June 4, 2020

Financial Report for the Year Ended March 31, 2020 (FY2019) [J-GAAP] (Consolidated)

Company name: Japan Airport Terminal Co., Ltd. ("the Company") Listed stock exchange: Tokyo, 1st Section
Code number: 9706 URL: https://www.tokyo-airport-bldg.co.jp/company/en/
Representative: Nobuaki Yokota, President and COO
Contact: Kazuhito Tanaka, Managing Director TEL 03-5757-8409
Scheduled date of annual general meeting of shareholders: June 25, 2020
Scheduled date of filing securities report: June 25, 2020
Scheduled date of commencing dividend payment: June 26, 2020
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, 2020 (April 1, 2019 to March 31, 2020)

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

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	249,756	-8.7	9,892	-56.0	8,705	-57.3	5,012	-84.8
FY2018	273,618	21.1	22,481	67.4	20,379	22.1	33,004	180.3

(Note) Comprehensive income: FY2019 ¥4,119 million (-88.8%) FY2018 ¥36,748 million (167.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
FY2019	61.71	60.20	3.1	1.7	4.0
FY2018	406.31	388.03	22.2	5.6	8.2

(Reference) Equity in earnings of affiliates: FY2019 ¥462 million FY2018 ¥297 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, 2020	521,363	201,899	31.2	2,001.83
As of March 31, 2019	484,654	201,390	33.7	2,011.61

(Reference) Equity capital: As of March 31, 2020 ¥162,605 million As of March 31, 2019 ¥163,399 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
FY2019	20,222	(57,334)	21,644	71,795
FY2018	34,288	(8,489)	19,152	87,273

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	%	%
FY2018	-	23.00	-	22.00	45.00	3,655	31.2	2.5
FY2019	-	22.00	-	10.00	32.00	2,599	51.9	1.6
FY2020 (Forecast)	-	-	-	-	-		-	

(Note) We have decided to postpone the announcement of the outlook for dividend payment for the fiscal year ending March 31, 2021

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

With respect to the earnings forecast for the fiscal year ending March 31, 2021, since it is difficult to determine the impact of the new corona virus infection on an appropriate and reasonable basis, we have decided to postpone the announcement of our earnings forecast. We will announce our consolidated earnings forecast in the future as soon as when conditions are such that it becomes possible to disclose a reasonable estimate. For details, please refer to page 7 (Appendix) of Financial Report for the Year Ended March 31, 2020

(FY2019) “1. Analysis of Business and Financial Results (4) Forecast for FY2020 (the Fiscal year ending 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, 2020	84,476,500 shares	As of March 31, 2019	84,476,500 shares

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

As of March 31, 2020	3,248,324 shares	As of March 31, 2019	3,247,973 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2020	81,228,396 shares	Year ended March 31, 2019	81,228,641 shares

(Reference) Summary of Non-Consolidated Financial Results

Financial Results for the Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

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

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019	174,269	-7.4	471	-93.2	1,250	-83.4	759	-86.1
FY2018	188,121	6.8	6,880	-11.9	7,517	-14.3	5,460	-12.4

	Net income per share	Diluted net income per share
	Yen	Yen
FY2019	9.34	9.04
FY2018	67.23	64.03

(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, 2020	282,426	100,830	35.7	1,241.32
As of March 31, 2019	246,452	105,384	42.8	1,297.38

(Reference) Equity capital: As of March 31, 2020 ¥100,830 million As of March 31, 2019 ¥105,384 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

With respect to the earnings forecast for the fiscal year ending March 31, 2021, since it is difficult to determine the impact of the new corona virus infection on an appropriate and reasonable basis, we have decided to postpone the announcement of our earnings forecast. For details, please refer to page 7 of the appendix materials “1. Analysis of Business and Financial Results (4) Forecast for FY 2020 (the fiscal year ending March 31, 2021).

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

Earnings announcement is planned to be held on June 10, 2020 for financial analysts. Video of the presentation as well as 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 2019

During the fiscal year ended March 31, 2020 (FY 2019), the Japanese economy was experiencing gradual recovery until February 2020, but the impact of the new corona virus infection (COVID-19) since March has put a significant downward pressure on the economy placing us in a difficult situation. Looking ahead, the situation is rapidly worsening due to the impact of COVID-19 and the situation is expected to continue to be extremely difficult.

With respect to our business environment, up to December 2019, the accumulated number of inbound tourists to Japan reached a record high of 31.88 million in 2019 (January through December). However, since the end of January 2020, due to the outbreak of COVID-19, group tours have been banned and the number of flights originating from China and other countries has been reduced, resulting in a sharp decrease in inbound tourists by approximately 60% in February 2020. In March, as the impact of COVID-19 spread worldwide and many countries imposed countermeasures such as overseas travel restrictions and curfews, and tighter quarantines as well as visa cancellations occurred in Japan, the number of visitors to Japan from around the world fell approximately 90% below the previous year's level. Since April, there has been no sign of an end to the outbreak of COVID-19, and movement has been suppressed all over the world due to people refraining from traveling, so the environment remains challenging.

