

Financial Results for the Fiscal Year Ended March 31, 2025 [J-GAAP]

Company Name: AIRPORT FACILITIES CO., LTD. (AFC)
 Stock Exchange Listed on: Tokyo Stock Exchange (Prime Market)
 Company Code: 8864 URL: <https://www.afc.jp/english/>
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Scheduled Date of Ordinary General Shareholders' Meeting: June 26, 2025
 Scheduled Date of Dividend Payment Start: June 27, 2025
 Scheduled Date of Filing Annual Securities Report: June 25, 2025
 Preparation of Earnings Presentation Material: Yes
 Holding of Earnings Announcement: Yes (for analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)

(1) Consolidated Business Results

(Percentages are changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	31,121	19.9	4,469	40.4	4,629	45.7	2,577	27.6
March 31, 2024	25,950	1.7	3,183	27.1	3,175	49.6	2,020	29.1

(Note) Comprehensive income: Fiscal year ended March 31, 2025: 2,734 million yen (8.7)%
 Fiscal year ended March 31, 2024: 2,996 million yen 7.9%

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	51.27	51.24	4.3	4.2	14.3
March 31, 2024	40.27	40.23	3.5	3.0	12.2

(Reference) Equity in earnings of affiliates: Fiscal year ended March 31, 2025: — million yen
 Fiscal year ended March 31, 2024: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	108,580	62,594	55.1	1,191.09
As of March 31, 2024	110,461	60,765	52.6	1,157.84

(Reference) Equity capital: As of March 31, 2025: 59,898 million yen As of March 31, 2024: 58,109 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	5,239	(3,419)	(5,656)	7,159
March 31, 2024	784	(3,831)	5,101	10,849

2. Dividends

	Dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	—	7.00	—	10.00	17.00	853	42.2	1.5
March 31, 2025	—	9.00	—	12.00	21.00	1,056	40.9	1.7
Fiscal year ending March 31, 2026(Forecasts)	—	18.00	—	19.00	37.00		61.1	

3. Forecast of Consolidated Earnings for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(Percentages are changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	35,988	15.6	4,525	1.2	4,151	(10.3)	3,041	17.9	60.47

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc.: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement of revisions: No

(3) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	As of March 31, 2025	52,979,350 shares	As of March 31, 2024:	52,979,350 shares
2) Number of treasury stock	As of March 31, 2025:	2,690,882 shares	As of March 31, 2024:	2,791,683 shares
3) Average number of shares during the period	Fiscal year ended March 31, 2025:	50,270,096 shares	Fiscal year ended March 31, 2024:	50,158,301 shares

(Reference) Summary of Non-consolidated Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)

(1) Non-consolidated Business Results

(Percentages are changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	27,464	22.1	3,837	63.7	4,175	65.2	2,303	38.5
March 31, 2024	22,494	1.7	2,343	18.0	2,527	34.6	1,662	17.2

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2025	45.83	45.80
March 31, 2024	33.14	33.11

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	95,501	52,723	55.1	1,048.16
As of March 31, 2024	97,889	51,927	53.0	1,034.20

(Reference) Equity capital As of March 31, 2025: 52,710million yen As of March 31, 2024: 51,904 million yen

*** Financial Results report is outside the scope of an audit by certified public accountants or an audit corporation.**

*** Explanation of the proper use of earnings forecasts and other special notes**

The statements about future described on this report such as earnings forecasts have been made based on information currently available and some conditions that we judge rational, and therefore they do not constitute a guarantee that they will be realized. Actual earnings may differ greatly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to page 4 “1. Summary of Operating Results, etc., (4) Earnings Forecast for the Fiscal Year Ending March 31, 2026 (Japanese).”

1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year Ended March 31, 2025

During the fiscal year ended March 31, 2025, our business environment has been favorably supported mainly by strong inbound demand despite facing such harsh conditions as significant fluctuations in exchange rates and surging prices in the aviation industry. Meanwhile, a rise in logistics and labor costs due to soaring raw material costs and labor shortages is affecting construction costs and overall prices. We also still need to carefully monitor the impact of the U.S. policy trends, etc.

