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Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2024 (FY2023) [J-GAAP] (Consolidated)

November 8, 2023

Company name: Japan Airport Terminal Co., Ltd. (“the Company”) Listed stock exchange: Tokyo, Prime Market
 Code number: 9706 URL: <https://www.tokyo-airport-bldg.co.jp/company/en/>
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Scheduled date of filing securities report: November 10, 2023
 Scheduled date of commencing dividend payment: December 8, 2023
 Supplementary materials on financial results (yes/no) Yes
 Holding of quarterly investors’ meeting (yes/no) Yes (for institutional investors and financial analysts)

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

1. Consolidated Financial Results for the First Six Months of FY2023 (April 1, 2023 to September 30, 2023)

(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 FY2023	100,148	129.6	13,508	-	12,481	-	8,234	-
FY2022	43,613	68.4	(9,273)	-	(9,759)	-	(3,341)	-

(Note) Comprehensive income/(loss): First six months of FY2023 ¥10,906 million (-%) First six months of FY2022 ¥-10,708 million (-%)

	Net income/(loss) per share	Diluted net income per share
First Six Months of FY2023	Yen 88.41	Yen -
FY2022	(35.88)	-

(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, 2023	452,035	150,365	34.9	1,694.07
As of March 31, 2023	446,955	140,951	33.6	1,613.62

(Reference) Equity capital: As of September 30, 2023 ¥157,779 million As of March 31, 2023 ¥150,287 million

2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2022	-	0.00	-	16.00	16.00
FY2023	-	25.00	-	-	-
FY2023 (Forecast)	-	-	-	25.00	50.00

(Note) 1. Revisions to the most recently announced dividends forecast for FY2023: None

3. Forecast of Consolidated Financial Results for FY 2023 (April 1, 2023 to March 31, 2024)

(%: 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	211,500	87.1	24,700	-	22,800	-	15,200	-	163.20

Note: Revisions to the most recently announced forecast of consolidated financial results for FY2023: 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 12 of the appendix materials “2. Quarterly Consolidated Financial Statements and Notes

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

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

1) Changes in accounting policies due to revisions of accounting standards, etc.: 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, 2023	93,145,400 shares	As of March 31, 2023	93,145,400 shares
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2) Number of treasury stock at the period-end:

As of September 30, 2023	9,218 shares	As of March 31, 2023	8,983 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

Second quarter of FY2023	93,136,264 shares	Second quarter of FY2022	93,136,640 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 financial results and details of presentation at quarterly investors’ meeting

Quarterly investors’ meeting is planned to be held on November 17, 2023 for financial analysts. Presentation materials used in the meeting will be promptly posted on the Company’s website following the meeting.

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1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2023 (April 1, 2023 to September 30, 2023)

(1) Explanation of Operating Results

During the first six months of the fiscal year ending March 31, 2024, the Japanese economy showed a gradual recovery. Looking ahead, it is expected that the gradual recovery trend will continue, resulting from the effects of various policies, while situation around labor and income improves. However, there is a risk that a downturn in overseas economies, such as the effects of tightening of monetary policy around the globe and concerns about the outlook for the Chinese economy, will put downward pressure on the Japanese economy. In addition, it is necessary to pay sufficient attention to the effects of price increases, the situation surrounding the Middle East region, and volatility in the financial and capital markets among other factors.

The airline industry continued to see a steady recovery in demand due to the full lifting of restrictions on activities including the restrictions on entry and departure after the change in status of COVID-19 under the Infectious Diseases Control Law. During the second quarter (July to September) of FY2023, the number of passengers at Haneda Airport was 1.2 times that of the same period of FY2022 for domestic flights and approximately 85% of the level of 2019 before the impact of COVID-19 hit, while the number of passengers for international flights were more than 4 times that of the same period of FY2022 and just over the level during the same period of 2019.

Under these circumstances, we are implementing various measures outlined in the new Medium-Term Business Plan that the JAT Group has put together to achieve the long-term vision, “To Be a World Best Airport”.

In terms of facilities, in order to respond to the rapidly recovering international passenger demand by coordinating with the Japanese Government and the airline companies, from July we have resumed the operation of the Terminal 2 international facilities that was suspended due to the pandemic. In addition, we have been improving the Wi-Fi communication environment in the terminal buildings and have been undertaking tasks including renovation work in preparation for a major disaster, as well as the replacement of facilities which have been installed for a number of years including elevators and moving walkways. During the summer season, we implemented energy-saving measures such as turning off some of the lights in the terminal buildings and controlling the operation of air conditioners. Moreover, we are steadily pushing forward investment plans for the future by commencing the construction of connection between the satellite building on the north side of Terminal 2 and the main terminal building and also by proceeding with the selection of the contractor for the construction of the satellite building on the north side of Terminal 1. In parallel, we are working toward the realization of a carbon-neutral society by studying the conversion of airport vehicles to electric vehicles and researching how hydrogen fuel can be utilized.

