

Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Assets		Liabilities	
Account Title	Amount	Account Title	Amount
Current assets	57,052	Current liabilities	51,274
Cash on hand and deposits	41,833	Accounts payable – trade	6,513
Accounts receivable - trade	9,538	Current portion of long-term loans payable	9,594
Merchandise	3,260	(Senior loan)	(9,594)
Supplies	223	Lease obligations (current)	12
Accounts receivable - other	1,325	Accounts payable - other	1,385
Prepaid expenses	869	Accrued expenses	24,955
Other current assets	2	Income taxes payable	3
		Accrued interest expenses	8,060
		Other current liabilities	748
Noncurrent assets	102,080	Noncurrent liabilities	132,327
Property, plant and equipmer	97,496	Shareholder subordinated bonds	21,030
Building	170,613	Long-term loans payable	109,876
Structures	2,864	(Senior loan)	(89,326)
Machinery and equipment	15,990	(Shareholder subordinated loans)	(20,550)
Vehicles	198	Long-term lease deposit received	487
Tools, furniture and fixtures	28,522	Provision for directors' retirement benefits	31
Leased assets	122	Interest-rate swap liabilities	550
Construction in progress	102	Lease obligations (non-current)	0
Accumulated depreciation	△ 120,916	Asset retirement obligations (non-current)	341
Intangible assets	662	Other noncurrent liabilities	10
Software	662		
		Total liabilities	183,602
		Net assets	
Investments and other assets	3,921	Shareholder's equity	△23,919
Long-term prepaid expenses	7	Capitalization	100
Deferred tax assets	2,914	Capital surplus	26,430
Separately managed penalty in trust	1,000	Legal capital surplus	26,430
		Retained earnings	△ 50,449
		Other retained earnings	△ 50,449
		Retained earnings brought forward	△ 50,449
		Valuation and translation adjustments	△ 550
		Deferred gains or losses on hedges	△ 550
		Total equity	△ 24,469
Total assets	159,133	Total liabilities and net assets	159,133

Income Statement

From April 1, 2023 to March 31, 2024

(Millions of yen)

Account Title	Amount	
Operating revenue		
Rents	6,156	
Facility rental income	30,774	
Sales of goods	40,664	
Restaurant sales	234	
Other revenue	4,475	82,304
Cost of sales		
Cost of goods sold		19,569
Operating gross profit		62,735
Selling, general, and administrative expenses		48,819
Operating profit		13,915
Non-operating income		
Interest income	0	
Miscellaneous income	280	281
Non-operating expenses		
Interest expenses	4,789	
Miscellaneous losses	35	4,824
Ordinary profit		9,372
Extraordinary profit		
State subsidy	0	0
Extraordinary loss		
Loss on retirement of non-current assets	10	
Costs of retirement of noncurrent assets	58	
Other extraordinary loss	0	70
Loss before income taxes		9,302
Income taxes - current	3	3
Income taxes - deferred	△ 2,914	△ 2,914
Net profit		12,213

Notes

I. Notes on Matters Related to Important Accounting Policies

1. Criteria and methods for evaluating assets

- (1) Derivatives: Market value method
- (2) Inventory assets: Based on cost method using retail method (balance sheet values are calculated using method of reducing book value when the contribution of inventories to profitability declines).

2. Method of depreciation of noncurrent assets

- (1) Property, plant, and equipment (not including leased assets): Straight line method
- (2) Intangible assets (not including leased assets): Straight line method

As for the software used in-house, the Company adopts the straight-line method based on an expected usage period of five years for internal use.

- (3) Leased assets: Straight-line method, using the term of the lease as the useful life and a residual value of zero, is used.

3. Criteria for recording reserves

- (1) Allowance for doubtful accounts: In preparation for losses from default on claims, the Company records the anticipated unrecoverable amount for specific claims such as those considered at risk of default, considering the possibility of recovery for each claim individually.

No allowance for doubtful accounts was recorded in the fiscal year under review because there were no anticipated unrecoverable amounts in default or considered at risk of default.

- (2) Provision for directors' retirement benefits: The Company records the required amounts payable as of the end of the term in accordance with internal rules on the payment of directors' retirement benefits to prepare for the payment of retirement benefits to directors.