With respect to international flights at Haneda Airport in particular, about half of all flights from China were cancelled in February 2020. Subsequently all flights from China and South Korea were cancelled in March. In addition, flights on other routes including those from Europe and the United States, were cancelled so the number of passengers fell by more than 80% compared to the same month during the previous year. Although there were no cancellations of domestic flights at Haneda Airport until February, scheduled flight reductions have been implemented since early March, resulting in a 60% decrease in passenger volume in March compared to the same month during the previous year. In addition, since February 2020, passenger volume, especially international passenger volume, has significantly decreased at international hub airports that we operate such as Narita Airport.

Amidst all of this, from the end of January to February 2020, the Japan Airport Terminal Group (“JAT Group”) cooperated with relevant ministries and airlines to accept chartered flights dispatched by the Japanese government to return Japanese nationals from Wuhan, China. We have also taken prompt actions appropriate for this situation, such as the closure of certain facilities in the airport terminal and shortening of operating hours, or temporary closure, of our directly managed stores.

Under these circumstances, JAT Group aspires to best satisfy the needs of all stakeholders. To create business and revenue generation opportunities and achieve sustainable growth, we have set our long-term vision “To be a World Best Airport”. Based on this objective, we have developed a medium-term business plan (FY2016 – FY2020), involving three strategic pillars: 1) Pursuit of the ideal of Haneda Airport, 2) Expansion of our business domain utilizing our strengths and the diversification of profits, and 3) Reconstruction of our profit base and the building of competitive advantages. As a practical foundation for implementing such strategy, we have been reorganizing our corporate structure and enhancing corporate governance.

As our management priorities for FY 2019, we have worked on preparations for operating Haneda’s international facilities after their opening, an appropriate response to changes in the consumption trend involving Chinese travelers to Japan, and the implementation of our profit plan to ensure that we accomplish our guidelines for FY 2020. In particular, regarding our “preparations for opening Haneda’s international facilities”, we changed the name of the International Terminal to “Terminal 3” on March 14, 2020 and commenced operation of international facilities at Terminal 2 on March 29 to coincide with the increased flight slots of international flights at Haneda Airport permitted by Japan’s Ministry of Land, Infrastructure, Transport and Tourism (“MLIT”). Furthermore, we have implemented facility improvements, including the expansion of office space on the north side of Terminal 2 and the expansion of Terminal 3, which were completed in October and December 2019 respectively, as well as the promotion of "FAST TRAVEL" a stress-free and comfortable boarding procedure that utilizes state-of-the-art technology, enhancement of universal design, and the installation of multilingual support to ensure seamless transportation.

As part of our commercial efforts, we opened and renovated shops at domestic and international terminals. In addition, to "respond to changes in consumption trends" we opened 34 stores in the commercial area of the international facility at Terminal 2 under the concept of "TOKYO AIR" where visitors can experience the atmosphere of Tokyo and opened "HANEDA VIRTUAL BOUTIQUE", the first virtual boutique in the domestic duty-free market that fuses real and digital environments.

Other activities include the acquisition of shares of AGP Corporation (“AGP”) in February 2020, turning AGP into a company accounted for using equity method. We believe that new synergies can be created in the future through the expansion of our business domain and application to our airport operations, both domestically and internationally. Furthermore, we entered into a comprehensive business alliance agreement with JTB Corporation in March with the aim of jointly creating new attractions and exchanges, as well as businesses that improve the experience of customers originating from Haneda Airport. In addition to providing new services at Haneda Airport, we will contribute to the revitalization of the local community by providing tourist information and promotions at the newly opened Welcome Center in Terminal 2, and by introducing a café that utilizes local food to showcase the charm of the area.

As part of our ESG related efforts, in consideration of the global environment, we began construction of a new recycling facility in February 2020 which is planned to commence operation during the fiscal year ending March 31, 2021 with the aim of achieving more efficient waste disposal as a countermeasure to the future increase in Haneda Airport's waste volume. Also, in March we switched to "Bio LIMEX" shopping bags, which are mainly composed of limestone and plant-derived resin, as a frontrunner among domestic airports. We plan to introduce these bags at all of our directly managed stores by June. This measure is expected to reduce the annual consumption of petroleum-derived plastics at Haneda Airport by approximately 462 tons and annual CO2 emissions by approximately 1,000 tons. In addition, as a social contribution activity for human resource development, we supported the "Japan Public-Private Partnership Student Study Abroad Program (TOBITATE! Young Ambassador Program)," a public-private partnership project.

Lastly, the decision to postpone the Tokyo Olympic and Paralympic Games was made in March 2020, but this decision is expected to have only a minor impact on our business performance. As the sky gateway to the Tokyo metropolitan area, we will continue preparations to ensure the smooth hosting of the games.

As a result of the above, with respect to consolidated financial results for FY 2019 (April 1, 2019 – March 31, 2020), operating revenues were ¥249,756 million (down 8.7% year-on-year), operating income was ¥9,892 million (down 56.0%), ordinary income was ¥8,705 million (down 57.3%), and without the extraordinary income due to the consolidation of Tokyo International Air Terminal Corp. (TIAT) as a consolidated subsidiary recognized last fiscal year, net income attributable to owners of the parent was ¥5,012 million (down 84.8%).

