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Annual Securities Report

From April 1, 2023 to March 31, 2024

(The 80th Fiscal Year)

1. This document is an English translation of the Annual Securities Report (“Yukashoken Hokokusho”) filed via the Electronic Disclosure for Investors’ Network (“EDINET”) system as outlined in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan on June 26, 2024. The translation includes a table of contents and pagination not included in the electronic filing.
2. Appended to this document are English translations of the auditors’ report attached to the Annual Securities Report when filed using the method above and the internal control report filed at the same time as the Annual Securities Report.

Japan Airport Terminal Co., Ltd.

(E03863)

Certain References and Information

This report is prepared for overseas investors and is based on the Annual Securities Report (“Yukashoken Hokokusho”) of Japan Airport Terminal Co., Ltd., filed with the Director-General of the Kanto Local Finance Bureau of Japan on June 26, 2024.

In this report, Japan Airport Terminal Co., Ltd. is hereinafter referred to as the “Company” and, together with its consolidated subsidiaries, as the “Group.”

The accompanying consolidated financial statements of the Company and the Group have been prepared using accounting principles generally accepted in Japan, which differ from International Financial Reporting Standards (IFRS) in certain respects in the application and disclosure requirements.

Amounts less than one million yen have been rounded down in the presentation of the accompanying consolidated financial statements. In addition, certain amounts have been reclassified from the previous year’s financial statements to conform to the current year’s presentation.

Cautionary Statement Concerning Forward-Looking Statements:

This report contains forward-looking statements that reflect management’s views and assumptions in light of current information concerning certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as “will,” “believes,” “should,” “projects,” “plans,” “expects” and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Any forward-looking statements speak only as of the date of this report, and the Company assumes no duty to update such statements.

Contents

Cover

Part I. Company Information	1
Item 1. Overview of the Company and Its Consolidated Subsidiaries	1
1. Summary of Business Results	1
2. History	3
3. Description of Business	4
4. Overview of Subsidiaries and Affiliates	5
5. Employees	7
Item 2. Business Overview	9
1. Management Policy, Business Environment and Issues to be Addressed	9
2. Sustainability policy and initiatives	12
3. Risk Factors	23
4. Analyses of Consolidated Financial Position, Operating Results, and Cash Flows from the management's perspective	26
5. Material Agreements	33
6. Research and Development Activities	33
Item 3. Property, Plant, and Equipment	34
1. Overview of Capital Investments	34
2. Major Facilities	34
3. Plans for Capital Investment, and Disposal of Property, Plant and Equipment.....	35
Item 4. Information on the Company	36
1. Information on the Company's Share	36
2. Acquisitions of Treasury Shares	40
3. Dividend Policy	41
4. Corporate Governance	42
Item 5. Financial Information	73
1. Consolidated Financial Statements, and Others	74
A. Consolidated Financial Statements	74
B. Others	116
2. Non-Consolidated Financial Statements, and Others	117
A. Non-Consolidated Financial Statements	117
B. Primary assets and liabilities	130
C. Others	130
Item 6. Stock-Related Administration for the Company	131
Item 7. Reference Information on the Company	132
1. Information on the Parent Company	132
2. Other Reference Information	132
Part II. Information on Guarantors for the Company	132
[Independent Auditors' Report]	
[Internal Control Report]	

Cover

【Document title】	Annual Securities Report (“Yukashoken Hokokusho”)
【Clause of stipulation】	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General of the Kanto Local Finance Bureau
【Filing date】	June 26, 2024
【Fiscal year】	The 80th Fiscal Year (from April 1, 2023 to March 31, 2024)
【Company name】	Nihon Kuko Building KK.
【Company name in English】	Japan Airport Terminal Co., Ltd.
【Title and name of representative】	Nobuaki Yokota, President and COO
【Address of registered head office】	3-3-2, Hanedakuko, Ohta-ku, Tokyo, Japan
【Telephone number】	+81 (0)3 5757-8020
【Name of contact person】	Isamu Jinguji, Senior Managing Executive Officer
【Nearest place of contact】	3-3-2, Hanedakuko, Ohta-ku, Tokyo, Japan
【Telephone number】	+81 (0)3 5757-8020
【Name of contact person】	Isamu Jinguji, Senior Managing Executive Officer
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. Company Information

Item 1. Overview of the Company and Its Consolidated Subsidiaries

1. Summary of Business Results

(1) Consolidated

(Millions of yen, unless otherwise stated)

Fiscal year			76th	77th	78th	79th	80th
Year ended			March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Operating Revenues			249,756	52,572	57,057	113,050	217,578
Ordinary profit (loss)			8,705	(57,320)	(43,861)	(12,064)	27,225
Net profit (loss) attributable to owners of the parent			5,012	(36,578)	(25,217)	(3,901)	19,255
Comprehensive income			4,119	(62,212)	(39,533)	(15,056)	28,906
Net assets			201,899	195,544	156,009	140,951	166,036
Total assets			521,363	519,193	463,878	446,955	460,423
Net assets per share		(Yen)	2,001.83	1,910.83	1,655.32	1,613.62	1,805.67
Net profit (loss) per share	Basic	(Yen)	61.71	(445.92)	(270.75)	(41.89)	206.75
	Diluted	(Yen)	60.20	-	-	-	-
Equity ratio		(%)	31.19	34.28	33.24	33.62	36.53
Return on equity		(%)	3.08	-	-	-	12.09
Price-earnings ratio		(Times)	67.65	-	-	-	28.68
Cash flows from operating activities			20,222	(4,387)	(9,305)	16,326	47,761
Cash flows from investing activities			(57,334)	(25,268)	(4,926)	(10,627)	(42,986)
Cash flows from financing activities			21,644	78,228	(9,035)	(12,641)	(19,649)
Cash and cash equivalents			71,795	120,355	97,128	90,241	75,395
Number of employees			3,095	3,110	2,729	2,499	2,660
[Separately, Average number of temporary employees]		(Employees)	[1,389]	[708]	[399]	[471]	[586]

