May 7, 2021

Financial Report for the Year Ended March 31, 2021 (FY2020) [J-GAAP] (Consolidated)

Company name: Japan Airport Terminal Co., Ltd. ("the Company") Listed stock exchange: Tokyo, 1st Section
Code number: 9706 URL: http://www.tokyo-airport-bldg.co.jp/company/en/
Representative: Nobuaki Yokota, President and COO
Contact: Kazuhito Tanaka, Senior Managing Director TEL 03-5757-8409
Scheduled date of annual general meeting of shareholders: June 24, 2021
Scheduled date of filing securities report: June 24, 2021
Scheduled date of commencing dividend payment: -
Supplementary materials on financial results (yes/no): Yes
Holding of earnings announcement (yes/no): Yes (for institutional investors and financial analysts)

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

1. Consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Business Results (%: Change from the previous period)

	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	%
FY2020	52,572	-79.0	(59,020)	-	(57,320)	-	(36,578)	-
FY2019	249,756	-8.7	9,892	-56.0	8,705	-57.3	5,012	-84.8

(Note) Comprehensive income/(loss): FY2020 (¥62,212 million) (-%) FY2019 ¥4,119 million (-88.8%)

	Net income/(loss) per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
FY2020	(445.92)	-	-21.5	-11.0	-112.3
FY2019	61.71	60.20	3.1	1.7	4.0

(Reference) Equity in gains/(losses) of affiliates: FY2020 (¥1,652 million) FY2019 ¥462 million

(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 March 31, 2021	519,193	195,544	34.3	1,910.83
As of March 31, 2020	521,363	201,899	31.2	2,001.83

(Reference) Equity capital: As of March 31, 2021 ¥177,968 million As of March 31, 2020 ¥162,605 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2020	(4,387)	(25,268)	78,228	120,355
FY2019	20,222	(57,334)	21,644	71,795

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	Q1-End	Q2-End	Q3-End	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2019	-	22.00	-	10.00	32.00	2,599	51.9	1.6
FY2020	-	0.00	-	0.00	0.00	-	-	-
FY2021 (Forecast)	-	-	-	-	-		-	

(Note) 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 the Year Ending March 31, 2022 (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: As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and other accounting treatments will be applied from the beginning of the fiscal year ending March 31, 2022, the above consolidated financial forecasts are after the application of such accounting standards. The rate of change from the previous fiscal year and the same quarter of the previous year is the rate of change calculated on the assumption that the abovementioned accounting standards are applied to the fiscal year ended March 31, 2021.

Other Information

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

New: None Excluded: None

(2) 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

(3) Number of shares outstanding (common stock)

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

As of March 31, 2021	93,145,400 shares	As of March 31, 2020	84,476,500 shares

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

As of March 31, 2021	8,595 shares	As of March 31, 2020	3,248,324 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2021	82,029,456 shares	Year ended March 31, 2020	81,228,396 shares

(Reference) Summary of Non-Consolidated Financial Results

Financial Results for the Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Business Results (%: Change from the previous period)

	Operating revenues		Operating income/(loss)		Ordinary income/(loss)		Net income/(loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	53,178	-69.5	(15,946)	-	(15,827)	-	(11,931)	-
FY2019	174,269	-7.4	471	-93.2	1,250	-83.4	759	-86.1

	Net income/(loss) per share	Diluted net income per share
	Yen	Yen
FY2020	(145.45)	-
FY2019	9.34	9.04

(2) Non-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 March 31, 2021	320,019	142,979	44.7	1,535.16
As of March 31, 2020	282,426	100,830	35.7	1,241.32

(Reference) Equity capital: As of March 31, 2021 ¥142,979 million As of March 31, 2020 ¥100,830 million

*** This financial report is not subject to audits 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 9 of the appendix materials "1. Analysis of Business and Financial Results (4) Forecast for FY 2021 (the fiscal year ending March 31, 2022)".

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

Earnings announcement is planned to be held on May 14, 2021 for financial analysts. Presentation materials used in the earnings announcement will be promptly posted on the Company’s website following the meeting.

Contents of the Appendix Materials

1. Analysis of Business and Financial Results

(1) Analysis of Consolidated Business Results for FY 2020

During the fiscal year ended March 31, 2021 (FY 2020), the Japanese economy continued to face a difficult situation due to the impact of the new corona virus infection (COVID-19). There are signs of recovery, but some weaknesses have been observed. 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. However, it is necessary to prudently monitor the increase of downside risk caused by the spread of the infection in Japan and overseas, as well as the impact of fluctuations in the financial and capital markets, among other factors.

Under these economic conditions, domestic tourism demand fell again due to the nationwide suspension of the "Go To Travel" campaign as a result of the rebound of COVID-19 cases since the end of 2020, and the subsequent reissuance of the declaration of a state of emergency in January 2021. In the midst of all this, since January 2021, the number of passengers on domestic flights at Haneda Airport declined by more than 75% year-on-year, compared to the 54% year-on-year decline during the third quarter. However, the decline was not as great as during the period of the state of emergency last year, and demand for air travel gradually recovered toward the end of the fiscal year. On the other hand, the new entry of foreign nationals on international flights has been completely suspended since January 2021, and strict border control measures against COVID-19 are still in place. As a result, the number of passengers on international flights at Haneda Airport decreased by more than 95% year-on-year for the entire year. 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") is making efforts to ensure the safety and security of airport users and its employees, based on the "Guidelines for Preventing the Spread of COVID-19 in the Aviation Field" (jointly prepared by the Scheduled Airlines Association and the All Japan Airport Terminal Association). To date, we have taken measures including the improvement of the ventilation capacity of the terminals, the installation of hand sanitizer and plastic sheets to prevent droplet infection throughout the terminal buildings, and the introduction of thermographic devices for measuring body temperature at security checkpoints. Moreover, we are providing part of Terminal 3 as a PCR testing area amidst the government's effort to expand the PCR testing system. We have also established a system that enables PCR testing for overseas travelers and issues a certificate of negative test results in as little as two hours at the Toho University Haneda Airport Terminal 3 Clinic. Furthermore, the Kinoshita Group opened a PCR testing center in Terminals 1 and 2 in April 2021, offering rapid tests that provide results in about 15 minutes, and taking various other measures to support safe and secure travel for airport users. These measures at Haneda Airport have been certified under the "Airport Health Accreditation (AHA) Programme" of the Airports Council International (ACI).

