

Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
Current assets	62,969	Current liabilities	36,645
Cash and deposits	46,132	Accounts payable - trade	1,121
Accounts receivable - trade	1,547	Current portion of long-term loans payable	7,701
Merchandise	5,046	(Senior loan)	(7,701)
Accounts receivable - other	9,199	Accounts payable - other	20,420
Prepaid expenses	730	Accrued expenses	1,464
Supplies	197	Income taxes payable	542
Other current assets	115	Accrued interest expenses	5
		Lease obligations (current)	0
Noncurrent assets	140,740	Special suspense account for reduction entry	4,890
Tangible fixed assets	136,170	Other current liabilities	499
Buildings	111,306	Noncurrent liabilities	124,171
Structures	1,449	Shareholder subordinated bonds	14,580
Machinery and equipment	13,535	Long-term loans payable	104,355
Vehicles	8	(Preferred loan)	(86,355)
Tools, furniture and fixtures	6,773	(Shareholder subordinated loans)	(18,000)
Lease assets	3	Long-term lease deposit received	471
Construction in progress	3,092	Provision for directors' retirement benefits	55
Intangible fixed assets	1,542	Interest rate swap liabilities	4,364
Software	1,542	Lease obligations (noncurrent)	2
		Asset retirement obligations (noncurrent)	341
		Total liabilities	160,817
Investments and other assets	3,026	Net assets	
Deferred tax assets	2,022	Shareholder's equity	45,920
Separately managed penalty in trust	1,000	Capital stock	13,265
Other investments	4	Capital surplus	13,265
		Capital reserve	13,265
		Retained earnings	19,390
		Other retained earnings	19,390
		Retained earnings brought forward	19,390
		Valuation and translation ε	△ 3,028
		Deferred gains or losses on hedges	△ 3,028
		Total equity	42,892
Total assets	203,709	Total liabilities and net assets	203,709

Income Statement

(From April 1, 2019
To March 31, 2020)

(Millions of yen)

Account title	Amount	
Operating revenue		
Rents	4,966	
Facility rental income	22,839	
Sales of goods	53,177	
Restaurant sales	2,915	
Other revenue	4,761	88,660
Cost of sales		
Cost of goods sold		37,173
Operating gross profit		51,486
Selling, general, and administrative expenses		42,269
Operating income		9,217
Non-operating income		
Interest income	0	
Miscellaneous income	473	474
Non-operating expenses		
Interest expenses	3,306	
Miscellaneous loss	40	3,346
Ordinary income		6,345
Extraordinary income		
Gain on sales of fixed assets	109	
Government subsidy	99	208
Extraordinary loss		
Loss on retirement of fixed assets	727	
Loss on reduction of fixed assets	44	771
Income before income taxes		5,782
Income taxes - current		1,480
Income taxes – for prior periods		441
Income taxes - deferred		△ 207
Net income		4,068

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 the retail method (balance sheet values are calculated using the 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 The 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) Provision for directors' retirement benefits The Company records the required allowance 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. 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 -- 217 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.

- (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.

7. Additional information

Accounting estimates regarding the impact of the spread of the new coronavirus infection

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. As certain assumptions, assuming that the recovery of the number of travelers which affects operating revenue, etc. due to the new coronavirus infection will take a period of about four years, accounting estimates are reflected in the accounting treatment.

II. Notes on Balance Sheet (Millions of yen)

1 The amounts are rounded down to the nearest million.

2 Pledged assets

Assets pledged as collateral	Ordinary deposits	45,997 million yen
	Accounts receivable - trade	68 million yen
	Buildings	105,051 million yen
	Structures	1,449 million yen
	Machinery and equipment	1,843 million yen
	Separately managed penalty in trust	1,000 million yen
Liabilities corresponding to the above	Current portion of long-term loans payable	7,701 million yen
	Long-term loans payable	86,355 million yen

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

Buildings	44 million yen
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4 Total depreciation of property, plant and equipment 79,976 million yen

5 Monetary claims and obligations to subsidiaries and affiliates

Monetary claims	Accounts receivable - trade	733 million yen
	Accounts receivable - other	10 million yen
Monetary obligations	Accounts payable - trade	1,121 million yen
	Accounts payable - other	3,808 million yen
	Accrued expenses	647 million yen
	Shareholder subordinated bonds	13,320 million yen
	Long-term loans payable	13,320 million yen
	Long-term lease deposit received	259 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	62,865 million yen
Non-operating transactions	601 million yen

IV. Notes on Tax Effect Accounting

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

(Deferred tax assets)	(Millions of yen)
Accrued enterprise tax, etc.	121 million yen
Provision for directors' retirement benefits	16 million yen
Deferred losses on hedges	1,336 million yen
Asset retirement obligations	104 million yen
Other	586 million yen
Deferred tax assets subtotal	2,166 million yen
Valuation reserve	△ 39 million yen
Deferred tax assets total	2,126 million yen

(Deferred tax liabilities)	
Asset retirement obligations	104 million yen
Deferred tax liabilities total	104 million yen
Subtraction: Net amount of deferred tax assets	2,022 million yen

V. Notes on Related Party Transaction

1. Main corporate shareholders etc. (Millions of yen)

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% (direct)	Procurement of goods, consignment of operation of stores, etc. and borrowing of funds	Financing (Note 1)	-	Shareholder subordinated bonds	6,660
				Borrowing of funds (Note 2)	—		6,660
				Business consignment (Note 3)	19,869	Long-term loans payable	646
				Procurement of goods (Note 4)	42,996	Accrued expenses	1,121
				Payment of interest	601	Accounts payable – trade	-
						Accrued interest expenses	

Main shareholder	Japan Airlines Co., Ltd.	16.87% (direct)	Borrowing of funds	Financing (Note 1)	-	Shareholder subordinated bonds	3,330
				Borrowing of funds (Note 2)	—		3,330
				Payment of interest	300	Long-term loans payable	-
						Accrued interest expenses	
Main shareholder	ANA Holdings Inc.	16.87% (direct)	Borrowing of funds	Financing (Note 1)	-	Shareholder subordinated bonds	3,330
				Borrowing of funds (Note 2)	—		3,330
				Payment of interest	300	Long-term loans payable	-
						Accrued interest expenses	
Director	Akihiko Shiina Director Narita International Airport Corporation Representative Director Senior Executive Vice President	-	Borrowing of funds	Borrowing of funds (Note 2) (Note 5)	-	Long-term loans payable	1,620
				Payment of interest	73	Accrued interest expenses	-

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, other terms and conditions for business consignment are determined after consultations between both companies while taking into consideration details of business with a reference to general terms and conditions, etc.

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 Shiina, a director at our company, in

his capacity as 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.

VI. Notes on data per share

1.	Net asset per share:	8,072,268.32 yen
2.	Current net profit per share:	772,489.56 yen

VII. Matters concerning important subsequent events

Borrowing of a large amount of funds

The Company decided to borrow funds as follows in the board of directors meeting held on August 24, 2017, and borrowed funds on April 28, 2020.

(1)	Purpose of the funds	Financial arrangements for construction costs, etc. (The 4th, final)	
(2)	Lenders	(Lead arranger)	Mizuho Bank, Ltd.
		(Lead arranger)	Development Bank of Japan Inc.
		(Lead arranger)	MUFG Bank, Ltd. and others, 20 financial institutions in total
(3)	Amount of money borrowed	25,452 million yen	
(4)	Borrowing rate	TIBOR (6 months) + spread	
(5)	Borrowing execution date	April 28, 2020	
(6)	Final deadline	September 30, 2037	
(7)	Pledged assets	Buildings, structures, machinery and equipment, and rent credits	