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

August 4, 2021

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/>
 Representative: Nobuaki Yokota, President and COO
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 Scheduled date of filing securities report: August 13, 2021
 Scheduled date of commencing dividend payment: —
 Supplementary materials on financial results (yes/no) No
 Holding of quarterly investors' meeting (yes/no) No

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

1. Consolidated Financial Results for the First Three Months of FY2021 (April 1, 2021 to June 30, 2021)

(1) Consolidated Business Results (Cumulative)

(%: Change from the same period of the previous year)

	Operating revenues		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss) attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Three Months of FY2021	11,992	-	(11,168)	-	(11,711)	-	(7,129)	-
FY2020	8,767	-87.0	(17,467)	-	(18,840)	-	(9,710)	-

(Note) Comprehensive income/(loss): First three months of FY2021 (¥10,651 million) (-%) First three months of FY2020 (¥13,923 million) (-%)

	Net income/(loss) per share	Diluted net income per share
	Yen	Yen
First Three Months of FY2021	(76.55)	-
FY2020	(119.55)	-

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

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	507,658	184,892	33.7	1,838.87
As of March 31, 2021	519,193	195,544	34.3	1,910.83

(Reference) Equity capital: As of June 30, 2021 ¥171,266 million As of March 31, 2021 ¥177,968 million

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

2. Dividends

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

(Note) 1. Revisions to the most recently announced dividends forecast for FY2021: None

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

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

(%: Change from the same period of the previous year)

	Operating revenues		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss) attributable to owners of the parent		Net income/(loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	37,400	86.4	(17,300)	-	(17,500)	-	(9,900)	-	(106.30)
Full-year	103,200	121.9	(17,800)	-	(19,300)	-	(10,300)	-	(110.59)

Note: 1. Revisions to the most recently announced forecast of consolidated financial results for FY2021: None
 2. As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 March 31, 2020) and relevant revised ASBJ regulations are adopted from the beginning of the first quarter of the fiscal year ending March 31, 2022, the above consolidated financial forecasts are after the adoption of such accounting standards. The rate of change from the previous fiscal year and the same quarter of the previous fiscal year is the rate of change calculated on the assumption that the abovementioned accounting standards are adopted to the fiscal year ended March 31, 2021.

* Notes

(1) Significant changes in subsidiaries during the period under review (changes in specified subsidiaries involving changes in scope of consolidation): No

New: None Excluded: None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to page 11 of the appendix materials “2. Quarterly Consolidated Financial Statements and Notes

(3) Notes on Quarterly Consolidated Financial Statements: Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements”.

(3) Changes in accounting policies, accounting estimates, and restatement of revisions

1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes

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

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(Note) For details, please refer to page 11 of the appendix materials “2. Quarterly Consolidated Financial Statements and Notes

(3) Notes on Quarterly Consolidated Financial Statements: Changes in Accounting Policies”.

(4) Number of shares outstanding (common stock)

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

As of June 30, 2021 93,145,400 shares As of March 31, 2021 93,145,400 shares

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

As of June 30, 2021 8,652 shares As of March 31, 2021 8,595 shares

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

First quarter of FY2021 93,136,782 shares First quarter of FY2020 81,228,137 shares

*** This quarterly financial report is not subject to the quarterly review by certified public accountants or auditing firms.**

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

Notes on the use of forward-looking statements

The forecast of the business results reported herein was prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. The Company makes no guarantee that these figures will be achieved. Actual results may differ significantly from forecasts due to various factors. For the assumptions used in financial forecasts and precautionary statements regarding the use of the forecasts, please refer to page 5 of the appendix materials “1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2021 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements”.

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1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2021 (April 1, 2021 to June 30, 2021)

(1) Explanation of Operating Results

During the first three months of the fiscal year ending March 31, 2022, the Japanese economy continued to face a difficult situation due to the impact of the new corona virus infection (“COVID-19”). There continue to be signs of recovery, but weaknesses are increasing in some parts. Looking ahead, it is expected that the recovery trend will continue, resulting from the effects of various policies and improving overseas economies, while measures are taken to prevent the spread of the infection and vaccination is promoted. However, it is necessary to prudently monitor the impact of the spread of the infection in Japan and overseas among other factors.