Meanwhile, in order to recover sales amidst the continuing decline in air travel demand, we are promoting measures to increase sales, mainly at stores for domestic flights, and are working to enhance the development of products exclusive to Haneda Airport, such as the launch of new original brands including "HANEDA CHOCOLATE JOURNEY". Furthermore, in the e-commerce business, while expanding the range of products available on existing shopping sites, we are also promoting initiatives, such as the sale of limited-edition in-flight meals produced by our group companies. In the midst of a significant decrease in the number of passengers, we have been implementing rent reduction and exemption measures since April 2020, as a support measure for airlines and tenants, while reviewing the details of the reduction and exemption in light of passenger trends.

We are also implementing extensive cost-reduction measures to minimize the impact of the decline in revenues. In addition to cutting down non-urgent costs, we temporarily closed parts of the terminal in light of passenger trends, reduced facility maintenance and management costs by reviewing operating methods, and reduced outsourcing costs by bringing some tasks in-house. With respect to personnel costs, we not only partially reduced executive compensation, but also cut down employee bonuses and temporary salary payments. We will continue to work on maintaining the effects of cost reductions and to review our cost structure in order to build a more efficient profit-generating structure by curbing the increasing costs associated with the recovery of passenger volume in the future.

From the financial perspective, we have worked to secure liquidity on hand, raised ¥5.0 billion in long-term loans by June 2020, and secured a short-term borrowing facility of ¥20.0 billion, in addition to an existing commitment line of ¥9.0 billion. Furthermore, we raised a total of ¥56.7 billion through a public offering of new shares and other means in March 2021 in order to secure funds for capital expenditures necessary to improve the functions of Haneda Airport in anticipation of the end of the COVID-19 pandemic, despite the prolonged impact of the decline in revenue. As a result, our financial standing has recovered to the level it was before the spread of COVID-19, and we have established a solid financial foundation that allows us to secure investment capacity.

The JAT Group has aspired to best satisfy the needs of all stakeholders. To create business and revenue generation opportunities and achieve sustainable growth, we have developed a medium-term business plan (FY2016 – FY2020) and taken measures based on our long-term vision "To Be a World Best Airport". However, the impact of COVID-19 has significantly changed the business environment upon which the medium-term business plan was based. Furthermore, society as a whole is shifting to the "new normal", so the JAT Group is fundamentally reviewing the way it manages its airport terminals and business operations with ideas that are not bound by the conventional framework.

During the current fiscal year, for international flights at Haneda Airport, we implemented measures including the promotion of "FAST TRAVEL" which enables stress-free and comfortable boarding procedures and the introduction of "One ID" which uses face recognition technology. Based on these efforts, "One ID" was renamed "Face Express" in April 2021, and a demonstration experiment was conducted. In an effort to improve passenger convenience and as a part of the measure to prevent COVID-19 infections by non-face-to-face and contactless services and facilities, we are aiming to start its full-scale operation in July 2021, when the Tokyo Olympic and Paralympic Games will be held. Similarly, in anticipation of the Games and the subsequent increase in demand, we are investing approximately ¥1.0 billion in the construction of a dedicated business jet facility in Terminal 3, which is scheduled to commence service in July 2021. In addition, as for the use of robotic technology in the "Haneda Robotics Lab", which has been underway since 2016, a self-driving wheelchair, a remote guidance robot, and a sanitization work robot have been introduced. The "C-FACE", a smart multilingual translation mask that leverages robotic translation technology has been on sale since December 2020. In recognition of these efforts, we received a special award from the Cabinet Office in the "Cool Japan Matching Award 2021". We will continue to actively use digital technology to promote flexible and efficient terminal operations and work on a sales agency business to expand these world-class technologies and products that we have jointly developed at Haneda Airport to other airports. Furthermore, at the end of March 2021, we released the official Haneda Airport app. In addition to providing airport information and store special offers, the app also allows online shopping. We will continue to improve convenience by updating it with additional functions.

With respect to ESG (Environmental, Social and Corporate Governance), in addition to our existing efforts to reduce CO2 emissions toward a decarbonized society, including the use of LED lighting, we completed the construction of a new recycling building in December 2020 as a countermeasure to the increasing waste volume at Haneda Airport. In an effort to improve passenger convenience and prepare for large-scale disasters, we have also been installing recharging facilities with built-in storage batteries in the arrival lobbies and gate lounges of domestic terminals since February 2021. Moreover, we are taking various measures, including the following, to enhance our universal design service facilities. For domestic flights, we set up a "Calm Down, Cool Down Space" in the security area after passengers pass through the baggage checkpoint, which people with disabilities can use when they need to calm down. For international flights, we revised the "Communication Support Board" that allows passengers to communicate by pointing, and published a "Floor Map by Hand (Braille Map)" for the departure area.

As a result of the above, with respect to consolidated financial results for FY2020 (April 1, 2020 – March 31, 2021), operating revenues were ¥52,572 million (down 79.0% year-on-year) due to continuous decline in revenue from facility user charges, merchandise sales, and food and beverage sales and others because of the substantial decrease in passenger volume for domestic and international flights. As a result of the fall in revenue, operating loss was ¥59,020 million (compared to operating income of ¥9,892 million during the previous fiscal year), coupled with increase in depreciation expense of Haneda's international facilities that commenced operation last fiscal year despite taking thorough cost reduction measures. Ordinary loss was ¥57,320 million (compared to ordinary income of ¥8,705 million during the previous fiscal year), and net loss attributable to owners of the parent was ¥36,578 million (compared to net income attributable to owners of the parent of ¥5,012 million during the previous fiscal year).

(Millions of yen)

Operating Results	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)	Year-on-Year (%)
Operating revenues	249,756	52,572	-79.0
[Facilities Management]	82,942	35,917	-56.7
[Merchandise Sales]	147,893	13,657	-90.8
[Food and Beverage]	18,920	2,998	-84.2
Operating income / (loss)	9,892	(59,020)	-
Ordinary income / (loss)	8,705	(57,320)	-
Net income/(loss) attributable to owners of the parent	5,012	(36,578)	-

In the Skytrax (UK) “Global Airport Rating” published in November 2019, Haneda Airport’s passenger terminals were awarded the world’s highest standard “5-star Airport” for the sixth consecutive year. Moreover, in May 2020, we were awarded second place globally for the second consecutive year in the World’s Best Airports, which comprehensively evaluated various aspects of international airports in 2020. 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).

Although the airline industry continues to face a difficult situation, domestic air travel demand has been steadily recovering since before the full lifting of the declaration of a state of emergency in March 2021. On the other hand, for international flights, as part of the efforts by the Japanese government to strengthen border control measures against COVID-19, the number of people allowed to enter the country per day has been restricted, and airlines have been asked to limit the volume of arriving passengers, so a recovery in air travel demand is still expected to take some time. In light of these trends, the JAT Group will continue to ensure the safety and security of passengers using Haneda Airport and will operate the passenger terminal to appropriately respond to demand. In the long-term, we expect a steady increase in demand for air travel, and we will continue to work towards increasing the value of Haneda Airport by further improving the convenience, comfort, and functionality of the terminal buildings as the sky gateway to Japan and the Tokyo metropolitan area.

