

Hankyu Hanshin Holdings Group Supplementary Materials of Financial Results for the Third Quarter of Fiscal 2022 (Ending March 2022)

January 31, 2022

Hankyu Hanshin Holdings, Inc.

9042 <https://www.hankyu-hanshin.co.jp/en/>

I . Performance Highlights for the Third Quarter of Fiscal 2022 (Ending March 2022)

Consolidated Statements of Income(Summary)

	Q3 FY2022 Results	FY2021 Results	Change	
Consolidated Subsidiaries	98 companies	95 companies	+3 (3 companies increase)	
Equity-Method Affiliates	11 companies	11 companies		
Total	109 companies	106 companies	+3	
(¥ million)				
	Q3 FY2022 Results	Q3 FY2021 Results	Change	Remarks
Revenue from operations	517,162	394,037	+123,125 (—)	For details, please see next page
Operating income	27,278	-4,841	+32,119 (—)	
Non-operating income	8,712	3,374	+5,338	Equity in income of affiliates +5,179
Non-operating expenses	7,917	8,354	-437	
Ordinary income	28,074	-9,821	+37,895 (—)	
Extraordinary income	40,866	7,726	+33,140	Gain on contributions for construction +26,871 Gain on sale of investment securities +3,535 Employment adjustment subsidies +1,533
Extraordinary loss	36,533	16,846	+19,687	Loss on reduction of noncurrent assets +26,862 COVID-19-related losses -6,830
Net income attributable to owners of the parent	18,827	-16,858	+35,686 (—)	Applying ASBJ 29 (Accounting Standard for Revenue Recognition) impacts revenue from operations in two main ways (the impact on operating income is negligible in each case) : 1) We will now recognize revenue at the gross amount (rather than the net amount as before) for transactions in the travel business related to organized tours. 2) We will now recognize revenue at the net amount (rather than the gross amount as before) for transactions in the retailing business related to sales and purchasing, and for transactions in the information and communication technology segment related to agency retail sales of electricity.
(Reference)	Q3 FY2022 Results	Q3 FY2021 Results	Change	
Depreciation and amortization	43,456	41,000	+2,456	
Financial balance ① - ②	-5,459	-5,728	+269	
Interest and dividend income①	976	975	+1	
Interest expense②	6,435	6,703	-267	

Note: The percentage changes are not shown because the figures for FY2022 Q3 comply with the Accounting Standard for Revenue Recognition (ASBJ No. 29), applied from the start of FY2022.

Consolidated Statements of Income (Breakdown for each business segment)

[Key results in current period]

Revenues and income increased overall. While most business segments continued feeling pandemic impact, the impact had lessened compared to the same period last year.

(¥ million)	Revenue from operations			Operating income		
	Q3 FY2022 Results	Q3 FY2021 Results	Change	Q3 FY2022 Results	Q3 FY2021 Results	Change
Urban Transportation	120,740	116,097	+4,643	4,949	-3,735	+8,684
Real Estate	150,766	125,907	+24,859	22,878	19,106	+3,772
Entertainment	49,883	28,782	+21,101	10,285	-1,575	+11,860
Information and Communication Technology	41,202	39,407	+1,794	3,025	3,267	-241
Travel	34,448	8,118	+26,330	-7,743	-7,448	-295
International Transportation	98,568	58,478	+40,090	5,615	1,029	+4,585
Hotels	18,555	14,762	+3,792	-9,305	-13,580	+4,275
Other	34,024	32,224	+1,800	1,097	908	+188
Adjustment	-31,028	-29,741	-1,287	-3,524	-2,813	-710
Total	517,162	394,037	+123,125	27,278	-4,841	+32,119

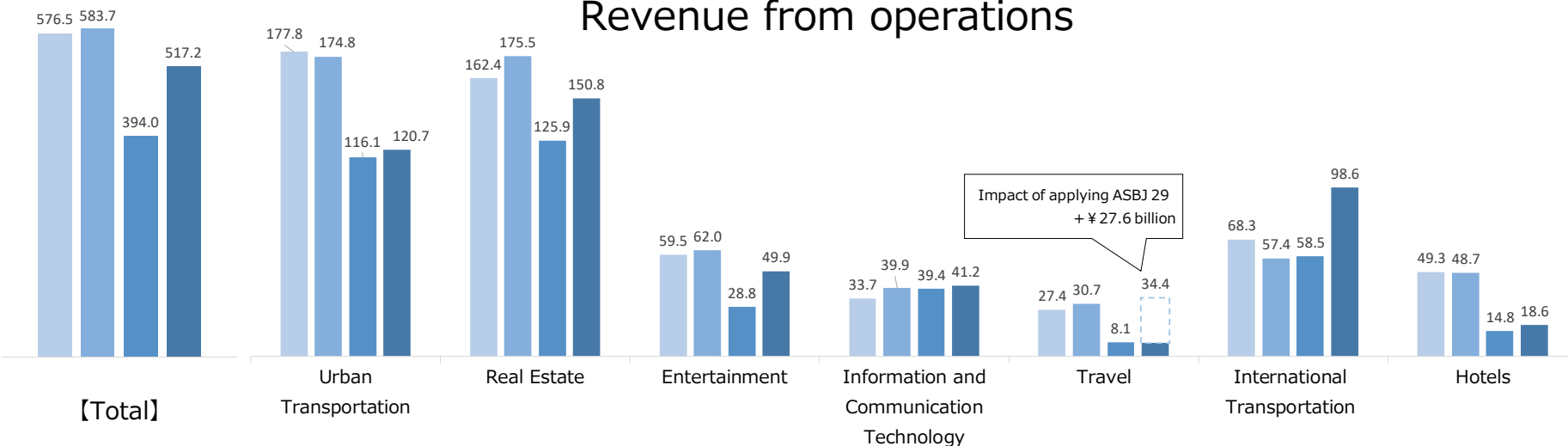
Impact of applying ASBJ 29
+ ¥27.6 billion