With respect to operating revenue, although there was an increase in rent revenue in Facilities Management, revenue decreased in Merchandise Sales and Food and Beverage as a result of a decrease in the number of domestic and international passengers due to the impact of COVID-19. As for operating income, a decrease in revenue and the recognition of a one-time cost due to the opening of the international facility at Terminal 2 resulted in a decline in profits, despite implementing a variety of cost-reduction measures to achieve our profit plan amidst the global pandemic, including shortened opening hours and temporary closures of directly managed stores, a reduction in the number of free shuttle buses operating at airports, and the postponement of renovation work at existing facilities.

(Millions of yen)

Operating Results	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)	Year-on-Year (%)
Operating revenues	273,618	249,756	-8.7
[Facilities Management]	82,050	82,942	1.1
[Merchandise Sales]	171,472	147,893	-13.8
[Food and Beverage]	20,095	18,920	-5.8
Operating income	22,481	9,892	-56.0
Ordinary income	20,379	8,705	-57.3
Quarterly net income attributable to owners of the parent	33,004	5,012	-84.8

In the Skytrax (UK) "Global Airport Rating" published in November 2019, Haneda Airport's passenger terminals were awarded the world's highest standard "5-star Airport" for the sixth consecutive year. Moreover, in May 2020, we were awarded second place globally in the World's Best Airports, which comprehensively evaluates various aspects of international airports in 2020. Furthermore, we were awarded first place in the World's Cleanest Airports (for the fifth year in a row), World's Best Domestic Airports (for the eighth consecutive year), and World's Best PRM / Accessible Facilities (for the second consecutive year). JAT Group will continue to work cooperatively as an entire airport so that both domestic and international terminals offer a high level of customer convenience, comfort, and functionality. In pursuit of the ideal of Haneda Airport, we aim to be the airport that earns the long-term trust of customers from all over the world.

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

Overview by Segment

[Facilities Management]

(Millions of yen)

Operating Results	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)	Year-on-Year (%)
Facilities Management	82,050	82,942	1.1
Rent revenue	17,454	18,259	4.6
Facility user charges revenue	43,505	41,019	-5.7
Other revenues	21,090	23,662	12.2
Intersegment sales and transfers	5,533	5,697	3.0
Total of Operating Revenues	87,584	88,640	1.2
Segment income	14,339	6,932	-51.7

Rent revenue rose from the previous year due to the opening of “THE HANEDA HOUSE” in the previous fiscal year and an increase in rental spaces to airline companies including floor expansion of office space on the north side of Terminal 2 in October 2019.

Revenue from facility user charges decreased from the previous year since the user charge decreased due to the decline in volume of domestic and international passengers by the impact of COVID-19.

Other revenues rose from the previous year primarily because of revenue increase in contracting construction work and security and other outsourced operations with respect to the construction work of the international facilities at Terminal 2.

As a result, operating revenues from facilities management operations increased to ¥88,640 million (up 1.2% year-on-year). Operating income for the segment decreased to ¥6,932 million (down 51.7% year-on-year). The decrease in income was due to an increase in depreciation expense and operating expense related to the boarding stations and the satellite facility in Terminal 2 that commenced operation last fiscal year, the expansion of P4 parking, and the expansion part of the international terminal that commenced operation in December 2019, an increase in maintenance expenses upon the completion of renovation work of Terminal 1 in September 2019 and the floor expansion of office space on the north side of Terminal 2 in October 2019, and one-time costs including real estate acquisition tax when international facility at Terminal 2 commenced operation in March 2020.

[Merchandise Sales]

(Millions of yen)

Operating Results	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)	Year-on-Year (%)
Merchandise Sales	171,472	147,893	-13.8
Sales at domestic terminal stores	36,212	33,148	-8.5
Sales at international terminal stores	98,515	84,420	-14.3
Other revenues	36,745	30,323	-17.5
Intersegment sales and transfers	1,523	1,378	-9.5
Total of Operating Revenues	172,996	149,272	-13.7
Segment income	15,760	10,823	-31.3

Sales at domestic terminal stores fell from the previous year because of the closure of stores such as Isetan Haneda Store (men’s) in Terminal 2 due to construction work of the international facility at Terminal 2 and decrease in passenger volume by the impact of COVID-19.

Sales at international terminal stores at Haneda Airport slightly exceeded the same period of the previous year until December 2019 due to the renewal effect of TIAT DUTY FREE SHOP CENTRAL amid the declining consumption trend of the visitors from China. Since February 2020, the impact of COVID-19, especially the decline in the number of Chinese passengers due to flight cancellations in China was significant, sales were lower than in the previous year. At Narita Airport and Japan Duty Free GINZA, an airport-style duty-free shop, due to the impact of temporary closures in the first half of the year for store renovations, a decline in Chinese consumption, and a decline in passenger volume by the impact of COVID-19 that began in February 2020, the sales were significantly lower than the previous year.

With respect to other revenues, the wholesaling business and outsourced store operations at Narita Airport decreased and wholesale business at regional airports decreased resulting from fewer inbound tourists from

Korea since July 2019. In addition, due to cancellation of international flights by the spread of COVID-19 that resulted in lower sales in the wholesaling business, other revenues fell significantly below the same period of the previous year.

