Japan Airport Terminal Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2024

May 15, 2024

Event Summary

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[Number of Speakers]	5

Isao Takashiro	Chairman and CEO
Nobuaki Yokota	President and COO
Hiroshi Onishi	Executive Vice President
Kazuhito Tanaka	Executive Vice President
Masatoshi Akahori	President and CEO

Presentation

Moderator: Now that the time has come, we will now hold the Japan Airport Terminal Co., Ltd. financial results briefing for the fiscal year ended March 2024.

Thank you all very much for taking time out of your busy schedules to attend today's meeting. First of all, I would like to introduce today's attendees. Mr. Isao Takashiro, Chairman and CEO.

Takashiro: My name is Takashiro. Best regards.

Moderator: Mr. Nobuaki Yokota, President and COO.

Yokota: My name is Yokota. Thank you for your cooperation.

Moderator: Mr. Hiroshi Onishi, Executive Vice President.

Onishi: My name is Onishi. Thank you for your cooperation.

Moderator: Mr. Kazuhito Tanaka, Executive Vice President.

Tanaka: My name is Tanaka. Thank you for your cooperation.

Moderator: Mr. Masatoshi Akahori, President and CEO, Tokyo International Air Terminal Corporation.

Akahori: My name is Akahori. Thank you for your cooperation.

Moderator: That is all those present.

We will continue with today's materials.

Presentation materials and other documents are available on the Company website. Those watching the live webcast will be able to download materials from the web screen you are viewing, the explainer, slash, and materials tabs. Please take advantage of it.

Next, I will explain the contents of today's proceedings.

First, President Yokota will give an approximately 30-minute presentation along with the presentation materials. We will then call you to answer any questions you may have. Please note that we cannot accept questions via the web.

Let us now begin our presentation. President Yokota, thank you for your time.

Yokota: My name is Yokota, President and Representative Director. We truly appreciate your continued understanding and support of our business operations.

Today, on the occasion of the presentation of our financial results for the fiscal year ended March 31, 2024, I will give a summary of our consolidated financial results for the previous fiscal year, our consolidated earnings forecast for the current fiscal year, the progress of our medium-term management plan, and our sustainability initiatives.

1. Review of Consolidated Financial Results for FY23
(1) Business Environment/Number of Passengers

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Business Environment

- Activity restrictions associated with COVID-19 were fully lifted, and society as a whole has become more normalized.
- As the number of non-Japanese visitors to Japan continued to increase significantly, overtourism concerns became apparent in some areas.
- An inflationary trend is taking root due to higher resource prices and the weak yen, as well as rising wages resulting from labor shortages.

Number of Passengers (Haneda Airport)

- The number of passengers on domestic flights recovered to about 90% of the pre-COVID-19 (2019) levels, mainly due to a steady recovery in travel demand.
- The number of passengers on international flights surpassed pre-COVID-19 (2019) levels to a record high (increased to 75% of the assumed number of passengers after expansion of flight slots) due to strong inbound demand.

Airport	FY23 (10 thousands)	FY22 (10 thousands)	Rate of change (%)	Revised forecasts (10 thousands)	Rate of change (%)	FY25 medium-term plan (10 thousands)	Rate of change (%)	2019 calendar year result (10 thousands)	Rate of change (%)
Haneda – Domestic	6,113	5,306	15.2	6,131	-0.3	6,900	-11.4	6,886	-11.2
Haneda – International	1,909	680	180.5	1,937	-1.4	2,560	-25.4	1,853	3.0
Total Haneda	8,022	5,987	34.0	8,069	-0.6	9,460	-15.2	8,740	-8.2
Narita	2,744	1,355	102.4	2,682	2.3				
Kansai	1,905	513	270.9	1,794	6.2				
Chubu Centrair	322	82	290.5	322	0.0				

* The figures for the FY25 medium-term plan are the same as the assumed number of passengers after the expansion of flight slots prepared before COVID-19.

Note: Haneda Airport passenger volume is based on aggregate statistics of airport usage within the jurisdiction of East Japan Civil Aviation Bureau (monthly version), available on the website of the East Japan Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

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Please see page two. First, I would like to explain the situation in the previous fiscal year.

In terms of the business environment, restrictions on behavior related to new coronavirus infections have been fully lifted, and society, as a whole, has become more normalized. In this context, the number of foreign visitors to Japan continues to increase significantly, and concerns about overtourism are becoming apparent in some areas.

On the other hand, in addition to rising prices due to surging resource prices and a weak JPY, wages are rising due to labor shortages, and the inflationary trend is taking hold.

Passenger volume at Haneda Airport was almost in line with the revised forecast.

Domestic routes recovered to approximately 90% of the pre-corona level, mainly due to a steady recovery in passenger demand.

On the other hand, the number of international flights exceeded the number before the corona disaster and reached a record high due to strong inbound demand.

See page three.

As shown in the red box in the document, consolidated results for the fiscal year ended March 31, 2024 are as follows: net sales of JPY217.5 billion, operating income of JPY29.5 billion, ordinary income of JPY27.2 billion, and net income of JPY19.2 billion.

1. Review of Consolidated Financial Results for FY23

(2) Consolidated Financial Results

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Overview

- Operating revenues increased in all segments from the same period in the previous fiscal year due to increases in operating revenues from merchandise sales and facility user charges revenue.
- Not only did consolidated results returned to profitability for the first time in four years, operating income and ordinary income also reached record highs.
- Compared to the revised forecast, both sales and profits exceeded the forecast due to strong sales at duty-free stores, etc.

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	1H			2H			Full year			Revised forecasts *1	Difference
	FY23	FY22	Change	FY23	FY22	Change	FY23	FY22	Change		
Operating revenues	100.1	43.6	56.5	117.4	69.4	47.9	217.5	113.0	104.5	211.5	6.0
Facilities management	43.6	27.3	16.3	48.0	35.9	12.0	91.7	63.2	28.4	89.9	1.8
Merchandise sales	49.4	12.8	36.6	61.6	28.4	33.2	111.1	41.3	69.8	106.8	4.3
Food and beverage	6.9	3.4	3.5	7.6	5.0	2.6	14.6	8.4	6.2	14.8	-0.1
Operating income (loss)	13.5	-9.2	22.7	16.0	-1.3	17.3	29.5	-10.5	40.1	24.7	4.8
Ordinary income (loss)	12.4	-9.7	22.2	14.7	-2.3	17.0	27.2	-12.0	39.2	22.8	4.4
Net income attributable to owners of parent	8.2	-3.3	11.5	11.0	-0.5	11.5	19.2	-3.9	23.1	15.2	4.0
Capital expenditures	2.1	1.1		29.6	10.8		31.7	12.0		33.0	
Depreciation expenses	13.9	14.4		14.2	14.5		28.1	28.9		28.3	
EBITDA	27.4	5.1		30.2	13.2		57.6	18.3		53.0	
Annual dividend	¥25.0	¥0.0		¥42.0	¥16.0		¥67.0	¥16.0		¥50.0	
Payout ratio	28.3%	-		35.5%	-		32.4%	-		30.6%	

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Sales were higher than the previous year in all segments due to an increase in merchandise sales and facility user fee revenues, driven by a recovery in passenger volume and strong inbound demand. Not only did we return to profitability for the first time in four fiscal years, but operating income and ordinary income have just reached record highs.