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

Overview by Segment

[Facilities Management]

(Millions of yen)

Operating Results	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)	Year-on-Year (%)
Facilities Management	82,942	35,917	-56.7
Rent revenue	18,259	17,712	-3.0
Facility user charges revenue	41,019	7,644	-81.4
Other revenues	23,662	10,560	-55.4
Intersegment sales and transfers	5,697	1,614	-71.7
Total of Operating Revenues	88,640	37,532	-57.7
Segment income / (loss)	6,932	(36,283)	-

Rent revenue decreased from the previous year primarily due to continued rent reductions and exemptions offered to tenants and others which have been implemented since April 2020, despite the increase in revenue due to the rental of space for PCR testing at Terminal 3.

Revenue from facility user charges fell significantly below the previous year due to a drop in user charges. This is due to a significant decrease in the number of passengers on domestic flights for the year as a whole despite a recovery trend since March 2021, coupled with the continued decline of passenger volume for international flights.

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

As a result, operating revenues from facilities management operations decreased to ¥37,532 million (down 57.7% year-on-year). Operating loss for the segment was ¥36,283 million (compared to operating income of ¥6,932 million during the previous fiscal year) primarily due to the drop in revenue and the increase in depreciation expense after the opening of Haneda Airport Terminal 2 international facilities and expansion part of Terminal 3 in the previous fiscal year.

[Merchandise Sales]

(Millions of yen)

Operating Results	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)	Year-on-Year (%)
Merchandise Sales	147,893	13,657	-90.8
Sales at domestic terminal stores	33,148	8,559	-74.2
Sales at international terminal stores	84,420	2,751	-96.7
Other revenues	30,323	2,345	-92.3
Intersegment sales and transfers	1,378	779	-43.5
Total of Operating Revenues	149,272	14,436	-90.3
Segment income / (loss)	10,823	(11,322)	-

Sales at domestic terminal stores fell significantly from the previous year. In the third quarter, merchandise sales were also on a recovery trend driven by the continued recovery of passengers, but in the fourth quarter, sales dropped again along with passenger trends. Changes in consumer sentiment during the COVID-19 pandemic also contributed to this result.

Sales at international terminal stores significantly decreased from the previous year primarily due to the substantial decrease in international passenger volume and continued temporary closures of many of our directly-managed duty-free stores. At our directly-managed stores at Haneda Airport Terminal 3, Narita Airport and others, we have established an operational structure aligned with air traffic throughout the year by resuming operations mainly at comprehensive duty-free shops, and by also operating brand boutiques on limited days of the week. In addition, airport-style in-city duty-free shop “Japan Duty Free Ginza” has continued to operate since June 2020, but each store continues to face difficulty with respect to merchandise sales.

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

As a result, operating revenues from merchandise sales operations dropped to ¥14,436 million (down 90.3% year-on-year). Operating loss was ¥11,322 million (compared to operating income of ¥10,823 million during the previous fiscal year) due to a loss on the disposal of some duty-free items expected to occur in the next fiscal year and beyond which were included as a valuation loss in the current fiscal year, reflecting the uncertain outlook for international passenger volume, in addition to the decrease in revenue.

[Food and Beverage]

(Millions of yen)

Operating Results	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)	Year-on-Year (%)
Food and Beverage	18,920	2,998	-84.2
Sales from food and beverage stores	11,514	2,363	-79.5
Sales from in-flight meals	6,543	365	-94.4
Other revenues	863	269	-68.8
Intersegment sales and transfers	2,641	1,093	-58.6
Total of Operating Revenues	21,561	4,091	-81.0
Segment income / (loss)	451	(4,150)	-

Sales from food and beverage operations significantly fell from the previous year at both domestic and international terminals due to the temporary closure and shortened operating hours in line with passenger trends, in addition to the slump in passenger volume.

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

As a result, operating revenues from food and beverage operations dropped to ¥4,091 million (down 81.0% year-on-year) and operating loss for the segment was ¥4,150 million (compared to operating income of ¥451 million during the previous fiscal year).

(2) Analysis of Consolidated Financial Position for FY 2020

[Assets]

Current assets increased due to a total of ¥56,700 million funds raised primarily through a public offering of new shares in March this year, despite the decrease in accounts receivable because of the decline in operating revenues. Fixed assets decreased primarily due to the depreciation of buildings and structures. As a result, total assets decreased by ¥2,170 million from the previous fiscal year end to ¥519,193 million.

[Liabilities]

Liabilities increased due to long-term loans of approximately ¥30.0 billion that the Company raised despite the payment of the construction cost of Haneda Airport international facilities which the construction was completed last fiscal year. As a result, total liabilities increased by ¥4,184 million from the previous fiscal year end to ¥323,648 million.

[Net assets]

Common stocks and capital surplus increased primarily due to the public offering of new shares, while retained earnings and non-controlling interests decreased due to dividend distribution and net loss for the year. As a result, total net assets decreased by ¥6,355 million from the previous fiscal year end to ¥195,544 million.

As a result, the equity ratio was 34.3% (compared to 31.2% at the previous fiscal year end).

(3) Analysis of Consolidated Cash Flows for FY 2020

Cash and cash equivalents (hereinafter referred to as “cash”) at the current fiscal year end increased by ¥48,559 million compared to the previous fiscal year end to ¥120,355 million.

The following is a summary of cash flows and the factors behind these flows for the current fiscal year.

[Cash flows from operating activities]

Cash flows from operating activities decreased by ¥24,609 million from the previous fiscal year (¥20,222 million cash inflow for the previous fiscal year), resulting in a cash outflow of ¥4,387 million.

This was primarily due to a decrease in income before income taxes and minority interests.

[Cash flows from investing activities]

With respect to cash flows from investing activities, cash outflow decreased by ¥32,066 million from the previous fiscal year (down 55.9% year-on-year), resulting in a cash outflow of ¥25,268 million.

This was primarily due to expenditures for the acquisition of tangible fixed assets.

[Cash flows from financing activities]

With respect to cash flows from financing activities, cash inflow increased by ¥56,584 million from the previous fiscal year (up 261.4% year-on-year), resulting in a cash inflow of ¥78,228 million. This was primarily because of the proceeds from issuance of shares.

(4) Forecast for FY 2021 (the fiscal year ending March 31, 2022)

While the airline industry continues to face a difficult situation due to the impact of COVID-19, it is expected that demand for air travel will recover as vaccination progresses in Japan and other countries around the world. However, the situation continues to require close attention to the trends of infection in Japan and overseas as stricter measures to prevent the spread of COVID-19 were applied in Tokyo, Osaka, and other prefectures in April 2021, and furthermore a subsequent state of emergency was declared.