Under such conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥31,121 million (up 19.9% from the previous fiscal year) mainly due to an increase in rental income attributable to the review of the lease terms of existing properties and lease income from temporary use in the Airport Real Estate Business, the sale of an office building (real estate for sale) in the non-asset business, and an increase in water supply and drainage usage and the revision of the unit price for water supply and drainage at the public bidding in the previous year in the Water Supply & Drainage Service Business. Operating income was ¥4,469 million (up 40.4%). Ordinary income was ¥4,629 million (up 45.7%) mainly due to increases in gain on investments in silent partnership, etc. and dividends income. Profit attributable to owners of parent was ¥2,577 million (up 27.6%), despite recognition of impairment loss related to part of the rental facilities in the Haneda Airport 1-Chome District, thanks to positive factors contributing to revenue growth.

Performance by business segment is as follows:

Effective April 1, 2024, the Company changed its segmentation to four segments of “Airport Real Estate Business,” “Non-Airport Real Estate Business,” “Airport Infrastructure Business,” and “Other Business” from the previous three segments of “Real Estate Business,” “Area Heating & Cooling Business,” and “Water Supply & Drainage Service and Other Business.”

(i) Airport Real Estate Business

Airport Real Estate Business recorded net sales of ¥16,891 million (up 6.2% from the previous fiscal year) and segment income of ¥3,393 million (up 42.8%) due to an increase in rental income, etc. attributable to the review of the lease terms of existing properties, lease income from temporary use, and reallocation in the cargo area at Haneda Airport associated with the start of operation of a fresh product center.

(ii) Non-Airport Real Estate Business

Non-Airport Real Estate Business has focused on increasing added value of multiple office buildings purchased in the non-asset business launched in May 2022. Due mainly to the sale of one office building, the segment recorded net sales of ¥6,372 million (up 112.9% from the previous fiscal year) and segment income of ¥1,476 million (up 25.7%).

(iii) Airport Infrastructure Business

Airport Infrastructure Business recorded net sales of ¥7,078 million (up 12.3% from the previous fiscal year) mainly due to increased sales of cold/heat energy supply in Area Heating & Cooling Business as well as an increase in water supply and drainage usage and the revision of the unit price of water supply and drainage described above in Water Supply & Drainage Service Business. Segment income was ¥865 million (up 5.3%).

(iv) Other Business

Other Business, which mainly consists of overseas businesses conducted by overseas subsidiaries, recorded net sales of ¥777 million (up 1.6% from the previous fiscal year) due to the weakening yen. Meanwhile, segment income was ¥295 million (down 0.7%) due to increased costs associated with our efforts to strengthen the functions of overseas subsidiaries.

(2) Summary of Financial Position as of March 31, 2025

(Assets)

Total assets as of March 31, 2025 amounted to ¥108,580 million, a decrease by ¥1,881 million compared to March 31, 2024, mainly due to a decrease in property, plant and equipment as a result of depreciation of buildings and recording of impairment loss related to Haneda Airport 1-Chome District and a decrease in cash and deposits associated with purchase of real estate for sale despite an increase in real estate for sale due to purchase of new office buildings in the non-asset business.

(Liabilities)

Total liabilities as of March 31, 2025 amounted to ¥45,986 million, a decrease by ¥3,709 million compared to March 31, 2024, mainly attributable to a decrease due to payments of long-term loans payable despite an increase in income taxes payable due to revenue growth.

(Net assets)

Net assets as of March 31, 2025 increased by ¥1,828 million compared to March 31, 2024 to ¥ 62,594 million mainly due to an increase in retained earnings.

As a result, equity ratio as of March 31, 2025 increased by 2.5 points to 55.1% compared to March 31, 2024.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2025

Cash and cash equivalents (“cash”) as of March 31, 2025 amounted to ¥7,159 million, a decrease of ¥3,689 million from March 31, 2024.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥5,239 million (previous fiscal year: ¥784 million provided) mainly attributable to recording of income before income taxes and noncash items such as depreciation and impairment loss and a decrease in operating loans despite an increase in inventories and payment of income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was ¥3,419 million (previous fiscal year: ¥3,831 million used) mainly attributable to purchase of non-current assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥5,656 million (previous fiscal year: ¥5,101 million provided) mainly attributable to payments of long-term loans payable and payment of cash dividends.