4. Inclusion of interest payable, etc. in noncurrent assets acquisition cost

The interest payable and loan-related ancillary cost incurred during the construction of the passenger terminal building have been added to the acquisition cost (cumulative at the end of the fiscal year under review -- 4,517 million yen) and recorded as part of noncurrent assets.

5. Hedge accounting method:

- (1) Hedge accounting method: Deferred hedge treatment
- (2) Hedge procedure and hedge target
 - Hedge procedure: Derivative trading (interest swap trading)
 - Items hedged: Borrowings based on variable interest rate
- (3) Hedge policy: It is carried out with the aim of avoiding risks rising from future fluctuation of the interest rate and the Company's policy not to carry out any speculative transactions.
- (4) Method to evaluate the hedge effectiveness

The assessment on the effectiveness is conducted by comparing the cumulative amount of market

movements of hedge procedures and the cumulative amount of market movements of hedge target.

Hedges to which the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR is applied

Among the above hedge transactions, for all hedges included in the scope to which Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (Accounting Standards Board of Japan [ASBJ] Practical Solution No. 40; March 17, 2022) the exceptional treatment specified in that Practical Solution is applied.

6. Standards for recording of important revenues and expenses

The Company does business in two segments: the Facilities Management and Operation Business Segment and the Directly-Managed Business Segment. Matters such as the details of our main performance obligations in each of these businesses and the time at which the Company normally fulfills such performance obligations are reviewed below.

For revenues etc. related to backdating of payment to suppliers for the proportion of goods actually sold and consignment shops, in transactions in which the Company's role qualifies as that of an agent in provision of goods or services to customers revenues are recognized in the net amount of the amount received from the customer minus the amount payable to the supplier.

(1) Facilities Management and Operation Business Segment

The Facilities Management and Operation Business Segment involves mainly leasing of offices for airlines use and shops for tenant use in international passenger terminals, passenger handling, and rental of facilities to air transport service providers, among other businesses.

Rent revenues consist mainly of revenues on rental of office and shops, which are recorded as revenues pursuant to the Accounting Standard for Lease Transactions (ASBJ Statement No. 13; March 30, 2007).

Passenger service facility charge (PSFC) revenues are collected from passengers under the Tokyo International Airport Terminal Passenger Service Facility Charge (PSFC) Agreement. The Company is obligated to allocate PSFC revenues to costs related to facilities provided for use by all passengers and to maintain and manage the passenger terminals appropriately. These performance obligations are satisfied upon completion of passenger air transport services provided by air transport service providers, and revenues are recognized at the time of completion of passenger air transport services.

Regarding revenues from facility usage fees, the Company is obligated to provide services mainly related to use of facilities and equipment such as boarding bridges, the luggage handling system, and dedicated gates for business jets. Revenues are recognized upon completion of service provision in cases in which performance obligations are satisfied at a single point in time and over the period of service provision when they are satisfied over a certain period.

(2) Directly-Managed Business Segment

The Directly-Managed Business Segment mainly involves operation of shops selling merchandise, restaurants, and bars.

In the sales of merchandise, performance obligations are judged to be satisfied upon the delivery of merchandise to customers, and revenue on merchandise is recognized as of the point in time of delivery.

In the operation of restaurants and bars, performance obligations are judged to be satisfied upon the provision of food and beverage services to customers, and revenue is recognized as of that point in time.

II. Notes on revenue recognition

Basic information for understanding revenues

Basic information for understanding revenues is described under Note 6, "Standards for recording of important revenues and expenses," in "I. Notes on Matters Related to Important Accounting Policies."

III. Notes on accounting estimates

Recoverability of deferred tax assets

(i) Amount recorded on financial statements for this fiscal year

Deferred tax assets (net)	2,914 million yen
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The amount before offsetting against deferred tax liabilities was 3,002 million yen.

(ii) Other information to assist in understanding the details of accounting estimates

A. Calculation methods

Based on taxable income and tax planning reflecting future earnings potential, the recoverability of deferred tax assets is judged for temporary differences in future deductions by considering company categories in accordance with the Implementation Guidance on the Recoverability of Deferred Tax Assets. Estimates of taxable income are based on business plans. Our core businesses are the leasing of offices and other space in airport passenger terminals, the sale of merchandise to air travelers, and the provision of food, beverages, and travel services. For this reason, our businesses are highly dependent on the main tenants of airlines and the main customers or air travelers, and as such, our business plans project future revenue and other figures based on the numbers of international air travelers and duty-free unit prices of merchandise sales.