Under these economic conditions, in the airline industry, the third declaration of a state of emergency in Tokyo and other areas in late April slowed down the recovery of demand for domestic flights. For international flights, border restriction measures are still in place to control entry and exit. In the midst of all this, the number of passengers on domestic flights at Haneda Airport exceeded the level of the same period of the previous fiscal year and is gradually recovering, but it has decreased by approximately 70% compared to the same period of FY2019. The number of passengers on international flights at Haneda Airport has also increased year-on-year, but remains at a low level, down more than 95% compared to the same period in FY2019. The same situation also prevailed at Narita Airport and other international hub airports where we have business operations, with each airport experiencing an ongoing significant decline in international passenger volume.

Under these circumstances, the Japan Airport Terminal Group (“JAT Group”) has taken measures at various locations within the terminal buildings in accordance with the “Guidelines for Prevention of the Spread of COVID-19 in the Aviation Field” (jointly prepared by the Scheduled Airlines Association of Japan and the All Japan Airport Terminals Association) to prevent the spread of COVID-19 and ensure the safety and security of airport users. In addition, we are working to expand the PCR testing facility at Haneda Airport by providing space for pre-entry PCR testing at Terminal 3 and opening the Kinoshita Group’s PCR testing centers at Terminals 1 and 2, and are also actively cooperating with the Japanese government and the Tokyo Metropolitan Government in the distribution of testing kits and the performance of monitoring tests. Furthermore, to promote early vaccination amidst the progress of vaccination in Japan, since June 21, 2021, the Company has provided vaccination at workplace for employees working at Haneda Airport, including employees of the JAT Group, partner companies, etc., as well as tenants, for the purpose of maintaining the health of employees and reducing the risk of infection among airport users. As a result of these efforts, Haneda Airport became the first airport in Japan to receive the highest rating of 5-star in the “COVID-19 Airport Safety Rating”, an evaluation conducted by SKYTRAX (UK) with respect to the measures against COVID-19 infection.

On the sales front, as domestic passenger traffic is gradually recovering, we are working to capture demand by resuming operations at our directly managed stores and opening the “Hokkaido Dosanko Plaza Haneda Airport”, an official Hokkaido antenna shop, etc. In addition, taking into account their popularity, we expanded the lineup at our e-commerce website by adding new menu items to the in-flight meal sets that we started selling in March, 2021. Our efforts to diversify our earnings also include the enhancement of our sales agency business for products such as “Radi-Cool”, a radiant cooling material, and “C-FACE”, a multilingual translation mask.

In terms of facilities, in anticipation of the end of the pandemic, a dedicated facility for business jets, which has been under construction since January of this year and is five times the size of the existing business jet facility, was put into service in July at international flights of Haneda Airport. Also, the “Face Express” system, which implements face recognition technology and has been undergoing demonstration tests since April, was put into full-scale operation in July. In addition to improving convenience, the system functions as infection prevention measures through contactless and non-face-to-face interaction. On domestic flights, we are working to turn Haneda Airport into a smart airport, such as by expanding the service coverage of “WHILL”, a personal mobility vehicle equipped with autonomous driving technology that was newly introduced last year, to all departure gates of Terminals 1 and 2. In addition to improving our existing business through digital technology, as part of our contribution to solving challenges in society, we established the “Co-Creation Fund”, a venture capital fund to support startups and other organizations that aspire to solve challenges in society through digital and technology, and have closed our first investment.

In July, the New Ulaanbaatar International Airport in Mongolia, in which we participate, began its operations. This new airport is a new symbol of the bilateral cooperation between Japan and Mongolia. Through its operation, we will contribute to the sustainable development of the Mongolian economy and society.

As a result of the above, with respect to the consolidated financial results for the first three months of the fiscal year ending March 31, 2022, operating revenues was ¥11,992 million due to the increase in facility user

charges revenue and merchandise sales in line with the gradual recovery of passenger volume on domestic and international flights. As a result of the recovery in revenue and sustained cost reduction from the previous fiscal year, operating loss was ¥11,168 million, ordinary loss was ¥11,711 million, and quarterly net loss attributable to owners of the parent was ¥7,129 million.