Compared to the revised forecast, sales and income both exceeded the forecast due to continued strong sales at duty-free stores. In light of this situation, we have increased the year-end dividend by JPY12 from the forecast made last October and added a commemorative dividend of JPY5 per share for the 70th anniversary of the Company's founding, resulting in a dividend of JPY42 per share. This will result in an annual dividend of JPY67 per share and a payout ratio of 32%.

2. Consolidated Financial Forecast for FY24
(1) Business Environment/Number of Passengers

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Business Environment

- Synergy between wages and prices will strengthen, and the inflationary trend will continue due in part to the impact of the weak yen.
- Supply capacity concerns (a 2024 problem) in the construction and logistics industries due to legislative changes will affect all sectors.
- Inbound demand is strong, but uncertainty about the Chinese economy and the unstable global situation are concerns.

Number of Passengers (Haneda Airport)

- The number of passengers on domestic flights is assumed to be at 95% of pre-COVID-19 (calendar year 2019) levels with further recovery in demand.
- The number of passengers on international flights is expected to continue to grow strongly, reaching 84% of the assumed number of passengers after the expansion of flight slots.
- The number of passengers on both domestic and international flights has been revised downward compared to the Medium-Term Business Plan.

Airport	FY24 Forecasts (10 thousands)	FY23 Results (10 thousands)	Rate of change (%)
Haneda – Domestic	6,564	6,113	7.4
Haneda – International	2,148	1,909	12.5
Total Haneda	8,713	8,022	8.6
Narita	3,019	2,744	10.0
Kansai	2,157	1,905	13.2
Chubu Centrair	555	322	72.4

Airport	FY24 medium-term plan (10 thousands)	Rate of change (%)
Haneda – Domestic	6,900	-4.9
Haneda – International	2,310	-7.0
Total Haneda	9,210	-5.4

Airport	FY25 medium-term plan (10 thousands)	Rate of change (%)
Haneda – Domestic	6,900	-4.9
Haneda – International	2,560	-16.1
Total Haneda	9,460	-7.9

Airport	2019 calendar year result (10 thousands)	Rate of change (%)
Haneda – Domestic	6,886	-4.7
Haneda – International	1,853	15.9
Total Haneda	8,740	-0.3

* The figures for the FY25 medium-term plan are the same as the assumed number of passengers after expansion of flight slots prepared before COVID-19.

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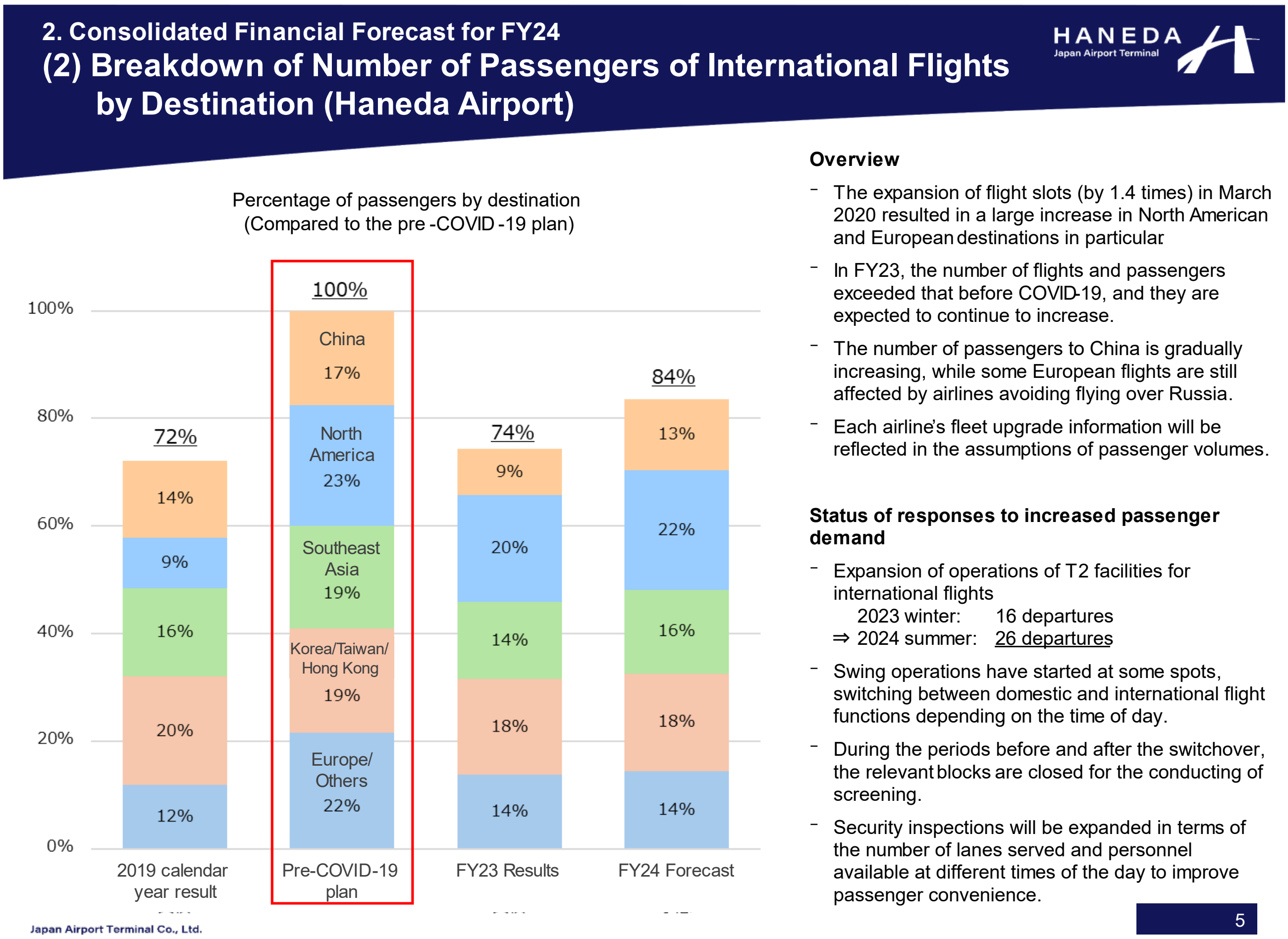
See page four. Next, I will explain our forecast for the current fiscal year.

