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Financial Report for the Year Ended March 31, 2023 (FY2022) [J-GAAP] (Consolidated)

May 11, 2023

Company name: Japan Airport Terminal Co., Ltd. ("the Company") Listed stock exchange: Tokyo, Prime Market
Code number: 9706 URL: https://www.tokyo-airport-bldg.co.jp/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 28, 2023
Scheduled date of filing securities report: June 28, 2023
Scheduled date of commencing dividend payment: June 29, 2023
Supplementary materials on financial results (yes/no): Yes
Holding of investors' meeting (yes/no): Yes (for institutional investors and financial analysts)

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

1. Consolidated Financial Results for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	%
FY2022	113,050	98.1	(10,579)	-	(12,064)	-	(3,901)	-
FY2021	57,057	-	(41,255)	-	(43,861)	-	(25,217)	-

(Note) Comprehensive income/loss: FY2022 ¥-15,056 million (-%) FY2021 ¥-39,533 million (-%)

	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	%	%	%
FY2022	(41.89)	-	-2.6	-2.6	-9.4
FY2021	(270.75)	-	-15.2	-8.9	-72.3

(Reference) Equity in earnings/losses of affiliates: FY2022 ¥133 million FY2021 ¥-1,611 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, 2023	446,955	140,951	33.6	1,613.62
As of March 31, 2022	463,878	156,009	33.2	1,655.32

(Reference) Equity capital: As of March 31, 2023 ¥150,287 million As of March 31, 2022 ¥154,170 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
FY2022	16,326	(10,627)	(12,641)	90,241
FY2021	(9,305)	(4,926)	(9,035)	97,128

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	%	%
FY2021	-	0.00	-	0.00	0.00	-	-	-
FY2022	-	0.00	-	16.00	16.00	1,490	-	-
FY2023 (Forecast)	-	16.00	-	16.00	32.00		33.1	

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

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

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	90,300	107.0	6,000	-	4,600	-	3,400	-	36.51
Full-year	195,700	73.1	15,400	-	13,100	-	9,000	-	96.63

Other Information

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

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

1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Restatement of revisions: None

(Note) For details, please refer to page 20 of the appendix materials "3. Consolidated Financial Statements and Notes (5) Notes on Consolidated Financial Statements: Changes in Accounting Policies".

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the year-end (including treasury stock):
As of March 31, 2023 93,145,400 shares As of March 31, 2022 93,145,400 shares
2) Number of treasury stock at the year-end:
As of March 31, 2023 8,983 shares As of March 31, 2022 8,737 shares
3) Average number of shares outstanding during the period:
Year ended March 31, 2023 93,136,561 shares Year ended March 31, 2022 93,136,710 shares

(Reference) Summary of Non-Consolidated Financial Results

Financial Results for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	%
FY2022	88,212	65.9	7,905	-	9,156	-	5,308	-
FY2021	53,166	-	(5,543)	-	(4,485)	-	(4,385)	-

	Net income/(loss) per share	Diluted net income per share
	Yen	Yen
FY2022	57.00	-
FY2021	(47.09)	-

(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, 2023	306,436	143,571	46.9	1,541.52
As of March 31, 2022	296,480	139,115	46.9	1,493.67

(Reference) Equity capital: As of March 31, 2023 ¥143,571 million As of March 31, 2022 ¥139,115 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 7 of the appendix materials "1. Analysis of Business and Financial Results (4) Forecast for FY 2023 (the fiscal year ending March 31, 2024)".

Supplementary materials on financial results and details of presentation at investors' meeting

Investors' meeting is planned to be held on May 18, 2023 for financial analysts. Presentation materials used in the investors' meeting 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 2022

During the fiscal year ended March 31, 2023 (FY2022), although there are signs of weakness in some parts, the Japanese economy showed a gradual recovery. Looking ahead, it is expected that the recovery trend will continue, resulting from the effects of various policies, while coexisting with the new Coronavirus (“COVID-19”) infection. However, the downturn in overseas economies is becoming downside risks to the Japanese economy amid various issues including the continued tightening of monetary policy around the globe. It is also necessary to pay close attention to the impact of price increases, restrictions on supply chain networks, volatility in the financial and capital markets among other factors.

Under these economic conditions, the airline industry continued to see a steady recovery in demand due to the lifting of restrictions on activities within the country and the gradual easing of entry restrictions. During the current fiscal year, the number of passengers at Haneda Airport was approximately 1.8 times that of the previous fiscal year for domestic flights and approximately 80% of the level of 2019 (calendar year basis) before the impact of COVID-19 hit, while the number of passengers for international flights were approximately 8 times that of the previous fiscal year and approximately 40% of the level of 2019. In particular, international flights during the fourth quarter of the current fiscal year were approximately 70% of the level from January to March 2019, showing a rapid recovery since the significant easing of entry restrictions in October 2022.

Under these circumstances, the new Medium-Term Business Plan that the JAT Group has put together is a backcast by 2025 that reflects our goals for 2030, which is when the government is setting targets including achieving 60 million foreign visitors to Japan. We are implementing various measures to achieve the management goals outlined in the plan. In addition, with respect to sustainability, which is regarded as the core to driving our strategy, we established the structure to accelerate our initiatives in July 2022, and today, May 11, 2023, we announced our Medium-Term Sustainability Plan. We have identified materiality (important issues) in the promotion of our management strategy and set KPIs (Key Performance Indicators) to enhance the effectiveness of our sustainability management efforts, aiming to achieve sustainable growth of our company, and to contribute to the realization of a sustainable society.