B. Major assumptions

Major assumptions of the business plans on which estimates of taxable income are based are the numbers of international air travelers and duty-free unit prices of merchandise sales accounting for large sales figures. The numbers of international air travelers are estimated with reference to information on recent flight performance and airlines' published future schedules. Duty-free unit prices of merchandise sales are estimated on the basis of the actual results in the current period.

C. Impact on financial statements in the next fiscal year

Estimates of the numbers of international air travelers, an important assumption, involve a high degree of uncertainty in the estimation, and estimated taxable income may vary because of fluctuations in the numbers of international air travelers and duty-free unit prices of merchandise sales. Accordingly, there is a risk that these factors could have a material impact on estimated deferred tax assets. Accordingly, deferred tax assets could fluctuate in the event of variations in the numbers of international air travelers assumed in business plans or in the duty-free unit prices of merchandise sales.

IV. Notes on Balance Sheet

1. Reported amounts are rounded down to the nearest million yen.

2. Pledged assets

Assets pledged as collateral	Ordinary deposits	41,478 million yen
	Accounts receivable - trade	101 million yen
	Building	79,924 million yen
	Structures	864 million yen
	Machinery and equipment	1,000 million yen
	Separately managed penalty in trust	1,000 million yen
Liabilities corresponding to the above	Current portion of long-term loans payable	9,594 million yen
	Long-term loans payable	87,696 million yen

3. Total depreciation of property, plant and equipment: 120,916 million yen

4. Monetary claims and obligations to subsidiaries and affiliates

Monetary claims	Accounts receivable - trade	6,397 million yen
	Accounts receivable - other	4 million yen
Monetary obligations	Accounts payable – trade	6,513 million yen
	Accounts payable - other	921 million yen
	Accrued expenses	24,418 million yen
	Deposits received	2 million yen
	Accrued interest expenses	6,816 million yen
	Shareholder subordinated bonds	18,890 million yen
	Long-term loans payable	15,170 million yen
	Long-term lease deposit received	268 million yen

V. Notes on Income Statement

1. Reported amounts are rounded down to the nearest million yen.

2. Transactions with subsidiaries and affiliates

Operating transactions	90,004 million yen
Non-operating transactions	1,470 million yen

VI. Notes on the Statement of Changes in Equity

1. Reported amounts are rounded down to the nearest million yen.

2. Classes and total numbers of shares of stock issued and outstanding as of the ending date of this fiscal year

Common stock	5,198 shares
Preferred stock	108 shares

VII. Notes on Tax Effect Accounting

1. Breakdown of main causes for deferred tax assets and deferred tax liabilities

[Deferred tax assets]

Retained loss	25,113 million yen
Excess depreciation loss	426 million yen
Deferred losses on hedges	190 million yen
Asset retirement obligations	118 million yen
Disapproval of accrued fixed-asset taxes payable	96 million yen
Disapproval of accrued enterprise tax payable	27 million yen
Revision to accounts receivable - trade for previous fiscal years	25 million yen
Provision for directors' retirement benefits	10 million yen
Other	27 million yen
Deferred tax assets subtotal	26,036 million yen
Valuation reserves related to deferred tax losses	-22,369 million yen
Valuation reserves related to total temporary differences on future deductions	-664 million yen
Valuation reserves subtotal	-23,034 million yen
Deferred tax assets total	3,002 million yen

[Deferred tax liabilities]

Asset retirement obligations	85 million yen
Other	2 million yen
Deferred tax liabilities total	88 million yen
Subtraction: Deferred tax assets - net	2,914 million yen

(Note) Deferred tax losses and other deferred tax assets by carryover period

(Millions of yen)

	One year or less	More than one but less than two years	More than two but less than three years	More than three but less than four years	More than four but less than five years	More than five years	Total
Deferred tax losses *						25,113	25,113
Valuation reserves						-22,369	-22,369
Deferred tax assets						2,743	2,743

*Amounts of deferred tax losses have been multiplied by the statutory effective tax rate.