Consolidated Statements of Income by Segment (Four-Year YoY Comparisons)

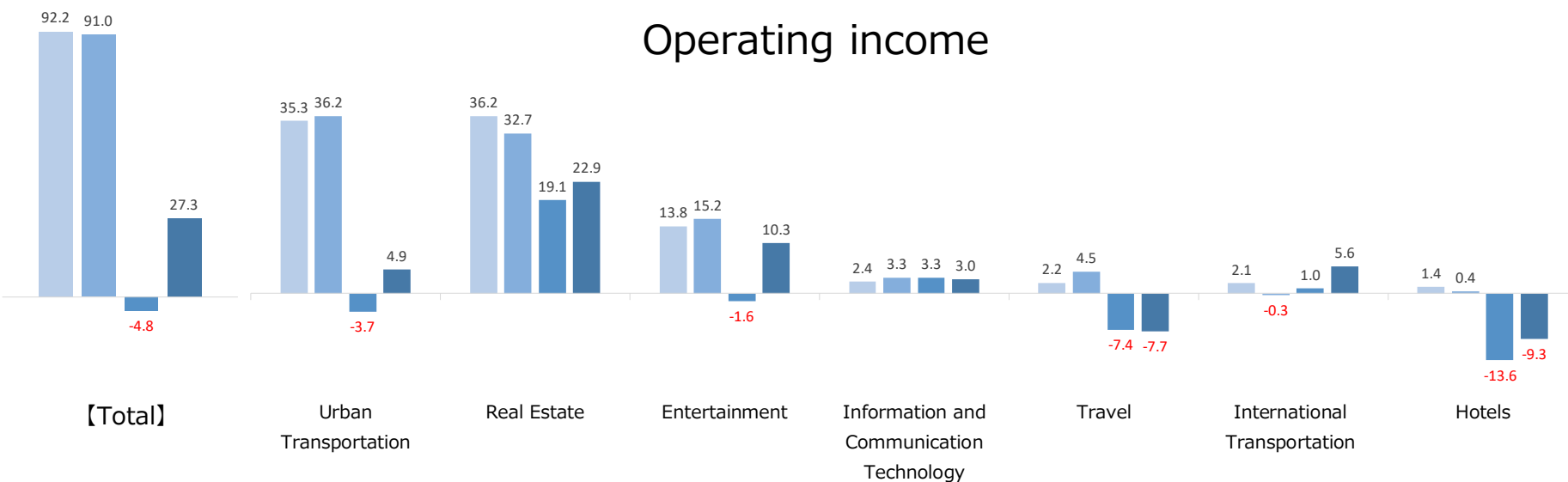
From left to right: FY2019 Q3, FY2020 Q3, FY2021 Q3, FY2022 Q3

(¥ billion)