As a result, operating revenues from merchandise sales operations decreased to ¥149,272 million (down 13.7% year-on-year). Operating income decreased to ¥10,823 million (down 31.3% year-on-year) due to the increase in one-time costs for the renovation of duty free shops in Narita Airport and airport-style in-city duty-free shop, and newly opened stores including duty free shops in Haneda Airport Terminal 2 in addition to the effect of the decline in revenue.

[Food and Beverage]

(Millions of yen)

Operating Results	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)	Year-on-Year (%)
Food and Beverage	20,095	18,920	-5.8
Sales from food and beverage stores	12,514	11,514	-8.0
Sales from in-flight meals	6,764	6,543	-3.3
Other revenues	816	863	5.8
Intersegment sales and transfers	2,518	2,641	4.9
Total of Operating Revenues	22,613	21,561	-4.7
Segment income	880	451	-48.7

Sales from food and beverage operations decreased from the previous year due to the shortened operating hours and temporary closure of food and beverage shops in light of the decrease in passenger volume by the impact of COVID-19 in addition to the closures of shops because of the construction work for the international facility at Terminal 2.

Sales from in-flight meals decreased from the previous year due to decline in passenger volume since February 2020, although sales rose up to December 2019 compared to the same period during the previous year due to an increase in the passenger numbers of foreign carriers, our clients in this business.

As a result, operating revenues from food and beverage operations decreased to ¥21,561 million (down 4.7% year-on-year). Operating income for the segment decreased to ¥451 million (down 48.7% year-on-year) due to the significant impact of the decline in sales despite cost-saving efforts in procurement and other costs.

(2) Analysis of Consolidated Financial Position for FY 2019

[Assets]

Regarding current assets, cash and deposits decreased primarily due to payment for construction work. Regarding fixed assets, buildings and structures increased resulting from the completion of facilities including the international facility at Terminal 2, expansion of Terminal 3 and floor expansion of office space on the north side of Terminal 2 which are part of the investment to internationalize Haneda Airport, despite the progress of depreciation of buildings and structures. In addition, activities such as the acquisition of share of AGP, together resulted in an increase in total assets by ¥36,708 million from the previous fiscal year end to ¥521,363 million.

[Liabilities]

Liabilities increased due to additional borrowings of long-term loans payable combined with issuance of unsecured straight bonds despite redemption of bonds with stock acquisition rights and repayment of long-term loans payable. As a result, total liabilities increased by ¥36,199 million from the previous fiscal year end to ¥319,464 million.

[Net assets]

Net income for the year increased retained earnings and non-controlling interests despite the decrease due to dividend payment and valuation difference on available-for-sale securities.

This has increased total net assets by ¥509 million from the previous fiscal year end to ¥201,899 million.

As a result, equity ratio was 31.2% (compared to 33.7% at the previous fiscal year end).

(3) Analysis of Consolidated Cash Flows for FY 2019

Cash and cash equivalents (hereinafter referred to as “cash”) at the current fiscal year end decreased by ¥15,477 million compared to the previous fiscal year end to ¥71,795 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]

Net cash provided by operating activities decreased by ¥14,066 million (down 41.0%) from the previous fiscal year to ¥20,222 million. This was primarily due to a decrease in income before income taxes and minority interests.

[Cash flows from investing activities]

Net cash used in investing activities increased by ¥48,844 million (up 575.4%) from the previous fiscal year to ¥57,334 million. This was primarily due to a decrease in proceeds from purchase of investments in subsidiary resulting in change in scope of consolidation.

[Cash flows from financing activities]

Net cash provided by financing activities increased by ¥2,491 million (up 13.0%) from the previous fiscal year to ¥21,644 million. This was primarily because of the proceeds from issuance of bonds.

(4) Forecast for FY 2020 (the fiscal year ending March 31, 2021)

Due to the impact of COVID-19, the airline industry is facing a significant decline in demand for air travel due to travel restrictions around the world and the request for voluntary refrain from domestic travel.

After Japan’s declaration of a state of emergency on April 7, more than 90% of international flights and 70% of domestic passenger flights have been cancelled at Haneda Airport, resulting in a significant decrease in passenger volume. To ensure the health and safety of airport users and employees, as well as to prevent the further spread of infection, we have temporarily closed or shortened hours of operation for some of our stores and facilities in the airport terminal. In addition, we offered rent reduction and exemption to our tenants including airlines, retail shops and restaurants. This has had a significant impact on our Group’s performance, including continued declines in rent revenue, facility user charge revenue, parking revenue, paid lounge sales, merchandise sales, and food and beverage sales.

As countermeasures, JAT Group has implemented cost-cutting efforts such as reducing operating and management costs by limiting the operating areas at airport terminals and other facilities and partially reducing executive compensation. From a financial perspective, we secured a short-term borrowing facility of ¥20.0 billion from several banks in April 2020, in addition to an existing commitment line of ¥9.0 billion, in order to avoid the risk of insufficient funds due to our revenue decline. We will continue to consider further measures to secure sufficient funding to counteract the prolonged impact of a decline in revenue.

With respect to the earnings forecast, although Japan’s state of emergency has been lifted, since it is difficult to determine the outlook of the recovery in demand for both domestic and international flights, we have decided to postpone the announcement of our earnings forecast for the fiscal year ending March 31, 2021. We will announce our earnings forecast in the future when conditions are such that it becomes possible to provide a reasonable estimate.