In the business environment, we expect the inflationary trend to continue as the synergy between wages and prices strengthens and the JPY tends to weaken. In addition, the shortage of supply capacity in the construction and logistics industries due to the revision of laws and regulations has affected all sectors of the industry. Inbound demand continues to be strong, but the uncertainty of the Chinese economy and instability in the global situation are causes for concern.

As for passenger volume at Haneda Airport, demand for domestic flights will further recover. We expect the number of passengers to recover to 95% of the pre-corona level. However, in the current April, it is below the previous year's level and a bit below the budgeted value as well.

On the other hand, international flights continue to grow strongly and are expected to increase to the level of 84% of the expected passenger volume after the expansion of arrival and departure slots. For international flights, both YoY and budgeted figures for the month of April were higher than the previous year.

In response to the medium-term management plan, we have lowered our passenger forecasts for both domestic and international flights for the current fiscal year.



See page five. This section shows a breakdown of international passenger volume by direction.

The number of passengers after the expansion of the arrival and departure slots in March 2020 is set at 100%, and the number of passengers by area is shown as a percentage by year.

In FY2023, both the number of flights and the number of passengers exceeded those before the corona disaster, and since there was an increase in the number of flights in the summer schedule from March of this year, we expect further growth in the future.

In FY2024, we expect a gradual increase in passenger volume to China, where recovery has been slow, while some European flights will still be affected by the avoidance of flights over Russia.

In order to cope with the increase in the number of passengers, we will expand the operation of the international facilities in terminal two and begin swing operations from the summer timetable, switching between domestic and international flights at some spots depending on the time of day.

2. Consolidated Financial Forecast for FY24
(3) Consolidated Financial Forecast

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Overview

- Operating revenues are expected to increase in all segments due to increased passenger volume.
- Due to expansion of terminal operations, etc., the increase in expenses is expected to exceed the increase in sales, and profits are expected to decrease.
- The assumed passenger volume was revised downward compared to the MediumTerm Business Plan, but profits are expected to exceed the plan.

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	1H			2H			Full year		
	FY24	FY23	Change	FY24	FY23	Change	FY24	FY23	Change
Operating revenues	124.3	100.1	24.1	129.5	117.4	12.0	253.8	217.5	36.2
Facilities management	49.0	43.6	5.3	50.5	48.0	2.4	99.5	91.7	7.7
Merchandise sales	67.1	49.4	17.6	70.9	61.6	9.2	138.0	111.1	26.8
Food and beverage	8.2	6.9	1.2	8.1	7.6	0.4	16.3	14.6	1.6
Operating income	15.4	13.5	1.8	11.7	16.0	-4.3	27.1	29.5	-2.4
Ordinary income	14.2	12.4	1.7	10.1	14.7	-4.6	24.3	27.2	-2.9
Net income attributable to owners of parent	8.7	8.2	0.4	6.8	11.0	-4.2	15.5	19.2	-3.7
Capital expenditures	7.0	2.1		27.3	29.6		34.3	31.7	
Depreciation expenses	13.8	13.9		14.8	14.2		28.6	28.1	
EBITDA	29.2	27.4		26.5	30.2		55.7	57.6	
Dividend	¥31.0	¥25.0		¥31.0	¥42.0		¥62.0	¥67.0	
Payout ratio	33.2%	28.3%		42.5%	35.5%		37.3%	32.4%	

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See page six.

As shown in the red box, we expect net sales of JPY253.8 billion, operating income of JPY27.1 billion, ordinary income of JPY24.3 billion, and net income of JPY15.5 billion for the current fiscal year. Sales are expected to increase in all segments due to passenger volume growth.

On the other hand, the increase in expenses, due to the expansion of terminal operations and other factors, is expected to exceed the increase in sales, resulting in a decrease in profit. However, compared to the assumptions made in the medium-term management plan for the current fiscal year, passenger volume has been lowered, but profits will be higher.

The Company plans to pay a dividend of JPY62 per share, the same amount as the previous fiscal year, excluding the commemorative dividend of JPY5 per share.

2. Consolidated Financial Forecast for FY24
(4) Financial Forecast by Segment

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(Billions of yen)

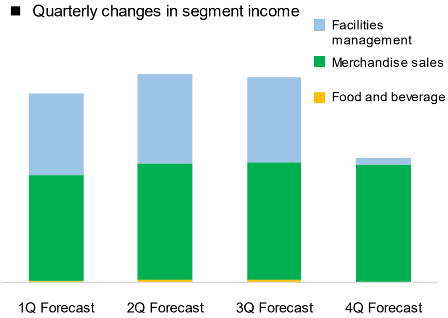
Items	FY24 Forecast	FY23 Results	Change
Operating revenues	253.8	217.5	36.2
Facilities management	103.4	94.8	8.5
Merchandise sales	139.9	112.7	27.1
Food and beverage	16.9	15.3	1.5
Inter-segment sales	-6.4	-5.4	-0.9
Operating expenses	226.7	188.0	38.6
Facilities management	89.7	76.9	12.7
Merchandise sales	116.0	91.6	24.3
Food and beverage	16.5	15.3	1.1
(Elimination or unallocated)	4.5	4.0	0.4
Operating income	27.1	29.5	-2.4
Facilities management	13.7	17.8	-4.1
Merchandise sales	23.9	21.0	2.8
Food and beverage	0.4	0.0	0.3
(Elimination or unallocated)	-10.9	-9.5	-1.3

Note: Figures shown are rounded down to the nearest 100 million yen.