Notes:

- 1) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the 78th fiscal year, and the key management indicators for the 78th fiscal year and thereafter are those after the application of the said accounting standard and others.
- 2) Diluted net profit per share for the 77th fiscal year is not shown in the above table because a net loss per share was recorded, although there are residual shares. Diluted net profit per share for the 78th, 79th, and 80th fiscal years is not shown in the above table because there are no residual shares.
- 3) Return on equity and price-earnings ratios for the 77th, 78th, and 79th fiscal years are not shown due to the net loss attributable to the parent's owners.

(2) The Company

(Millions of yen, unless otherwise stated)

Fiscal year		76th	77th	78th	79th	80th
Year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Operating Revenues		174,269	53,178	53,166	88,212	143,354
Ordinary profit (loss)		1,250	(15,827)	(4,485)	9,156	17,269
Net profit (loss)		759	(11,931)	(4,385)	5,308	11,178
Capital stock		17,489	38,126	38,126	38,126	38,126
Total number of issued common shares	(Thousands of shares)	84,476	93,145	93,145	93,145	93,145
Net assets		100,830	142,979	139,115	143,571	151,944
Total assets		282,426	320,019	296,480	306,436	327,636
Net assets per share	(Yen)	1,241.32	1,535.16	1,493.67	1,541.52	1,631.42
Cash dividends per share	(Yen)	32	-	-	16	67
[Interim dividends per share]		[22]	[-]	[-]	[-]	[25]
Net profit (loss) per share	(Yen)	9.34	(145.45)	(47.09)	57.00	120.02
Net profit (loss) per share reflecting the potential dilution	(Yen)	9.04	-	-	-	-
Equity ratio	(%)	35.70	44.68	46.92	46.85	46.38
Return on equity	(%)	0.74	-	-	3.76	7.57
Price-earnings ratio	(Times)	446.78	-	-	115.79	49.41
Dividend payout ratio	(%)	342.44	-	-	28.07	32.41
Number of employees		290	264	251	272	293
[Separately, Average number of temporary employees]	(Employees)	[-]	[-]	[-]	[-]	[-]
Total shareholders return		91.0	118.0	121.2	143.2	130.3
[Comparative indicator: TOPIX Machine Index]	(%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest share price	(Yen)	6,240	6,920	6,280	6,960	7,488
Lowest share price	(Yen)	3,450	3,600	4,310	4,900	5,461

Notes:

- 1) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and others have been applied from the beginning of the 78th fiscal year, and the key management indicators for the 78th fiscal year and thereafter are those after the application of the said accounting standard and others.
- 2) Diluted net profit per share for the 77th fiscal year is not shown in the above table because a net loss per share was recorded, although there are residual shares. Diluted net profit per share for the 78th, 79th, and 80th fiscal years is not shown in the above table because there are no residual shares.
- 3) Return on equity and price-earnings ratios for the 77th and 78th fiscal years are not shown due to the net loss for the period.
- 4) Share prices in the table are quoted from the Tokyo Stock Exchange Prime Market from April 4, 2022, and from the First Section of the Tokyo Stock Exchange before April 4, 2022.