At Haneda Airport, while domestic flights will see a gradual recovery in demand, demand for international flights is expected to take some time to recover due to restrictions on the number of passengers entering the country per day and airlines limiting the number of passengers arriving on international flights. Under these circumstances, we expect our domestic flight business to return to profitability, while the international flight business will continue to face a difficult situation.

In this environment, we will strive to improve our bottom line by implementing proactive measures to increase sales, such as expanding products exclusive to Haneda Airport and enhancing our e-commerce business, and by continuing to reduce costs. We will also support safe and secure travel for airport users by implementing thorough infection prevention measures to help ensure the smooth hosting of the Tokyo Olympic and Paralympic Games. Furthermore, in terms of capital expenditures in anticipation of the end of the COVID-19 pandemic, we will work on the construction of dedicated facilities for business jets in Terminal 3, the new North Satellite in Terminal 1, and the connection between the main building and the satellite in Terminal 2, with the aim of further improving the functions of Haneda Airport.

The expected earnings by segment as of today is as follows.

For the Facility Management business, operating revenue is expected to increase from the previous year primarily due to an increase in overall rent income, despite the planned continuation of rent reduction and exemption for tenants, and an increase in facility user charges primarily resulting from a recovery in the number of passengers on domestic and international flights at Haneda Airport.

For the Merchandise Sales business and the Food and Beverage business, operating revenue is expected to increase from the previous year, mainly due to an increase in merchandise sales and food and beverage sales resulting from a recovery in the number of passengers on domestic flights.

As a result, for the next fiscal year, we forecast operating revenue of ¥103,200 million (up 121.9% year-on-year). We expect profitability to recover to a certain level, but not to reach the point at which it will fully cover fixed costs, hence forecast operating loss of ¥17,800 million (compared to operating loss of ¥59,020 million during the previous fiscal year), ordinary loss of ¥19,300 million (compared to ordinary loss of ¥57,320 million during the previous fiscal year), and net loss attributable to owners of the parent of ¥10,300 million (compared to net loss attributable to owners of the parent of ¥36,578 million during the previous fiscal year).

(5) Basic Policy on Distribution of Profits and Dividend Payment for FY2020/FY2021

We consider the return of profits to our shareholders to be one of our most important management priorities. Our basic policy is to work on management with a more proactive stance, strive to improve our business performance, secure internal reserves in consideration of large-scale investments such as the renewal of passenger terminal building facilities in line with the functional expansion of Haneda Airport, and at the same time, maintain stable dividend payments.

However, our business performance has been severely impacted by COVID-19 and the outlook remains extremely uncertain.

We decided to postpone the announcement of the year-end dividend for the current fiscal year at the time of the announcement of the financial results for the fiscal year ended March 31, 2020. After a comprehensive review based on the current business environment, performance trends, and the dividend distribution policy mentioned above, as we believe that securing liquidity on hand is of utmost importance, we have decided not to distribute a dividend for the current fiscal year, although we strongly regret doing so.

We have decided to postpone the announcement of our dividend forecast for the next fiscal year and will announce it at some point in the future, after taking into consideration the future business environment and its impact on our business.

2. Basic Approach on Selection of Accounting Standards

To secure comparability between companies and between fiscal years, the JAT Group prepares its consolidated financial statements in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Finance Ministry Ordinance No. 28 of 1976), excluding Chapter 7 and Chapter 8.

The JAT Group will appropriately consider the possibility of adoption of international accounting standards taking into consideration of conditions in Japan and overseas.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and deposits	71,958	120,355
Accounts receivable	8,924	5,272
Merchandise and finished products	13,440	9,658
Raw materials and stored goods	146	249
Other current assets	19,797	7,944
Allowance for doubtful accounts	(18)	(73)
Total current assets	114,248	143,407
Fixed assets		
Tangible fixed assets		
Buildings and structures	552,854	557,609
Accumulated depreciation and impairment loss	(277,692)	(301,148)
Buildings and structures (net)	275,162	256,460
Machinery, equipment and vehicles	37,743	37,073
Accumulated depreciation and impairment loss	(15,266)	(17,939)
Machinery, equipment and vehicles (net)	22,476	19,133
Land	12,881	12,874
Lease assets	3,622	3,530
Accumulated depreciation and impairment loss	(965)	(1,111)
Lease assets (net)	2,657	2,418
Construction in progress	6,258	1,626
Other tangible fixed assets	67,111	67,643
Accumulated depreciation and impairment loss	(50,994)	(54,833)
Other tangible fixed assets (net)	16,116	12,810
Total tangible fixed assets	335,551	305,324
Intangible fixed assets		
Leasehold right	35,205	33,361
Other intangible fixed assets	3,614	3,756
Total intangible fixed assets	38,820	37,117
Investments and other assets		
Investment securities	20,082	16,430
Deferred tax assets	8,748	12,414
Net defined benefit assets	387	945
Other investments	3,523	3,553
Total investments and other assets	32,742	33,343
Total fixed assets	407,114	375,785
TOTAL ASSETS	521,363	519,193

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
LIABILITIES		
Current liabilities		
Accounts payable	3,261	1,274
Short-term loans payable	13,646	16,612
Current portion of bonds with stock acquisition rights	—	15,009
Accrued expenses	8,736	14,523
Income taxes payable	1,517	573
Allowance for employees’ bonuses	1,635	1,176
Allowance for directors’ bonuses	186	—
Allowance for loss on store closing	—	575
Other current liabilities	35,343	9,347
Total current liabilities	64,327	59,093
Fixed liabilities		
Bonds	50,985	54,983
Bonds with stock acquisition rights	15,020	—
Long-term loans payable	161,011	175,842
Lease obligations	2,402	2,082
Deferred tax liabilities	13,357	16,740
Allowance for directors’ retirement benefits	55	71
Net defined benefit liabilities	4,141	4,486
Asset retirement obligations	486	613
Other fixed liabilities	7,675	9,735
Total fixed liabilities	255,136	264,555
TOTAL LIABILITIES	319,464	323,648
NET ASSETS		
Shareholders’ equity		
Common stock	17,489	38,126
Capital surplus	21,337	54,160
Retained earnings	123,451	86,060
Treasury stock	(3,248)	(8)
Total shareholders’ equity	159,029	178,338
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,637	1,855
Deferred gains or losses on hedges	609	(1,836)
Foreign currency translation adjustment	37	19
Remeasurements of defined benefit plans	(708)	(408)
Total accumulated other comprehensive income	3,575	(369)
Non-controlling interests	39,294	17,575
TOTAL NET ASSETS	201,899	195,544
TOTAL LIABILITIES AND NET ASSETS	521,363	519,193