(Reference) Cash Flow Indicators

	FY3/23	FY3/24	FY3/25
Equity ratio (%)	54.5	52.6	55.1
Equity ratio at market value (%)	27.3	27.5	28.3
Debt repayment period (years)	13.5	40.9	5.1
Interest coverage ratio (times)	6.9	2.6	16.3

Equity ratio: Equity capital / Total assets

Equity ratio at market value: Market capitalization / Total assets

Debt repayment period: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest expense

(Notes) 1. All indicators are calculated using financial figures on a consolidated basis.

2. Market capitalization is calculated based on the number of issued shares excluding treasury stock.

3. Interest-bearing debt includes all debt recorded on the consolidated balance sheet on which interest is paid.

4. Operating cash flows and interest expense are based on “Cash flows from operating activities” and “Interest paid” presented on the consolidated statement of cash flows.

(4) Future Outlook

The Company will remain committed to driving revenue growth by promoting efficient use and review of the lease terms of existing properties and also by making ongoing investment in properties and selling more properties in the non-asset business. Meanwhile, we have plans for large-scale repair works aimed at enhancing customer services. We also expect to sell a part of our assets.

As a result, the forecast of consolidated earnings for the fiscal year ending March 31, 2026 is net sales of ¥35,988 million (up 15.6% from the previous fiscal year), operating income of ¥4,525 million (up 1.2%), ordinary income of ¥4,151 million (down 10.3%), and profit attributable to owners of parent of ¥3,041 million (up 17.9%).

(5) Basic Policy Regarding Distribution of Earnings and Dividends for the Fiscal Year Ended March 31, 2025 and the Fiscal Year Ending March 31, 2026

For the fiscal year ended March 31, 2025, we plan to pay an annual dividend of ¥21 per share (interim dividend of ¥9 and year-end dividend of ¥12) based on the dividend policy with the dividend payout ratio of over 40%.

With regard to the dividend for the fiscal year ending March 31, 2026, as described in “Notice Regarding the Revision of the Medium- to Long-Term Management Plan (FY2022- FY2028) and the Action to Implement Management that is Conscious of Cost of Capital and Stock Price” released on May 9, 2025, based on the characteristics of our business (maintaining stable earnings base over the long term), the Company has set the “dividend payout ratio of 60%” and the “Dividend on Equity (DOE) ratio of 3.0%” as new dividend guideline indices under a new dividend policy of “stable and continuous profit distribution” and “dividend increases linked to business performance improvement” starting from the fiscal year ending March 31, 2026.

Accordingly, for the fiscal year ending March 31, 2026, we plan to pay an annual dividend of ¥37 per share (interim dividend of ¥18 and year-end dividend of ¥19).

In addition, as part of the shareholder return policy, we will consider the purchase of treasury stock as necessary.

Shareholder return policy	
Until FY3/25	From FY3/26
• Consolidated dividend payout ratio of over 40%	• Higher of consolidated dividend payout ratio of 60% or DOE of 3.0% • Purchase of treasury stock

2. Basic Policy Regarding Selection of Accounting Standards

The Group adopts Japanese Accounting Standards to ensure comparability with domestic sector peers.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/24 (As of March 31, 2024)	FY3/25 (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	10,849,304	7,159,544
Accounts receivable-trade	1,410,637	1,397,065
Lease receivables and investment assets	10,951,505	10,778,659
Operating loans	3,720,272	3,449,200
Merchandise	2,723	2,103
Real estate for sale	10,831,897	16,248,316
Raw materials and supplies	13,719	15,426
Others	712,565	370,939
Total current assets	38,492,624	39,421,255
Non-current assets		
Property, plant and equipment		
Buildings and structures	172,561,103	172,483,913
Accumulated depreciation and impairment loss	(129,967,209)	(133,024,784)
Buildings and structures, net	42,593,894	39,459,128
Machinery, equipment and vehicles	20,619,067	21,057,022
Accumulated depreciation and impairment loss	(15,612,698)	(15,575,739)
Machinery, equipment and vehicles, net	5,006,369	5,481,282
Tools, furniture and fixtures	653,653	673,140
Accumulated depreciation and impairment loss	(514,055)	(553,714)
Tools, furniture and fixtures, net	139,598	119,425
Land	10,803,731	10,724,551
Construction in progress	562,390	424,996
Total property, plant and equipment	59,105,983	56,209,385
Intangible assets		
Software	352,344	308,545
Others	34,988	34,485
Total intangible assets	387,332	343,031
Investments and other assets		
Investment securities	11,457,003	10,554,428
Deferred tax assets	174,873	1,246,271
Net defined benefit asset	264,687	242,464
Others	589,487	574,034
Allowance for doubtful accounts	(10,267)	(10,267)
Total investments and other assets	12,475,784	12,606,931
Total non-current assets	71,969,101	69,159,348
Total assets	110,461,725	108,580,604