2. History

July 1953	Japan Airport Building Co., Ltd. was established with a capital of 150 million yen for the construction of a new terminal building with private capital based on the policy of the Minister of Transport in January 1953.
May 1955	The terminal building of Tokyo International Airport opened.
January 1972	Nihon Kamaburo Kanko Co. (currently a consolidated subsidiary of Japan Airport Logitem Co., Ltd.) was established.
May 1974	Japan Airport Technical Service Corporation (renamed Airport Max Co., Ltd.) was established.
March 1978	Narita Sales Office was opened with the opening of the New Tokyo International Airport (now Narita International Airport).
October 1979	Headquarters moved to Marunouchi, Chiyoda-ku, Tokyo.
February 1988	Tokyo Airport Restaurant Co., Ltd., Cosmo Enterprise Co., Ltd., and International Trade Inc. were consolidated through the purchase of additional shares.
February 1990	Listed on the Second Section of the Tokyo Stock Exchange.
September 1991	Listed on the First Section of the Tokyo Stock Exchange.
January 1993	Big Wing Co., Ltd. (currently a consolidated subsidiary) was established.
September 1993	Terminal 1 of Tokyo International Airport opens.
June 1994	Osaka Sales Office opened with the opening of Kansai International Airport.
March 1998	Tokyo International Airport International Passenger Terminal Building opened.
July 1999	Establishment of Japan Airport Techno Co., Ltd. (now a consolidated subsidiary)
July 2004	Headquarters moved to Haneda Airport Terminal 1, Ota-ku, Tokyo
July 2004	Haneda Airport Enterprise Co., Ltd. (currently a consolidated subsidiary) and Narita Airport Enterprise Co., Ltd. were established.
December 2004	Terminal 2 of Tokyo International Airport opens
February 2005	Chubu sales office opened with the opening of Chubu International Airport.
June 2006	Tokyo International Air Terminal Corporation (TIAT, currently a consolidated subsidiary) was established through a joint investment.
February 2007	The extension of Terminal 2 (South Pier) at Tokyo International Airport begins operations.
April 2007	Haneda Airport Security Co., Ltd. (currently a consolidated subsidiary) and Haneda Passenger Service Co., Ltd. (currently a consolidated subsidiary) were established.
July 2009	Airport Max Co., Ltd. and Japan Airport Techno Co., Ltd. merged (now Japan Airport Techno Co., Ltd. (now a consolidated subsidiary))
July 2009	Integration of Haneda Airport Enterprises Co., Ltd. and Narita Airport Enterprises Co., Ltd. (now Haneda Airport Enterprise Co., Ltd.)
October 2010	Established Japan Airport Ground Handling Co., Ltd. (now a consolidated subsidiary) as a joint venture.
October 2010	Terminal 2 Extension (south side of main building) opens.
October 2010	With the opening of the new international terminal (currently Terminal 3) at Tokyo International Airport, the Company began to provide consignment, wholesale, and other services in conjunction with the opening of the new international terminal.
January 2011	Japan Airport Terminal Trading (Chengdu) Co., Ltd. established
November 2011	Renovation work completed at Tokyo International Airport's Terminal 1 (the departure area and the roof area)
April 2013	The extension of Terminal 2 (South Pier 3) at Tokyo International Airport is put into operation.
September 2014	Japan Duty-Free Fa-So-La Isetan Mitsukoshi Co., Ltd. was established as a joint venture (currently a consolidated subsidiary)
April 2016	Air BIC Inc. (currently a consolidated subsidiary) is established through joint investment.
October 2017	Lani Ke Akua Pacific Inc. (currently a consolidated subsidiary) is established.
April 2018	TIAT becomes a consolidated subsidiary through the issuance of new shares to third parties.
July 2018	Establishment of Haneda Future Research Institute Inc.
September 2019	Renovation of Tokyo International Airport Terminal 1 completed (B1 and 1F)
December 2019	Tokyo International Airport's International Terminal (now Terminal 3) opens in the northern expansion area.
March 2020	International flight facilities at Terminal 2 of Tokyo International Airport begin operations.
April 2020	Integration of Cosmo Enterprise Co., Ltd. and CTT Co., Ltd. (currently a consolidated subsidiary of Cosmo Enterprise Co., Ltd.) (now Cosmo Enterprise Co., Ltd.)
April 2022	Moved from the First Section of the Tokyo Stock Exchange to the Prime Market due to a revision of the market classification of the Tokyo Stock Exchange.

3. Description of Business

The Group (the Company, its subsidiaries, and affiliates) consists of the Company (Japan Airport Terminal Co., Ltd.), 24 subsidiaries, and 15 affiliates. The Group is engaged in facility management and operations, including the management and operation of passenger terminals at Haneda Airport and the provision of services to domestic and international passengers, as well as merchandise sales and restaurant businesses. We also sell merchandise at Narita Airport, Kansai Airport, Chubu Airport, and other airports.

The positioning of our Group companies and their business activities are as follows.

Facility management

The Company and its subsidiary, Tokyo International Air Terminal Corporation (TIAT), manage and operate passenger terminal facilities, primarily leasing facilities to airlines and other aviation-related companies and the maintenance and operation business.

The Japan Airport Techno Co., Ltd. and six affiliates maintain, repair, operate, secure, clean, transport passengers and handle ground transportation at passenger terminal facilities. The Big Wing Co., Ltd. and two other subsidiaries provide services such as advertising agencies and passenger services at passenger terminals.

The Haneda Future Research Institute Inc. and its five affiliates are principally engaged in airport management consulting in Japan and overseas.

Merchandise sales

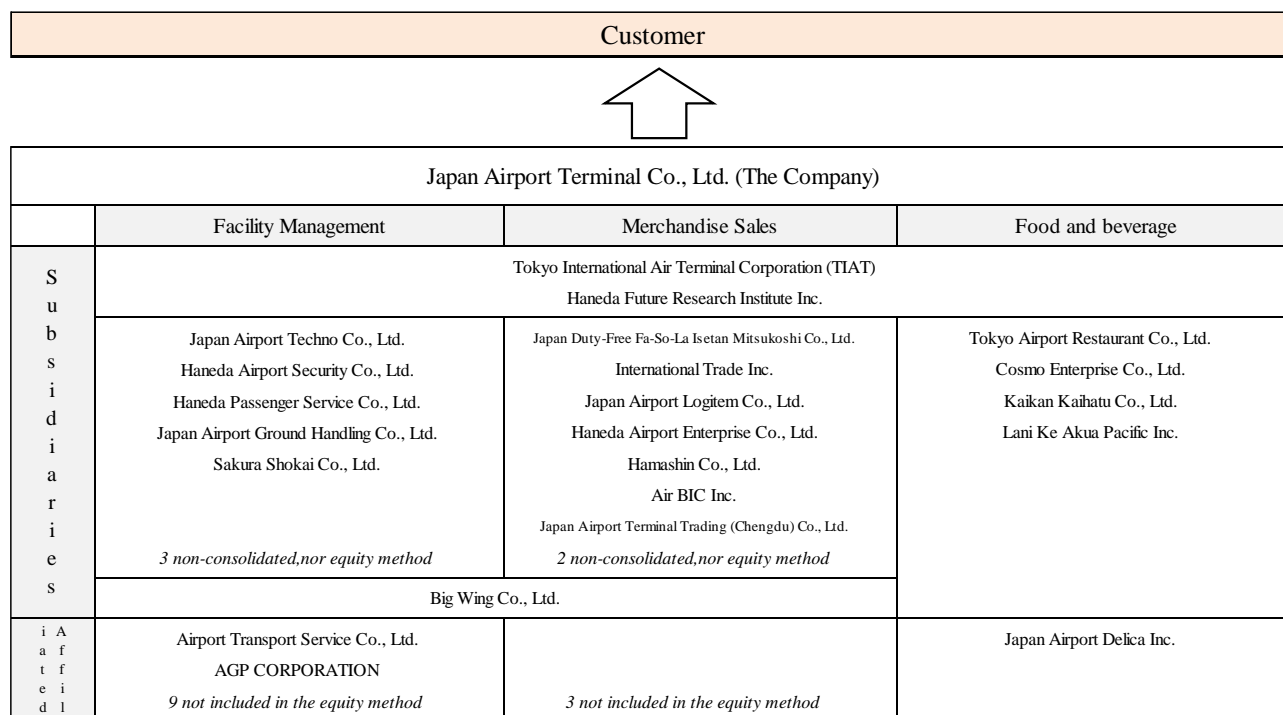
The Company, TIAT, nine other subsidiaries, and three affiliates are engaged in the merchandise sales business. They primarily sell merchandise to airline passengers at Haneda Airport, Narita Airport, and Kansai Airport for domestic and international flights and sell merchandise wholesale to airport companies, including Chubu Airport.