Overview

- In the facilities management business, profits are expected to decrease due to an increase in the costs for terminal maintenance and management, etc., despite an increase in sales due to increased passenger volume.
- In particular, expenses are expected to increase in the fourth quarter due to construction work, etc. to be completed at the end of the fiscal year.
- In the merchandise sales business, both sales and profits are expected to increase due to continued strong inbound demand.
- At Haneda duty-free stores, sales are expected to increase more than the passenger volume growth due to an improvement in the purchase rate, despite a slight decrease in the per-unit purchases.

■ Quarterly changes in segment income



See page seven. Here is the performance forecast by segment.

First, in the facility management and operation business, although revenue is expected to increase due to an increase in facility usage fees resulting from an increase in the number of passengers, income is expected to decrease due to an increase in terminal maintenance and management costs.

Expenses are expected to increase, especially in Q4, due to construction to be completed at the end of the fiscal year.

In the goods sales business, inbound demand will continue to be strong, and both sales and profits are expected to increase.

For duty-free stores at Haneda Airport, we expect a slight decrease in the unit purchase price, but an improvement in the purchase rate, and an increase in sales over and above the growth in the number of passengers.

2. Consolidated Financial Forecast for FY24
(5) Status of Sufficiency of Personnel

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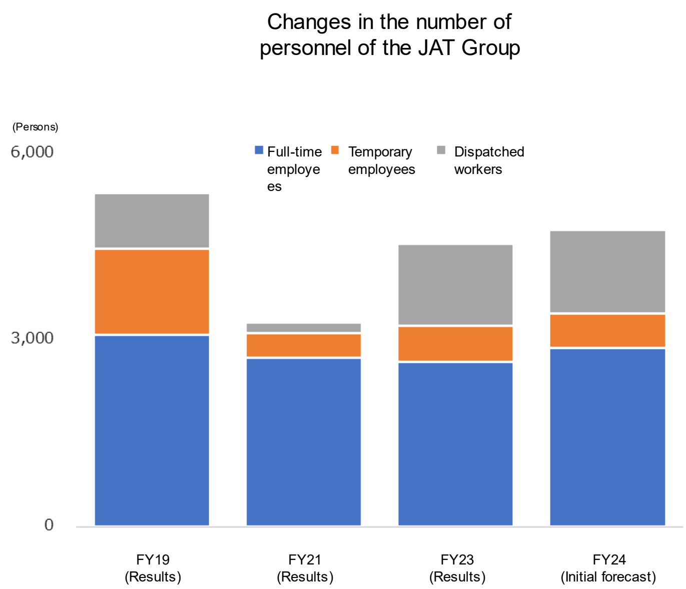
◆ **Overview**

- During the COVID-19 period, the total workforce decreased by approximately 40%, but at the same time, we undertook a fundamental review of our operations and restructured service delivery processes to improve workforce efficiency.
- The number of passengers on international flights has increased rapidly, resulting in personnel shortages in various areas, so we have stepped up our recruitment activities.
- Since it takes a certain amount of time to recruit full-time employees, we have increased the number of non-regular employees in order to first secure the necessary number of personnel.
- The scale is expected to be about 10% less than the pre-COVID-19 level by the end of this fiscal year, and personnel vacancies are expected to be almost fully filled.
- We will continue our efforts to improve labor productivity, recruit full-time employees, and improve compensation to retain them, aiming to ensure our personnel is sufficient in terms of both quality and quantity.

◆ **Initiatives to improve compensation**

- Increasing base salary and hourly wages
- Creation of a specialist system and expansion of educational and training programs



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See page eight. Here I will explain the status of staffing.

Although the corona disaster has reduced its workforce by approximately 40%, it has also drastically reviewed its operations and restructured its service delivery process to improve the efficiency of its workforce.

Subsequently, the rapid increase in the number of international passengers led to personnel shortages in various fields, and we stepped up our recruitment efforts. However, since it inevitably takes a certain amount of time to hire permanent employees, we first increased the number of non-permanent employees to secure the necessary number of personnel.

In addition, we are working to improve compensation by implementing base increases and raising hourly wage rates, and we are also striving to build a system that encourages the growth of each and every worker by establishing a specialist system and expanding our education and training programs.

The number of employees for the entire group is expected to be almost fully filled by the end of the current fiscal year, which is approximately 10% less than the size before the corona disaster.

We will continue to invest in human capital and work to improve labor productivity, as well as hire more permanent employees, with the goal of filling our workforce in terms of both quality and quantity.

2. Consolidated Financial Forecast for FY24
(6) Status of Selling, General and Administrative Expenses

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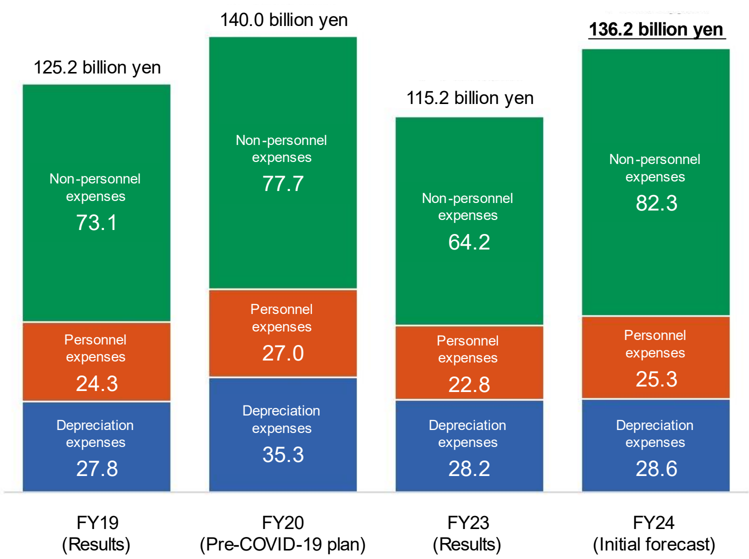
◆ **Overview**

- During the previous term, we continued to address various operational issues in response to the rapid growth in international passengers.
- In FY24, while the pace of passenger growth will settle down, we will expand our service response and improve our service quality, such as by starting swing operations at Terminal 2.
- Accordingly, we expect the costs for facility maintenance and management to increase.
- We will increase maintenance and repairs, which had been reduced to the minimum necessary during the COVID-19 period, to address the situation.
- We will proactively upgrade facilities to enhance functions and improve convenience, as well as undertaking construction work related to CO2 reduction.
- Rent will increase for the performancelinked portion in international flights.
- Utilities expenses are expected to increase, partly due to the expansion of terminal operations.
- We expect increases in variable expenses due to increases in passenger volume and operating revenues and increases in various expenses resulting from rising prices.