During the current fiscal year, in terms of facilities, in addition to taking measures to respond to diverse needs including the installation of private work boxes suitable for working outside the office in the security area of each terminal and the introduction of accompanying service at domestic flights, we are carrying out renovation work in preparation for major disasters and steadily implementing measures to promote universal design such as the installation of emergency flashlights for the hearing impaired. We also cooperated with the request from the Ministry of Economy, Trade and Industry to save power, by turning off some of the lights and controlling air conditioning operation in the terminal buildings during summer and winter, when electricity supply and demand were tight. In addition, we are steadily pushing forward investment plans for the future by commencing the construction of connection between the satellite building on the north side of Terminal 2 and the main terminal building while working toward the realization of a carbon-neutral society by studying the conversion of airport vehicles to electric vehicles and researching the potential demand for hydrogen fuel.

In terms of sales, on domestic flights, we opened “GOOD NEWS TOKYO” in Terminal 2 and renewed “Samantha Thavasa” in Terminal 1. Both stores offer upcycled products. We actively held events such as the “Haneda Airport Selection”, which features various products including those exclusive to Haneda Airport, “HANEDA CHOCOLATE JOURNEY” and product and tourism fairs of various regions in Japan. We also opened a limited-time store in “HANEDA Sports” to coincide with the World Cup for soccer and the World Baseball Classic for baseball. At international flights, in response to the recovery in demand, we reopened the duty-free shops and have been changing the operating hours of the shops as needed. We are also in the process of rearranging our shops, including the opening of Louis Vuitton and Dior duty-free shops and a Seven-Eleven in the departure gate lounge after passing through security checkpoints. In the e-commerce business, we enhanced the functionality of the official e-commerce site “HANEDA Shopping” to improve its recognition and we are promoting “Click and Collect” initiatives that link the e-commerce site with brick-and-mortar stores by allowing customers to pick up items ordered through our e-commerce site at the stores in Haneda Airport.

Outside of Haneda Airport, we opened the “HOKKAIDO SHOKUHIN KAN” selling foods produced in Hokkaido at Narita Airport Terminal 1. As a sales agency business that leverages our installation experience and operational expertise at Haneda Airport, we are also increasing the installation of Radi-Cool, a radiant cooling material, and robots for operations including guiding and cleaning. Moreover, Palau International Airport and Aso Kumamoto International Airport, both of which we participate in the operation of, commenced operations of their new passenger terminals in May last year and March this year, respectively.

In terms of organization and governance, in June of last year, the Company transitioned to a company with an Audit and Supervisory Committee and designated one-third of the Board of Directors as independent directors, as part of an effort to improve management transparency and further accelerate decision-making and execution. We are also striving to strengthen our organizational capabilities in terms of recruitment, training, and system, by participating in industry-industry and industry-academia collaboration projects, expanding the recruitment of people with disabilities and setting up their work environment, in an aim to have talents who “Think by oneself and take on challenges” excel and to foster a corporate culture in which diverse workforce promote each other’s growth.

In November 2022, we were awarded the world’s highest standard “5-star Airport” rating for the ninth consecutive year in the “Global Airport Rating” conducted by SKYTRAX of the United Kingdom through onsite audits. In March of this year, Haneda Airport was ranked third in the “World’s Best Airports”, a comprehensive evaluation of international airports, in the “WORLD AIRPORT AWARDS 2023”, determined by voting through online questionnaire survey for general passengers. Furthermore, we were awarded first place in the “World’s Cleanest Airports” (for the eighth consecutive year), “World’s Best Domestic Airports” (for the eleventh consecutive year), and “World’s Best PRM / Accessible Facilities” (for the fifth consecutive year).

As a result of the above, with respect to the consolidated financial results for the fiscal year ended March 31, 2023, operating revenues was ¥113,050 million (an increase of 98.1% year-on-year) due to the increase in operating revenues for all of the business segments compared to the previous year in line with the recovery of passenger volume. Despite the increase in utilities costs due to the increase in commodity prices, as a result of the recovery in revenue and sustained cost reduction, the degree of loss decreased from the previous fiscal year and operating loss was ¥10,579 million (compared to operating loss of ¥41,255 million during the previous year), ordinary loss was ¥12,064 million (compared to ordinary loss of ¥43,861 million during the previous year), and net loss attributable to owners of the parent was ¥3,901 million (compared to net loss attributable to owners of the parent of ¥25,217 million during the previous year).

(Millions of yen)

Operating Results	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)	Year-on-Year (%)
Operating revenues	57,057	113,050	98.1
[Facilities Management]	40,029	63,280	58.1
[Merchandise Sales]	13,174	41,317	213.6
[Food and Beverage]	3,852	8,452	119.4
Operating income / (loss)	(41,255)	(10,579)	-
Ordinary income / (loss)	(43,861)	(12,064)	-
Net income/(loss) attributable to owners of the parent	(25,217)	(3,901)	-

At the moment, the number of passengers at Haneda Airport continues to show a recovery trend. For domestic flights, we are expecting the nationwide travel program, which will still be in place from April onward, to support tourism travel demand. For international flights, the number of flights has recovered to the level before the pandemic since the summer timetable which started at the end of March. Further recovery in demand is expected down the road, as the status of COVID-19 under the Infectious Disease Control Law was changed to “Class 5” in May, the same category as seasonal influenza and other viruses.