2. Breakdown of major account items resulting in material differences between the statutory effective tax rate and the effective tax rate after application of tax-effect accounting, if any

Statutory effective tax rate	34.59%
(Adjustments)	
Amounts not included in losses permanently	0.07%
Valuation reserves	-65.89%
Other	-0.05%
Effective tax rate after application of tax-effect accounting	-31.29%

VIII. Notes concerning financial instruments

1. Matters related to the state of financial instruments

The Company's funds management is restricted to short-term deposits etc., and it raises funds through borrowing from banks and other financial institutions and from shareholders and through bonds issued to shareholders.

Funds raised through borrowing and through bonds are used mainly as funding of capital investment. In response to risks of interest-rate fluctuations on some borrowing, the Company executes interest-rate swap transactions intended to stabilize the interest it pays.

Derivative transactions are limited to interest-rate swap transactions intended to avoid risks of interest-rate fluctuations on borrowing.

2. Matters related to fair market values of financial instruments etc.

Amounts recorded to the Balance Sheet as of March 31, 2024 (the date of settlement of accounts for this period), fair market values, and differences between them are shown below.

(Millions of yen)

Category	Balance Sheet amount (*1)	Fair market value (*1)	Difference
(1) Cash on hand and deposits	41,833	41,833	-
(2) Shareholder subordinated bonds	(21,030)	(17,008)	-4,021
(3) Long-term loans payable (*2*3)	(117,841)	(113,733)	-4,107
(4) Derivatives	(550)	(550)	-

*1: Amounts recorded as liabilities are indicated in parentheses.

*2: Long-term loans payable include 9,594 million yen in current portion of long-term loans payable.

*3: Among the amounts recorded on the balance sheet under long-term loans payable (including the current portion of long-term loans payable), interest-free loans payable is provided to the Company

under a fiscal support program by the Japanese government for improvements related to accommodating the recovery and growth of air-travel demand pursuant to a specific law. Accordingly, the loans are exempt from disclosure of the fair market value of the financial instruments and are not included in the table above.

Note: Matters concerning derivative transactions and methods of calculating fair market value of financial instruments

(1) Cash on hand and deposits

Since these are settled over the short term, their fair market values are largely equivalent to their book values. Accordingly book values are used.

(2) Shareholder subordinated bonds

Fair market value of shareholder subordinated bonds is calculated through discounting by the rate assumed to apply in the event of new issue of the bonds for the total amount of principal and interest.

(3) Long-term loans payable

Fair market value of long-term loans payable is calculated through discounting by the rate assumed to apply in the event of new borrowing through similar means in the total amount of principal and interest.

(4) Derivatives

- Those to which hedge accounting does not apply: Not applicable.
- Those to which hedge accounting applies: Contractual amounts or amounts corresponding to principal under the contracts as of the date of settlement of accounts for each method of hedge accounting are shown below.

(Millions of yen)

Hedge accounting method	Type of derivative transaction	Main subject of hedging	Contractual amount etc.	Fair market value	Method of calculating fair market value
Processing method (in principle)	Fixed payments/variable receipts on interest-rate swaps	Long-term loans payable	52,639	-550	Using prices etc. provided by the counterparty financial institution

IX. Notes on leased and other real estate

1. Matters related to the state of leased and other real estate

The Company owns passenger terminal buildings that include leased offices and leased retail facilities and multistorey parking facilities rented by the hour at Haneda Airport, Ota-ku, Tokyo, Japan.

2. Matters related to fair market value etc. of leased and other real estate

(Millions of yen)

Real estate including portions used as leased and other real estate	Balance Sheet amount	Fair market value
	80,800	189,205

Notes:

1. This amount includes offices and other facilities used by the Company itself.
2. For major properties, fair market value at the end of this fiscal year is based on a real estate appraisal report issued by a real estate appraiser.