The Japan Airport Logitem Co., Ltd., a subsidiary of the Company, is engaged in the transportation and warehousing of goods.

Food and beverage

The Company, TIAT, and three other subsidiaries provide food and beverage services primarily to passengers of domestic and international flights at Haneda and Narita Airports.

Cosmo Enterprise Co., Ltd. and one affiliate produce and sell in-flight meals and frozen foods for international airlines at Haneda and Narita Airports.



Notes: 1) Consolidated subsidiaries: 19 companies
 2) Non-consolidated subsidiaries: 5 companies
 3) Affiliated included in the equity method: 3 companies
 4) Affiliated not included in the equity method: 12 companies

4. Overview of Subsidiaries and Affiliates

[Consolidated subsidiaries]

(Millions of yen, unless otherwise stated)

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Tokyo Airport Restaurant Co., Ltd.	Ohta-ku, Tokyo	990	Food and beverage	60.5	The lessee of facilities and equipment. Directors serve concurrently.
Japan Duty-Free Fa-So-La Isetan Mitsukoshi Co., Ltd. (Note 5)	Chuo-ku, Tokyo	490	Merchandise sales	67.5	The Company's products are purchased. Directors serve concurrently. The Company provides financial support.
Haneda Future Research Institute Inc. (Note 5)	Ohta-ku, Tokyo	200	Facilities management	100.0	The Company's business consulting services are outsourced. Directors serve concurrently. The Company provides financial support.
Cosmo Enterprise Co., Ltd.	Narita, Chiba	180	Food and beverage	79.9	Lease of office and warehouse space to the Company. Directors serve concurrently. The Company provides financial support.
International Trade Inc.	Ohta-ku, Tokyo	150	Merchandise sales	100.0	The lessee of facilities and equipment. Wholesale products to the Company. Directors serve concurrently.
Japan Airport Logitem Co., Ltd.	Ohta-ku, Tokyo	150	Merchandise sales	100.0	The lessee of facilities and equipment. Transportation and inspection are entrusted. Directors serve concurrently.
Big Wing Co., Ltd.	Ohta-ku, Tokyo	150	Facilities management	100.0	The lessee of facilities and equipment. Advertising and other services are outsourced. Directors serve concurrently.
Japan Airport Techno Co., Ltd.	Ohta-ku, Tokyo	150	Facilities management	100.0	The lessee of facilities and equipment. Maintenance, management, and cleaning of company property under contract Directors serve concurrently.
Tokyo International Air Terminal Corporation (Notes 2,5,7)	Ohta-ku, Tokyo	100	Facilities management	51.0	The lessee of facilities and equipment. The Company's products are purchased. Outsourcing business operations to the Company. The Company provides financial support.
Air BIC Inc.	Ohta-ku, Tokyo	100	Merchandise sales	51.0	The operation of the Company's merchandise sales business is entrusted. Directors serve concurrently. The Company provides financial support.
Haneda Airport Enterprise Co., Ltd.	Ohta-ku, Tokyo	50	Merchandise sales	100.0	The operation of the Company's merchandise sales business is entrusted. Directors serve concurrently.
Haneda Airport Security Co., Ltd.	Ohta-ku, Tokyo	50	Facilities management	100.0	Contracts for security services for the Company's facilities. Directors serve concurrently.
Haneda Passenger Service Co., Ltd.	Ohta-ku, Tokyo	50	Facilities management	100.0	The Company's passenger services are outsourced. Directors serve concurrently.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.	Sichuan, People's Republic of China	300	Merchandise sales	100.0	Directors serve concurrently.
Lani Ke Akua Pacific Inc.	Hawaii, United States	420 million dollars	Food and beverage	100.0	n/a

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
Sakura Shokai Co., Ltd. (Note 3)	Ohta-ku, Tokyo	50	Facilities management	100.0 [100.0]	Waste disposal at the Company's facilities is contracted. Directors serve concurrently. The Company provides financial support.
Hamashin Co., Ltd. (Note 3)	Ohta-ku, Tokyo	50	Merchandise sales	100.0 [100.0]	Wholesale products to the Company. Directors serve concurrently.
Japan Airport Ground Handling Co., Ltd. (Note 3)	Ohta-ku, Tokyo	50	Facilities management	100.0 [100.0]	Directors serve concurrently.
Kaikan Kaihatsu Co., Ltd. (Notes 3,4)	Chuo-ku, Tokyo	10	Food and beverage	50.0 [50.0]	The lessee of facilities and equipment. Directors serve concurrently.