Under these circumstances, the airline industry as a whole is currently facing a major shortage in labor, including in its ground handling operations and flight security inspection operations that support operations of flights. The JAT Group is actively working in cooperation with the government, airline companies, and other organizations to resolve this issue. The JAT Group is also working to secure the necessary personnel to meet rapidly recovering passenger demand by holding joint company information sessions and stepping up recruitment activities.

The JAT Group will work to enhance the value of Haneda Airport, the gateway to Japan and the greater Tokyo area, by further improving the convenience, comfort, and functionality of the Haneda Airport Passenger Terminal as well as by ensuring the safe and smooth entry, exit, and transportation of all customers while continuing to apply the lessons learned from the COVID-19 pandemic to our terminal operations.

Overview by Segment

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

[Facilities Management]

(Millions of yen)

Operating Results	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)	Year-on-Year (%)
Sales to external customers	40,029	63,280	58.1
Rent revenue	18,543	19,852	7.1
Facility user charges revenue	10,539	29,325	178.2
Other revenues	10,946	14,102	28.8
Intersegment sales and transfers	1,982	2,391	20.6
Total of Operating Revenues	42,012	65,672	56.3
Segment income / (loss)	(24,863)	(3,133)	-

Rent revenue increased from the previous year primarily due to the decrease in rent reductions and exemptions offered to tenants and increase in rent income on a percentage basis.

Revenue from facility user charges increased from the previous year primarily due to the increase in the passenger service facility charge driven by the recovery in passenger volume and the revision of charges.

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

As a result, operating revenues from facilities management operations was ¥65,672 million (an increase of 56.3% year-on-year). Operating loss for the segment improved to ¥3,133 million (compared to operating loss of ¥24,863 million during the previous year).

[Merchandise Sales]

(Millions of yen)

Operating Results	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)	Year-on-Year (%)
Sales to external customers	13,174	41,317	213.6
Sales at domestic terminal stores	5,166	10,372	100.8
Sales at international terminal stores	4,242	19,476	359.1
Other revenues	3,765	11,469	204.6
Intersegment sales and transfers	769	892	16.1
Total of Operating Revenues	13,944	42,210	202.7
Segment income / (loss)	(6,134)	1,640	-

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

Sales at international terminal stores increased from the previous year due to the increase in international passenger volume at Haneda Airport, Narita Airport and other airports. At Haneda Airport in particular, unit purchase prices at duty-free shops rose significantly, due in part to strong sales at brand-name stores that opened in the second half of the year.

Other revenues increased from the previous year because of the increase in revenue for the wholesaling business.

As a result, operating revenues from merchandise sales operations was ¥42,210 million (an increase of 202.7% year-on-year) and operating income for the segment was ¥1,640 million (compared to operating loss of ¥6,134 million during the previous year).

[Food and Beverage]

(Millions of yen)

Operating Results	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)	Year-on-Year (%)
Sales to external customers	3,852	8,452	119.4
Sales from food and beverage stores	2,790	5,489	96.7
Sales from in-flight meals	730	2,487	240.7
Other revenues	332	475	43.1
Intersegment sales and transfers	796	953	19.7
Total of Operating Revenues	4,649	9,405	102.3
Segment income / (loss)	(3,091)	(1,365)	-

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

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

As a result, operating revenues from food and beverage operations was ¥9,405 million (an increase of 102.3% year-on-year) and operating loss for the segment was ¥1,365 million (compared to operating loss of ¥3,091 million during the previous year).

(2) Analysis of Consolidated Financial Position for FY 2022

[Assets]

Current assets increased by ¥1,119 million from the previous fiscal year end to ¥114,988 million primarily due to the increase in accounts receivable related to passenger service facility charge among other items driven by the recovery in passenger volume. Fixed assets decreased by ¥18,042 million from the previous fiscal year end to ¥331,967 million primarily due to depreciation.

As a result, total assets decreased by ¥16,923 million from the previous fiscal year end to ¥446,955 million.

[Liabilities]

Total liabilities decreased by ¥1,865 million from the previous fiscal year end to ¥306,004 million because of the decrease of long-term loans payable for the Company and Tokyo International Air Terminal Corporation (TIAT) due to scheduled payment despite the increase in accounts payable driven by the increase in purchases of goods.

[Net assets]

Total net assets decreased by ¥15,058 million from the previous fiscal year end to ¥140,951 million. This is primarily due to the decrease in retained earnings and non-controlling interests by booking net loss for the year.

As a result, the equity ratio was 33.6% (compared to 33.2% at the previous fiscal year end).

(3) Analysis of Consolidated Cash Flows for FY 2022

Cash and cash equivalents at the end of FY2022 decreased by ¥6,887 million compared to the previous fiscal year end to ¥90,241 million.

The following is a summary of cash flows and the factors behind these flows for FY2022.

[Cash flows from operating activities]

Cash flows from operating activities increased by ¥25,631 million from the previous fiscal year (¥9,305 million cash outflow for the previous fiscal year), resulting in a cash inflow of ¥16,326 million.

This was primarily due to the decrease in loss before income taxes and non-controlling interests.

[Cash flows from investing activities]

With respect to cash flows from investing activities, cash outflow increased by ¥5,701 million from the previous fiscal year (up 115.7% year-on-year), resulting in a cash outflow of ¥10,627 million.