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

Consolidated Statements of Income

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Operating revenues		
Rent revenue	18,259	17,712
Facility user charges revenue	41,019	7,645
Other revenues	23,801	10,638
Sale of merchandise	147,563	13,543
Sale of food and beverage	19,111	3,032
Total operating revenues	249,756	52,572
Cost of sales		
Cost of sales of merchandise	104,288	11,983
Cost of sales of food and beverage	10,336	3,114
Total cost of sales	114,625	15,097
Gross profit	135,130	37,475
Selling, general and administrative expenses		
Salaries and wages	12,816	11,017
Provision for employees’ bonuses	1,628	925
Provision for directors’ bonuses	186	—
Expenses for retirement benefits	904	977
Rent expenses	16,297	11,730
Outsourcing and commission	27,576	12,027
Depreciation expenses	27,807	34,310
Other costs and expenses	38,021	25,506
Total selling, general and administrative expenses	125,238	96,495
Operating income (loss)	9,892	(59,020)
Non-operating income		
Interest income	25	2,433
Dividends income	364	227
Equity in gains of affiliates	462	—
Contributions in aid of construction	353	180
Subsidies for employment adjustment	—	3,331
Miscellaneous income	1,281	1,435
Total non-operating income	2,488	7,607
Non-operating expenses		
Interest expenses	2,901	2,289
Share issuance costs	—	308
Fee and commission expenses	459	117
Loss on retirement of fixed assets	240	839
Equity in losses of affiliates	—	1,652
Provision for loss on store closings	—	575
Miscellaneous expenses	74	124
Total non-operating expenses	3,675	5,908
Ordinary income (loss)	8,705	(57,320)

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Extraordinary gains		
Gains on sales of fixed assets	271	11
Government subsidy	99	5,480
Gains on sale of investment securities	5	3,504
Total extraordinary gains	376	8,995
Extraordinary loss		
Impairment loss	—	1,097
Loss on retirement of fixed assets	429	—
Loss on reduction entry of fixed assets	44	5,388
Other extraordinary loss	—	8
Total extraordinary loss	473	6,494
Income (loss) before income taxes and non-controlling interests	8,609	(54,819)
Income taxes – current	3,966	108
Income taxes for prior periods	494	166
Income taxes – deferred	(1,840)	865
Total income taxes	2,620	1,140
Net income (loss) before non-controlling interests	5,988	(55,960)
Net income (loss) attributable to non-controlling interests	975	(19,381)
Net income (loss) attributable to owners of the parent	5,012	(36,578)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Net income (loss) before non-controlling interests	5,988	(55,960)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,893)	(1,780)
Deferred gains (losses) on hedges	808	(4,795)
Foreign currency translation adjustment	(10)	(18)
Remeasurements of defined benefit plans	(738)	317
Share of other comprehensive income of associates accounted for using equity method	(35)	24
Total other comprehensive income	(1,869)	(6,252)
Comprehensive income	4,119	(62,212)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,781	(40,523)
Comprehensive income attributable to non-controlling interests	1,338	(21,688)

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2019 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,489	21,337	122,012	(3,246)	157,592
Changes during current period					
Issuance of new shares					—
Dividend from retained earnings			(3,574)		(3,574)
Net income attributable to owners of the parent			5,012		5,012
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock					—
Changes of items other than shareholders' equity during current period (net)					—
Total changes during current period	—	—	1,438	(1)	1,436
Balance at the end of current period	17,489	21,337	123,451	(3,248)	159,029

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of current period	5,506	197	47	55	5,807
Changes during current period					
Issuance of new shares					
Dividend from retained earnings					
Net income attributable to owners of the parent					
Purchase of treasury stock					
Disposal of treasury stock					
Changes of items other than shareholders' equity during current period (net)	(1,869)	412	(10)	(764)	(2,231)
Total changes during current period	(1,869)	412	(10)	(764)	(2,231)
Balance at the end of current period	3,637	609	37	(708)	3,575

	Non-controlling interests	Total net assets
Balance at the beginning of current period	37,990	201,390
Changes during current period		
Issuance of new shares		—
Dividend from retained earnings		(3,574)
Net income attributable to owners of the parent		5,012
Purchase of treasury stock		(1)
Disposal of treasury stock		—
Changes of items other than shareholders' equity during current period (net)	1,303	(927)
Total changes during current period	1,303	509
Balance at the end of current period	39,294	201,899

FY2020 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,489	21,337	123,451	(3,248)	159,029
Changes during current period					
Issuance of new shares	20,637	20,637			41,274
Dividend from retained earnings			(812)		(812)
Net income attributable to owners of the parent			(36,578)		(36,578)
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		12,184		3,241	15,426
Changes of items other than shareholders' equity during current period (net)					-
Total changes during current period	20,637	32,822	(37,390)	3,239	19,308
Balance at the end of current period	38,126	54,160	86,060	(8)	178,338

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of current period	3,637	609	37	(708)	3,575
Changes during current period					
Issuance of new shares					
Dividend from retained earnings					
Net income (loss) attributable to owners of the parent					
Purchase of treasury stock					
Disposal of treasury stock					
Changes of items other than shareholders' equity during current period (net)	(1,782)	(2,445)	(18)	300	(3,945)
Total changes during current period	(1,782)	(2,445)	(18)	300	(3,945)
Balance at the end of current period	1,855	(1,836)	19	(408)	(369)

	Non-controlling interests	Total net assets
Balance at the beginning of current period	39,294	201,899
Changes during current period		
Issuance of new shares		41,274
Dividend from retained earnings		(812)
Net income (loss) attributable to owners of the parent		(36,578)
Purchase of treasury stock		(1)
Disposal of treasury stock		15,426
Changes of items other than shareholders' equity during current period (net)	(21,718)	(25,663)
Total changes during current period	(21,718)	(6,355)
Balance at the end of current period	17,575	195,544