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

Operating Results	(Millions of yen)		
	First Three Months of FY2020 (ended June 30, 2020)	First Three Months of FY2021 (ended June 30, 2021)	Year-on-Year (%)
Operating revenues	8,767	11,992	-
[Facilities Management]	7,128	9,014	-
[Merchandise Sales]	1,296	2,289	-
[Food and Beverage]	342	687	-
Operating income/(loss)	(17,467)	(11,168)	-
Ordinary income/(loss)	(18,840)	(11,711)	-
Quarterly net income/(loss) attributable to owners of the parent	(9,710)	(7,129)	-

Although the SKYTRAX “Global Airport Rating”, an international airport evaluation, was not conducted last year due to the impact of COVID-19, Haneda Airport’s passenger terminals have been awarded the world’s highest standard “5-star Airport” rating for six consecutive years up to 2019. In a customer survey evaluating international airports in May 2020, also conducted by SKYTRAX, we were awarded second place globally for the second consecutive year in the World’s Best Airports, which comprehensively evaluated various aspects of airports. Furthermore, we were 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). We will continue our company-wide efforts to improve our services to satisfy all customers using Haneda Airport, building on the high reputation we have earned to date and aiming for even higher levels.

In addition, as part of our efforts to address environmental issues, the JAT Group participates in the “Tokyo International Airport Eco-Airport Council”, which was established under the chairmanship of the Director of Tokyo International Airport, along with many other businesses active in Haneda Airport. We are striving to reduce energy consumption and waste volume to achieve the “Tokyo International Airport Environmental Plan” formulated by the council, which sets concrete action plans and targets for reducing the impact of Haneda Airport on environment as a whole. Furthermore, we have achieved the obligation to reduce the total amount of greenhouse gas emissions imposed on large-scale business establishments by the Tokyo Metropolitan Government for both the first period (FY2010-2014) and the second period (FY2015-2019). We will continue to make every effort to achieve a “carbon-neutral society in 2050”.

Although we need to pay close attention to the further spread of COVID-19 in the short-term, including the fourth declaration of a state of emergency in Tokyo and other areas, we expect a recovery in demand as vaccination in Japan progresses, especially for domestic flights. The situation for international flights remains difficult, but measures are taken to resume international traffic, such as the easing of restrictions on entry of visitors from Japan, mainly in Europe. In addition to implementing measures to appropriately respond to passenger demand, the JAT Group will work to enhance the value of Haneda Airport, the air gateway to Japan and the Tokyo metropolitan area, by ensuring the safe and smooth entry, exit, and transportation of all customers, including the athletes and people taking part in the Tokyo 2020 Olympic and Paralympic Games, which started in July, 2021.

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]

(Millions of yen)			
Operating Results	First Three Months of FY2020 (ended June 30, 2020)	First Three Months of FY2021 (ended June 30, 2021)	Year-on-Year (%)
Sales to external customers	7,128	9,014	-
Rent revenue	3,888	4,486	-
Facility user charges revenue	1,015	1,940	-
Other revenues	2,224	2,588	-
Intersegment sales and transfers	360	389	-
Total of Operating Revenues	7,488	9,404	-
Segment income/(loss)	(10,958)	(6,776)	-

Rent revenue increased from the same period of the previous year primarily due to the decrease in the amount of rent reductions at Terminals 1 and 2, and the increase in revenue associated with the rental of space for PCR testing at Terminal 3, despite the continued rent reductions and exemptions offered to tenants this fiscal year.

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 domestic passenger volume.

Other revenues increased from the same period of the previous year due to the increase in parking revenue, paid lounge sales, and other factors as a result of the recovery in domestic passenger volume.

As a result, operating revenues from facilities management operations was ¥9,404 million. Operating loss for the segment improved to ¥6,776 million primarily due to the increase in revenue.