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

[Cash flows from financing activities]

With respect to cash flows from financing activities, cash outflow increased by ¥3,605 million from the previous fiscal year (up 39.9% year-on-year), resulting in a cash outflow of ¥12,641 million.

This was primarily due to cash outflow from the payment of long-term loans payable.

(4) Forecast for FY 2023 (the fiscal year ending March 31, 2024)

In the next fiscal year, as social and economic activities return to the state before the COVID-19 pandemic, further recovery in demand is expected in the airline industry for both domestic and international flights.

At Haneda Airport, domestic flights are also expected to recover to a level close to that of 2019 before the pandemic, driven by tourism demand. In addition, demand for international flights is expected to recover rapidly, especially among foreign visitors to Japan, including visitors from China, due to the lifting of the entry restriction measures, and international flight is expected to recover to nearly the same level as in 2019 for the full year.

Under this environment, in order to capture the recovering passenger demand, the Company will extend store operating hours, develop direct from production source business in cooperation with local regions, and further strengthen its e-commerce business. At the same time, the Company will continue its efforts to avoid the costs to rebound in light of rising raw material, utilities, and logistics costs driven by surging commodity prices, as well as increase in labor and other costs. In addition, discussions are underway among the government, airlines, and other related parties to reopen the Terminal 2 international facilities, that were suspended due to the pandemic, as soon as possible. Meanwhile, with an eye to accommodating future passenger growth and further improving passenger convenience, we plan to steadily push forward the construction of the connection between the Terminal 2 main building and the satellite building, and commence work on the new Terminal 1 North Satellite building.

The expected earnings by segment are as follows.

For the Facility Management business, operating revenue is expected to significantly exceed the previous year primarily due to an increase in revenue from facility user charges driven by the recovery in passenger volume. For the Merchandise Sales business and the Food and Beverage business, operating revenue is expected to significantly exceed the previous year, due to an increase in merchandise sales and food and beverage sales resulting mainly from a recovery in the number of passengers on domestic flights and international flights at Haneda Airport.

For FY2023, we forecast operating revenue of ¥195,700 million (up 73.1% year-on-year). On the profit and loss, we forecast operating income of ¥15,400 million (compared to operating loss of ¥10,579 million during FY2022), ordinary income of ¥13,100 million (compared to ordinary loss of ¥12,064 million during FY2022), and net income attributable to owners of the parent of ¥9,000 million (compared to net loss attributable to owners of the parent of ¥3,901 million during FY2022), a return to profitability for the first time in four years.

(5) Basic Policy on Distribution of Profits and Dividend Payment for FY2022/FY2023

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. In order to actively return profits to shareholders in accordance with our business performance, we have set a dividend payout ratio of 30% or more as a target figure in our Medium-Term Business plan.

Our business performance has been severely impacted by COVID-19, but we have maintained our basic policy and have strived to return to profitability as soon as possible.

Although we decided to postpone the announcement of the year-end dividend for FY2022 at the time of the announcement of the financial results for the fiscal year ended March 31, 2022, after a comprehensive review based on the current business environment and the dividend distribution policy mentioned above, we have decided to pay a dividend of ¥16 per share. This matter will be submitted to the 79th Ordinary General Meeting of Shareholders to be held on June 28, 2023.

As a result, the annual dividend for the current fiscal year will be ¥16 per share, as no interim dividend was paid. For the next fiscal year, we have set the dividend at ¥32 per share (¥16 for interim and ¥16 for year-end) with a payout ratio of 33.1%, taking into consideration the above dividend policy, earnings outlook, and other factors.

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)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and deposits	57,128	63,741
Accounts receivable	5,408	15,331
Securities	40,000	26,500
Merchandise and finished products	5,364	4,283
Raw materials and stored goods	271	323
Other current assets	5,756	4,865
Allowance for doubtful accounts	(60)	(57)
Total current assets	113,868	114,988
Fixed assets		
Tangible fixed assets		
Buildings and structures	560,906	562,619
Accumulated depreciation and impairment loss	(323,206)	(343,917)
Buildings and structures (net)	237,700	218,701
Machinery, equipment and vehicles	36,022	34,822
Accumulated depreciation and impairment loss	(20,325)	(21,227)
Machinery, equipment and vehicles (net)	15,696	13,595
Land	12,874	12,876
Lease assets	3,533	3,574
Accumulated depreciation and impairment loss	(1,591)	(2,049)
Lease assets (net)	1,941	1,525
Construction in progress	1,467	8,996
Other tangible fixed assets	67,977	70,653
Accumulated depreciation and impairment loss	(57,711)	(60,234)
Other tangible fixed assets (net)	10,265	10,418
Total tangible fixed assets	279,945	266,114
Intangible fixed assets		
Leasehold right	31,516	29,671
Other intangible fixed assets	2,872	2,139
Total intangible fixed assets	34,388	31,810
Investments and other assets		
Investment securities	18,293	17,254
Deferred tax assets	12,877	12,232
Net defined benefit assets	1,013	1,105
Other investments	3,491	3,450
Total investments and other assets	35,676	34,042
Total fixed assets	350,010	331,967
TOTAL ASSETS	463,878	446,955