Revenue from operations

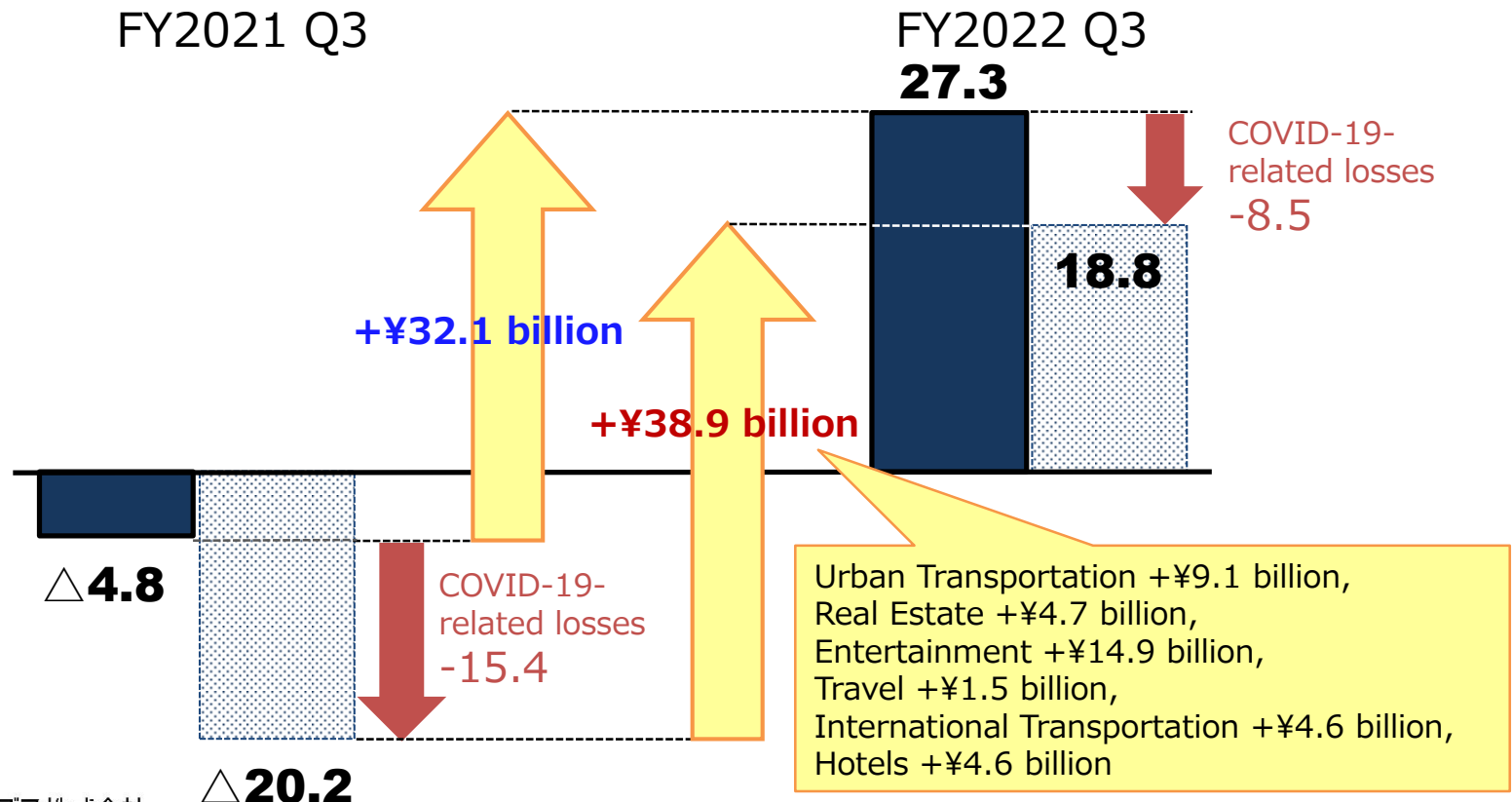


Operating income



Outlook for Operating Income (FY2021 Q3→FY2022 Q3)

- In FY2022 Q3, operating income was **up ¥32.1 billion** YoY because, while business segments continued feeling pandemic impact, the impact had lessened compared to the same period last year.
- The actual increase was ¥38.9 billion** when taking into account the Covid-related extraordinary losses (including fixed expenses during suspensions of operations and costs associated with cancelling events) in both periods. In FY2021 Q3, the extraordinary losses totaled ¥15.4 billion. In FY2022 Q3, they totaled ¥8.5 billion.



Urban Transportation Results

Increase in revenue and income. The segment continued feeling pandemic impact (with fewer traveling amid a state of emergency), but the railway and automobile businesses experienced a recovery in ridership compared to the slump of the same period last year.

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	120,740	116,097	+4,643	+4.0%
Operating income	4,949	-3,735	+8,684	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	Q3 FY2022 Results	Q3 FY2021 Results	Y on Y	Q3 FY2022 Results	Q3 FY2021 Results	Y on Y
Railway	88.5	83.5	+5.1	12.0	6.9	+5.0
Automobile	25.3	24.3	+1.0	-3.2	-5.6	+2.4
Retailing	8.2	10.4	-2.2	0.7	0.6	+0.0
Others	4.9	3.5	+1.3	0.1	0.1	+0.1

Impact of applying ASBJ 29
- ¥ 2.9 billion

*Not including head office expenses /adjustments.

[Urban Transportation] Railway Performance results

Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	Q3 FY2022 Results	Q3 FY2021 Results	Change	Q3 FY2022 Results	Q3 FY2021 Results	Change
Commuter pass	21,741	21,209	+531 (+2.5%)	216,572	210,931	+5,641 (+2.7%)
Workers	18,980	19,330	-350 (-1.8%)	154,242	163,680	-9,438 (-5.8%)
Students	2,760	1,878	+882 (+47.0%)	62,330	47,250	+15,079 (+31.9%)
Other tickets	33,899	30,231	+3,668 (+12.1%)	170,476	153,670	+16,806 (+10.9%)
Total	55,640	51,440	+4,200 (+8.2%)	387,048	364,601	+22,447 (+6.2%)