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	8,609	(54,819)
Depreciation and amortization	27,901	34,403
Increase (decrease) in allowance for employees' bonuses	(89)	(459)
Increase (decrease) in allowance for directors' bonuses	(82)	(186)
Increase (decrease) in net defined benefit liabilities	83	329
Decrease (increase) in net defined benefit assets	(63)	(47)
Share issuance costs	—	308
Interest and dividends income	(390)	(2,660)
Subsidies for employment adjustment	—	(3,331)
Interest expenses	2,901	2,289
Loss on retirement of tangible fixed assets	668	785
Increase (decrease) in allowance for loss on store closings	—	575
Equity in losses (earnings) of affiliates	(462)	1,652
Loss (gain) on sales of tangible fixed assets	(271)	(11)
Government subsidy	(99)	(5,480)
Loss (gain) on sales of investment securities	—	(3,504)
Loss on reduction of fixed assets	44	5,388
Impairment loss	—	1,097
Decrease (increase) in accounts receivable – trade	9,035	3,651
Decrease (increase) in inventories	(2,477)	3,678
Decrease (increase) in other current assets	(12,080)	11,573
Increase (decrease) in accounts payable – trade	(6,513)	(1,987)
Increase (decrease) in other current liabilities	3,394	4,093
Increase (decrease) in other fixed liabilities	181	(62)
Others	209	21
Subtotal	30,497	(2,702)
Interest and dividends received	387	258
Interest paid	(3,283)	(3,209)
Subsidies received	—	3,331
Income and other taxes paid	(7,378)	(2,065)
Net cash provided by (used in) operating activities	20,222	(4,387)
Cash flows from investing activities		
Purchase of investment securities	(5,536)	(330)
Purchase of tangible fixed assets	(49,895)	(32,013)
Proceeds from sales of investment securities	0	3,510
Proceeds from sales of tangible fixed assets	193	252
Purchase of intangible fixed assets	(1,781)	(1,708)
Purchase of long-term prepaid expenses	(1)	(1)
Payments of long-term loans receivable	(0)	(100)
Proceeds from government subsidy	99	5,480
Other payments	(482)	(649)
Other proceeds	67	292
Others	2	1
Net cash provided by (used in) investing activities	(57,334)	(25,268)

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	—	400
Proceeds from long-term loans payable	11,850	31,402
Repayment of long-term loans payable	(11,060)	(13,799)
Proceeds from issuance of corporate bond	39,789	4,105
Redemption of convertible bond	(15,000)	—
Repayments of lease obligations	(324)	(503)
Proceeds from sale and leaseback transactions	—	932
Proceeds from sale of treasury stock	—	15,426
Proceeds from issuance of shares	—	41,135
Dividends paid by parent company	(3,574)	(812)
Dividends paid to non-controlling shareholders	(34)	(29)
Others	(1)	(29)
Net cash provided by (used in) financing activities	21,644	78,228
Effect of exchange rate change on cash and cash equivalents	(9)	(13)
Increase (decrease) in cash and cash equivalents	(15,477)	48,559
Cash and cash equivalents at the beginning of period	87,273	71,795
Cash and cash equivalents at the end of period	71,795	120,355

(5) Notes on the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There is nothing to report.

(Basic Important Conditions to Prepare Consolidated Financial Statements)

1. Scope of consolidation

1) Number of consolidated subsidiaries: 19 companies

Names of consolidated subsidiaries

Tokyo International Air Terminal Corp.
Tokyo Airport Restaurant Co., Ltd.
Japan Duty Free Fa-So-La Isetan Mitsukoshi Co., Ltd
Haneda Future Research Institute Inc.
Cosmo Enterprise Co., Ltd.
International Trade Inc.
Japan Airport Logitem Co., Ltd.
BIG WING Co., Ltd.
Japan Airport Techno Co., Ltd.
Air BIC Inc.
Haneda Airport Enterprise Co., Ltd.
Haneda Airport Security Co., Ltd.
Haneda Passenger Service Co., Ltd.
Japan Airport Ground Handling Co., Ltd.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.
LANI KE AKUA PACIFIC, INC.
Sakura Co., Ltd.
Hamashin Co., Ltd.
Kaikan Development Co., Ltd.

CTT Co., Ltd., which used to be one of the consolidated subsidiaries, is now excluded from the scope of consolidation, since it was dissolved on April 1, 2020 due to an absorption-type merger with Cosmo Enterprise Co., Ltd., being the surviving entity.

2) Number of Non-consolidated subsidiaries: 3 companies

Names of Non-consolidated subsidiaries

Tsukizi Hamashin Co., Ltd.
Felix International LLC.
JAT DESIGN INTERNATIONAL INC.

The three non-consolidated subsidiaries are excluded from the scope of consolidation since they are small in size, and their total assets, operating revenues, net income/loss, and retained earnings do not have a significant impact on the consolidated financial statements.

2. Application of equity method

1) Number of affiliated companies that are accounted for using the equity method: 3 companies

Names of affiliated companies that are accounted for using the equity method

Airport Transport Service Co., Ltd.
Japan Airport Delica Inc.
AGP Corporation

2) The non-consolidated subsidiaries and Seikousha Inc. and eight other affiliated companies are not included in the scope of the application of equity method, since the aggregate amounts corresponding to the shares held by the Company of those companies’ net income/loss and retained earnings do not have a significant impact on those of consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, Japan Airport Terminal Trading (Chengdu) Co., Ltd. and LANI KE AKUA PACIFIC, INC. end the fiscal year on December 31.

In preparing the consolidated financial statements, the financial statements as of the abovementioned closing date are used and necessary adjustments arising from important transactions during the period between the closing date and the consolidated closing date are made.

4. Summary of significant accounting policies

1) Valuation standards and methods for important assets

(A) Securities

(i) Held-to-maturity securities are carried at cost.

(ii) Other securities

Other securities with fair values are stated at fair value based on the market value at the year-end, with valuation differences included in net assets. Cost of securities sold is determined by the moving average method.

Other securities without fair values are stated at cost based on moving average method.

(B) Derivatives

Derivative financial instruments are stated at fair value.

(C) Inventories

At the Company and major consolidated subsidiaries, inventories are principally stated at cost determined by the retail method (book value of inventories in the balance sheet is written-down when their profitability declines). Certain consolidated subsidiaries use last-purchase-price method (book value of inventories in the balance sheet is written-down when their profitability declines).

2) Depreciation method of important depreciable assets

(A) Tangible fixed assets (excluding lease assets)

The Company uses the declining balance method. Consolidated subsidiaries principally use the straight-line method.

(B) Intangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets is calculated by the straight-line method. Software intended for internal use is amortized by the straight-line method over its estimated useful life of 5 years.

(C) Lease assets

The straight-line method is adopted in which the lease term is treated as useful life and the asset is depreciated to zero or residual value.

3) Accounting policies for important allowances

(A) Allowance for doubtful accounts

To prepare for losses from doubtful accounts, estimated uncollectible amounts are recorded, which are computed either by using historical default rate for normal receivables or by considering individual collectibility for particular receivables such as highly doubtful accounts.

(B) Allowance for employees’ bonuses

To prepare for the payment of bonuses to employees, the estimated amount is recorded as allowance.

(C) Allowance for directors’ bonuses

To prepare for the payment of bonuses to directors, the estimated amount is recorded as allowance.

(D) Allowance for directors’ retirement benefits

To provide for future payments of retirement benefits to directors, certain consolidated subsidiaries record the amount that would be required at the end of the fiscal period in accordance with their internal rules.