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Accounts payable	1,956	7,172
Short-term loans payable	15,626	15,709
Accrued expenses	8,782	12,150
Income taxes payable	483	2,192
Allowance for employees' bonuses	1,073	1,627
Other current liabilities	8,925	10,273
Total current liabilities	36,847	49,125
Fixed liabilities		
Bonds	55,287	55,139
Long-term loans payable	184,153	171,815
Lease obligations	1,596	1,173
Deferred tax liabilities	15,660	16,319
Allowance for directors' retirement benefits	68	57
Net defined benefit liabilities	4,761	4,562
Asset retirement obligations	620	628
Other fixed liabilities	8,873	7,183
Total fixed liabilities	271,021	256,878
TOTAL LIABILITIES	307,869	306,004
NET ASSETS		
Shareholders' equity		
Common stock	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	60,843	56,942
Treasury stock	(9)	(10)
Total shareholders' equity	153,120	149,217
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,526	1,695
Deferred gains or losses on hedges	(1,115)	(726)
Foreign currency translation adjustment	66	122
Remeasurements of defined benefit plans	(426)	(22)
Total accumulated other comprehensive income	1,050	1,069
Non-controlling interests	1,838	(9,335)
TOTAL NET ASSETS	156,009	140,951
TOTAL LIABILITIES AND NET ASSETS	463,878	446,955

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

Consolidated Statements of Income

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Operating revenues		
Rent revenue	18,543	19,829
Facility user charges revenue	10,541	29,327
Other revenues	10,989	14,394
Sale of merchandise	13,155	41,143
Sale of food and beverage	3,827	8,355
Total operating revenues	57,057	113,050
Cost of sales		
Cost of sales of merchandise	7,635	23,927
Cost of sales of food and beverage	2,968	5,158
Total cost of sales	10,604	29,085
Gross profit	46,453	83,964
Selling, general and administrative expenses		
Salaries and wages	10,201	10,776
Provision for employees' bonuses	583	1,548
Expenses for retirement benefits	921	812
Rent expenses	8,762	8,555
Outsourcing and commission	11,338	14,189
Depreciation expenses	31,715	28,954
Other costs and expenses	24,186	29,707
Total selling, general and administrative expenses	87,709	94,543
Operating income (loss)	(41,255)	(10,579)
Non-operating income		
Interest income	23	21
Dividends income	62	64
Equity in earnings of affiliates	-	133
Contributions in aid of construction	94	268
Subsidy income	2,707	658
Fee and commission income	225	251
Miscellaneous income	552	535
Total non-operating income	3,665	1,933
Non-operating expenses		
Interest expenses	2,744	2,991
Share issuance costs	1	-
Fee and commission expenses	1,510	102
Loss on retirement of fixed assets	310	276
Equity in losses of affiliates	1,611	-
Miscellaneous expenses	92	49
Total non-operating expenses	6,271	3,419
Ordinary income (loss)	(43,861)	(12,064)

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Extraordinary gains		
National subsidies	1,422	58
Gains on sale of investment securities	321	20
Total extraordinary gains	1,744	78
Extraordinary loss		
Impairment loss	-	260
Loss on valuation of investment securities	52	99
Loss on reduction entry of fixed assets	1,388	36
Total extraordinary loss	1,441	397
Income (loss) before income taxes and non-controlling interests	(43,558)	(12,383)
Income taxes – current	7	1,743
Income taxes – deferred	(1,947)	1,561
Total income taxes	(1,939)	3,304
Net income (loss) before non-controlling interests	(41,618)	(15,687)
Net income (loss) attributable to non-controlling interests	(16,401)	(11,786)
Net income (loss) attributable to owners of the parent	(25,217)	(3,901)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Net income (loss) before non-controlling interests	(41,618)	(15,687)
Other comprehensive income		
Valuation difference on available-for-sale securities	669	(828)
Deferred gains (losses) on hedges	1,413	949
Foreign currency translation adjustment	46	56
Remeasurements of defined benefit plans	(47)	439
Share of other comprehensive income of associates accounted for using equity method	2	15
Total other comprehensive income	2,084	631
Comprehensive income	(39,533)	(15,056)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(23,797)	(3,882)
Comprehensive income attributable to non-controlling interests	(15,736)	(11,174)

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2021 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	38,126	54,160	86,060	(8)	178,338
Changes during current period					
Dividend from retained earnings					-
Net income (loss) attributable to owners of the parent			(25,217)		(25,217)
Purchase of treasury stock				(0)	(0)
Changes in ownership interest in subsidiaries		(0)			(0)
Changes of items other than shareholders' equity during current period (net)					-
Total changes during current period	-	(0)	(25,217)	(0)	(25,217)
Balance at the end of current period	38,126	54,160	60,843	(9)	153,120

	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	1,855	(1,836)	19	(408)	(369)
Changes during current period					
Dividend from retained earnings					
Net income (loss) attributable to owners of the parent					
Purchase of treasury stock					
Changes in ownership interest in subsidiaries					
Changes of items other than shareholders' equity during current period (net)	671	720	46	(18)	1,420
Total changes during current period	671	720	46	(18)	1,420
Balance at the end of current period	2,526	(1,115)	66	(426)	1,050

	Non-controlling interests	Total net assets
Balance at the beginning of current period	17,575	195,544
Changes during current period		
Dividend from retained earnings		-
Net income (loss) attributable to owners of the parent		(25,217)
Purchase of treasury stock		(0)
Changes in ownership interest in subsidiaries		(0)
Changes of items other than shareholders' equity during current period (net)	(15,736)	(14,316)
Total changes during current period	(15,736)	(39,534)
Balance at the end of current period	1,838	156,009