[Merchandise Sales]

(Millions of yen)			
Operating Results	First Three Months of FY2020 (ended June 30, 2020)	First Three Months of FY2021 (ended June 30, 2021)	Year-on-Year (%)
Sales to external customers	1,296	2,289	-
Sales at domestic terminal stores	742	757	-
Sales at international terminal stores	209	742	-
Other revenues	344	789	-
Intersegment sales and transfers	203	61	-
Total of Operating Revenues	1,499	2,351	-
Segment income/(loss)	(3,246)	(1,802)	-

Sales at domestic terminal stores increased from the same period of the previous year because of the recovery in domestic passenger volume, leading to the resumed operations at our directly-managed stores, despite the negative impact on sales due to the adoption of the accounting standard on revenue recognition from this fiscal year.

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

Other revenues increased from the same period of the previous year because of the increase in revenue for the wholesaling business driven by the gradual recovery in passenger volume at each local airport.

As a result, operating revenues from merchandise sales operations was ¥2,351 million and operating loss for the segment was ¥1,802 million.

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Three Months of FY2020 (ended June 30, 2020)	First Three Months of FY2021 (ended June 30, 2021)	Year-on-Year (%)
Sales to external customers	342	687	-
Sales from food and beverage stores	258	444	-
Sales from in-flight meals	24	147	-
Other revenues	59	95	-
Intersegment sales and transfers	247	142	-
Total of Operating Revenues	590	829	-
Segment income/(loss)	(1,329)	(921)	-

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, our clients in this business.

As a result, operating revenues from food and beverage operations was ¥829 million and operating loss for the segment was ¥921 million.

(2) Explanation of Financial Position

[Assets]

Current assets decreased by ¥5,951 million from the previous fiscal year end to ¥137,455 million primarily due to the decrease in cash and deposits by the scheduled payment of long-term loans payable. Fixed assets decreased by ¥5,582 million from the previous fiscal year end to ¥370,202 million primarily due to depreciation. As a result, total assets decreased by ¥11,534 million from the previous fiscal year end to ¥507,658 million.

[Liabilities]

Total liabilities decreased by ¥882 million from the previous fiscal year end to ¥322,766 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 and other factors.

[Net Assets]

Total net assets decreased by ¥10,651 million from the previous fiscal year end to ¥184,892 million primarily due to the decrease in retained earnings and non-controlling interests by quarterly net loss despite the increase in accumulated other comprehensive income.

As a result, the equity ratio was 33.7% (compared to 34.3% at the previous fiscal year end).

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

During the first three months of the fiscal year ending March 31, 2022, the number of passengers at Haneda Airport fell below the forecast for both domestic and international flights due to the extension of the declaration of a state of emergency and the measures to restrict entry and exit. As for the consolidated financial results, operating revenues fell below the forecast due to lower-than-expected revenue from facility user charges and merchandise sales, but operating income/loss was generally in line with the forecast due to progress in cost reduction.

With respect to the future prospect, the outlook remains uncertain due to factors including the fourth declaration of a state of emergency in Tokyo and other areas, but we expect a recovery in air travel demand driven by the progress in vaccinations in Japan. Taking these factors into account, we decided not to make any changes to the consolidated financial forecasts for the first half and full year of the fiscal year ending March 31, 2022, which we announced on May 7, 2021, and will closely monitor future trends.