(E) Allowance for loss on store closing

To provide for losses resulting from store closing, the estimated amount of losses is recorded as allowance.

4) Accounting method for employees' retirement benefits

(A) Allocation method of projected retirement benefits to each period

In calculating the retirement benefit obligation, the benefit formula method is used to allocate the projected retirement benefits to each period up to the end of the fiscal year.

(B) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

Actuarial gains and losses are amortized, beginning in the year following their occurrence, under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

(C) Adoption of simplified methods at small companies

Certain consolidated subsidiaries adopt a simplified method of using the amounts payable for voluntary retirement of employees at fiscal year-end in calculating net defined benefit liabilities and expenses for retirement benefits.

5) Recognition of significant revenues and costs

Standards for recognition of revenues and costs of construction contracts

(i) Construction of which the percentage of completion by the end of the fiscal year can be reliably estimated

The percentage-of-completion method is used to recognize revenues and costs. Percentage of completion is calculated based on cost proportion method.

(ii) Other constructions

The completed-contract method is used to recognize revenues and costs.

6) Accounting standards for important hedging transactions

(A) Hedge accounting method

Hedging transactions are accounted for under deferred hedge accounting method. Interest rate swaps that meet certain conditions are accounted for using special treatment.

(B) Hedging instrument and hedged item

Hedging instrument ----------- Interest rate swap

Hedged item -------------------- Floating rate borrowings

(C) Hedging policy

Hedging transactions are executed to avoid the risk of interest rate fluctuation, and our basic policy is that they are not used for speculation purposes.

(D) Evaluation of hedging effectiveness

The effectiveness of hedging is evaluated by comparing the cumulative changes of hedging instruments and corresponding changes in underlying hedged items. The evaluation is omitted regarding interest rate swaps that meet the requirements for special treatment.

7) Scope of “Cash and cash equivalents” in consolidated statements of cash flows

“Cash and cash equivalents” in the consolidated statements of cash flows consist of cash on hand, deposits with banks that are withdrawable on demand, and short-term investments which are easily convertible to cash with insignificant risk of fluctuation in values whose maturity will come within three months from the date of acquisition.

8) Capitalization of borrowing costs

At certain consolidated subsidiaries, interest costs and related expenses on borrowings during construction period of passenger terminals and other facilities are included in the acquisition cost (¥4,517 million for accumulated amount as of March 31, 2021) and recorded as fixed asset.

9) Other important matters regarding preparing consolidated financial statements

Consumption Taxes

Consumption taxes are excluded from transaction amounts.

(Notes on Consolidated Balance Sheets)

1. Assets pledged as collateral and corresponding liabilities with collateral

The following are assets pledged as collateral.

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Cash and deposits	45,997	35,141
Accounts receivable	35	19
Buildings and structures	256,065	122,313
Machinery, equipment and vehicles	11,276	11,722
Land	53	53
Software	—	517
Investment Securities (Note)	3,661	3,841
Other investments	1,000	1,000
Total	318,089	174,608

(Note) Pledged as collateral for borrowings by affiliated companies

The followings are liabilities for which assets are pledged as collateral.

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Short-term loans payable	850	200
Long-term loans payable	94,057	109,404
Total	94,907	109,604

2. The following item is related to non-consolidated subsidiaries and affiliated companies.

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Investment securities (shares)	7,023	5,809

3. Liabilities guaranteed

The Company provides a guarantee to the following group companies for its borrowing from financial institutions.

(1) Debt guarantee

(Millions of yen)

FY2019 (As of March 31, 2020)		FY2020 (As of March 31, 2021)	
Japan Airport Delica Inc.	225	Japan Airport Delica Inc.	225
Airport Transport Service Co., Ltd.	—	Airport Transport Service Co., Ltd.	1,546
Total	225		1,772

(2) Commitment to guarantee

(Millions of yen)

FY2019 (As of March 31, 2020)		FY2020 (As of March 31, 2021)	
Haneda Future Tokutei Mokuteki Kaisha	666	Haneda Future Tokutei Mokuteki Kaisha	666

4. Amount of reduction entry

Due to receipt of government subsidy, etc. for the acquisition of assets, reduction entry of the following amount is deducted from the acquisition costs of tangible fixed assets.

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Buildings and structures	132	168
Machinery, equipment and vehicles	―	5,324
Total	132	5,492

(Notes on Consolidated Statements of Income)

1. The amount of inventory at the fiscal year end is the amount that reflects writing-down of the book value due to the decline in profitability, and the following inventory valuation loss is included in the cost of goods sold.

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
	118	1,570

2. Gains on sale of fixed assets

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Land	142	―
Buildings	128	―
Furniture and fixtures	―	11
Total	271	11

3. Impairment loss

The JAT Group recognized impairment loss on the assets as follows:

FY2019 (from April 1, 2019 to March 31, 2020)

There is nothing to report.

FY2020 (from April 1, 2020 to March 31, 2021)

Location	Use	Type	Impairment loss
Chuo-ku, Tokyo	Store (Merchandise Sales)	Buildings and structures, others, intangible fixed assets	568 million yen
Narita-shi, Chiba	Store (Merchandise Sales)	Buildings and structures, others, intangible fixed assets	529 million yen

The JAT Group classifies assets into groups primarily according to business locations.

By examining impairment for fixed assets based on the groupings, it was judged that the carrying amount of certain business assets at the Company and its consolidated subsidiaries is not recoverable in the future. The entire carrying amount of those assets was recognized as impairment loss of ¥1,097 million in extraordinary loss. The loss consists of ¥631 million for buildings and structures, ¥424 million for others, and ¥42 million for intangible fixed assets.

Recoverable values of those assets were measured as zero, which were based on their values in use.

4. Loss on retirement of fixed assets

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Buildings and structures	423	—
Furniture and fixtures	4	—
Software	0	—
Total	429	—

(Notes on Consolidated Statements of Cash Flows)

Relationship between the closing balance of cash and cash equivalents and the value of items listed on the consolidated balance sheets

(Millions of yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Cash and deposits	71,958	120,355
Time deposits with a maturity greater than 3 months	(162)	—
Cash and cash equivalents	71,795	120,355

(Segment Information)

Segment Information

1. Overview of reportable segments

The reportable segments of the JAT Group are units for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to decide how to allocate management resources and evaluate their performances.

The Company is primarily engaged in the management of passenger terminal buildings and the provision of services to users at Haneda Airport. Business divisions at the Company's headquarters develop comprehensive business strategies and pursue business activities.

The Company is, therefore, composed of business segments with different services based on the business divisions. Its three reportable segments are the facilities management operations, merchandise sales operations, and food and beverage operations.