FY2022 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	38,126	54,160	60,843	(9)	153,120
Changes during current period					
Dividend from retained earnings					-
Net income (loss) attributable to owners of the parent			(3,901)		(3,901)
Purchase of treasury stock				(1)	(1)
Changes in ownership interest in subsidiaries					-
Changes of items other than shareholders' equity during current period (net)					-
Total changes during current period	-	-	(3,901)	(1)	(3,902)
Balance at the end of current period	38,126	54,160	56,942	(10)	149,217

	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	2,526	(1,115)	66	(426)	1,050
Changes during current period					
Dividend from retained earnings					
Net income (loss) attributable to owners of the parent					
Purchase of treasury stock					
Changes in ownership interest in subsidiaries					
Changes of items other than shareholders' equity during current period (net)	(830)	388	56	403	18
Total changes during current period	(830)	388	56	403	18
Balance at the end of current period	1,695	(726)	122	(22)	1,069

	Non-controlling interests	Total net assets
Balance at the beginning of current period	1,838	156,009
Changes during current period		
Dividend from retained earnings		-
Net income (loss) attributable to owners of the parent		(3,901)
Purchase of treasury stock		(1)
Changes in ownership interest in subsidiaries		-
Changes of items other than shareholders' equity during current period (net)	(11,174)	(11,155)
Total changes during current period	(11,174)	(15,058)
Balance at the end of current period	(9,335)	140,951

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(43,558)	(12,383)
Depreciation and amortization	31,794	29,022
Increase (decrease) in allowance for employees' bonuses	(102)	553
Increase (decrease) in net defined benefit liabilities	272	327
Decrease (increase) in net defined benefit assets	(6)	(46)
Interest and dividends income	(85)	(85)
Subsidy income	(2,707)	(658)
Interest expenses	2,744	2,991
Fee and commission expenses	1,510	102
Loss on retirement of tangible fixed assets	310	276
Equity in losses (earnings) of affiliates	1,611	(133)
National subsidy	(1,422)	(58)
Loss (gain) on sales of investment securities	(321)	(20)
Impairment loss	-	260
Loss (gain) on valuation of investment securities	52	99
Loss on reduction of fixed assets	1,388	36
Decrease (increase) in accounts receivable – trade	(135)	(9,922)
Decrease (increase) in inventories	4,272	1,029
Decrease (increase) in other current assets	1,440	911
Increase (decrease) in accounts payable – trade	681	5,215
Increase (decrease) in other current liabilities	(7,539)	1,169
Increase (decrease) in other fixed liabilities	(32)	12
Others	(178)	(218)
Subtotal	(10,010)	18,480
Interest and dividends received	73	123
Interest paid	(2,859)	(2,923)
Subsidy received	2,707	655
Income taxes refund (paid)	783	(9)
Net cash provided by (used in) operating activities	(9,305)	16,326
Cash flows from investing activities		
Purchase of investment securities	(1,044)	(500)
Purchase of tangible fixed assets	(5,138)	(9,857)
Proceeds from sales of investment securities	345	324
Purchase of intangible fixed assets	(317)	(378)
Payments of long-term loans receivable	(50)	(60)
Proceeds from national subsidy	1,422	58
Other payments	(278)	(286)
Other proceeds	134	72
Net cash provided by (used in) investing activities	(4,926)	(10,627)

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	(100)	(100)
Proceeds from long-term loans payable	20,790	883
Repayment of long-term loans payable	(13,856)	(12,826)
Proceeds from issuance of corporate bond	450	-
Redemption of convertible bond	(15,000)	-
Repayments of lease obligations	(511)	(494)
Dividends paid to non-controlling shareholders	-	(0)
Others	(807)	(103)
Net cash provided by (used in) financing activities	(9,035)	(12,641)
Effect of exchange rate change on cash and cash equivalents	40	55
Increase (decrease) in cash and cash equivalents	(23,226)	(6,887)
Cash and cash equivalents at the beginning of period	120,355	97,128
Cash and cash equivalents at the end of period	97,128	90,241

(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 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.
Tokyo International Air Terminal Corp.
Air BIC Inc.
Haneda Airport Enterprise Co., Ltd.
Haneda Airport Security Co., Ltd.
Haneda Passenger Service Co., Ltd.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.
LANI KE AKUA PACIFIC, INC.
Sakura Co., Ltd.
Hamashin Co., Ltd.
Japan Airport Ground Handling Co., Ltd.
Kaikan Development Co., Ltd.

2) Number of Non-consolidated subsidiaries: 5 companies

Names of Non-consolidated subsidiaries

GLOBAL SERVICE CO., LTD.
Tsukizi Hamashin Co., Ltd.
Felix International LLC.
JAT DESIGN INTERNATIONAL INC.
Rock Island Tour Company, Ltd.

The five 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

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

2) The non-consolidated subsidiaries and Seikousha Inc. and ten 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 other than shares without 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.

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

For investments in limited liability investment partnerships and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company’s interest.

(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.

As bonuses to directors for FY2022 are not paid, no allowance for bonuses to directors is recorded for FY2022.