X. Notes on Related Party Transaction

1. Main corporate shareholders etc.

Type	Name of the company etc.	Ratio of voting rights and other ownership	Relationship with the party	Transactions	Transaction amount (Millions of yen)	Account Title	Balance at the end of the period (Millions of yen)
Parent company	Japan Airport Terminal Co., Ltd.	51.00% directly held	Payments for goods, consignment of operation of shops etc., borrowing of funds, and rent on real estate	Financing (Note 1)	-	Shareholder subordinated bonds	8,520
				Borrowing of funds (Note 2)	-	Long-term loans payable	8,510
				Business consignment (Note 3)	18,882	Accrued expenses	24,418
				Procurement of goods (Note 4)	61,880	Accounts payable – trade	6,513
				Interest expenses	1,470	Accrued interest expenses	4,048
				Rent expenses on real estate (Note 8)	9,240		
Main shareholder	Japan Airlines Co., Ltd.	16.87% directly held	Borrowing of funds	Financing (Note 1)	-	Shareholder subordinated bonds	5,185
				Borrowing of funds (Note 2)	-	Long-term loans payable	3,330
				Interest expenses	412	Accrued interest expenses	1,383
Main shareholder	ANA Holdings Inc.	16.87% directly held	Borrowing of funds	Financing (Note 1)	-	Shareholder subordinated bonds	5,185
				Borrowing of funds (Note 2)	-	Long-term loans payable	3,330
				Interest expenses	412	Accrued interest expenses	1,383
Director	Momoko Nagasaki Director TEPCO Energy Partners Incorporated Representative Director and President & CEO	-	Borrowing of funds	Borrowing of funds (Note 2) (Note 5)	-	Long-term loans payable	1,610
				Interest expenses	77	Accrued interest expenses	261
Director	Yoshiyuki Hasegawa Director Narita International Airport Corporation Representative Director and Senior Executive President	-	Borrowing of funds	Financing (Note 1) (Note 6)	-	Shareholder subordinated bonds	450
				Interest expenses	100	Accrued interest expenses	335
						Long-term loans payable	1,620

Terms and conditions of transactions and policy on determining them

Note 1: Financing terms and conditions are in accordance with the Shareholder Subordinated Bond Agreement signed between the Company and its six shareholders including the above three companies on March 30, 2012, following the approval by the Board of Directors Meeting on February 23, 2012 (prepared based on the loan terms of the Shareholders Agreement agreed among the shareholders as of the establishment of the Company).

As for the repayment of the principal, it has been agreed that the order of the settlement of claims is after that of repayment of preferred loans from the loan syndication based on the Limited Loan Contract Alteration Contract signed with the loan syndication.

Note 2: Loan terms and conditions are in accordance with the Shareholder Subordinated Loan Agreement signed between the Company and its nine shareholders including the above three companies on March 27, 2008 following the approval by the Board of Directors Meeting on March 18, 2008 (prepared based on the loan terms of the Shareholders Agreement agreed among the shareholders as of the establishment of the Company).

As for the repayment of the principal, it has been agreed that the order of the settlement of claims is after that of repayment of preferred loans from the loan syndication based on the Limited Loan Contract Alteration Contract signed with the loan syndication.

Note 3: Prices, and other terms and conditions for business consignment are determined through negotiation between both companies taking into consideration details of the businesses.

Note 4: The prices, terms and conditions for procurement of goods are determined after negotiations with a reference to market prices.

Note 5: This transaction was conducted for a third party by Momoko Nagasaki a director at our company, in the capacity of a representative of TEPCO Energy Partner, Incorporated.

Note 6: This transaction was conducted for a third party by Yoshiyuki Hasegawa Shiina, a director at our company, in the capacity of a representative of Narita International Airport Corporation.

Note 7: The ratios of voting rights and other ownership are rounded down to the nearest two decimal places.

Note 8: Rent on International Terminal 2 is set on the basis of matters that include the amount of investment in the facility by Japan Airport Terminal Co., Ltd., the amount of remodeling needed for existing terminals, and charges for the use of state-owned properties. The Company has submitted to the Japanese government a report based on an agreement with the government for the facility, and the government has approved the report. Payment is deferred for April 2021 through April 2023 and for September 2023 as a measure to provide support to the Company.

XI. Notes on data per share

1. Net asset per share: -4,933,907.75 yen
2. Net profit per share: 2,349,609.13 yen

XII. Matters concerning important subsequent events

There are no applicable matters.