In terms of sales, in anticipation of a recovery in international passenger demand once the pandemic reaches an end, we have planned ahead and have been reallocating duty-free stores, including the opening of the first Louis Vuitton store in a domestic airport in Terminal 3 in November 2022. We also opened four new stores in the lobby area this fiscal year. For domestic flights, we opened a limited-time store in “HANEDA Sports” to coincide with various sporting events, and we actively held events featuring local products from various regions of Japan. We are making efforts to provide comfort for airport use and to increase the value of time spent at the airport including the opening of a British pub “HUB” in Terminal 2 in September.

Besides Haneda Airport, after June at Narita Airport, “AIRPORT DRUG” have been reopened in the lobby area, and “Clé de Peau Beauté”, “SK-II”, and “Hermès” cosmetic boutiques have been opened in the duty-free area. HANEDA INNOVATION CITY, located adjacent to Haneda Airport, has also recruited member companies for the opening in January next year of “terminal.0 HANEDA”, a research and development center aimed to solve issues at the airport through collaboration across different industries.

In terms of organization and human resources, in addition to strengthening our recruiting efforts to secure talent, we are also working to improve the compensation and benefits of our employees to achieve high retention. In addition, through an industry-academia collaboration project with the University of Tokyo, expansion of recruitment of people with disabilities, and internal branding project called “Plus One Promotion” among other initiatives, we aim talents who “Think by oneself and take on challenges” to excel and aim to foster a corporate culture in which diverse workforce promote each other’s growth.

With respect to our sustainability efforts, we are making company-wide efforts to achieve the Medium-Term Sustainability Plan that we announced in May this year. In addition, we have begun information disclosure based on the recommendations by the TCFD (Task Force on Climate-related Financial Disclosures). We are responding to CDP (Climate Change Related Questionnaire) and other ESG-related surveys and plan to issue an integrated report in November.

In addition, as we marked our 70th anniversary of the company’s founding in July of this year, we renewed the corporate logos of all 20 companies within the JAT Group as a statement of our determination to become an organization that can always choose the path of evolution regardless of the circumstances. The new design represents our aim to change the mindset of each and every one of our executives and employees, and

also to let the spirit of challenge take flight into the future, leading to a leap forward to become the world's best airport.

As a result of the above, with respect to the consolidated financial results for the first six months of fiscal year ending March 31, 2024, operating revenues was ¥100,148 million (an increase of 129.6% year-on-year) due to the increase in operating revenues across all of the business segments in line with the recovery of passenger volume. Operating expenses increased from the previous year due to increase in passenger volume and sales, but the increase in sales was the driving force and as a result, operating income was ¥13,508 million (compared to operating loss of ¥9,273 million during the same period of the previous year), ordinary income was ¥12,481 million (compared to ordinary loss of ¥9,759 million during the same period of the previous year), and quarterly net income attributable to owners of the parent was ¥8,234 million (compared to quarterly net loss attributable to owners of the parent of ¥3,341 million during the same period of the previous year).

Operating Results	(Millions of yen)		
	First Six Months of FY2022 (ended September 30, 2022)	First Six Months of FY2023 (ended September 30, 2023)	Year-on-Year (%)
Operating revenues	43,613	100,148	129.6
[Facilities Management]	27,311	43,683	59.9
[Merchandise Sales]	12,871	49,490	284.5
[Food and Beverage]	3,430	6,974	103.3
Operating income/(loss)	(9,273)	13,508	-
Ordinary income/(loss)	(9,759)	12,481	-
Quarterly net income/(loss) attributable to owners of the parent	(3,341)	8,234	-

In November 2022, we were awarded the world's highest standard "5-star Airport" rating for the ninth consecutive year in the "World Airport Star Rating" conducted by SKYTRAX of the United Kingdom. In March of this year, Haneda Airport was ranked third in the "World's Best Airports", a comprehensive evaluation of international airports, in the "WORLD AIRPORT AWARDS 2023". Furthermore, we were awarded first place in the "World's Cleanest Airports" (for the eighth consecutive year), "World's Best Domestic Airports" (for the eleventh consecutive year), and "World's Best PRM / Accessible Facilities" (for the fifth consecutive year).