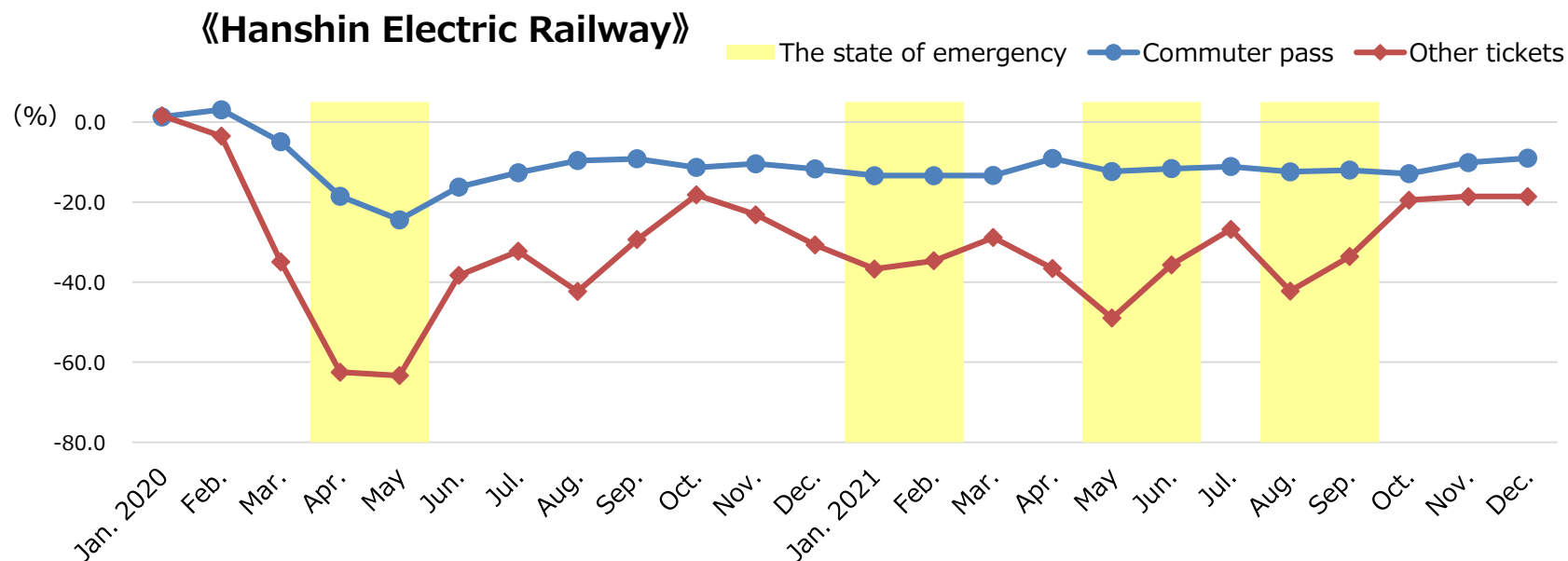
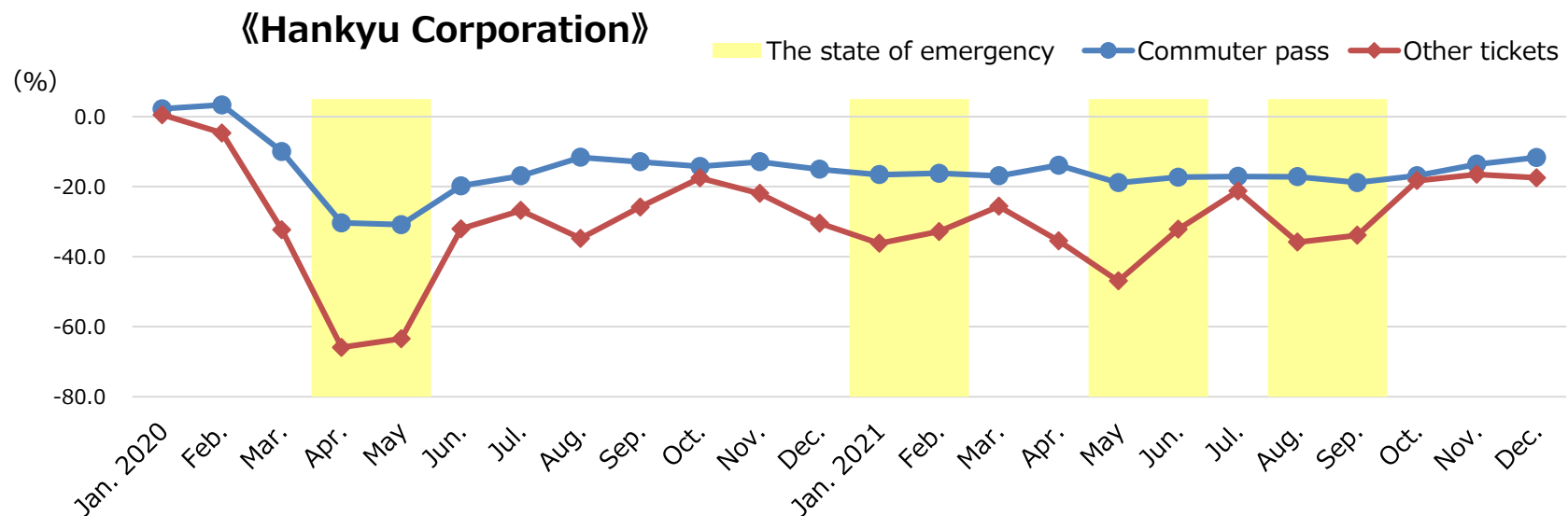
Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	Q3 FY2022 Results	Q3 FY2021 Results	Change	Q3 FY2022 Results	Q3 FY2021 Results	Change
Commuter pass	8,037	7,902	+134 (+1.7%)	83,846	81,381	+2,464 (+3.0%)
Workers	7,273	7,355	-82 (-1.1%)	67,350	68,731	-1,381 (-2.0%)
Students	763	546	+217 (+39.7%)	16,495	12,650	+3,845 (+30.4%)
Other tickets	11,480	10,167	+1,312 (+12.9%)	62,632	56,493	+6,139 (+10.9%)
Total	19,517	18,069	+1,447 (+8.0%)	146,478	137,874	+8,603 (+6.2%)

- * 1) Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.
2) For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.
3) Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway
4) For commuter passes, revenue and ridership were previously counted from the date of sale. As of fiscal 2022, they are counted from the commencement date (the date from which the ticket is valid).

【Reference】 Recent performance in railways

■ Ridership (compared to same period of fiscal 2019)



Real Estate Results

Increase in revenue and income. The real estate leasing business sold short-term-returns properties and its rent revenue recovered relative to the Covid-related slump of the same period last year. Additionally, the real estate sales business saw a year-on-year increase in condominium sales.