(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

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

The JAT Group is engaged in three business operations which are the facilities management operations, merchandise sales operations, and food and beverage operations.
The major obligations to be performed and the usual timing at which an entity satisfies such obligations in each of the business operations are as follows.
For transactions in which the JAT Group's role in providing goods or services to customers falls under the category of agent, revenue is recognized as the net amount, the amount received from customers less the amount paid to suppliers.

(A) Facilities management

The facilities management operations are mainly engaged in construction, management and operation of passenger terminals and leasing of real estates. Rent revenue consists mainly of office and store rent income, and is recognized in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and relevant revised ASBJ regulations.

Facility user charges revenues mainly consist of passenger service facility charge revenues, which are collected from passengers in accordance with the term of use of passenger service facilities, and the JAT Group is obligated to use such revenues to cover expenses related to facilities for the common use of passengers and to properly manage and operate the passenger terminals. The performance obligation is satisfied upon completion of the passenger air transportation services provided by the air carrier, and revenue is recognized upon completion of the passenger air transportation services.

Other revenues consist mainly of parking revenues, paid lounge sales, and advertising revenues. The performance obligation is satisfied upon completion of the services such as provision of parking services, provision of lounge access services, and placement of advertisement. If the performance obligation is satisfied at a point in time, revenue is recognized at the time the services are provided. If the performance obligation is satisfied over a certain period of time, revenue is recognized on a straight-line basis over the period the service is provided.

(B) Merchandise sales

The merchandise sales operations are mainly engaged in the operation of merchandise stores and wholesale. The performance obligation is satisfied when goods are delivered to customers for domestic flights and international flights, and revenue is recognized when such goods are delivered.

Other revenues consist mainly of wholesale revenues to other airports. The performance obligation is satisfied when the goods are received by the customer and revenue is recognized when the goods are received by the customer.

(C) Food and beverage

The food and beverage operations are mainly engaged in the operation of restaurants, and the production and sale of in-flight meals.

For food and beverage revenues, the performance obligation is satisfied by providing food and beverage services to customers, and revenue is recognized when food and beverage services are provided to customers.

In-flight meal revenues consist mainly of sales of in-flight meals to international airlines. The performance obligation is satisfied when products ordered by international airlines are delivered, and revenue is recognized when such products are delivered.

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.
Hedge relationships to which "Treatment of hedge accounting for financial instruments that reference LIBOR" is applied
Of the above hedge relationships, all of those included in the scope of application of "Treatment of hedge accounting for financial instruments that reference LIBOR" (ASBJ PITF No. 40, March 17, 2022), the special treatment prescribed in the PITF is applied. The details of hedging relationships to which the PITF is applied are as follows.

Hedge accounting applied ----- Deferral method
Hedging instrument ------------- Interest rate swap
Hedged item ---------------------- Floating rate borrowings
Category of hedge transaction-- To fix cash flow

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, 2023) and recorded as fixed asset.

(Changes in Accounting Policies)
Adoption of Accounting Standard for Fair Value Measurement
The Company has adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of the fiscal year ended March 31, 2023. The Company has also decided to adopt the new accounting policy stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment described in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact of this change on the consolidated financial statements.

(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)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Cash and deposits	37,495	35,118
Accounts receivable	14	39
Buildings and structures	113,556	104,748
Machinery, equipment and vehicles	9,691	434
Land	53	53
Software	309	-
Investment securities (Note 1)	4,576	4,641
Other investments	1,000	1,000
Total	166,699	146,036

(Note 1) Pledged as collateral for borrowings by affiliated companies and investee companies.

(Note 2) In addition to the above, investment securities (¥8,520 million), shares of subsidiaries and affiliates (¥13,530 million), long-term loans receivable (¥8,510 million) and accounts receivable (¥41 million), which are offset and eliminated through consolidation adjustments in the fiscal year ended March 31, 2023, are pledged as collateral.

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

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Short-term loans payable	200	100
Long-term loans payable	119,297	110,909
Total	119,497	111,009

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

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Investment securities (shares)	5,853	4,678
Investment securities (capital)	481	984

3. Liabilities guaranteed

The Company provides a guarantee (including commitment) to the following group companies for their borrowing from financial institutions.

(1) Debt guarantee

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Japan Airport Delica Inc.	225	225
Airport Transport Service Co., Ltd. (Note)	-	-
Total	225	225

(Note) Liability booked in relation to the application of equity method is deducted from the amount guaranteed

(2) Commitment to guarantee

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Haneda Future Tokutei Mokuteki Kaisha	666	666

4. Amount of reduction entry

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

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Tangible fixed assets		
Buildings and structures	386	386
Machinery, equipment and vehicles	6,382	6,382
Others	48	84
Intangible fixed assets		
Others	110	110
Total	6,927	6,963

5. The amounts of accounts receivable arising from contracts with customers are as follows.

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Accounts receivable	5,060	13,265

6.Notes to contractual liabilities

The amounts of contractual liabilities included in other liabilities are as follows.

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Contractual liabilities	50	84

7. Financial covenants

Some of the loan agreements which the Company has entered into for securing its short-term and long-term borrowings are subject to financial covenants. The balance amount of the borrowings under these agreements and relevant covenants are outlined below.

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Short-term loans payable	2,378	2,378
Long-term loans payable	13,393	11,015
Total	15,771	13,393

(Fiscal year ended March 31, 2023)

(¥814 million of short-term loans payable and ¥3,258 million of long-term loans payable)

(1) On and after the corresponding agreement is entered into, total net assets in the consolidated balance sheet on the last day of each fiscal year and each second quarter shall not be less than 75% of the year-on-year amount.

