (ended September 30, 2020)	Year-on-Year (%)
Merchandise Sales	82,234	4,607	-94.4
Sales at domestic terminal stores	17,946	3,040	-83.1
Sales at international terminal stores	47,489	723	-98.5
Other revenues	16,798	843	-95.0
Intersegment sales and transfers	488	370	-24.3
Total of Operating Revenues	82,723	4,977	-94.0
Segment income / (loss)	7,430	(5,764)	-

Merchandise sales are gradually recovering since our directly-managed stores resumed operation step by step and almost all stores are now operating after temporary closure during the declaration of a state of emergency period. However, the impact of the drop in passenger volume was profound and sales at domestic terminal stores significantly decreased from the same period of the previous year.

Sales at international terminal stores significantly decreased from the same period of the previous year primarily due to continued temporary closures of our directly-managed stores at each airport in addition to the substantial decrease in international passenger volume. At Haneda Airport Terminal 3, TIAT DUTY FREE SHOP CENTRAL is continuing to operate and temporarily closed brand boutiques are operating when there are passenger reservations. In addition, Japan Duty Free at Narita International Airport and airport-style in-city duty-free shop “Japan Duty Free Ginza” have resumed operation but merchandise sales continue to face difficulty.

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

As a result, operating revenues from merchandise sales operations dropped to ¥4,977 million (down 94.0% year-on-year) and operating loss was ¥5,764 million (compared to operating income of ¥7,430 million during the same period of the previous fiscal year).

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Six Months of FY2019 (ended September 30, 2019)	First Six Months of FY2020 (ended September 30, 2020)	Year-on-Year (%)
Food and Beverage	10,389	1,237	-88.1
Sales from food and beverage stores	6,448	938	-85.4
Sales from in-flight meals	3,498	167	-95.2
Other revenues	442	131	-70.2
Intersegment sales and transfers	1,293	548	-57.6
Total of Operating Revenues	11,683	1,786	-84.7
Segment income / (loss)	531	(2,393)	-

Sales from food and beverage operations significantly fell from the same period of the previous year primarily due to the temporary closure of food and beverage shops at domestic and international terminals because of the slump in passenger volume caused by the impact of COVID-19.

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

As a result, operating revenues from food and beverage operations dropped to ¥1,786 million (down 84.7% year-on-year) and operating loss for the segment was ¥2,393 million (compared to operating income of ¥531 million during the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets]

Current assets decreased primarily due to the decrease in cash and deposits and accounts receivable because of the decline in operating revenues. Fixed assets decreased primarily due to the depreciation of buildings and structures. As a result, total assets decreased by ¥40,301 million from the previous fiscal year end to ¥481,061 million.

[Liabilities]

Liabilities increased due to long-term loans of approximately ¥30.0 billion that the Company raised despite the payment of the construction cost of Haneda Airport international facilities which the construction was completed last fiscal year. As a result, total liabilities increased by ¥22 million from the previous fiscal year end to ¥319,487 million.

[Net Assets]

Dividend distribution was made, and quarterly loss decreased retained earnings and non-controlling interests. As a result, total net assets decreased by ¥40,324 million from the previous fiscal year end to ¥161,574 million.

As a result, the equity ratio was 28.3% (compared to 31.2% at the previous fiscal year end).

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

Although we postponed the announcement of our earnings forecast for the fiscal year ending March 31, 2021 at the time of the announcement of our financial results on June 4th, 2020, based on our performance during the first six months of fiscal year 2020, the Company forecasts operating revenues of ¥61,000 million (down 75.6% year-on-year), operating loss ¥58,000 million (compared to operating income of ¥9,892 million during the same period of the previous fiscal year), ordinary loss of ¥55,500 million (compared to ordinary income of ¥8,705 million during the same period of the previous fiscal year), and net loss attributable to owners of the parent of ¥35,000 million (compared to net income attributable to owners of the parent of ¥5,012 million during the same period of the previous fiscal year).