(* PRM: Persons with Reduced Mobility which means the elderly, person with disability or injury.)

In addition to the impact of external environment including rising prices and exchange rate fluctuations, the airline industry is facing a labor shortage issue due to the rapid recovery in demand for international flights. However, the JAT Group will respond collectively and appropriately to the recovery in demand, while leveraging the lessons learned from the COVID-19 pandemic. We will also strive to improve convenience, comfort, and functionality, establish a customer-first philosophy and achieve absolute safety, and contribute to the continuous creation of value at Haneda Airport and the further growth of air transportation, thereby enhancing our corporate value.

Overview by Segment

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

[Facilities Management]

Operating Results	(Millions of yen)		
	First Six Months of FY2022 (ended September 30, 2022)	First Six Months of FY2023 (ended September 30, 2023)	Year-on-Year (%)
Facilities Management	27,311	43,683	59.9
Rent revenue	10,009	9,824	(1.9)
Facility user charges revenue	11,146	25,098	125.2
Other revenues	6,155	8,760	42.3
Intersegment sales and transfers	1,095	1,491	36.1
Total of Operating Revenues	28,406	45,174	59.0
Segment income/(loss)	(4,062)	9,239	-

Rent revenue decreased from the previous year primarily because the quarantine space we were renting to the Japanese Government were returned as a result of termination of the border control measures, despite the increase in rent income on a percentage basis.

Revenue from facility user charges increased from the previous year primarily due to the increase in the passenger service facility charge (PSFC) driven by the recovery in passenger volume.

Other revenues increased from the previous year primarily due to the increase in paid lounge sales and parking revenue.

On the expense side, the costs for terminal maintenance and management, such as outsourcing and commission and repair costs have increased in line with the increase in passenger volume and price increases.

As a result, operating revenues from facilities management operations was ¥45,174 million (an increase of 59.0% year-on-year). Operating income for the segment was ¥9,239 million (compared to operating loss of ¥4,062 million during the same period of the previous year).

[Merchandise Sales]

Operating Results	(Millions of yen)		
	First Six Months of FY2022 (ended September 30, 2022)	First Six Months of FY2023 (ended September 30, 2023)	Year-on-Year (%)
Merchandise Sales	12,871	49,490	284.5
Sales at domestic terminal stores	4,036	6,333	56.9
Sales at international terminal stores	5,624	31,144	453.8
Other revenues	3,211	12,012	274.1
Intersegment sales and transfers	426	701	64.5
Total of Operating Revenues	13,298	50,192	277.4
Segment income/(loss)	(664)	8,883	-

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

Sales at international terminal stores increased from the previous year due to the increase in international passenger volume at Haneda Airport, Narita Airport and other airports in addition to the rise in unit purchase prices by clients at duty-free shops driven mainly by depreciation of Japanese yen.

Other revenues increased from the previous year because of the increase in revenue for the wholesaling business serving the international flights at regional airports.

As a result, operating revenues from merchandise sales operations was ¥50,192 million (an increase of 277.4% year-on-year) and operating income for the segment was ¥8,883 million (compared to operating loss of ¥664 million during the same period the previous year).

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Six Months of FY2022 (ended September 30, 2022)	First Six Months of FY2023 (ended September 30, 2023)	Year-on-Year (%)
Food and Beverage	3,430	6,974	103.3
Sales from food and beverage stores	2,449	3,509	43.3
Sales from in-flight meals	766	2,876	275.1
Other revenues	213	588	175.1
Intersegment sales and transfers	432	343	(20.5)
Total of Operating Revenues	3,863	7,318	89.4
Segment income/(loss)	(818)	(71)	-

Sales from food and beverage operations increased from the previous year primarily due to the recovery in domestic passenger volume.

Sales from in-flight meals increased from the previous year due to the increase in passenger volume of the foreign carriers at Haneda Airport and Narita Airport.

As a result, operating revenues from food and beverage operations was ¥7,318 million (an increase of 89.4% year-on-year). However, due to the impact of curtailed operating hours of restaurants caused by the shortage of labor and the increase in cost of sales driven by the rise in raw material prices, among other factors, operating loss for the segment was ¥71 million (compared to operating loss of ¥818 million during the same period of the previous year).