[Affiliated companies accounted for by the equity method]

(Millions of yen, unless otherwise stated)

Company name	Location	Common stock, investments	Principal business	Ownership of voting rights (%)	Relationship
AGP Corporation (Note 6)	Ohta-ku, Tokyo	2,038	Facilities management	25.3	The lessee of facilities and equipment.
Japan Airport Delica Inc.	Ohta-ku, Tokyo	100	Food and beverage	49.0	Wholesale products to the Company. Directors serve concurrently. The Company provides financial support.
Airport Transport Service Co., Ltd. (Notes 3,5)	Chuo-ku, Tokyo	100	Facilities management	28.0 [0.6]	Directors serve concurrently. The Company provides financial support.

Notes:

- 1) Segment names are listed in the Principal Business column.
- 2) Classified as a specified subsidiary.
- 3) The figures in brackets in the percentage of voting rights are indirect holdings and are included in the total number of voting rights.
Japan Airport Techno Co., Ltd owns Sakura Shokai Co., Ltd. and Japan Airport Ground Handling Co., Ltd. In contrast, International Trade Inc. owns Hamashin Co., Ltd. and Airport Transport Service Co., Ltd. Additionally, Big Wing Co., Ltd. owns Kaikan Kaihatsu Co., Ltd.
- 4) Although the Company's ownership interest is less than 50%, it is considered a subsidiary because the Company has significant influence over the entity.
- 5) These companies had excess debt. As of March 31, 2024, Tokyo International Air Terminal Corporation (TIAT) had liabilities of 24,469 million yen, Japan Duty-Free Fa-So-La Isetan Mitsukoshi Ltd. had liabilities of 7,631 million yen, Haneda Future Research Institute Inc. had liabilities of 421 million yen, and Tokyo Airport Transport Co. had liabilities of 579 million yen.
- 6) Filed an annual securities report.
- 7) TIAT accounts for over 10% of consolidated operating revenues (excluding intercompany sales between consolidated companies).

Main Financial Information is as follows:

- a) Operating revenues: 82,304 million yen
- b) Ordinary profit: 9,372 million yen
- c) Net profit: 12,133 million yen
- d) Net assets: (24,548) million yen
- e) Total assets: 159,053 million yen

5. Employees

(1) Consolidated

(As of March 31, 2024)

Operating segment	Number of employees	
Facilities Management	981	[152]
Merchandise Sales	940	[211]
Food and Beverage	561	[219]
Segment total	2,482	[582]
Corporate	178	[4]
Total	2,660	[586]

Notes:

- 1) The number of employees represents the number of employees actually at work. Separately, the average number of temporary employees during this fiscal year is disclosed in square brackets.
- 2) The number of employees under “Corporate” refers to employees working for administrative departments who cannot be classified into specific operating segments.

(2) The Company

(As of March 31, 2024)

Number of employees	Average age	Average service length	Average annual salary (gross)
293	37 years 8 months old	12 years 5 months	JPY 7,987,305

(As of March 31, 2024)

Operating segment	Number of employees
Facilities Management	70
Merchandise Sales	66
Segment total	136
Corporate	157
Total	293

Notes:

- 1) Average annual salary (gross) includes extra wages and bonuses.
- 2) The number of employees under “Corporate” refers to employees working for administrative departments who cannot be classified into specific operating segments.

(3) Relationship with the labor union

There are currently no unions in the Company or the Group.

(4) Ratio of female managers, male employees who took childcare leave, and wage differences between male and female employees

[The Company]

As of March 31, 2024	Fiscal year ended March 31, 2024				
Ratio of female managers	Ratio of male employees who took childcare leave		Wage differences between male and female employees		
	Permanent employees	Fixed-term employees	All employees	Permanent employees	Fixed-term employees
38.8%	88.9%	-	84.7%	87.2%	48.2%

Note: Calculated by the provisions of the “Law on the Promotion of the Active Role of Women in Professional Life” (Law No. 64, 2015).

[Consolidated subsidiaries]

Company name	As of March 31, 2024	Fiscal year ended March 31, 2024					
	Ratio of female managers	Ratio of male employees who took childcare leave			Wage differences between male and female employees		
		All employees	Permanent employees	Fixed-term employees	All employees	Permanent employees	Fixed-term employees
Tokyo Airport Restaurant Co., Ltd.	23.3%	- (Note 2)	- (Note 2)	- (Note 2)	72.2%	76.0%	72.0%
Cosmo Enterprise Co., Ltd.	- (Note 2)	0.0%	0.0%	-	72.7%	79.5%	92.5%
Japan Airport Logitem Co., Ltd.	25.0%	- (Note 2)	- (Note 2)	- (Note 2)	70.0%	96.4%	86.6%
Japan Airport Techno Co., Ltd.	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)	76.4%	83.9%	77.6%
Haneda Airport Enterprise Co., Ltd.	75.5%	- (Note 3)	- (Note 3)	- (Note 3)	83.3%	83.1%	75.9%
Haneda Airport Security Co., Ltd.	14.3%	- (Note 3)	- (Note 3)	- (Note 3)	96.1%	92.5%	- (Note 4)

Notes:

- 1) Calculated by the provisions of the “Law on the Promotion of the Active Role of Women in Professional Life” (Law No. 64, 2015).
- 2) This information is omitted because the Company is not subject to disclosure requirements under the provisions of the “Act on Promotion of Women’s Participation and Advancement in the Workplace” (Law No. 64, 2015) and the “Law on the Welfare of Workers Who Take Care of Children or Other Family Members, Including Childcare and Family Care Leave” (Law No. 76, 1991).
- 3) No male employees are eligible to take childcare leave.
- 4) This information is omitted because the difference in wages between men and women cannot be calculated because the workers are only of the same sex.