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

(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)	-	-	-	-	-
Forecasts on Nov. 5 th (B)	61,000	(58,000)	(55,500)	(35,000)	(430.89)
Change (B-A)	-	-	-	-	-
Change (%)	-	-	-	-	-
Reference: FY 2019 results	249,756	9,892	8,705	5,012	61.71

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2019 (As of March 31, 2020)	First Six Months of FY2020 (As of September 30, 2020)
ASSETS		
Current assets		
Cash and deposits	71,958	67,980
Accounts receivable	8,924	3,838
Merchandise and finished products	13,440	13,169
Raw materials and stored goods	146	295
Other current assets	19,797	4,781
Allowance for doubtful accounts	(18)	(18)
Total current assets	114,248	90,047
Fixed assets		
Tangible fixed assets		
Buildings and structures	552,854	555,961
Accumulated depreciation and impairment loss	(277,692)	(289,982)
Buildings and structures (net)	275,162	265,979
Machinery, equipment and vehicles	37,743	36,371
Accumulated depreciation and impairment loss	(15,266)	(16,668)
Machinery, equipment and vehicles (net)	22,476	19,702
Land	12,881	12,883
Lease assets	3,622	3,468
Accumulated depreciation and impairment loss	(965)	(868)
Lease assets (net)	2,657	2,600
Construction in progress	6,258	4,197
Other tangible fixed assets	67,111	67,727
Accumulated depreciation and impairment loss	(50,994)	(53,414)
Other tangible fixed assets (net)	16,116	14,312
Total tangible fixed assets	335,551	319,676
Intangible fixed assets		
Leasehold right	35,205	34,283
Other intangible fixed assets	3,614	3,653
Total intangible fixed assets	38,820	37,937
Investments and other assets		
Investment securities	20,082	18,675
Deferred tax assets	8,748	10,762
Net defined benefit assets	387	463
Other investments	3,523	3,499
Total investments and other assets	32,742	33,400
Total fixed assets	407,114	391,014
TOTAL ASSETS	521,363	481,061

	(Millions of yen)	
	FY2019 (As of March 31, 2020)	First Six Months of FY2020 (As of September 30, 2020)
LIABILITIES		
Current liabilities		
Accounts payable	3,261	1,078
Short-term loans payable	13,646	16,143
Accrued expenses	8,736	9,448
Income taxes payable	1,517	397
Allowance for employees' bonuses	1,635	1,231
Allowance for directors' bonuses	186	-
Other current liabilities	35,343	9,039
Total current liabilities	64,327	37,338
Fixed liabilities		
Bonds	50,985	50,914
Bonds with stock acquisition rights	15,020	15,015
Long-term loans payable	161,011	181,173
Lease obligations	2,402	2,279
Deferred tax liabilities	13,357	17,311
Allowance for directors' retirement benefits	55	63
Net defined benefit liabilities	4,141	4,100
Asset retirement obligations	486	489
Other fixed liabilities	7,675	10,801
Total fixed liabilities	255,136	282,148
TOTAL LIABILITIES	319,464	319,487
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	123,451	99,759
Treasury stock	(3,248)	(3,249)
Total shareholders' equity	159,029	135,337
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,637	3,757
Deferred gains or losses on hedges	609	(2,229)
Foreign currency translation adjustment	37	30
Remeasurements of defined benefit plans	(708)	(706)
Total accumulated other comprehensive income	3,575	850
Non-controlling interests	39,294	25,386
TOTAL NET ASSETS	201,899	161,574
TOTAL LIABILITIES AND NET ASSETS	521,363	481,061