Changes in selling, general and administrative expenses



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See page nine. Here I will explain the status of selling, general and administrative expenses.

In the previous fiscal year, we felt that we had to deal with various operational issues in response to the rapid increase in the number of international passengers, but this fiscal year, while the pace of passenger growth is slowing down, we will work to expand our services and improve quality, such as starting swing operations at terminal two. However, we expect a corresponding increase in maintenance and management costs.

In addition to increasing maintenance and repairs, which were reduced to the minimum necessary during the corona disaster, we will respond by actively updating facilities to enhance functions and improve convenience, as well as construction work related to reducing CO2 emissions.

In addition, the performance-linked portion of international flights will increase in rent, and utility expenses are expected to increase due in part to the expansion of terminal operations.

In addition, variable costs are expected to increase in line with the increase in passenger volume and sales, and various expenses are expected to increase in line with rising prices.

3. Progress of the Medium-Term Business Plan
(1) Passenger Volume Forecast (Haneda Airport)

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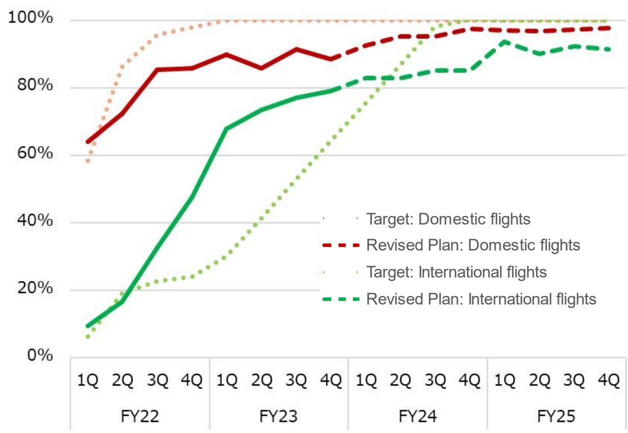
Domestic flights (10 thousands)

	FY22	FY23	FY24	FY25
Number of passengers	5,306	6,113	6,564	6,700
Comparison with target	77%	89%	95%	97%

International flights

Number of passengers	680	1,909	2,148	2,350
Comparison with plan after the expansion	27%	75%	84%	92%
Comparison with 2019	37%	103%	116%	127%



◆ Passenger Volume Forecast for FY25

- The number of passengers on domestic flights is expected to be 97% of the pre-COVID-19 target in FY25, taking into account the weak recovery in business demand, although leisure demand is picking up.
- For international flights, we expect that some flight slots will not be used due to airlines avoiding flying over Russia; we assume no significant change in flight occupancy rates, reflecting the impact of airlines' fleet upgrades during the COVID-19 period.

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See page 10. Here is a forecast of passenger volume at Haneda Airport through FY2025.

In the current medium-term management plan, it was assumed that the number of passengers would reach the number of passengers after the expansion of arrival and departure slots in FY2025, which was prepared before the corona disaster, but we have revised the assumption in the current forecast based on the actual results to date.

For domestic routes, considering the weak recovery in business demand to date, we have set the target at 97% of the pre-corona target for FY2025.

For international flights, we considered that some slots for arrivals and departures would not be used due to the avoidance of flights over Russia. The forecast has also been lowered to reflect the impact of the airline's fleet renewal in the corona disaster.

3. Progress of the Medium-Term Business Plan
(2) Target Results (PL)

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<Main adjustments>

- The downward revision of the passenger volume forecast and an increase in labor costs and various expenses due to price rises are major factors leading to lower profits.
- Operating revenues from merchandise sales reflect changes in store operations, product purchasing patterns, and various product policies.
- Rental income will be increased by renewing commercial areas and attracting office space.
- The completion date of the Terminal 1 north satellite was changed to FY26, and the cost impact of this change has been revised.
- Changes in the environment after the Medium-Term Business Plan was formulated, as well as increases and decreases in expenses due to the effects of measures taken in response to such changes, are factored in.

PL for FY25		Reference: Previous standard*
Operating revenues	280.0 billion yen ➤ **270.0 billion yen**	320.0 billion yen ➤ **350.0 billion yen**
Facilities management	106.0 billion yen ➤ **110.0 billion yen**	106.0 billion yen ➤ **110.0 billion yen**
Merchandise sales	156.0 billion yen ➤ **143.0 billion yen**	193.0 billion yen ➤ **219.0 billion yen**
Food and beverage	18.0 billion yen ➤ **17.0 billion yen**	21.0 billion yen ➤ **21.0 billion yen**
Operating income	30.0 billion yen ➤ **34.0 billion yen**	
Ordinary income	27.0 billion yen ➤ **32.0 billion yen**	
Net income	16.0 billion yen ➤ **20.0 billion yen**	

* For the figures according to the previous standard, the revenue recognition accounting standard is not applied.

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See page 11. The target income and expenditures for FY2025 have been reviewed in light of the current situation.

In addition to the downward revision of the passenger volume forecast for both domestic and international flights, the increase in labor costs and various expenses due to soaring prices will be a major factor in the decrease in profits.

On the other hand, the Company will steadily earn income from strong merchandise sales, as well as from rent income through the renewal of commercial areas and the attraction of office space, thanks to the store management and merchandise purchasing patterns that materialized after the corona disaster, as well as changes in various merchandise policies.

In addition, the completion date of the satellite facility on the north side of terminal one was changed to FY2026, and the cost impact of this change has been adjusted, as well as changes in the environment since the medium-term management plan was formulated and cost fluctuations resulting from the effects of the measures taken in response.

As a result, we have revised up operating income by JPY4 billion and net income by JPY4 billion. Although we expect a decrease in profit once this fiscal year, we aim to regain this in the next fiscal year and further exceed our target.