【Reference】 Condominium sales (condominiums held by the group) : +212 units (622 units; previous year 410 units)

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	150,766	125,907	+24,859	+19.7%
Operating income	22,878	19,106	+3,772	+19.7%

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	Q3 FY2022 Results	Q3 FY2021 Results	Y on Y	Q3 FY2022 Results	Q3 FY2021 Results	Y on Y
Real estate leasing	84.3	73.4	+10.9	24.2	22.5	+1.7
Real estate sales and others	79.2	65.0	+14.2	4.9	3.0	+1.9

*Not including head office expenses /adjustments.

Entertainment Results

Increase in revenue and income. The segment continued feeling pandemic impact (restrictions on events amid a state of emergency), but in contrast to the same period last year, when many of the events were postponed or cancelled, the sports business benefitted from an upturn in Hanshin Tigers' regular season games, and the stage business benefitted from an upturn in Takarazuka Revue shows.

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	49,883	28,782	+21,101	+73.3%
Operating income	10,285	-1,575	+11,860	—

[Breakdown by type of business]

(¥ billion)	Revenue from operations			Operating income		
	Q3 FY2022 Results	Q3 FY2021 Results	Y on Y	Q3 FY2022 Results	Q3 FY2021 Results	Y on Y
Sports	23.8	16.3	+7.5	5.4	-1.0	6.4
Stage	26.1	12.5	+13.6	5.9	0.4	5.5

*Not including head office expenses /adjustments.

Information and Communication Technology results

Revenue increased due partly to an increased number of subsidiaries in the broadcasting and communications business. However, income decreased from the high level of the same period last year, when there was a large order in the information services business.

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	41,202	39,407	+1,794	+4.6%
Operating income	3,025	3,267	-241	-7.4%

Travel results

The segment continued feeling pandemic impact (cancellations of international tours), but revenue from operations increased following the application of the ASBJ29 at the beginning of the period. However, income decreased because, despite higher orders in non-travel businesses such as contracts for managing accommodation for Covid patients, revenue dipped relative to the same period last year, which saw a surge in domestic travel demand.

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	34,448	8,118	+26,330	+324.3%
Operating income	-7,743	-7,448	-295	—

Impact of applying ASBJ 29
+¥27.6 billion

International Transportation results

Increase in revenue and income. Handling volume recovered from the Covid-related slump, and demand outstripped supply for air and ocean transport.

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	98,568	58,478	+40,090	+68.6%
Operating income	5,615	1,029	+4,585	+445.5%

Hotels results

Increase in revenue and income. The segment continued feeling pandemic impact (with some hotels temporarily closing amid a state of emergency), but the accommodation and food/beverage businesses experienced a recovery, to some extent, in user numbers compared to the slump of the same period last year.

(¥ million)	Q3 FY2022 Results	Q3 FY2021 Results	Change	%
Revenue from operations	18,555	14,762	+3,792	+25.7%
Operating income	-9,305	-13,580	+4,275	—

Consolidated Balance Sheets

(¥ million)		Q3 FY2022 Results	FY2021 Results	Change	Remarks																								
Assets	Current assets	334,687	325,307	+9,380	Land and buildings for sale : +14,148																								
	Noncurrent assets	2,325,588	2,295,721	+29,867	Property and equipment and intangible assets : +35,379 Investment securities : -8,262																								
	Total assets	2,660,275	2,621,028	+39,247																									
Liabilities	Current liabilities	359,066	380,618	-21,552	<table><tr><td></td><td>Q3 FY2022 Results</td><td>FY2021 Results</td><td>Change</td></tr><tr><td>Dept</td><td>799,103</td><td>824,622</td><td>△25,519</td></tr><tr><td>Bonds</td><td>237,000</td><td>197,000</td><td>+ 40,000</td></tr><tr><td>Commercial paper</td><td>40,000</td><td>30,000</td><td>+ 10,000</td></tr><tr><td>Lease obligations</td><td>13,115</td><td>11,425</td><td>+ 1,690</td></tr><tr><td>Interest-bearing debt</td><td>1,089,219</td><td>1,063,048</td><td>+ 26,171</td></tr></table>		Q3 FY2022 Results	FY2021 Results	Change	Dept	799,103	824,622	△25,519	Bonds	237,000	197,000	+ 40,000	Commercial paper	40,000	30,000	+ 10,000	Lease obligations	13,115	11,425	+ 1,690	Interest-bearing debt	1,089,219	1,063,048	+ 26,171
		Q3 FY2022 Results	FY2021 Results	Change																									
	Dept	799,103	824,622	△25,519																									
	Bonds	237,000	197,000	+ 40,000																									
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	Lease obligations	13,115	11,425	+ 1,690																									
Interest-bearing debt	1,089,219	1,063,048	+ 26,171																										
Long-term liabilities	1,382,097	1,330,424	+51,673																										
Total liabilities	1,741,164	1,711,042	+30,121																										
Net assets	Shareholders' equity	840,747	833,640	+7,106	Net income attributable to owners of the parent : +18,827 Payment dividend : -12,126																								
	Accumulated other comprehensive income	31,130	33,511	-2,380																									
	Non-controlling interests	47,234	42,834	+4,400																									
	Total net assets	919,111	909,985	+9,125																									
Equity ratio		32.8%	33.1%	-0.3P																									

Ⅱ. Forecast for fiscal 2022 (Ending March 2022)

Consolidated Statements of Income (Summary)

(¥ billion)