(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 FY2019 (from April 1, 2019 to September 30, 2019)	First Six Months of FY2020 (from April 1, 2020 to September 30, 2020)
Operating revenues		
Rent revenue	9,024	7,974
Facility user charges revenue	22,269	3,021
Other revenues	11,513	5,527
Sale of merchandise	82,072	4,531
Sale of food and beverage	10,389	1,238
Total operating revenues	135,270	22,293
Cost of sales		
Cost of sales of merchandise	57,689	3,586
Cost of sales of food and beverage	5,532	1,491
Total cost of sales	63,222	5,077
Gross profit	72,048	17,216
Selling, general and administrative expenses		
Salaries and wages	5,746	5,351
Provision for employees' bonuses	1,692	913
Provision for directors' bonuses	121	-
Provision for directors' retirement benefits	8	8
Expenses for retirement benefits	449	489
Rent expenses	8,386	5,846
Outsourcing and commission	13,518	6,717
Depreciation expenses	12,827	17,196
Other costs and expenses	18,139	12,959
Total selling, general and administrative expenses	60,891	49,482
Operating income / (loss)	11,156	(32,266)
Non-operating income		
Interest income	13	2,426
Dividends income	254	155
Equity in earnings of affiliates	162	-
Subsidies for employment adjustment	-	1,627
Miscellaneous income	794	535
Total non-operating income	1,223	4,745
Non-operating expenses		
Interest expenses	1,462	1,149
Loss on retirement of fixed assets	132	208
Equity in losses of affiliates	-	1,514
Miscellaneous expenses	56	112
Total non-operating expenses	1,651	2,984
Ordinary income / (loss)	10,728	(30,506)

	(Millions of yen)	
	First Six Months of FY2019 (from April 1, 2019 to September 30, 2019)	First Six Months of FY2020 (from April 1, 2020 to September 30, 2020)
Extraordinary gains		
Gain on sales of fixed assets	81	-
Government subsidies	99	3,902
Total extraordinary gains	181	3,902
Extraordinary loss		
Loss on retirement of fixed assets	44	-
Impairment loss	-	1,097
Loss on valuation of other investments	-	5
Loss on reduction entry of fixed assets	-	3,819
Total extraordinary loss	44	4,923
Quarterly income / (loss) before income taxes and non-controlling interests	10,866	(31,527)
Income taxes – current	3,346	2,509
Quarterly income / (loss)	7,519	(34,036)
Quarterly net income / (loss) attributable to non-controlling interests	1,573	(11,157)
Quarterly net income / (loss) attributable to owners of the parent	5,945	(22,879)

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Six Months of FY2019 (from April 1, 2019 to September 30, 2019)	First Six Months of FY2020 (from April 1, 2020 to September 30, 2020)
Quarterly income / (loss)	7,519	(34,036)
Other comprehensive income		
Valuation difference on available-for-sale securities	(332)	117
Deferred gains (losses) on hedges	189	(5,566)
Foreign currency translation adjustment	(16)	(7)
Remeasurements of defined benefit plans	68	47
Share of other comprehensive income of associates accounted for using equity method	6	(35)
Total other comprehensive income	(84)	(5,445)
Comprehensive income	7,434	(39,482)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	5,768	(25,604)
Comprehensive income attributable to non-controlling interests	1,666	(13,878)

(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 net income for the quarterly period to calculate estimated tax expenses. However, in cases where the use of such an estimated effective tax rate would result in a significant lack of rationality, the statutory effective tax rate is applied.

(Additional Information)

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

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

Changes in these assumptions may affect future earnings.

(Segment Information)

Segment Information

I. First six months of FY2019 (from April 1, 2019 to September 30, 2019)

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	42,645	82,234	10,389	135,270	-	135,270
Intersegment sales and transfers	2,653	488	1,293	4,435	(4,435)	-
Total	45,298	82,723	11,683	139,705	(4,435)	135,270
Segment income/(loss)	7,462	7,430	531	15,424	(4,267)	11,156

(Notes) 1. Adjustments to the segment income include ¥4,270 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 FY2020 (from April 1, 2020 to September 30, 2020)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note 2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	16,448	4,607	1,237	22,293	-	22,293
Intersegment sales and transfers	791	370	548	1,710	(1,710)	-
Total	17,240	4,977	1,786	24,004	(1,710)	22,293
Segment income/(loss)	(20,486)	(5,764)	(2,393)	(28,644)	(3,622)	(32,266)

(Notes) 1. Adjustments to the segment income include ¥3,625 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.

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

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

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