3. Progress of the Medium-Term Business Plan
(3) Our Goals for 2025 and Key Initiatives

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	Our goals for 2025	Results of key initiatives in FY23	Key initiatives in FY24
Facilities management	To achieve both high quality and profitability, we are reviewing terminal operations and promoting the functional strengthening of airport infrastructure toward increasing the number of non-Japanese visitors to Japan in 2030, while striving to reduce maintenance and management costs and increase revenues such as rents.	• Demonstration experiment of robot applications to maintain reduced maintenance costs as passenger traffic recovers • Steadily increased rent and other revenues by leasing vacant storerooms and attracting office space for airline companies • Steady progress of T2 satellite construction	• Establish high-quality and high-efficiency operations and optimize maintenance and management costs through full-scale introduction of customer service technology, robots, etc. • Start renewal of commercial facilities. Plan to increase rent and other revenues by leasing vacant rooms • Complete T2 satellite; start T1 satellite construction
Merchandise sales Food and beverage	While reviewing the product mix, services, operations, cost rates, etc., we will uncover customer needs where consumption trends have changed by taking advantage of digital marketing, and aim for operating revenues from merchandise sales of 143 billion yen (previous standard: 219 billion yen) and operating revenues from food and beverage sales of 17 billion yen (previous standard: 21 billion yen).	• Store renewal, including T3 duty-free area and T1 marketplace • Expanded development of original products and high-priced products to enhance the uniqueness of our stores • Started the HANEDA Points service	• Steadily implement store renewal in T3 duty-free area, T1 marketplace, etc. • Expanded development of original products and high-priced products to enhance the uniqueness of our stores • Expand services by strengthening One to One marketing and increasing the number of HANEDA members
New business Expertise business	These businesses are expected to part of the earnings base in 2030. By utilizing Haneda's value and networks, and airport operational expertise, and through acquiring management resources we currently do not have, we aim to generate operating revenues of 10 billion yen in 2025.	• Implemented renovation of website for e-commerce • Expanded business alliances with secondary agencies and sales agencies in the sales agency business • Promoted overseas airport consulting • Opened terminal.0 in HICity	• Renovate website for e-commerce and improve the warehouses, etc. • Expand business alliances with secondary agencies and sales agencies in the sales agency business • Promote overseas airport consulting • Promote co-creation research at terminal.0 in HICity
Management Base	**DX strategy** • Using technology with a focus on digital and AI • Digital integration of information and data • Evolution into a Smart Airport **Organization, personnel, and governance** • Recruitment of outside human resources, strengthening of exchanges with outside personnel • Ensure expertise and diversity of personnel • Cultivate a corporate culture of "think and take on challenges yourself" **Financial strategy** • Rapid restoration of financial soundness • Establish a sophisticated business evaluation and management system • Appropriate investment in new business opportunities	●DX strategy: • Started demonstration experiment to obtain data on human traffic in the terminal facilities • Strengthened information dissemination and reservation functions using applications, etc. ●Organization, personnel, and governance: • Continued to promote women's participation in the workforce and employment of people with disabilities • Continued to implement and expand industry-industry and industry-academia collaboration • Continued to implement Plus One Promotion ●Financial strategy: • Considered and prepared for implementation of ESG financing	●DX strategy: • Continue operation optimization measures based on the strengthening of the dissemination of congestion information and demand forecasts • Promote robotic warehousing, RFID inventory management, etc. ●Organization, personnel, and governance: • Continue to promote women's participation in the workforce and employment of people with disabilities • Continue to implement and expand industry-industry and industry-academia collaboration • Continue to implement Plus One Promotion ●Financial strategy: • Consider and prepare for implementation of ESG financing

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See page 12. This section shows the goals for each project in FY2025, and the main initiatives for FY2023 and FY2024.

In the facility management and operation business, in order to achieve both high quality and higher profits, we will continue to utilize robots and other technologies and review operations to curb increases in maintenance and management costs, while reorganizing and improving loan parcels, revitalizing commercial areas, and attracting office space, thereby increasing rent and other revenues.

In addition, we will promote the use of DX to understand data on human flow in the building and promote the enhancement of its function as an airport infrastructure.

In the goods sales and food and beverage businesses, we will continue to attract new brands in duty-free areas, renovate stores by relocating existing brands, and develop original products and services in tie-ups with brands to capture inbound demand, and in domestic flights, we will expand the development of high-priced products and reduce manpower in-store operations.

In addition, we will steadily implement environmental improvements such as the installation of robotic warehouses, the use of RFID tags, and the development of a core system for our directly managed e-commerce site and develop our business in a way that will help us secure future sales.

3. Progress of the Medium-Term Business Plan
(4) Key Performance Indicators (KPIs)

HANEDA Japan Airport Terminal

- KPIs are divided into financial and non-financial indicators, and the financial indicators are shown in a hierarchy by component
- We will strive for continued corporate growth and increased profits by steadily implementing each measure in the Medium -Term Business Plan

Key performance indicators (KPIs)				Key measures	
Financial indicators	ROA (EBITDA) 12% or higher	Operating income 34 billion yen	Revenue growth	Commercial facility renewal / Room vacancy measures	Promotion of sustainability
				Digital marketing / Review products and services	
				Strengthen e-commerce business / Promote sales agency business	
		Net income 20 billion yen	Cost reduction amount 2.5 billion yen	Results of a fundamental review during the COVID-19 period (Restructure service delivery processes)	
				Improve operational efficiency in the administration department	
		Asset efficiency	Working capital	Maintain appropriate inventory and reduce waste disposal	
			Capital spending	Promoting the functional strengthening of airport infrastructure	
				Business evaluation based on cost of capital / Consider appropriate resource allocation	
	Equity ratio Aim to recover to the level of 40%	Interest-bearing liabilities	Financing	Consider diversification of financing with a view to environmental measures	
			Debt repayment	Build a strong financial base in consideration of credit ratings	
		Shareholders' equity	Internal reserves		
			Payout ratio 30% or more	Continue proactive shareholder returns	
Non-financial indicators	Operational quality	SKYTRAX evaluation ranking World's Best Airports TOP 3		Promote operational excellence	
				Aim for customer-oriented terminal operations	
		Corporate culture		Create a corporate culture in which people think and take on challenges themselves, and where diverse human resources can support each other	
	Value creation		Management resources	Actively engage in R&D and introduce new technologies that contribute to passenger convenience	
			Operation and management	Consider terminal operations in view of changes in airport use	
			Facility improvement	Consider facility improvement in view of future airline demand growth	

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See page 13.

