

Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
Current assets	44,707	Current liabilities	19,198
Cash on hand and deposits	35,272	Accounts payable – trade	18
Accounts receivable - trade	1,672	Current portion of long-term loans payable	9,928
Merchandise	4,395	(Senior loan)	(9,928)
Accounts receivable - other	3,017	Accounts payable - other	1,746
Prepaid expenses	29	Accrued expenses	5,277
Supplies	168	Income taxes payable	143
Other	196	Accrued interest expenses	738
Allowance for doubtful accounts (current)	△44	Lease obligations (current)	12
		Special suspense account for reduction entry	915
		Other	418
Noncurrent assets	127,376	Noncurrent liabilities	144,914
Property, plant and equipment:	124,609	Shareholder subordinated bonds	20,580
Building	104,734	Long-term loans payable	119,676
Structures	1,342	(Senior loan)	(99,126)
Machinery and equipment	11,745	(Shareholder subordinated loans)	(20,550)
Vehicles	6	Long-term lease deposit received	467
Tools, furniture and fixtures	5,805	Unearned revenue	42
Leased assets	97	Provision for directors' retirement benefits	71
Construction in progress	875	Deferred tax liabilities (non-current)	96
Intangible assets	1,758	Interest-rate swap liabilities	3,600
Software	1,758	Lease obligations (non-current)	38
		Asset retirement obligations (non-current)	341
		Total liabilities	164,113
Investments and other assets	1,008	Net assets	
Separately managed penalty in trust	1,000	Shareholder's equity	11,571
Other	8	Capitalization	13,265
		Capital surplus	13,265
		Legal capital surplus	13,265
		Retained earnings	△ 14,958
		Other retained earnings	△ 14,958
		Retained earnings brought forward	△ 14,958
		Valuation and translation adjustments	△ 3,600
		Deferred gains or losses on hedges	△ 3,600
		Total equity	7,971
Total assets	172,084	Total liabilities and net assets	172,084

Income Statement

(From April 1, 2020
To March 31, 2021)

(Millions of yen)

Account title	Amount	
Operating revenue		
Rents	5,370	
Facility rental income	1,052	
Sales of goods	668	
Restaurant sales	133	
Other revenue	1,158	8,383
Cost of sales		
Cost of goods sold		468
Operating gross profit		7,914
Selling, general, and administrat		37,497
Operating loss		△ 29,582
Non-operating income		
Interest income	0	
Miscellaneous income	368	368
Non-operating expenses		
Interest expenses	3,595	
Miscellaneous losses	100	3,695
Ordinary loss		△ 32,909
Extraordinary income		
Gain on sales of property, plant and equipment	11	
Government subsidy	5,052	5,063
Extraordinary loss		
Loss on retirement of non- current assets	575	
Loss on reduction of non- current assets	4,987	5,563
Loss before income taxes		△ 33,408
Income taxes - current	157	
Income taxes - deferred	782	939
Net loss		△ 34,348

Notes

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

4. Treatment of consumption tax, etc.

The accounting treatment of consumption tax and local consumption tax is based on the tax exclusion method.

5. 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 (for the fiscal year under review: -- million yen; cumulative at the end of the fiscal year under review -- 4,517 million yen) and recorded as part of noncurrent assets.

6. 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.

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| (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. |
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7. Additional information

Impact of the COVID-19 pandemic

Regarding the determination, etc. of the recoverability of deferred tax assets, scenarios are planned and evaluated in light of accessible information based on external sources of information when the financial statements are prepared. Based on certain assumptions, it is expected to take roughly three years for passenger numbers, through which the COVID-19 pandemic has impacted operating revenue and other results, to recover to their FY2019 level.