The segment of facilities management operations leases, maintains and repairs, and operates passenger terminal facilities at Haneda Airport. It also provides services for passengers. The segment of merchandise sales operations is engaged in retail sales of products to passengers and others, wholesales of products to companies operating airport terminals and others, and other activities incidental to these two sales operations. The segment of food and beverage operations provides food and beverage services to parties including users of Haneda Airport and Narita International Airport. It is also engaged in the production and sales of in-flight meals and other incidental activities.

2. Method of calculations of sales, income (loss), assets, liabilities, and other items by reportable segments

Accounting methods for reportable business segments are, in general, the same as those described in "Basic Important Conditions to Prepare the Consolidated Financial Statements".

Segment income is based on operating income.

Intersegment sales and transfers are based on prevailing market price.

3. Sales, income (loss), assets, liabilities, and other items by reportable segments

FY2019 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments				Adjustments (Notes 1)	Consolidated financial statements (Notes 2)
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	82,942	147,893	18,920	249,756	—	249,756
Intersegment sales and transfers	5,697	1,378	2,641	9,717	(9,717)	—
Total	88,640	149,272	21,561	259,473	(9,717)	249,756
Segment income	6,932	10,823	451	18,207	(8,315)	9,892
Segment assets	360,509	53,734	17,634	431,879	89,484	521,363
Other items						
Depreciation and amortization	24,445	2,335	577	27,357	543	27,901
Increase in tangible fixed assets and intangible fixed assets	55,358	11,941	1,089	68,389	2,392	70,782

(Notes) 1. Details of adjustments are as follows:

(1) Adjustments to the segment income include ¥8,321 million of administration expenses for the parent company's administration and other divisions at head office and certain subsidiaries which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥144,458 million of corporate assets which are not allocated to each of the reportable segments, which includes excess funds managed by the parent company, long-term investment (investment securities), assets related to administration divisions, special-purpose funds of certain subsidiaries and other assets.

(3) Adjustments to depreciation and amortization include ¥549 million of depreciation with respect to the parent company's administration and other divisions at head office and certain subsidiaries which are not allocated to each of the reportable segments.

(4) Adjustments to increase in tangible fixed assets and intangible fixed assets (¥2,392 million) are primarily due to acquisition of a company dormitory for employees of parent company's head office.

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

FY2020 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments				Adjustments (Notes 1)	Consolidated financial statements (Notes 2)
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	35,917	13,657	2,998	52,572	—	52,572
Intersegment sales and transfers	1,614	779	1,093	3,487	(3,487)	—
Total	37,532	14,436	4,091	56,060	(3,487)	52,572
Segment income/(loss)	(36,283)	(11,322)	(4,150)	(51,756)	(7,263)	(59,020)
Segment assets	333,699	30,786	12,228	376,713	142,479	519,193
Other items						
Depreciation and amortization	31,500	1,758	544	33,803	600	34,403
Increase in tangible fixed assets and intangible fixed assets	7,320	1,743	100	9,165	116	9,282

(Notes) 1. Details of adjustments are as follows:

(1) Adjustments to the segment income include ¥7,269 million of administration expenses for the parent company's administration and other divisions at head office and certain subsidiaries which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥194,629 million of corporate assets which are not allocated to each of the reportable segments, which includes excess funds managed by the parent company, long-term investment (investment securities), assets related to administration divisions, special-purpose funds of certain subsidiaries and other assets.

(3) Adjustments to depreciation and amortization include ¥605 million of depreciation with respect to the parent company's administration and other divisions at head office and certain subsidiaries which are not allocated to each of the reportable segments.

(4) Adjustments to increase in tangible fixed assets and intangible fixed assets (¥116 million) are primarily due to acquisition of welfare facilities of parent company's head office.

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

Related Information

FY2019 (from April 1, 2019 to March 31, 2020)

1. Information by product and service

Sales to external customers by product and service is equivalent to the amount described in segment information, thus the information is omitted.

2. Information by area

(1) Operating revenues

Operating revenues in Japan account for more than 90% of the operating revenues recorded in the Consolidated Statements of Income, thus the information is omitted.

(2) Tangible fixed assets

Tangible fixed assets in Japan account for more than 90% of the tangible fixed assets recorded in the Consolidated Balance Sheet, thus the information is omitted.

3. Information by major customer

Not applicable

FY2020 (from April 1, 2020 to March 31, 2021)

1. Information by product and service

Sales to external customers by product and service is equivalent to the amount described in segment information, thus the information is omitted.

2. Information by area

(1) Operating revenues

Operating revenues in Japan account for more than 90% of the operating revenues recorded in the Consolidated Statements of Income, thus the information is omitted.

(2) Tangible fixed assets

Tangible fixed assets in Japan account for more than 90% of the tangible fixed assets recorded in the Consolidated Balance Sheet, thus the information is omitted.

3. Information by major customer

Not applicable

Information on impairment loss of fixed assets by reportable segment

FY2019 (from April 1, 2019 to March 31, 2020)

Not applicable

FY2020 (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Facilities Management	Merchandise Sales	Food and Beverage	Corporation / Elimination	Total
Impairment Loss	—	1,097	—	—	1,097

Information on amortized amount and unamortized balance of goodwill by reportable segment

FY2019 (from April 1, 2019 to March 31, 2020)

Not applicable

FY2020 (from April 1, 2020 to March 31, 2021)

Not applicable

Information on gain on negative goodwill by reportable segment

FY2019 (from April 1, 2019 to March 31, 2020)

Not applicable

FY2020 (from April 1, 2020 to March 31, 2021)

Not applicable

(Per Share Information)

(Yen)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Net assets per share	2,001.83	1,910.83
Net income / (loss) per share	61.71	(445.92)
Diluted net income per share	60.20	-

Notes: 1. Although potential shares exist, diluted net income per share for the fiscal year ended March 31, 2021 is not shown due to net loss per share.
2. Net income / (loss) per share and diluted net income per share are calculated based on the following:

(Millions of yen, except for number of shares)

	FY2019 (from April 1, 2019 to March 31, 2020)	FY2020 (from April 1, 2020 to March 31, 2021)
Net income / (loss) per share		
Net income / (loss) attributable to owners of the parent	5,012	(36,578)
Amount not attributable to common shareholders	—	—
Net income / (loss) attributable to owners of the parent available for distribution to common shareholders	5,012	(36,578)
Average number of shares outstanding during the period (thousand shares)	81,228	82,029
Diluted net income per share		
Adjustments to net income attributable to owners of the parent	(7)	-
[Interest income] net-of-tax	[(7)]	[-]
Increase in common shares (thousand shares)	1,914	-
[Bonds with stock acquisition rights (thousand shares)]	[1,914]	[-]
Description of potential shares which were not included in computing diluted net income per share as they have no dilutive effect.	—	—

(Significant Subsequent Events)

Not applicable