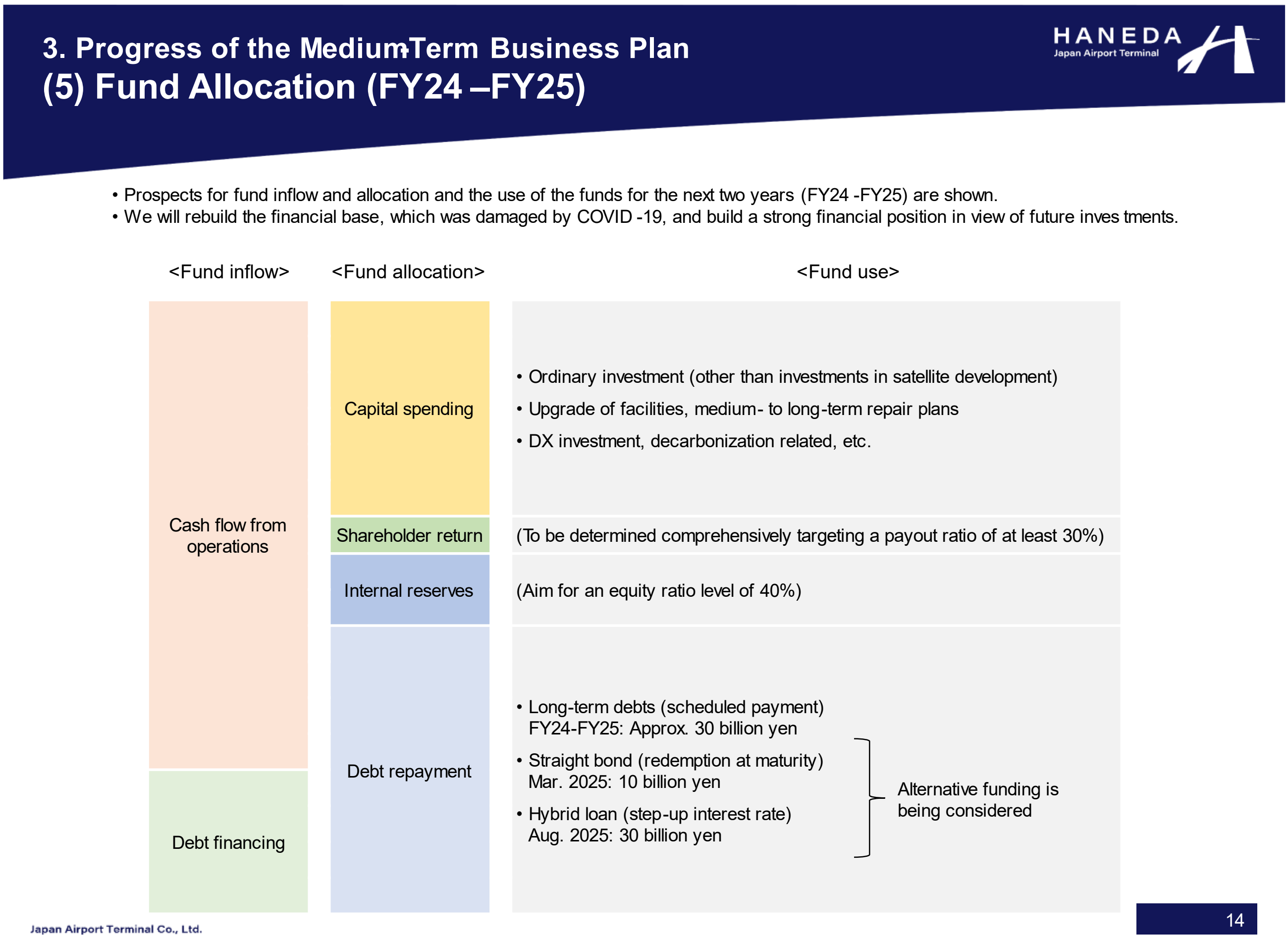
There is no change in the KPI of the medium-term management plan except for the increase in the profit level this time.

The KPIs are shown in dark blue with white-out areas. Here, KPIs are classified into financial and non-financial indicators, and financial indicators are shown stratified by component. The main measures corresponding to each element are then listed, indicating that sustainability is a common element in all measures.

We use ROA as an indicator for our business development, taking into account the characteristics of owning a passenger terminal and developing our business while maintaining the facilities. We also believe it is important to maintain a capital adequacy ratio above a certain level from the standpoint of stability and to maintain our current A+ rating.

On this basis, we set the profit level as an indicator to increase earning power, and the amount of cost reduction as a target to improve efficiency and productivity.

Furthermore, we will continue to listen to our customers, including SKYTRAX evaluations, as we strive for even higher quality and higher efficiency in our operations to make the terminal even better. We will continue to strive for continuous company growth and increased profits by steadily advancing each of the measures in the medium-term management plan.



See page 14. This section provides a picture of the inflows, the targeted allocation of funds, and the use of funds over the next two years.

The amount of funds to be raised will vary depending on the situation, although it is expected to be funded by cash flow from operating activities and debt financing. The first step in allocating these funds will be capital investment, but since the funds for satellite facilities have already been procured, the funds will be allocated to other investments.

Next, as for repayment obligations, in addition to the scheduled repayment of long-term debt, we are considering alternative funding sources for the redemption of bonds and the scheduled interest rate step-up on the hybrid loan.

We have positioned the return of profits to shareholders as one of our most important tasks. By returning profits to shareholders with a target payout ratio of 30% or more and putting the remainder into retained earnings, we will rebuild our financial base damaged by the corona disaster and establish a strong financial position for future investments.

3. Progress of the Medium-Term Business Plan
(6) Capital Spending Plan

HANEDA Japan Airport Terminal

◆ **Estimated investment for the period of the Medium-Term Business Plan**

(Billions of yen)

	FY22	FY23	FY24	FY25	Total
Medium-Term Business Plan	15.0	29.0	34.0	27.0	105.0
Actual/Budget	***12.0***	***31.7***	***34.3***	***48.0***	***126.0***

(Of the above, satellite improvement)

	FY22	FY23	FY24	FY25	Total
Medium-Term Business Plan	6.0	19.0	18.0	10.0	53.0
Actual/Budget	***6.4***	***18.3***	***8.7***	***12.6***	***46.0***

<Main changes>

- In order to respond to the increasing passenger volume of international flights, the upgrade/expansion of facilities, maintenance and management, store renovation, etc. were added
- Increases due to rising material prices, labor costs, etc. and changes in delivery dates, etc. were reflected in the plan
- The completion date for the north satellite of Terminal 1 was changed to FY26

◆ **Terminal 1 north satellite facility**

- Construction began in May 2024 (to be completed in summer 2026)
- A gate facility with 6 spots will be developed
- Hybrid wooden and steel structure
- Great amounts of timbers are used for interior and exterior walls
- Aiming for ZEB Oriented certification by adopting various environmental technologies

Terminal 1 north satellite facility (image)

(Please see news release on our website for details (https://www.tokyo-airport-bldg.co.jp/site_resource/whats_new/pdf/000014746.pdf))

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See page 15.