	FY2022 Forecasts	FY2022 Forecasts (As of Oct)	Change	Remarks	FY2021 Results	Change
	①	②	= ① - ②		③	= ① - ③
Revenue from operations	750.0	740.0	+10.0 (+1.4%)	Many businesses have exceeded their initial Q3 performance forecasts.	568.9	+181.1
Operating income	36.0	30.0	+6.0 (+20.0%)		2.1	+33.9
Ordinary income	31.0	25.0	+6.0 (+24.0%)	This increase will accompany the increase in operating income.	-7.6	+38.6
Net income attributable to owners of the parent	15.0	12.0	+3.0 (+25.0%)	This increase will accompany the increase in ordinary income.	-36.7	+51.7

Impact of applying ASBJ 29
+ ¥ 35.0 billion

(Reference)

Capital Expenditures	139.7	139.7	—		108.5	+31.2
Depreciation and amortization	60.7	60.7	—		55.7	+5.0
Financial balance (1) - (2)	-7.5	-7.5	—		-7.8	+0.3
Interest and dividend income(1)	1.0	1.0	—		1.1	-0.1
Interest expense(2)	8.5	8.5	—		8.9	-0.4

Consolidated Statements of Income (Breakdown for each business segment)

(¥ billion)	FY2022 Forecasts	FY2022 Forecasts (As of Oct)	Change	Remarks	FY2021 Results	Change
[Upper table] Revenue from operations						
[Lower table] Operating income	①	②	=①-②		③	=①-③
Total	750.0	740.0	+10.0		568.9	+181.1
Impact of applying ASBJ 29 + ¥ 35.0 billion	36.0	30.0	+6.0		2.1	+33.9

(Breakdown for each business segment)

Urban Transportation	- ¥ 4.0 billion	164.4	166.2	-1.8	Following the Covid surge in January this year, ridership in the railway and automobile businesses are expected to be less than the previous forecast.	156.9	+7.5
		8.4	8.7	-0.3		-5.1	+13.5
Real Estate		235.3	236.3	-1.0	Revenue decrease: The real estate sales business is expected to see a revenue decline after rescheduling sales of some properties. Income increase: Expenses decreased in Q3.	188.4	+46.9
		31.9	30.5	+1.4		28.9	+3.0
Entertainment		62.5	62.4	+0.1	Although the stage business will likely cancel some shows in January, the sports business saw better-than-expected revenue from the Climax Series, and the expenses have decreased in both businesses.	42.2	+20.3
		8.1	7.3	+0.8		-2.3	+10.4
Information and Communication Technology	- ¥ 3.0 billion	62.6	62.6	-		58.1	+4.5
		6.0	6.0	-		5.6	+0.4
Travel	+ ¥ 46.0 billion	57.0	60.0	-3.0	Revenue decrease: Outlook for a demand recovery in domestic tours have been downgraded. Income increase: Higher orders are expected in non-travel businesses such as contracts for managing accommodation for Covid patients.	12.0	+45.0
		-10.2	-11.0	+0.8		-7.4	-2.8
International Transportation		135.0	120.0	+15.0	Handling volume has surpassed expectations and demand should continue to outstrip supply for the time being.	85.6	+49.4
		7.0	5.0	+2.0		2.3	+4.7
Hotels		26.9	26.3	+0.6	Accommodation operations are seeing higher numbers of patrons than previously forecast.	19.1	+7.8
		-13.2	-13.8	+0.6		-17.9	+4.7

COVID-19 Impact in Each Segment (assumptions for Fiscal 2022 forecasts)

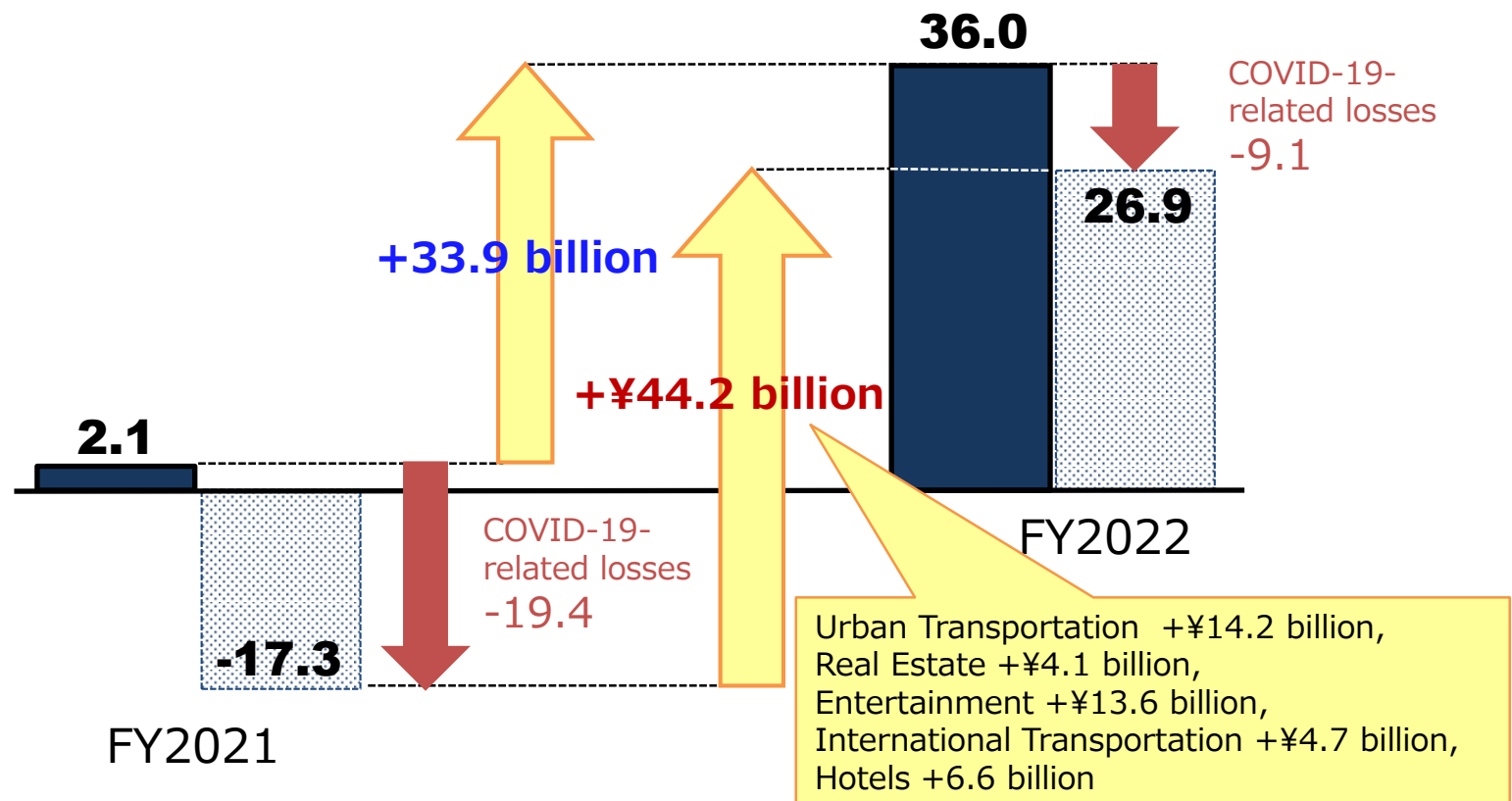
Stated below are the assumptions underlying the full-year forecasts. These assumptions take into account Q3 performance.