Item 2. Business Overview

1. Management Policy, Business Environment, and Issues to be Addressed

The following description contains forward-looking statements that the Company judged as of the filing date of this Annual Securities Report.

(1) Management Policy and Management Strategy

As a company that constructs, manages, and operates passenger terminals and other facilities at Haneda Airport, the domestic air transportation network hub, our basic management philosophy is to “harmonize public interest and corporate interest.”

Based on this philosophy, we will continue to fulfill our social responsibilities by achieving absolute safety in passenger terminals, operating passenger terminals in a customer-oriented manner, and ensuring stable and efficient passenger terminal operations.

In addition, to continuously increase the corporate value of the entire Group, we will further enhance the convenience, comfort, and functionality of passenger terminals through strategic and appropriate investment and asset management and accurately respond to the increasing sophistication and diversity of customer needs, while striving to provide appropriate returns to airlines, airport users, business partners, shareholders, and other stakeholders. Our fundamental management policy is to provide appropriate returns to our stakeholders, including airlines, airport users, business partners, and shareholders.

In our management strategy, we position sustainability as the core of our strategic promotion and pursue realizing a sustainable society and the sustainable growth of our Group under our “Basic Sustainability Policy.”

(2) Target Indicators for Judging the Achievement of Management Objectives

The Group has set the following objective indicators in the medium-term business plan for fiscal years 2022 to 2025.

[Consolidated net profit]

In the fiscal year 2025, we will ensure that earnings per share exceed the fiscal year 2020 target in the previous medium-term business plan, considering the dilution from the capital increase in March 2021.

[Cost Reduction Measures]

The Company will curb the cost rebound by drastically reviewing terminal operations, such as the COVID-19 pandemic. It will generate an amount equivalent to 10% of the FY2020 operating profit target of the previous medium-term business plan of 25 billion yen through cost reduction as a target for improving efficiency and productivity.

[ROA (EBITDA)]

The Company will continue to use the latest average of the SKYTRAX Top 10 airports as a reference value, considering its business's characteristics, including owning passenger terminals and parking lots, and improving facilities as it develops.

[Equity Ratio]

Although the Equity Ratio declined due to the business environment of the COVID-19 pandemic, we will continue to aim for a recovery of 40% or more to maintain our credit rating (A+) and stabilize our financial base as soon as possible.

[Dividend Payout Ratio]

The Company regards the return of profits to shareholders as an important issue. It has a basic policy of maintaining stable dividends while securing internal reserves in consideration of significant investments, and so on. From the perspective of emphasizing shareholder returns based on capital accumulation and business performance, the Company will use the “dividend payout ratio” as an indicator and aim for a 30% or more dividend payout ratio.

[SKYTRAX Evaluation Ranking]

Aiming to win the World's Best Airports TOP 3 and achieve even higher quality and efficiency in operations.

Indicators and targets are as follows.

Classification	Indicator	Target for FY2025
Profitability (Total)	Consolidated net profit	20 billion yen or more
Profitability	Cost Reduction Measures	2.5 billion yen (10% of the 25-billion-yen operating profit target in the previous medium-term business plan)
Efficiency	ROA (EBITDA) Ratio	12% or more
Stability	Equity Ratio	Target recovery to 40% range
Shareholder returns	Dividend Payout Ratio	30% or more
Airport Rating	SKYTRAX Evaluation Ranking	World's Best Airports TOP3

The current medium-term management plan sets the target for net profit attributable to the parent owners at 16 billion yen or more. This assumes passenger volume will recover to the pre-COVID-19 plan level in FY2025.

In light of changes in the external environment, including the status of recovery in passenger volume and the completion date of the new satellite construction on the north side of Terminal 1, which was scheduled for FY2025, we have revised the target.

In addition to the downward revision of the passenger volume forecast for domestic and international flights, the increase in labor costs and various expenses due to soaring prices will significantly impact profits. Conversely, our revenue and expense targets have been revised upward by 4 billion yen for operating profit and 4 billion yen for net profit, reflecting favorable merchandise sales and an increase in rent income and other revenues from the renewal of commercial areas and office space attraction.

In light of the changes above, the consolidated net profit target for FY2025 has been revised from [16 billion yen or more] to [20 billion yen or more].

(3) Business Environment and Issues to be Addressed

In March 2020, Haneda Airport saw an approximate 1.4 times increase in international departures and arrivals as part of efforts to enhance the functions of airports in the Tokyo metropolitan area. Our group has been working to improve facilities to accommodate this increased volume of departures and arrivals. Despite the significant decline in airline demand due to the impact of the COVID-19 pandemic, international passenger volume recovered in the current fiscal year following the lifting of border control measures, resulting in a record high in earnings driven by robust inbound demand. As of the end of the consolidated fiscal year under review, Haneda Airport's international routes have not yet been served by flights to China and Europe. However, the number of flights to and from Haneda Airport is expected to increase in stages toward the level achieved after the expansion of arrival and departure slots.