In addition, the Company has decided to postpone the announcement of the outlook for dividend payment.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2020 (As of March 31, 2021)	First Three Months of FY2021 (As of June 30, 2021)
ASSETS		
Current assets		
Cash and deposits	120,355	119,341
Accounts receivable	5,272	3,663
Merchandise and finished products	9,658	8,682
Raw materials and stored goods	249	223
Other current assets	7,944	5,621
Allowance for doubtful accounts	(73)	(77)
Total current assets	143,407	137,455
Fixed assets		
Tangible fixed assets		
Buildings and structures	557,609	559,183
Accumulated depreciation and impairment loss	(301,148)	(306,623)
Buildings and structures (net)	256,460	252,560
Machinery, equipment and vehicles	37,073	35,997
Accumulated depreciation and impairment loss	(17,939)	(18,529)
Machinery, equipment and vehicles (net)	19,133	17,467
Land	12,874	12,874
Lease assets	3,530	3,530
Accumulated depreciation and impairment loss	(1,111)	(1,231)
Lease assets (net)	2,418	2,298
Construction in progress	1,626	1,523
Other tangible fixed assets	67,643	68,050
Accumulated depreciation and impairment loss	(54,833)	(55,563)
Other tangible fixed assets (net)	12,810	12,486
Total tangible fixed assets	305,324	299,210
Intangible fixed assets		
Leasehold right	33,361	32,899
Other intangible fixed assets	3,756	3,340
Total intangible fixed assets	37,117	36,239
Investments and other assets		
Investment securities	16,430	17,741
Deferred tax assets	12,414	12,543
Net defined benefit assets	945	973
Other investments	3,553	3,493
Total investments and other assets	33,343	34,752
Total fixed assets	375,785	370,202
TOTAL ASSETS	519,193	507,658

	(Millions of yen)	
	FY2020 (As of March 31, 2021)	First Three Months of FY2021 (As of June 30, 2021)
LIABILITIES		
Current liabilities		
Accounts payable	1,274	1,006
Short-term loans payable	16,612	16,612
Current portion of bonds with stock acquisition rights	15,009	15,007
Accrued expenses	14,523	16,553
Income taxes payable	573	390
Allowance for employees' bonuses	1,176	343
Allowance for loss on store closing	575	575
Other current liabilities	9,347	8,525
Total current liabilities	59,093	59,015
Fixed liabilities		
Bonds	54,983	55,396
Long-term loans payable	175,842	174,276
Lease obligations	2,082	1,956
Deferred tax liabilities	16,740	16,469
Allowance for directors' retirement benefits	71	56
Net defined benefit liabilities	4,486	4,556
Asset retirement obligations	613	615
Other fixed liabilities	9,735	10,422
Total fixed liabilities	264,555	263,750
TOTAL LIABILITIES	323,648	322,766
NET ASSETS		
Shareholders' equity		
Common stock	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	86,060	78,930
Treasury stock	(8)	(8)
Total shareholders' equity	178,338	171,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,855	2,388
Deferred gains or losses on hedges	(1,836)	(1,895)
Foreign currency translation adjustment	19	47
Remeasurements of defined benefit plans	(408)	(481)
Total accumulated other comprehensive income	(369)	57
Non-controlling interests	17,575	13,626
TOTAL NET ASSETS	195,544	184,892
TOTAL LIABILITIES AND NET ASSETS	519,193	507,658

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

Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Three Months of FY2020 (from April 1, 2020 to June 30, 2020)	First Three Months of FY2021 (from April 1, 2021 to June 30, 2021)
Operating revenues		
Rent revenue	3,888	4,486
Facility user charges revenue	1,015	1,940
Other revenues	2,266	2,741
Sale of merchandise	1,252	2,139
Sale of food and beverage	344	684
Total operating revenues	8,767	11,992
Cost of sales		
Cost of sales of merchandise	992	1,172
Cost of sales of food and beverage	640	613
Total cost of sales	1,633	1,785
Gross profit	7,133	10,206
Selling, general and administrative expenses		
Salaries and wages	2,672	2,489
Provision for employees' bonuses	380	(169)
Provision for directors' bonuses	0	-
Expenses for retirement benefits	244	194
Rent expenses	2,938	2,346
Outsourcing and commission	3,243	2,919
Depreciation expenses	8,556	7,902
Other costs and expenses	6,564	5,692
Total selling, general and administrative expenses	24,600	21,375
Operating income / (loss)	(17,467)	(11,168)
Non-operating income		
Interest income	2	3
Dividends income	152	38
Subsidies for employment adjustment	172	771
Miscellaneous income	232	276
Total non-operating income	560	1,090
Non-operating expenses		
Interest expenses	826	642
Loss on retirement of fixed assets	111	72
Equity in losses of affiliates	971	890
Miscellaneous expenses	24	27
Total non-operating expenses	1,933	1,632
Ordinary income / (loss)	(18,840)	(11,711)