The impact of COVID-19 is expected to significantly change the course of society as a whole including more people working outside of their offices, and the outlook of the airline industry remains uncertain. However, in the medium- to long-term, we expect a further increase in demand for air travel, and we will continue to work towards increasing the value of Haneda Airport by further improving the convenience, functionality, and comfort of the terminal buildings as the sky gateway to the Tokyo metropolitan area.

(5) Basic Policy on Distribution of Profits and Dividend Payment for FY2019/FY2020

Due to the nature of the Company’s business to operate the Haneda Airport terminal, large-scale investments take place once every several years, so we believe it is necessary to secure sufficient retained earnings that take into account such large-scale investments including facility renewal work. At the same time, we consider the return of profits to our shareholders to be one of our most important management priorities. Our basic policy is to maintain stable dividend payment and proactively return profits in accordance with our business performance, with a dividend ratio of 30% or more as the target indicator in our medium-term business plan. Although the impact of COVID-19 has a significant impact on our performance, we believe that it is a temporary factor and we have no plans to change our basic policy regarding return of profits to our shareholders.

Our performance up to third quarter of the fiscal year ended March 31, 2020 was generally in line with our earnings forecast, but net income for FY2019 fell approximately 40% below the forecast due to a significant decrease of profit during the fourth quarter by the impact of COVID-19. Taking this outcome into account, we have decided to pay a year-end dividend of ¥10 per share for the fiscal year ended March 31, 2020. This matter will be submitted to the 76th Ordinary General Meeting of Shareholders to be held on June 25, 2020. As a result, the annual dividend for the fiscal year ended March 31, 2020, together with the interim dividend of ¥22 per share, will be ¥32 per share, bringing the dividend ratio to 51.9%.

With respect to our planned dividend payment for the fiscal year ending March 31, 2021, we have decided to postpone the announcement. We will announce our planned dividend payment in the future when conditions are such that it becomes possible to announce a reasonable earnings forecast.

2. Basic Approach on Selection of Accounting Standards

To secure comparability between companies and between fiscal years, the 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 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)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
ASSETS		
Current assets		
Cash and deposits	87,458	71,958
Accounts receivable	17,959	8,924
Merchandise and finished products	10,968	13,440
Raw materials and stored goods	141	146
Other current assets	7,306	19,797
Allowance for doubtful accounts	(16)	(18)
Total current assets	123,817	114,248
Fixed assets		
Tangible fixed assets		
Buildings and structures	459,499	552,854
Accumulated depreciation and impairment loss	(261,619)	(277,692)
Buildings and structures (net)	197,879	275,162
Machinery, equipment and vehicles	23,945	37,743
Accumulated depreciation and impairment loss	(13,457)	(15,266)
Machinery, equipment and vehicles (net)	10,488	22,476
Land	11,371	12,881
Lease assets	1,261	3,622
Accumulated depreciation and impairment loss	(695)	(965)
Lease assets (net)	565	2,657
Construction in progress	58,988	6,258
Other tangible fixed assets	59,926	67,111
Accumulated depreciation and impairment loss	(46,826)	(50,994)
Other tangible fixed assets (net)	13,099	16,116
Total tangible fixed assets	292,393	335,551
Intangible fixed assets		
Leasehold right	37,050	35,205
Other intangible fixed assets	2,586	3,614
Total intangible fixed assets	39,637	38,820
Investments and other assets		
Investment securities	16,835	20,082
Deferred tax assets	6,981	8,748
Net defined benefit assets	1,385	387
Other investments	3,604	3,523
Total investments and other assets	28,806	32,742
Total fixed assets	360,837	407,114
TOTAL ASSETS	484,654	521,363

(Millions of yen)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
LIABILITIES		
Current liabilities		
Accounts payable	9,774	3,261
Short-term loans payable	12,724	13,646
Current portion of bonds with stock acquisition rights	15,013	—
Accrued expenses	13,547	8,736
Income taxes payable	4,482	1,517
Allowance for employees' bonuses	1,725	1,635
Allowance for directors' bonuses	269	186
Other current liabilities	10,355	35,343
Total current liabilities	67,894	64,327
Fixed liabilities		
Bonds	11,127	50,985
Bonds with stock acquisition rights	15,031	15,020
Long-term loans payable	161,345	161,011
Lease obligations	409	2,402
Deferred tax liabilities	14,204	13,357
Allowance for directors' retirement benefits	57	55
Net defined benefit liabilities	4,059	4,141
Asset retirement obligations	478	486
Other fixed liabilities	8,656	7,675
Total fixed liabilities	215,370	255,136
TOTAL LIABILITIES	283,264	319,464
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	122,012	123,451
Treasury stock	(3,246)	(3,248)
Total shareholders' equity	157,592	159,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,506	3,637
Deferred gains or losses on hedges	197	609
Foreign currency translation adjustment	47	37
Remeasurements of defined benefit plans	55	(708)
Total accumulated other comprehensive income	5,807	3,575
Non-controlling interests	37,990	39,294
TOTAL NET ASSETS	201,390	201,899
TOTAL LIABILITIES AND NET ASSETS	484,654	521,363