(2) On and after the corresponding agreement is entered into, total net assets in the non-consolidated balance sheet on the last day of each fiscal year and each second quarter shall not be less than 75% of the year-on-year amount.

(3) On and after the corresponding agreement is entered into, ordinary profit during the fiscal year ended March 31, 2018 and each subsequent fiscal year shall not be negative on a consolidated basis for two consecutive fiscal years.

(4) On and after the corresponding agreement is entered into, ordinary profit during the fiscal year ended March 31, 2018 and each subsequent fiscal year shall not be negative on a non-consolidated basis for two consecutive fiscal years.

(¥814 million of short-term loans payable and ¥3,257 million of long-term loans payable)

(1) On and after the corresponding agreement is entered into, the total net assets on the consolidated balance sheet on the last day of each fiscal year and each second quarter shall not be less than 75% of the total net assets on the consolidated balance sheet on the last day of the fiscal year and second quarter immediately preceding (six months prior to) the fiscal year and second quarter in question or the last day of the fiscal year ended March 2017, whichever is larger.
(2) On and after the corresponding agreement is entered into, the total net assets on the non-consolidated balance sheet on the last day of each fiscal year and each second quarter shall not be less than 75% of the total net assets on the non-consolidated balance sheet on the last day of the fiscal year and second quarter immediately preceding (six months prior to) the fiscal year and second quarter in question or the last day of the fiscal year ended March 2017, whichever is larger.
(3) On and after the corresponding agreement is entered into, ordinary profit during each fiscal year shall not be negative on a consolidated basis for two consecutive fiscal years.
(4) On and after the corresponding agreement is entered into, ordinary profit during each fiscal year shall not be negative on a non-consolidated basis for two consecutive fiscal years.

(¥750 million of short-term loans payable and ¥4,500 million of long-term loans payable)

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

For the above short-term loans payable (¥2,378 million in total) and long-term loans payable (¥11,015 million in total), despite being partially in breach of part of these covenants at the end of the fiscal year ended March 31, 2023, financial institutions have granted a consent not to exercise the right to accelerate repayment.

(Notes on Consolidated Statements of Income)

1. The amounts of revenue arising from contracts with customers are as follows.

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Revenue arising from contracts with customers	38,224	92,938

2. 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. Figures in parenthesis indicate the reversal of the write down.

(Millions of yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
	(435)	(1,262)

(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)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Cash and deposits	57,128	63,741
Securities	40,000	26,500
Cash and cash equivalents	97,128	90,241

(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 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

FY2021 (from April 1, 2021 to March 31, 2022)

(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	40,029	13,174	3,852	57,057	—	57,057
Intersegment sales and transfers	1,982	769	796	3,547	(3,547)	—
Total	42,012	13,944	4,649	60,605	(3,547)	57,057
Segment income/(loss)	(24,863)	(6,134)	(3,091)	(34,090)	(7,165)	(41,255)
Segment assets	292,027	35,959	10,213	338,199	125,678	463,878
Other items						
Depreciation and amortization	29,278	1,533	477	31,289	505	31,794
Increase in tangible fixed assets and intangible fixed assets	2,957	2,143	33	5,134	154	5,289

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

(1) Adjustments to the segment income include ¥7,183 million of administration expenses for the administration and other divisions at the parent company's head office and certain subsidiaries which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥174,595 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 ¥509 million of depreciation with respect to the administration and other divisions at the parent company's 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 (¥154 million) are primarily due to acquisition

of robots for test installation.

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

FY2022 (from April 1, 2022 to March 31, 2023)

(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	63,280	41,317	8,452	113,050	—	113,050
Intersegment sales and transfers	2,391	892	953	4,237	(4,237)	—
Total	65,672	42,210	9,405	117,288	(4,237)	113,050
Segment income/(loss)	(3,133)	1,640	(1,365)	(2,858)	(7,720)	(10,579)
Segment assets	280,331	38,082	10,001	328,415	118,539	446,955
Other items						
Depreciation and amortization	26,490	1,670	428	28,589	432	29,022
Increase in tangible fixed assets and intangible fixed assets	11,127	732	146	12,006	77	12,083

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

(1) Adjustments to the segment income include ¥7,733 million of administration expenses for the administration and other divisions at the parent company’s head office and certain subsidiaries which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥167,407 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 ¥451 million of depreciation with respect to the administration and other divisions at the parent company’s 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 (¥77 million) are primarily due to acquisition of robots for cleaning.

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

(Per Share Information)

(Yen)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Net assets per share	1,655.32	1,613.62
Net income / (loss) per share	(270.75)	(41.89)

Notes: 1. Diluted net income per share is not shown since potential shares do not exist.
2. Net income / (loss) per share is calculated based on the following:

(Millions of yen, except for number of shares)

	FY2021 (from April 1, 2021 to March 31, 2022)	FY2022 (from April 1, 2022 to March 31, 2023)
Net income / (loss) per share		
Net income / (loss) attributable to owners of the parent	(25,217)	(3,901)
Amount not attributable to common shareholders	-	-
Net income / (loss) attributable to owners of the parent available for distribution to common shareholders	(25,217)	(3,901)
Average number of shares outstanding during the period (thousand shares)	93,136	93,136

(Significant Subsequent Events)

Not applicable