(Thousands of yen)

	FY3/24 (As of March 31, 2024)	FY3/25 (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,968,324	1,812,469
Current portion of bonds payable	—	100,000
Short-term loans payable	3,313,450	3,390,982
Accounts payable	2,202,160	2,083,561
Income taxes payable	743,214	1,424,710
Accrued expenses	97,543	87,551
Unearned revenue	1,027,169	1,102,666
Provision for bonuses	144,273	184,525
Provision for bonuses for directors (and other officers)	28,850	64,795
Provision for removal cost of property, plant and equipment	111,862	—
Asset retirement obligations	110,000	304,000
Others	308,045	861,883
Total current liabilities	10,054,894	11,417,146
Non-current liabilities		
Bonds payable	6,100,000	6,000,000
Long-term loans payable	22,730,159	17,554,470
Long-term guarantee deposited	6,405,904	6,950,500
Long-term accounts payable-other	121,010	79,921
Provision for retirement benefits for directors (and other officers)	6,786	8,094
Deferred tax liabilities	51,626	58,386
Asset retirement obligations	4,225,522	3,917,802
Total non-current liabilities	39,641,008	34,569,175
Total liabilities	49,695,902	45,986,321
Net assets		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,890	6,985,036
Retained earnings	42,025,075	43,648,169
Treasury stock	(1,546,962)	(1,491,128)
Total shareholders' equity	54,287,102	55,968,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,413,935	1,812,519
Foreign currency translation adjustment	1,408,697	2,117,442
Total accumulated other comprehensive income	3,822,632	3,929,961
Subscription rights to shares	22,923	13,022
Non-controlling interests	2,633,164	2,683,121
Total net assets	60,765,822	62,594,282
Total liabilities and net assets	110,461,725	108,580,604

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

(Thousands of yen)

	FY3/24 (April 1, 2023 - March 31, 2024)	FY3/25 (April 1, 2024 - March 31, 2025)
Net sales	25,950,897	31,121,104
Cost of sales	20,672,291	24,350,897
Gross profit	5,278,605	6,770,207
Selling, general, and administrative expenses		
Remuneration for directors (and other officers)	205,679	202,593
Salaries and bonuses	714,763	715,792
Provision for bonuses	104,766	139,705
Provision for bonuses for directors (and other officers)	25,444	64,795
Provision for retirement benefits for directors (and other officers)	4,092	4,092
Transportation and communication expenses	78,276	79,425
Depreciation	112,086	112,960
Taxes and dues	173,938	196,166
Others	676,339	784,874
Total selling, general, and administrative expenses	2,095,386	2,300,405
Operating income	3,183,219	4,469,801
Non-operating income		
Interest income	3	310
Dividends income	83,516	130,478
Commission fee	78,281	63,348
Gain on investments in silent partnership, etc.	170,092	274,439
Foreign exchange gains	—	388
Others	101,578	147,527
Total non-operating income	433,473	616,493
Non-operating expenses		
Interest expenses	284,542	314,465
Foreign exchange losses	1,536	—
Removal cost of property, plant and equipment	135,458	105,500
Others	19,306	37,226
Total non-operating expenses	440,844	457,193
Ordinary income	3,175,847	4,629,102
Extraordinary income		
Gain on sale of investment securities	—	124,990
Total extraordinary income	—	124,990
Extraordinary loss		
Loss on sale of non-current assets	1,140	—
Loss on retirement of non-current assets	8,444	34,523
Loss on cancellation of golf club membership	3,000	—
Impairment loss	—	1,223,100
Total extraordinary loss	12,585	1,257,623
Income before income taxes	3,163,262	3,496,469
Income taxes	700,805	1,703,659
Income taxes - deferred	328,446	(834,715)
Total income taxes	1,029,252	868,943
Profit	2,134,009	2,627,525
Profit attributable to non-controlling interests	114,006	49,956
Profit attributable to owners of parent	2,020,003	2,577,568