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

Consolidated Statements of Income

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Operating revenues		
Rent revenue	17,454	18,259
Facility user charges revenue	43,505	41,019
Other revenues	21,314	23,801
Sale of merchandise	171,249	147,563
Sale of food and beverage	20,095	19,111
Total operating revenues	273,618	249,756
Cost of sales		
Cost of sales of merchandise	121,195	104,288
Cost of sales of food and beverage	10,934	10,336
Total cost of sales	132,129	114,625
Gross profit	141,489	135,130
Selling, general and administrative expenses		
Salaries and wages	12,072	12,816
Provision for employees' bonuses	1,620	1,628
Provision for directors' bonuses	269	186
Expenses for retirement benefits	955	904
Rent expenses	16,974	16,297
Outsourcing and commission	30,333	27,576
Depreciation expenses	24,634	27,807
Other costs and expenses	32,147	38,021
Total selling, general and administrative expenses	119,007	125,238
Operating income	22,481	9,892
Non-operating income		
Interest income	26	25
Dividends income	330	364
Equity in gains of affiliates	297	462
Contributions in aid of construction	41	353
Miscellaneous income	1,078	1,281
Total non-operating income	1,775	2,488
Non-operating expenses		
Interest expenses	3,102	2,901
Loss on retirement of fixed assets	82	240
Fee and commission expenses	584	459
Miscellaneous expenses	107	74
Total non-operating expenses	3,877	3,675
Ordinary income	20,379	8,705

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Extraordinary gains		
Gains on sales of fixed assets	—	271
Gain on offsetting assets and liabilities	5,626	—
Gain on negative goodwill	20,126	—
Government subsidy	207	99
Other extraordinary gains	—	5
Total extraordinary gains	25,960	376
Extraordinary loss		
Impairment loss	117	—
Loss on retirement of fixed assets	315	429
Loss of step acquisition	2,725	—
Loss on reduction entry of fixed assets	—	44
Other extraordinary loss	152	—
Total extraordinary loss	3,311	473
Income before income taxes and non-controlling interests	43,027	8,609
Income taxes – current	7,742	3,966
Income taxes for prior periods	—	494
Income taxes – deferred	(381)	(1,840)
Total income taxes	7,360	2,620
Net income before non-controlling interests	35,666	5,988
Net income attributable to non-controlling interests	2,662	975
Net income attributable to owners of the parent	33,004	5,012

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Net income before non-controlling interests	35,666	5,988
Other comprehensive income		
Valuation difference on available-for-sale securities	(772)	(1,893)
Deferred gains (losses) on hedges	386	808
Foreign currency translation adjustment	(6)	(10)
Remeasurements of defined benefit plans	238	(738)
Share of other comprehensive income of associates accounted for using equity method	1,235	(35)
Total other comprehensive income	1,081	(1,869)
Comprehensive income	36,748	4,119
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	33,856	2,781
Comprehensive income attributable to non-controlling interests	2,891	1,338

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2018 (from April 1, 2018 to March 31, 2019)

(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	92,826	(3,245)	128,408
Changes during current period					
Dividend from retained earnings			(3,817)		(3,817)
Net income attributable to owners of the parent			33,004		33,004
Purchase of treasury stock				(1)	(1)
Changes of items other than shareholders' equity during current period (net)					
Total changes during current period	—	—	29,185	(1)	29,184
Balance at the end of current period	17,489	21,337	122,012	(3,246)	157,592

	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	6,276	(1,259)	54	(116)	4,954
Changes during current period					
Dividend from retained earnings					
Net income attributable to owners of the parent					
Purchase of treasury stock					
Changes of items other than shareholders' equity during current period (net)	(769)	1,457	(6)	171	852
Total changes during current period	(769)	1,457	(6)	171	852
Balance at the end of current period	5,506	197	47	55	5,807

	Non-controlling interests	Total net assets
Balance at the beginning of current period	2,793	136,156
Changes during current period		
Dividend from retained earnings		(3,817)
Net income attributable to owners of the parent		33,004
Purchase of treasury stock		(1)
Changes of items other than shareholders' equity during current period (net)	35,196	36,048
Total changes during current period	35,196	65,233
Balance at the end of current period	37,990	201,390