We have reviewed our capital investment plan and revised it upward by about JPY20 billion.

In the medium-term management plan, we had refrained from investment in international flights, but in order to cope with faster-than-expected passenger growth, we will bring forward the renewal and expansion of facilities to improve convenience and enhance functions, and also increase investment in maintenance and management and store renovation work.

The increase also reflected higher material prices and labor costs, as well as changes in delivery dates.

On the other hand, the completion date of the terminal one north satellite facility has been changed to FY2026 due to the adjustment of the construction period with the government and other related parties.

This facility uses a hybrid wood/steel structure and is designed to be environmentally friendly, with a large amount of wood used for the interior and exterior, and is aiming to obtain ZEB Oriented certification, which is a certification for buildings with low-energy consumption.

4. Sustainability Initiatives

(1) Information Disclosure on the Task Force on Nature-related Financial Disclosures (TNFD) Recommendations

HANEDA Japan Airport Terminal

TNFD Taskforce on Nature-related Financial Disclosures

- Currently, we are evaluating and analyzing the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), and we have agreed with them and disclosed information
- The outline at this stage has been compiled, and we will work to deepen our analysis of risks and opportunities, as well as enhancing our response measures, indicators and targets

Governance	➢ Hold Sustainability Committee meetings chaired by the President and Representative Director at least twice a year. ➢ Participate in the Tokyo International Airport Eco-Airport Council under the jurisdiction of the Ministry of Land, Infrastructure, Transport and Tourism to promote environmental initiatives. ➢ Establish sustainable procurement guidelines and disseminate them to suppliers. Consider information sharing, training, etc. in the future.
Strategy	➢ Conduct analysis based on currently available data, covering the Haneda Airport area, the main hub. ➢ Evaluate the relationship with the natural environment in the value chain (direct operations and upstream and downstream processes) (heat map). ➢ Clarify three directions (realization of eco-airport, establishment of circular economy, and promotion of sustainable procurement).
Risk and impact management	➢ Position nature-related initiatives as important management issues, and formulate policies on initiatives and manage progress. ➢ We are currently implementing various initiatives to reduce our environmental impact, and will further expand our efforts to address risks and opportunities based on our dependence and impact on the natural environment going forward.
Indicators and targets	➢ Based on the three directions of the strategy, set targets and indicators in the future. The following are core indicators that can be disclosed at this time. (GHG emissions, land and space area used, etc., conversion or modification of land, freshwater, marine, etc., wastewater, amount of waste generation and disposal, water withdrawal and consumption in water-stressed areas, risk of invasion by non-native species, natural conditions at business site locations)

(Details are disclosed in the "Sustainability" section of our website.

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See page 16. This section provides an explanation of the disclosure regarding the TNFD recommendations.

We disclosed information based on the TCFD recommendations last May, and we are currently in the process of conducting an evaluation and analysis based on the TNFD recommendations, and we agree with them and have disclosed the information at this time.

The details are disclosed on our website, but we have summarized the four areas of governance, strategy, risk and impact management, and indicators and targets based on the data available at this time.

Our materiality is to counter climate change and to make effective use of limited resources. Therefore, we will continue to further analyze risks and opportunities. We will then set indicators and targets and strive to enhance our response measures.

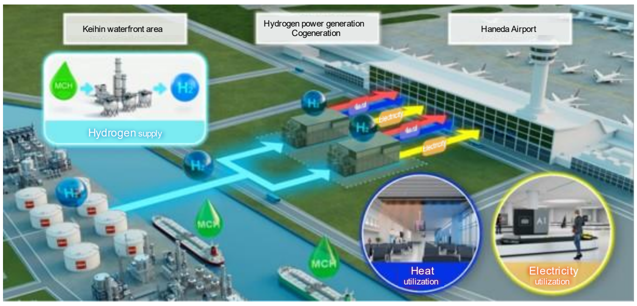
4. Sustainability Initiatives
(2) Initiatives for a Decarbonized Society

HANEDA Japan Airport Terminal

◆ Initiatives for use of CO_2-free hydrogen

- In collaboration with ENEOS Corporation, aim to realize hydrogen utilization around 2030
- Develop hydrogen supply infrastructure from the hydrogen supply base in the Keihin waterfront area to Haneda Airport
- Reduce CO_2 emissions by supplying electricity and heat to the passenger terminals at Haneda Airport through hydrogen power generation

[Image of the contents to be considered under the collaboration agreement]



*The image is for illustrative purposes only and does not represent the final installation or installation location.

◆ Considerations for the supply of sustainable aviation fuel (SAF)

- To contribute to the decarbonization of the aviation sector as a whole, we will cooperate with Euglena Co., Ltd. to supply SAF to Haneda Airport and consider doing business selling SAF to airline companies.

◆ Tokyo International Airport Decarbonization Promotion Plan

- In April of this year, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) released the plan was announced along with a plan to promote the decarbonization of other airports managed by the government.
- The Ministry's Tokyo Airport Office and other service providers at Haneda Airport will work together to promote decarbonization.

(For details, please see the Ministry of Land, Infrastructure, Transport and Tourism website. (https://www.cab.mlit.go.jp/tcab/info/info_topics/post_383.html)

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See page 17. Here we would like to share with you some of our initiatives for a decarbonized society.

In collaboration with ENEOS, we aim to reduce CO2 emissions by supplying CO2-free hydrogen from our hydrogen supply base in the Keihin waterfront area to the Haneda Airport terminal by around 2030 and to supply electricity and heat through in-house power generation using a hydrogen-fueled cogeneration system.

In addition, to contribute to the reduction of CO2 emissions in the aviation sector as a whole, we are also considering a joint SAF supply and sales business with Euglena Co., Ltd.

In April of this year, the Ministry of Land, Infrastructure, Transport, and Tourism announced a plan to promote the decarbonization of Haneda Airport, and as the operator of the passenger terminal, we will actively work toward achieving carbon neutrality by 2050.

Last but not least, the Japanese economy as a whole appears to be undergoing major changes as the JPY remains at historically low levels, the inflationary trend continues, and the Nikkei Stock Average has reached an all-time high. Under these circumstances, we will continue to capitalize on strong inbound demand and respond to the changing times while firmly tying our business performance to it.

We appreciate your continued understanding and support. That is all for the explanation. Thank you very much.

[END]

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Document Notes

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