Conversely, the swift rebound in passenger traffic has created a shortage of workers across the aviation sector. Our group has been working with the government and airlines to streamline the security checkpoint process and normalize operations at directly managed stores. Furthermore, terminal operating costs have risen due to higher prices and wages, and the ongoing yen depreciation has impacted our business performance in revenue and expenses.

Given these circumstances, we must achieve the profit targets for FY2025 as outlined in the medium-term management plan, "To Be a World Best Airport 2025." In line with our "Toward Advanced Airports 2030 that are Friendly to People and the Environment" strategy, we have made sustainability the core of our business plan. We aim to grow our airport business, establish a foundation for renewed growth, expand our revenue base, and strengthen our management foundation. We are pursuing growth in our airport business, establishing a foundation for renewed growth, expanding our revenue base, and strengthening our management foundation.

Regarding sustainability, we have established KPIs (Key Performance Indicators) and targets for each material issue based on our Mid-Term Sustainability Plan. We are working across the company to resolve material issues by managing progress. In May this year, we released new information on nature-related initiatives by the Task Force on Nature-related Financial Disclosure (TNFD) recommendations. We will continue to pursue enhancements to our sustainability management practices and the implementation of targeted measures.

We will continue utilizing robots and other technologies to achieve high quality and increased profits in response to labor shortages and rising prices. We will also review operations to curb increases in maintenance and management costs while attracting more office space and rising rents and other revenues. Furthermore, we will enhance the functionality of the airport infrastructure to meet the government target of 60 million foreign visitors to Japan by 2030. As part of our ongoing efforts, we will continue to pursue the construction of a connection between the northern satellite of Terminal 2 and the main building, as well as a satellite on the northern side of Terminal 1. This is in anticipation of future growth in airline demand and the goal of further enhancing passenger convenience. The new Terminal 1 North Satellite will employ a hybrid wood/steel structure and wood materials to reduce the environmental impact throughout the building's life cycle. It will also aim to obtain ZEB-oriented certification, thereby contributing to the decarbonization of the airport. (ZEB stands for Net Zero Energy Building. A ZEB-oriented building reduces annual primary energy consumption by 30% or more while maintaining a comfortable terminal facility environment.)

Regarding sales, duty-free stores are experiencing robust performance due to the weak yen and an uptick in inbound travel. However, there is a potential for unit purchase prices to soften in the future, influenced by shifts in exchange rates and broader market dynamics. Furthermore, we will continue to renovate stores in duty-free areas and implement measures to improve purchase rates. Additionally, we will expand the range of products offered at reservation sales and virtual boutiques in Terminal 2 International Flights, where the area of duty-free stores is limited compared to Terminal 3. Additionally, we will implement RFID and automate warehouse operations to reduce congestion at general duty-free stores and improve the efficiency of store and warehouse operations. Furthermore, to respond to changing consumer trends, we will enhance our one-to-one marketing strategy and gain deeper insights into customer needs by introducing the “HANEDA Point” feature in the official Haneda Airport application and other channels.

Moreover, to diversify its revenue streams and reduce reliance on passenger traffic, the EC business has enhanced its infrastructure by developing a new core system for its directly managed EC site. In May this year, we renewed the domestic e-commerce site, HANEDA Shopping, to increase earnings. Furthermore, we intend to enhance our profitability by capitalizing on Haneda’s assets, network, and expertise in airport operations, conducting research and developing new business opportunities.

To provide a solid foundation for these efforts, we will continue to expand our workforce, enhance compensation, and diversify our human resources to meet the growing demand for air travel. Furthermore, the “Plus One Promotion,” an inner branding initiative, will foster a corporate culture that encourages independent thinking and problem-solving. In the DX area, we are pursuing two distinct strategies: an “offensive DX” strategy to drive business transformation and a “defensive DX” strategy to enhance the efficiency of existing operations. The “offensive DX” strategy aims to improve airport operations and services and facilitate data-driven management by consolidating and utilizing all available information within Haneda Airport in a centralized database. In the “defensive DX” strategy, we enhance productivity by optimizing core operational systems and reviewing business processes focusing on digital utilization.

To fulfill our responsibilities as an airport functional facility operator that constructs, manages, and operates passenger terminals at Haneda Airport by the Airport Law, the Group will continue to work with the Ministry of Land, Infrastructure, Transport and Tourism, airlines, and other related parties, and while drawing on the lessons learned from the COVID-19 pandemic, the Group will work together to respond decisively to the recovery in demand. Furthermore, we will endeavor to accomplish the objectives outlined in our medium-term management plan and enhance capital profitability to achieve management mindful of the cost of capital and stock price, as the Tokyo Stock Exchange requires of listed companies. We will strive to improve convenience, comfort, and functionality, establish a customer-first philosophy and absolute safety, and increase our corporate value by contributing to the continuous creation of value at Haneda Airport and the development of air transportation.

2. Sustainability

The Group's approach to sustainability and its initiatives are as follows. Forward-looking statements are based on the Group's assessment as of the end of the current fiscal year.