(2) Explanation of Financial Position

[Assets]

Current assets increased by ¥15,103 million from the previous fiscal year end to ¥130,091 million primarily because of the increase in accounts receivable due to the increase in sale of merchandise driven by the recovery in passenger volume. Fixed assets decreased by ¥10,023 million from the previous fiscal year end to ¥321,943 million primarily due to depreciation. As a result, total assets increased by ¥5,079 million from the previous fiscal year end to ¥452,035 million.

[Liabilities]

Total liabilities decreased by ¥4,334 million from the previous fiscal year end to ¥301,669 million primarily due to the scheduled payment of long-term loans payable despite increase in accounts payable driven by increase in merchandise purchases.

[Net Assets]

Total net assets increased by ¥9,414 million from the previous fiscal year end to ¥150,365 million primarily due to the increase in retained earnings and non-controlling interests.

As a result, the equity ratio was 34.9% (compared to 33.6% at the previous fiscal year end).

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

For consolidated financial forecast for the fiscal year ending March 31, 2024, please refer to the “Notice Concerning Revisions to Earnings Forecasts” announced on October 25, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	First Six Months of FY2023 (As of September 30, 2023)
ASSETS		
Current assets		
Cash and deposits	63,741	70,184
Accounts receivable	15,331	19,937
Securities	26,500	27,700
Merchandise and finished products	4,283	6,928
Raw materials and stored goods	323	318
Other current assets	4,865	5,081
Allowance for doubtful accounts	(57)	(59)
Total current assets	114,988	130,091
Fixed assets		
Tangible fixed assets		
Buildings and structures	562,619	563,199
Accumulated depreciation and impairment loss	(343,917)	(353,508)
Buildings and structures (net)	218,701	209,690
Machinery, equipment and vehicles	34,822	34,859
Accumulated depreciation and impairment loss	(21,227)	(22,235)
Machinery, equipment and vehicles (net)	13,595	12,623
Land	12,876	12,907
Lease assets	3,574	3,638
Accumulated depreciation and impairment loss	(2,049)	(2,275)
Lease assets (net)	1,525	1,363
Construction in progress	8,996	9,704
Other tangible fixed assets	70,653	70,910
Accumulated depreciation and impairment loss	(60,234)	(61,683)
Other tangible fixed assets (net)	10,418	9,226
Total tangible fixed assets	266,114	255,516
Intangible fixed assets		
Leasehold right	29,671	28,748
Other intangible fixed assets	2,139	1,976
Total intangible fixed assets	31,810	30,725
Investments and other assets		
Investment securities	17,254	18,896
Deferred tax assets	12,232	12,061
Net defined benefit assets	1,105	1,141
Other investments	3,450	3,601
Total investments and other assets	34,042	35,701
Total fixed assets	331,967	321,943
TOTAL ASSETS	446,955	452,035

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	First Six Months of FY2023 (As of September 30, 2023)
LIABILITIES		
Current liabilities		
Accounts payable	7,172	10,180
Short-term loans payable	15,709	15,744
Accrued expenses	12,150	14,117
Income taxes payable	2,192	3,689
Allowance for employees' bonuses	1,627	1,837
Allowance for directors' bonuses	-	100
Other current liabilities	10,273	7,745
Total current liabilities	49,125	53,415
Fixed liabilities		
Bonds	55,139	55,063
Long-term loans payable	171,815	164,629
Lease obligations	1,173	1,015
Deferred tax liabilities	16,319	15,732
Allowance for directors' retirement benefits	57	23
Net defined benefit liabilities	4,562	4,683
Asset retirement obligations	628	632
Other fixed liabilities	7,183	6,472
Total fixed liabilities	256,878	248,254
TOTAL LIABILITIES	306,004	301,669
NET ASSETS		
Shareholders' equity		
Common stock	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	56,942	63,686
Treasury stock	(10)	(12)
Total shareholders' equity	149,217	155,960
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,695	2,274
Deferred gains or losses on hedges	(726)	(556)
Foreign currency translation adjustment	122	159
Remeasurements of defined benefit plans	(22)	(58)
Total accumulated other comprehensive income	1,069	1,818
Non-controlling interests	(9,335)	(7,413)
TOTAL NET ASSETS	140,951	150,365
TOTAL LIABILITIES AND NET ASSETS	446,955	452,035