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	FY3/24 (April 1, 2023 - March 31, 2024)	FY3/25 (April 1, 2024 - March 31, 2025)
Profit	2,134,009	2,627,525
Other comprehensive income		
Valuation difference on available-for-sale securities	350,861	(601,416)
Foreign currency translation adjustment	511,699	708,745
Total other comprehensive income	862,561	107,328
Comprehensive income	2,996,571	2,734,853
(Breakdown)		
Comprehensive income attributable to owners of parent	2,882,564	2,684,897
Comprehensive income attributable to non-controlling interests	114,006	49,956

(3) Consolidated Statement of Changes in Net Assets

For the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the period	6,826,100	6,982,890	39,660,392	(1,630,050)	51,839,332
Changes of items during the period					
Dividends from surplus			(701,577)		(701,577)
Profit attributable to owners of parent			2,020,003		2,020,003
Purchase of treasury stock				(147)	(147)
Disposal of treasury stock			(8,572)	83,235	74,662
Changes in scope of consolidation			1,054,829		1,054,829
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	—	2,364,682	83,087	2,447,770
Balance at the end of the period	6,826,100	6,982,890	42,025,075	(1,546,962)	54,287,102

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	2,063,074	896,997	2,960,071	50,330	2,519,158	57,368,892
Changes of items during the period						
Dividends from surplus			—			(701,577)
Profit attributable to owners of parent			—			2,020,003
Purchase of treasury stock			—			(147)
Disposal of treasury stock			—			74,662
Changes in scope of consolidation			—			1,054,829
Net changes of items other than shareholders' equity	350,861	511,699	862,561	(27,407)	114,006	949,160
Total changes of items during the period	350,861	511,699	862,561	(27,407)	114,006	3,396,930
Balance at the end of the period	2,413,935	1,408,697	3,822,632	22,923	2,633,164	60,765,822

For the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the period	6,826,100	6,982,890	42,025,075	(1,546,962)	54,287,102
Changes of items during the period					
Dividends from surplus			(954,474)		(954,474)
Profit attributable to owners of parent			2,577,568		2,577,568
Purchase of treasury stock				(147)	(147)
Disposal of treasury stock		2,146		55,981	58,127
Net changes of items other than shareholders' equity					—
Total changes of items during the period	—	2,146	1,623,094	55,834	1,681,074
Balance at the end of the period	6,826,100	6,985,036	43,648,169	(1,491,128)	55,968,177

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the period	2,413,935	1,408,697	3,822,632	22,923	2,633,164	60,765,822
Changes of items during the period						
Dividends from surplus						(954,474)
Profit attributable to owners of parent						2,577,568
Purchase of treasury stock						(147)
Disposal of treasury stock						58,127
Net changes of items other than shareholders' equity	(601,416)	708,745	107,328	(9,900)	49,956	147,384
Total changes of items during the period	(601,416)	708,745	107,328	(9,900)	49,956	1,828,459
Balance at the end of the period	1,812,519	2,117,442	3,929,961	13,022	2,683,121	62,594,282