Urban Transportation	<p>【Railway】</p> <p>Having factored in a ridership decline amid the current Covid surge, we assume that revenue from other (non-season) tickets as of March 2022 will be just 15-20% lower than the result for the same period in fiscal 2019.</p> <p>The impact on worker commuter pass revenue will persist throughout the period (the revenue will be 10-15% lower than the fiscal 2019 level).</p> <p>The period-average for student commuter pass revenue will be around 20% lower than the fiscal 2019 level.</p> <p>【Automobile】</p> <p>For transit buses, the impact will be similar to that for railway.</p> <p>For airport shuttle buses, the impact will depend on outlook for air travel (demand for international flights at Kansai International Airport will not recover within the fiscal year).</p>
Real Estate	<p>【Real estate leasing】</p> <p>Performance will recover significantly from the level of H1, when the state of emergency (store closures, reduced hours) impacted the segment.</p>
Entertainment	<p>【Stage】</p> <p>Having factored in the cancelation of some shows, we assume that the theaters will make money provided that they sell at full capacity (excluding frontmost seats).</p>
Travel	<p>In view of recent trends, we assume that full-year performance from domestic tours will be 70-80% lower than the result for fiscal 2019.</p> <p>Demand for international tours will not recover within the fiscal year.</p>
Hotels	<p>Accommodation: We expect performance to steadily recover toward the end of the fiscal year. Inbound demand is unlikely to recover in the period (for hotels managed directly by Hankyu Hanshin Hotels※, domestic demand as of March 2022 will be around 40% less than it was in the same period in fiscal 2019).</p> <p>Food/beverage: Performance will gradually recover toward the end of the fiscal year.</p>

※ Excludes hotel locations opened in fiscal 2020 or later.

Outlook for Operating Income (FY2021→FY2022)

- For fiscal 2022, on the assumption that many businesses will see a reasonable recovery from the effects of the pandemic, we expect to achieve **¥36.0 billion in operating income**, **¥33.9 billion higher** than in fiscal 2021.
- However, **the actual year-on-year increase will be ¥44.2 billion** when taking into account the Covid-related extraordinary losses (including fixed expenses during suspensions of operations and costs associated with cancelling events). In FY2021, the extraordinary losses totaled ¥19.4 billion. For fiscal 2022, we are expecting such losses to amount to ¥9.1 billion.



[Urban Transportation] Railway Performance Forecasts

Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2022 Forecasts	FY2021 Results	Change	FY2022 Forecasts	FY2021 Results	Change
Commuter pass	28,728	28,093	+634 (+2.3%)	283,259	277,068	+6,190 (+2.2%)
Workers	25,255	25,625	-369 (-1.4%)	205,095	216,044	-10,948 (-5.1%)
Students	3,473	2,468	+1,004 (+40.7%)	78,164	61,024	+17,139 (+28.1%)
Other tickets	46,509	40,982	+5,527 (+13.5%)	232,902	208,035	+24,866 (+12.0%)
Total	75,237	69,075	+6,161 (+8.9%)	516,161	485,104	+31,057 (+6.4%)

Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2022 Forecasts	FY2021 Results	Change	FY2022 Forecasts	FY2021 Results	Change
Commuter pass	10,648	10,476	+171 (+1.6%)	110,188	107,336	+2,851 (+2.7%)
Workers	9,657	9,750	-92 (-0.9%)	88,924	90,809	-1,885 (-2.1%)
Students	990	726	+264 (+36.4%)	21,263	16,526	+4,737 (+28.7%)
Other tickets	15,744	13,725	+2,018 (+14.7%)	86,228	76,214	+10,014 (+13.1%)
Total	26,393	24,202	+2,190 (+9.1%)	196,416	183,550	+12,866 (+7.0%)

- * 1) Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.
 2) For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.
 3) Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway
 4) For commuter passes, revenue and ridership were previously counted from the date of sale. As of fiscal 2022, they are counted from the commencement date (the date from which the ticket is valid).