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					
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)
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					
Dividend from retained earnings					
Net income attributable to owners of the parent					
Purchase 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		
Dividend from retained earnings		(3,574)
Net income attributable to owners of the parent		5,012
Purchase of treasury stock		(1)
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Income before income taxes and minority interests	43,027	8,609
Depreciation and amortization	24,737	27,901
Impairment loss	117	—
Gain on negative goodwill	(20,126)	—
Gain on offsetting assets and liabilities	(5,626)	—
Loss (gain) on step acquisition	2,725	—
Increase (decrease) in allowance for employees’ bonuses	51	(89)
Increase (decrease) in allowance for directors’ bonuses	19	(82)
Increase (decrease) in net defined benefit liabilities	113	83
Decrease (increase) in net defined benefit assets	(101)	(63)
Interest and dividends income	(357)	(390)
Interest expenses	3,102	2,901
Equity in losses (earnings) of affiliates	(297)	(462)
Loss on retirement of tangible fixed assets	395	668
Loss (gain) on sales of tangible fixed assets	(6)	(271)
Government subsidy	(207)	(99)
Decrease (increase) in accounts receivable – trade	(503)	9,035
Decrease (increase) in inventories	(1,085)	(2,477)
Decrease (increase) in other current assets	(2,378)	(12,080)
Increase (decrease) in accounts payable - trade	68	(6,513)
Increase (decrease) in other current liabilities	2,681	3,394
Increase (decrease) in other fixed liabilities	(56)	181
Others	(260)	253
Subtotal	46,034	30,497
Interest and dividends received	350	387
Interest paid	(3,439)	(3,283)
Income and other taxes paid	(8,657)	(7,378)
Net cash provided by (used in) operating activities	34,288	20,222
Cash flows from investing activities		
Payments into time deposits	(27)	—
Purchase of investment securities	(792)	(5,536)
Proceeds from purchase of investments in subsidiary resulting in change in scope of consolidation	46,211	—
Purchase of tangible fixed assets	(53,459)	(49,895)
Proceeds from sales of tangible fixed assets	8	193
Purchase of intangible fixed assets	(565)	(1,781)
Purchase of long-term prepaid expenses	(6)	(1)
Payments of long-term loans receivable	(2)	—
Proceeds from government subsidy	207	99
Other payments	(162)	(482)
Other proceeds	96	67
Others	4	2
Net cash provided by (used in) investing activities	(8,489)	(57,334)

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	300	—
Proceeds from long-term loans payable	40,110	11,850
Repayment of long-term loans payable	(17,224)	(11,060)
Proceeds from issuance of corporate bond	—	39,789
Redemption of convertible bond	—	(15,000)
Repayments of lease obligations	(180)	(324)
Dividends paid by parent company	(3,817)	(3,574)
Dividends paid to non-controlling shareholders	(33)	(34)
Others	(1)	(1)
Net cash provided by (used in) financing activities	19,152	21,644
Effect of exchange rate change on cash and cash equivalents	(8)	(9)
Increase (decrease) in cash and cash equivalents	44,943	(15,477)
Cash and cash equivalents at the beginning of period	42,329	87,273
Cash and cash equivalents at the end of period	87,273	71,795

(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: 20 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
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.
Haneda Future Research Institute Inc.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.
LANI KE AKUA PACIFIC, INC.
Sakura Co., Ltd.
Hamashin Co., Ltd.
CTT Co., Ltd.
Kaikan Development Co., Ltd.

2) Number of Non-consolidated subsidiaries: 2 companies

Names of Non-consolidated subsidiaries

Tsukizi Hamashin Co., Ltd.
Felix International LLC.

The two 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 company that is accounted for using the equity method: 3 companies

Names of affiliated company that is accounted for using the equity method

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

During the current fiscal year, the Company acquired shares of AGP Corporation which is now included in the scope of application of equity method.

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. Necessary adjustments arising from important transactions during the period between its 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.

4) Accounting method for employees' retirement benefits

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

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.

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 acquisition cost (¥217 million for FY 2019, ¥4,517 million for accumulated amount as of March 31, 2020) and recorded as tangible asset.

9) Other important matters regarding preparing consolidated financial statements

Consumption Taxes

Consumption taxes are excluded from transaction amounts.

(Additional Information)

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

To judge the recoverability of deferred tax assets, the Company is developing and evaluating scenarios based on the information from external sources available at the time of preparation of the consolidated financial statements. Certain assumptions have been made that the recovery in number of passengers which affect earnings and other factors will take about two years for domestic flights and four years for international flights. Accounting estimates based on such assumptions have been reflected to the accounting treatments.

(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)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Cash and deposits	54,379	45,997
Accounts receivable	47	35
Buildings and structures	184,937	256,065
Machinery, equipment and vehicles	1,576	11,276
Land	53	53
Investment Securities (Note)	-	3,661
Other investments	1,000	1,000
Total	241,994	318,089

(Note) Pledged as collateral for borrowings by affiliated companies

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

(Millions of yen)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Short-term loans payable	1,700	850
Long-term loans payable	98,277	94,057
Total	99,977	94,907

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

(Millions of yen)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Investment securities (shares)	1,942	7,023

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)

FY2018 (As of March 31, 2019)		FY2019 (As of March 31, 2020)	
Japan Airport Delica Inc.	225	Japan Airport Delica Inc.	225

(2) Commitment to guarantee

(Millions of yen)

FY2018 (As of March 31, 2019)		FY2019 (As of March 31, 2020)	
Haneda Future Tokutei Mokuteki Kaisha	-	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)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Buildings and structures	88	132

(Notes on Consolidated Statements of Income)

1. Gains on sale of fixed assets

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Land	-	142
Buildings	-	128
Total	-	271

2. Impairment loss

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

FY2018 (from April 1, 2018 to March 31, 2019)

Location	Use	Type	Impairment loss
Ota-ku, Tokyo	Incinerator	Construction in progress	117 million yen

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

By examining impairment for fixed assets based on the groupings, since the plan to construct incinerator was cancelled by the consolidated subsidiary, the carrying amount was reduced to the recoverable value and the reduced amount was recognized as impairment loss of ¥117 million in extraordinary loss. Recoverable value was measured as zero based on its value in use.

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

There is nothing to report.