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/24 (April 1, 2023 - March 31, 2024)	FY3/25 (April 1, 2024 - March 31, 2025)
Cash flows from operating activities		
Income before income taxes	3,163,262	3,496,469
Depreciation	4,819,377	4,744,151
Impairment loss	—	1,223,100
Increase (decrease) in provision for removal cost of property, plant and equipment	(182,906)	(111,862)
Decrease (increase) in net defined benefit asset	(65,938)	22,222
Increase (decrease) in provision for directors' retirement benefits	4,092	1,308
Increase (decrease) in provision for bonuses	(11,309)	40,252
Increase (decrease) in provision for directors' bonuses	(6,950)	35,945
Interest and dividend income	(83,520)	(130,789)
Loss (gain) on investments in silent partnership, etc.	(170,092)	(274,439)
Share-based compensation expenses	41,698	47,138
Interest expenses	284,542	314,465
Loss (gain) on sale of investment securities	—	(124,990)
Loss (gain) on sale of non-current assets	1,140	—
Loss on cancellation of golf club membership	3,000	—
Loss on retirement of non-current assets	8,444	34,523
Decrease (increase) in notes and accounts receivable	(66,700)	17,778
Decrease (increase) in inventories	(7,958,866)	(5,606,027)
Net decrease (increase) in lease receivables and investment assets	468,202	482,991
Decrease (increase) in operating loans receivable	622,573	671,222
Increase (decrease) in notes and accounts payable	295,316	(155,854)
Increase (decrease) in unearned revenue	3,982	74,052
Increase (decrease) in accrued expenses	6,565	(4,881)
Increase (decrease) in accrued consumption taxes	(425,785)	398,728
Decrease (increase) in other assets	(355,718)	367,575
Increase (decrease) in other liabilities	(52,287)	490,741
Others	276,923	401,881
Subtotal	619,048	6,455,705
Interest and dividends received	83,520	130,789
Interest paid	(294,955)	(319,687)
Income taxes paid	(107,407)	(1,028,093)
Income taxes refunded	484,374	594
Net cash provided by operating activities	784,580	5,239,307
Cash flows from investing activities		
Purchase of non-current assets	(2,169,743)	(3,889,376)
Proceeds from sale of non-current assets	276	—
Purchase of investment securities	(1,818,823)	(850)
Proceeds from sale of investment securities	—	182,578
Proceeds from distributions from investment partnerships	143,510	287,678
Payments of leasehold and guarantee deposits	(12,361)	(290)
Proceeds from collection of leasehold and guarantee deposits	1,000	1,000
Proceeds from collection of long-term loans receivable	131	—
Others	25,000	—
Net cash used in investing activities	(3,831,011)	(3,419,260)

(Thousands of yen)

	FY3/24 (April 1, 2023 - March 31, 2024)	FY3/25 (April 1, 2024 - March 31, 2025)
Cash flows from financing activities		
Increase in short-term loans payable	9,000,000	—
Decrease in short-term loans payable	(9,078,540)	—
Proceeds from long-term loans payable	9,900,000	—
Payments of long-term loans payable	(4,110,178)	(5,246,765)
Proceeds from guarantee deposits received	249,699	913,865
Repayments of guarantee deposits received	(158,014)	(369,269)
Proceeds from sale of treasury stock	81	20
Purchase of treasury stock	(147)	(147)
Payment of cash dividends	(701,803)	(954,357)
Net cash provided by (used in) financing activities	5,101,096	(5,656,653)
Effect of exchange rate change on cash and cash equivalents	82,884	146,846
Net increase (decrease) in cash and cash equivalents	2,137,550	(3,689,759)
Cash and cash equivalents at beginning of period	8,598,633	10,849,304
Increase in cash and cash equivalents due to new consolidation	113,120	—
Cash and cash equivalents at end of period	10,849,304	7,159,544

(Segment Information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Company 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's head office develops comprehensive business strategies of each segment and pursues business activities.

The Company is, therefore, composed of four business segments with different services and nature determined by the head office as follows: "Airport Real Estate Business," "Non-Airport Real Estate Business," "Airport Infrastructure Business," and "Other Business."

"Airport Real Estate Business" provides real estate leasing, etc. within airports, "Non-Airport Real Estate Business" is engaged in real estate leasing, etc. and the non-asset business outside airports, "Airport Infrastructure Business" operates water supply and drainage service in Tokyo International Airport and New Chitose Airport, shared telecommunications in Tokyo International Airport and supply of area heating and cooling service in Tokyo International Airport through our consolidated subsidiary Tokyo Airport Heating & Cooling Co., Ltd., and "Other Business" includes overseas business and solar power generation.