(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 FY2022 (from April 1, 2022 to September 30, 2022)	First Six Months of FY2023 (from April 1, 2023 to September 30, 2023)
Operating revenues		
Rent revenue	9,998	9,824
Facility user charges revenue	11,147	25,099
Other revenues	6,275	9,081
Sale of merchandise	12,783	49,340
Sale of food and beverage	3,408	6,802
Total operating revenues	43,613	100,148
Cost of sales		
Cost of sales of merchandise	6,881	28,953
Cost of sales of food and beverage	2,146	3,772
Total cost of sales	9,028	32,726
Gross profit	34,584	67,422
Selling, general and administrative expenses		
Salaries and wages	4,682	5,209
Provision for employees' bonuses	988	1,745
Expenses for retirement benefits	409	357
Provision for directors' bonuses	-	100
Rent expenses	4,039	5,534
Outsourcing and commission	5,985	10,729
Depreciation expenses	14,442	13,969
Other costs and expenses	13,309	16,266
Total selling, general and administrative expenses	43,858	53,913
Operating income / (loss)	(9,273)	13,508
Non-operating income		
Interest income	11	31
Dividends income	41	121
Equity in earnings of affiliates	-	78
Fee and commission income	119	137
Miscellaneous income	1,023	310
Total non-operating income	1,196	679
Non-operating expenses		
Interest expenses	1,532	1,484
Loss on retirement of fixed assets	70	169
Equity in losses of affiliates	10	-
Miscellaneous expenses	69	53
Total non-operating expenses	1,682	1,707
Ordinary income / (loss)	(9,759)	12,481

	(Millions of yen)	
	First Six Months of FY2022 (from April 1, 2022 to September 30, 2022)	First Six Months of FY2023 (from April 1, 2023 to September 30, 2023)
Extraordinary gains		
Gains on sale of investment securities	6	-
Government subsidies	58	117
Other extraordinary gains	-	23
Total extraordinary gains	64	141
Extraordinary loss		
Loss on reduction entry of fixed assets	36	104
Total extraordinary loss	36	104
Quarterly income / (loss) before income taxes and non-controlling interests	(9,731)	12,518
Income taxes – current	842	2,622
Quarterly income / (loss)	(10,574)	9,896
Quarterly net income / (loss) attributable to non-controlling interests	(7,232)	1,662
Quarterly net income / (loss) attributable to owners of the parent	(3,341)	8,234

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Six Months of FY2022 (from April 1, 2022 to September 30, 2022)	First Six Months of FY2023 (from April 1, 2023 to September 30, 2023)
Quarterly income / (loss)	(10,574)	9,896
Other comprehensive income		
Valuation difference on available-for-sale securities	(806)	589
Deferred gains (losses) on hedges	581	415
Foreign currency translation adjustment	75	36
Remeasurements of defined benefit plans	17	(28)
Share of other comprehensive income of associates accounted for using equity method	(0)	(3)
Total other comprehensive income	(133)	1,010
Comprehensive income	(10,708)	10,906
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(3,830)	8,983
Comprehensive income attributable to non-controlling interests	(6,878)	1,922

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

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

Calculation of tax expenses

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

(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, 2023.

Financial covenants

For part of the long-term loans payable with financial covenants, despite being in breach of these covenants at the end of the second quarter of the fiscal year ending March 31, 2024, financial institutions have granted a consent not to exercise the right to accelerate repayment. The balance amount of the borrowings under these agreements and relevant covenants are outlined below.

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	First Six Months of FY2023 (As of September 30, 2023)
Short-term loans payable	750	750
Long-term loans payable	4,500	4,125
Total	5,250	4,875

(¥750 million of short-term loans payable and ¥4,125 million of long-term loans payable)

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

(Segment Information)

Segment Information

I. First six months of FY2022 (from April 1, 2022 to September 30, 2022)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note 2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	27,311	12,871	3,430	43,613	-	43,613
Intersegment sales and transfers	1,095	426	432	1,954	(1,954)	-
Total	28,406	13,298	3,863	45,568	(1,954)	43,613
Segment income/(loss)	(4,062)	(664)	(818)	(5,545)	(3,727)	(9,273)

(Notes) 1. Adjustments to the segment income include ¥3,734 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries which are not allocated to each of the reportable segments.

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

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

Not applicable

II. First six months of FY2023 (from April 1, 2023 to September 30, 2023)

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	43,683	49,490	6,974	100,148	-	100,148
Intersegment sales and transfers	1,491	701	343	2,537	(2,537)	-
Total	45,174	50,192	7,318	102,685	(2,537)	100,148
Segment income/(loss)	9,239	8,883	(71)	18,051	(4,542)	13,508

(Notes) 1. Adjustments to the segment income include ¥4,557 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