	(Millions of yen)	
	First Three Months of FY2020 (from April 1, 2020 to June 30, 2020)	First Three Months of FY2021 (from April 1, 2021 to June 30, 2021)
Extraordinary gains		
Government subsidies	3,902	1,422
Total extraordinary gains	3,902	1,422
Extraordinary loss		
Loss on reduction entry of fixed assets	3,817	1,388
Total extraordinary loss	3,817	1,388
Quarterly income / (loss) before income taxes and non-controlling interests	(18,755)	(11,677)
Income taxes – current	(5,337)	(655)
Quarterly income / (loss)	(13,417)	(11,021)
Quarterly net income / (loss) attributable to non-controlling interests	(3,706)	(3,892)
Quarterly net income / (loss) attributable to owners of the parent	(9,710)	(7,129)

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Three Months of FY2020 (from April 1, 2020 to June 30, 2020)	First Three Months of FY2021 (from April 1, 2021 to June 30, 2021)
Quarterly income / (loss)	(13,417)	(11,021)
Other comprehensive income		
Valuation difference on available-for-sale securities	(296)	533
Deferred gains (losses) on hedges	(303)	(116)
Foreign currency translation adjustment	(4)	27
Remeasurements of defined benefit plans	93	(73)
Share of other comprehensive income of associates accounted for using equity method	4	(0)
Total other comprehensive income	(505)	370
Comprehensive income	(13,923)	(10,651)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(10,071)	(6,702)
Comprehensive income attributable to non-controlling interests	(3,851)	(3,949)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

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

Calculation of tax expenses

The effective tax rate on income before taxes for the consolidated fiscal year including the first quarter after the application of tax effect accounting is reasonably estimated, and that estimated rate is applied to quarterly income before taxes to calculate estimated tax expenses. However, in cases where the use of such an estimated effective tax rate would result in a significant lack of rationality, the statutory effective tax rate is applied.

(Changes in Accounting Policies)

Adoption of the Accounting Standard for Revenue Recognition

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

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

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

As a result, operating revenues, cost of sales, and selling, general and administrative expenses for the first three months of the fiscal year ending March 31, 2022 decreased by ¥1,741 million, ¥1,625 million, and ¥116 million, respectively. There is no impact on operating loss, ordinary loss, quarterly loss before income taxes and minority interests, and the balance of retained earnings at the beginning of the fiscal year ending March 31, 2022.

Adoption of Accounting Standard for Fair Value Measurement

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

(Additional Information)

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

There have been no material changes made to the assumptions, including the timing when the spread of COVID-19 will be contained, described in the “Significant Accounting Estimates” section of the Securities Report for the fiscal year ended March 31, 2021.

(Segment Information)

Segment Information

I. First three months of FY2020 (from April 1, 2020 to June 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	7,128	1,296	342	8,767	-	8,767
Intersegment sales and transfers	360	203	247	811	(811)	-
Total	7,488	1,499	590	9,578	(811)	8,767
Segment income/(loss)	(10,958)	(3,246)	(1,329)	(15,535)	(1,932)	(17,467)

(Notes) 1. Adjustments to the segment income include ¥1,933 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.

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

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

Not applicable

II. First three months of FY2021 (from April 1, 2021 to June 30, 2021)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note 2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	9,014	2,289	687	11,992	-	11,992
Intersegment sales and transfers	389	61	142	592	(592)	-
Total	9,404	2,351	829	12,585	(592)	11,992
Segment income/(loss)	(6,776)	(1,802)	(921)	(9,499)	(1,669)	(11,168)

(Notes) 1. Adjustments to the segment income include ¥1,680 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.

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

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

Not applicable

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

As described in the "Changes in Accounting Policies" section, from the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company has adopted the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, and changed its accounting method for revenue recognition. Therefore, the measurement of income or loss in the business segments has been changed as well.

As a result of this change, compared with the previous accounting method, operating revenues for the first three months of the fiscal year ending March 31, 2022 in the "Facilities Management" segment, "Merchandise Sales" segment, and the "Food and Beverage" segment decreased by ¥82 million, ¥1,587 million and ¥115 million, respectively. There is no impact of this change on segment income/(loss).