2. Method of calculations of sales, profit (loss), assets, liabilities, and other items by reportable segment

Accounting treatments applied to reportable segments are consistent with accounting policies applied to prepare the consolidated financial statements.

Inventories are valued at amount before write-off of book value to reflect decline in profitability.

Segment income is based on operating income.

Intersegment sales and transfers are based on prevailing market price.

3. Sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(Thousands of yen)

	Reportable Segments					Adjustments (Note) 1	Carrying Amount on Consolidated Financial Statements (Note) 2
	Airport Real Estate Business	Non-Airport Real Estate Business	Airport Infrastructure Business	Other Business	Total		
Net sales							
Net sales to outside customers	15,893,791	2,992,092	6,299,631	765,381	25,950,897	—	25,950,897
Intersegment sales/ transfers	267,020	—	895,566	7	1,162,594	(1,162,594)	—
Total	16,160,811	2,992,092	7,195,197	765,389	27,113,491	(1,162,594)	25,950,897
Segment income	2,376,169	1,173,835	821,584	298,033	4,669,623	(1,486,403)	3,183,219
Segment assets	37,697,981	31,164,763	9,569,776	14,244,268	92,676,790	17,784,934	110,461,725
Segment liabilities	41,528,656	1,890,349	2,828,732	2,447,259	48,694,998	1,000,903	49,695,902
Other items							
Depreciation and amortization	3,301,953	660,135	679,759	65,442	4,707,291	112,086	4,819,377
Increase in property, plant and equipment and intangible assets	2,507,185	176,978	813,891	82,706	3,580,762	67,742	3,648,505

(Notes)1. The adjustment for segment income of ¥(1,486,403) thousand is corporate expenses not allocated to any reportable segments and consists mainly of general and administrative expenses that do not belong to any reportable segments.

2. Segment income is adjusted with operating income in the consolidated statement of income.

Fiscal Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)

(Thousands of yen)

	Reportable Segments					Adjustments (Note) 1	Carrying Amount on Consolidated Financial Statements (Note) 2
	Airport Real Estate Business	Non-Airport Real Estate Business	Airport Infrastructure Business	Other Business	Total		
Net sales							
Net sales to outside customers	16,891,979	6,372,855	7,078,346	777,923	31,121,104	—	31,121,104
Intersegment sales/ transfers	269,469	—	964,997	12	1,234,478	(1,234,478)	—
Total	17,161,448	6,372,855	8,043,343	777,935	32,355,583	(1,234,478)	31,121,104
Segment income	3,393,747	1,476,250	865,623	295,908	6,031,529	(1,561,727)	4,469,801
Segment assets	35,556,474	36,052,719	9,273,658	14,666,567	95,549,420	13,031,183	108,580,604
Segment liabilities	36,607,055	2,378,555	2,224,264	2,699,310	43,909,185	2,077,136	45,986,321
Other items							
Depreciation and amortization	3,087,723	729,970	750,724	62,772	4,631,190	112,960	4,744,151
Increase in property, plant and equipment and intangible assets	2,195,547	21,559	778,258	93,657	3,089,022	54,115	3,143,137

(Notes)1. The adjustment for segment income of ¥(1,561,727) thousand is corporate expenses not allocated to any reportable segments and consists mainly of general and administrative expenses that do not belong to any reportable segments.

2. Segment income is adjusted with operating income in the consolidated statement of income.

4. Changes in reportable segments, etc.

Under the business portfolio strategy set out in the Medium- to Long-Term Management Plan (FY2022-FY2028), the Group has been strengthening airport-related business and expanding new business opportunities to develop a profit foundation toward further growth and create value within and outside airports with an aim to achieve sustainable growth. Accordingly, from the perspective of appropriately managing and evaluating the progress of the Medium- to Long-Term Management Plan, we changed our segmentation from April 1, 2024 to four segments of “Airport Real Estate Business,” “Non-Airport Real Estate Business,” “Airport Infrastructure Business,” and “Other Business” from the previous three segments of “Real Estate Business,” “Area Heating & Cooling Business,” and “Water Supply & Drainage Service and Other Business.”

Segment information for the fiscal year ended March 31, 2024 is prepared under the new segmentation.