II. Notes on Balance Sheet

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

2. Pledged assets

Assets pledged as collateral	Ordinary deposits	35,141 million yen
	Accounts receivable - trade	23 million yen
	Building	98,718 million yen
	Structures	1,342 million yen
	Machinery and equipment	11,745 million yen
	Software	527 million yen
	Separately managed penalty in trust	1,000 million yen
Liabilities corresponding to the above	Current portion of long-term loans payable	9,928 million yen
	Long-term loans payable	99,126 million yen

3. The amount of reduction entry that is directly reduced from the acquisition price

Building	82 million yen
Machinery and equipment	4,905 million yen

4. Total depreciation of property, plant and equipment 90,122 million yen

5. Monetary claims and obligations to subsidiaries and affiliates

Monetary claims	Accounts receivable - trade	135 million yen
	Accounts receivable - other	247 million yen
Monetary obligations	Accounts payable – trade	18 million yen
	Accounts payable - other	344 million yen
	Accrued expenses	860 million yen
	Shareholder subordinated bonds	18,890 million yen
	Long-term loans payable	15,170 million yen

Long-term lease deposit received 266 million yen

III. Notes on Income Statement

1. Reported amounts are rounded down to the nearest million yen.
2. Transactions with subsidiaries and affiliates

Operating transactions	17,869 million yen
Non-operating transactions	300 million yen

IV. Notes on Tax Effect Accounting

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

(Deferred tax assets)

Accrued enterprise tax, etc.	323 million yen
Provision for directors' retirement benefits	21 million yen
Deferred losses on hedges	1,102 million yen
Asset retirement obligations	104 million yen
Allowance for doubtful accounts	13 million yen
Retained loss	10,075 million yen
Other	543 million yen
Deferred tax assets subtotal	12,184 million yen
Valuation reserve	△12,184 million yen
Deferred tax assets total	- million yen

(Deferred tax liabilities)

Asset retirement obligations	96 million yen
Deferred tax liabilities total	96 million yen
Subtraction: Net amount of deferred tax liabilities	96 million yen

V. Notes on Related Party Transaction

1. Main corporate shareholders etc.

T y p e	Name of the company e t c .	Ratio of voting rights and other ownership	Relationship with the p a r t y	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% (direct)	Payments for goods, consignment of operation of shops etc., borrowing of funds, and rent on real estate	Financing (Note 1) Borrowing of funds (Note 2) Business consignment (Note 3) Procurement of goods (Note 4) Payment of interest Rent expenses on real estate (Note 8)	1,860 1,850 8,131 △182 300 9,270	Shareholder subordinated bonds Long-term loans payable Accrued expenses Accounts payable – trade Accrued interest expenses	8,520 8,510 860 18 299
Main shareholder	Japan Airlines Co., Ltd.	16.87% (direct)	Borrowing of funds	Financing (Note 1) Borrowing of funds (Note 2) Payment of interest	1,855 - 150	Shareholder subordinated bonds Long-term loans payable Accrued interest expenses	5,185 3,330 149
Main shareholder	ANA Holdings Inc.	16.87% (direct)	Borrowing of funds	Financing (Note 1) Borrowing of funds (Note 2) Payment of interest	1,855 - 150	Shareholder subordinated bonds Long-term loans payable Accrued interest expenses	5,185 3,330 149
Director	Akihiko Shina Director Narita International Airport Corporation Representative Director Senior Executive Vice President	-	Borrowing of funds	Borrowing of funds (Note 2) (Note 5) Payment of interest	- 36	Long-term loans payable Accrued interest expenses	1,620 36

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 Akihiko Shina, a director at our company, in the capacity of a representative of Narita International Airport Corporation.
- Note 6 Among the amounts indicated in the table above, transaction amounts do not include consumption tax.
- Note 7 The ratios of voting rights and other ownership are rounded down to the nearest two decimal places.
- Note 8 Rents on the international terminal facility in Terminal 2 are determined based on the facility's maintenance and management costs, costs for use of state-owned property, etc. in addition to the amount invested by Japan Airport Terminal Co., Ltd. and the amount of remodeling necessary for existing terminal facilities. In addition, the Company reports rents to the Japanese government and obtains its approval, based on an agreement with the government concerning the facility.

VI. Notes on data per share

1.	Net asset per share:	1,343,433.13 yen
2.	Net loss per share	△6,618,710.62 yen

VII. Matters concerning important subsequent events

There are no applicable matters.