Management Indicators / Returns to Shareholders

■ Management Indicators

	FY2021 Results	FY2022 Forecasts (As of Oct)	FY2022 Forecasts (As of Jan.)
Operating income	¥2.1billion	¥30.0billion	¥36.0billion
EBITDA ^{※1}	¥60.3billion	¥93.0billion	¥99.0billion
Interest-bearing debt	¥1,063.0billion	¥1,150.0billion	¥1,110.0billion
Interest-bearing debt / EBITDA ratio	17.6times	12.4times	11.2times
D/E ratio ^{※2}	1.2times	1.3times	1.3times
Net income attributable to owners of the parent	¥ -36.7billion	¥12.0billion	¥15.0billion
ROE	- 4.1%	1.4%	1.7%
(Reference)			
Net interest-bearing debt ^{※3}	¥1,035.5billion	¥1,125.0billion	¥1,085.0billion
Net interest-bearing debt/EBITDA ratio	17.2times	12.1times	11.0times

※1 EBITDA=operating income + depreciation expenses + amortization of goodwill

※2 D/E ratio=interest-bearing debt / equity

※3 Net interest-bearing debt=interest-bearing debt - cash and deposits

[Reference] Consolidated Statements of Income (Breakdown by type of business)

(¥ billion)	Revenue from operations					Operating income				
	FY2022 Forecasts	FY2022 Forecasts (As of Oct)	Change	FY2021 Results	Change	FY2022 Forecasts	FY2022 Forecasts (As of Oct)	Change	FY2021 Results	Change
	①	②	=①-②	③	=①-③	①	②	=①-②	③	=①-③
Urban Transportation	164.4	166.2	-1.8	156.9	+7.5	8.4	8.7	-0.3	-5.1	+13.5
[Breakdown]										
Railway	120.2	121.5	-1.3	112.3	+7.9	16.8	17.3	-0.5	7.9	+8.9
Automobile	34.8	35.2	-0.4	32.7	+2.1	-3.8	-3.8	—	-6.8	+3.0
Retailing	11.3	11.5	-0.2	14.0	-2.7	0.8	0.8	—	0.8	+0.0
Others	8.4	8.3	+0.1	8.8	-0.4	0.7	0.6	+0.1	0.7	-0.0
Real Estate	235.3	236.3	-1.0	188.4	+46.9	31.9	30.5	+1.4	28.9	+3.0
[Breakdown]										
Real estate leasing	112.8	112.8	—	99.7	+13.1	29.0	28.3	+0.7	29.2	-0.2
Real estate sales and others	139.9	140.9	-1.0	105.7	+34.2	11.4	10.5	+0.9	8.3	+3.1
Entertainment	62.5	62.4	+0.1	42.2	+20.3	8.1	7.3	+0.8	-2.3	+10.4
[Breakdown]										
Sports	29.1	28.7	+0.4	21.1	+8.0	2.9	2.1	+0.8	-2.5	+5.4
Stage	33.4	33.7	-0.3	21.0	+12.4	6.5	6.5	—	1.7	+4.8

Note: Segment totals may not match the aggregate of the amounts for each type of business due to separate head office expenses / adjustments.

[Reference] Applying the Accounting Standard for Revenue Recognition (ASBJ 29)

- ◆ What is the new revenue standard?
 - ASBJ 29 specifies (1) when and (2) how a reporter will recognize revenue.
 - Based on International Financial Reporting Standards, ASBJ was enforced for all companies in Japan in April 2021 (the start of fiscal 2022).
- ◆ Summary of standard
 - ① The reporter must recognize revenue when the underlying sales or usage occurs (when the customer buys the good or uses the service).
 - ② If the reporter provides the good or service to the customer directly^(Note 1), then it must recognize the revenue at the gross amount^(Note 2). If the good or service is provided by an agent, then the reporter must recognize the revenue at the net amount^(Note 2).

(Note 1)
Examples of criteria: The reporter is primarily responsible for fulfilling the promise to provide the specified good or service; the reporter has discretion in establishing the price for the good or service; the reporter has inventory risk before the specified good or service has been delivered.

(Note 2)
Gross amount : All gross revenue from the sale is recorded as revenue from operations, without deducting sales costs.
Net amount : Sales costs are deducted from gross revenue and the difference is recorded as revenue from operations.

	Segment	Transaction	Current practice	New practice	Impact on revenue, income for fiscal 2022
①	Urban Transportation	Commuter pass	Report revenue prorated by month, <u>starting from month of sale</u>	Report revenue prorated by month, <u>starting from the month of commencement</u>	No impact on revenue or income (only the timing of recognition changes)
②	Travel	Organized tours※	Report revenue on <u>net basis</u>	Report revenue on <u>gross basis</u>	<u>Revenue approx. +¥46.0 billion</u> No impact on income
②	Urban Transportation	Sales and purchase in retailing business	Report revenue on <u>gross basis</u>	Report revenue on <u>net basis</u>	<u>Revenue approx. -¥4.0 billion</u> No impact on income

※The transactions most affected are those in the travel business related to organized tours.