3. Loss on retirement of fixed assets

(Millions of yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Buildings and structures	273	423
Machinery, equipment and vehicles	0	-
Furniture and fixtures	41	4
Software	-	0
Total	315	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)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Cash and deposits	87,458	71,958
Time deposits with a maturity greater than 3 months	(185)	(162)
Cash and cash equivalents	87,273	71,795

Breakdown of assets and liabilities of the company that newly became a subsidiary through acquisition of shares

FY2018 (from April 1, 2018 to March 31, 2019)

Breakdown of assets and liabilities of TIAT at the start of consolidation which is newly consolidated after acquisition of shares, and the relationship between the purchase price of share of TIAT and proceeds (net) from the purchase of investment of TIAT are shown as below.

(Millions of yen)

Current assets	54,374
Fixed assets	180,137
Current liabilities	(17,261)
Fixed liabilities	(159,785)
Non-controlling interests	(32,338)
Gain on negative goodwill	(20,126)
Amount of investment received through third party allotment of shares	8,530
Subtotal	13,530
Consolidated book value up to the time of acquisition of control	(9,705)
Loss of step acquisition	2,725
Purchase price of additional shares	6,550
Cash and cash equivalents	(52,761)
Balance: Proceeds from purchase of investment	46,211

(Segment Information)

Segment Information

1. Overview of reportable segments

The reportable segments of the 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

FY2018 (from April 1, 2018 to March 31, 2019)

(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	82,050	171,472	20,095	273,618	—	273,618
Intersegment sales and transfers	5,533	1,523	2,518	9,574	(9,574)	—
Total	87,584	172,996	22,613	283,193	(9,574)	273,618
Segment income	14,339	15,760	880	30,979	(8,497)	22,481
Segment assets	331,815	83,010	17,634	432,461	88,902	521,363
Other items						
Depreciation and amortization	21,974	1,609	558	24,142	594	24,737
Increase in tangible fixed assets and intangible fixed assets	54,467	2,944	231	57,643	479	58,123

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

(1) Adjustments to the segment income include ¥8,506 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 ¥134,993 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 ¥599 million of depreciation with respect to parent company's administration divisions 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 (¥479 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.

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.

Related Information

FY2018 (from April 1, 2018 to March 31, 2019)

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

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

Information on impairment loss of fixed assets by reportable segment

FY2018 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Facilities Management	Merchandise Sales	Food and Beverage	Corporation / Elimination	Total
Impairment Loss	117	—	—	—	117

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

Not applicable

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

FY2018 (from April 1, 2018 to March 31, 2019)

Not applicable

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

Not applicable

Information on gain on negative goodwill by reportable segment

FY2018 (from April 1, 2018 to March 31, 2019)

The Company completed the acquisition of shares in TIAT, which changed TIAT's status for our consolidated accounting to a consolidated subsidiary. Though ¥20,126 million was recorded as gain on negative goodwill as a result of the acquisition, the amount is not allocated to reportable segment.

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

Not applicable

(Per Share Information)

(Yen)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Net assets per share	2,011.61	2,001.83
Net income per share	406.31	61.71
Diluted net income per share	388.03	60.20

Notes: Net income per share and diluted net income per share are calculated based on the following:

(Millions of yen, except for number of shares)

	FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Net income per share		
Net income attributable to owners of the parent	33,004	5,012
Amount not attributable to common shareholders	—	—
Net income attributable to owners of the parent available for distribution to common shareholders	33,004	5,012
Average number of shares outstanding during the period (thousand shares)	81,228	81,228
Diluted net income per share		
Adjustments to net income attributable to owners of the parent	-17	-7
[Interest income] net-of-tax	[-17]	[-7]
Increase in common shares (thousand shares)	3,780	1,914
[Bonds with stock acquisition rights (thousand shares)]	[3,780]	[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

4. Others

Production, orders received and sales

As for production and other results, the JAT Group finds it difficult to present production and orders received for each segment.

Therefore, regarding the status of production, orders received, and sales, please see “1. Analysis of Business and Financial Results” in relation to the financial results for each segment.

Operating revenues the current fiscal year were as follows:

(Millions of Yen)

		FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Facilities Management		82,050	82,942
	Rent revenue	17,454	18,259
	Facility user charges revenue	43,505	41,019
	Other revenues	21,090	23,662
Merchandise Sales		171,472	147,893
	Sales at domestic terminal shops	36,212	33,148
	Sales at international terminal shops	98,515	84,420
	Other sales	36,745	30,323
Food and Beverage		20,095	18,920
	Sales from food and beverage operations	12,514	11,514
	Sales from in-flight meals	6,764	6,543
	Other sales	816	863
Total		273,618	249,756

Notes

1) The amounts above do not include consumption taxes.

2) Data on leasing regarding rental revenue in Facilities Management is summarized as follows:

(m^2)

		FY2018 (from April 1, 2018 to March 31, 2019)	FY2019 (from April 1, 2019 to March 31, 2020)
Total floor space owned by the JAT Group		874,602	953,957
Total leasable floor space		274,206	308,951
Total leased floor space		268,740	304,359
	Airlines	149,545	158,917
	General tenants	63,381	63,152
	Used by the JAT Group	55,814	82,289

For part of the area of Terminal 2 which commenced operation in March 2020, measurement of the area has not been completed yet, so the figure is an estimate subject to possible change in the future.