(1) Governance

(Sustainability in general)

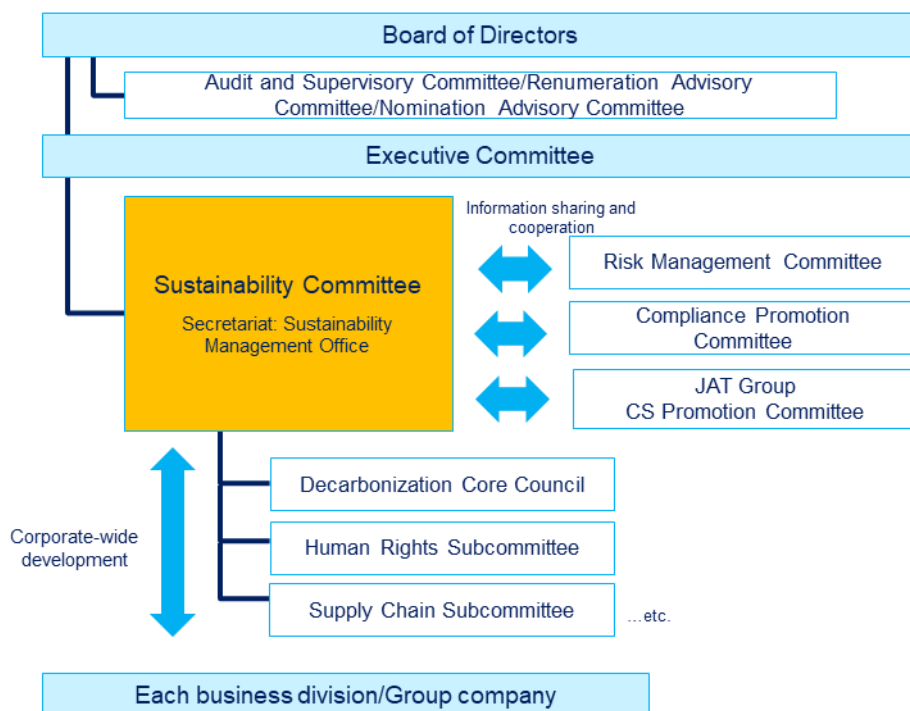
The Group fully understands its social role as a private company responsible for constructing, managing, and operating highly public passenger terminals. It aims to manage its operations in harmony with the business and society. To develop an advanced airport that is environmentally responsible and customer-friendly, we have made sustainability the foundation of our strategy and established a governance structure to ensure the consistent implementation of ESG-related initiatives and their continued effectiveness.

The Sustainability Committee, chaired by the President and COO, and the Sustainability Management Office, which reports directly to the President and COO, collaborate with each department to develop sustainability plans and oversee their implementation. In developing the plan, we seek input from external sources, including dialogue with external experts with specialized sustainability perspectives.

The Sustainability Committee meets twice a year to review the progress of initiatives on key issues such as climate change, natural capital, and human resource development. In addition to monitoring progress, the Committee also formulates policies and plans to promote sustainability, materiality (key issues), and KPIs (key performance indicators). These are defined in the Mid-Term Sustainability Plan. The Board of Directors convenes semi-annually to deliberate and review the materiality and KPIs (key performance indicators) outlined in the mid-term sustainability plan, as well as needed. The Committee's deliberations are reported to and decided by the Board of Directors, after deliberation by the Executive Committee, based on the relationship and consistency with management strategies.

We are building a governance structure for sustainability through top management leadership, establishing specialized departments, and collaborating with external experts.

Figure 1: Overview of Sustainability Promotion System



(2) Strategies

(Sustainability in general)

We have developed a mid-term sustainability plan (released in May 2023) and are developing the following strategies:
(Details) https://www.tokyo-airport-bldg.co.jp/en/sustainability/medium_term_plan/

(a) Formulation of basic sustainability policy

Concerning our stakeholders, including customers, shareholders, employees, local communities, and partners, we have established a policy to promote sustainable business practices while contributing to economic and social development.

(b) Materiality Identification

We have identified eight materialities that align with our medium-term business plan. In identifying them,

- 1) Social and business issues that may affect our business in the medium to long term, based on a list of key issues from industry associations (ACI) and international guidelines (GRI, SASB, etc.) and our business strategy.
- 2) The evaluation was based on two axes: 1) importance to the Company's business (corporate interest) and 2) importance to society (public interest),
- 3) External expectations and requirements are reflected through dialogue with external experts.

(c) Formulating initiatives and KPIs

See the “Metrics and Goals” section.

(Climate change)

While climate change, such as the frequent occurrence of extreme weather events, has a significant impact on our Group, we also impact on the environment by emitting many greenhouse gases (GHGs), such as electricity consumption in terminal operations. In September 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in May 2023, we disclosed information based on the TCFD recommendations.

(Details) Disclosure based on TCFD recommendations (updated May 2024):

(<https://www.tokyo-airport-bldg.co.jp/files/en/ir/000014843.pdf>)

The analysis used the following two scenarios (“1.5°C scenario” and “4.0°C scenario”) to assess the impact of climate change on the Group's operations. The scenarios are based on those published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

Table 1: Overview of Scenario Analysis

Title	1.5°C scenario	4.0°C scenario
Scenario overview	<ul style="list-style-type: none">As a result of drastic measures having been taken effectively, a decarbonized society is achieved, limiting the rise in the global temperature to 1.5°C from pre-industrial levels.Major risks that turn into reality include those associated with the transition to a decarbonized society.	<ul style="list-style-type: none">As a result of additional measures not being taken, the average global temperature will rise further by approximately 4°C compared to the pre-industrial levels.Major risks that turn into reality include physical risks arising from climate change.
Worldview	<ul style="list-style-type: none">As a result of carbon pricing and regulations on the rate of SAF usage by airline operators, the aviation (including the airport) industry is required to take appropriate measures such as carbon offsetting and investments in renewable energy and energy saving.The aviation industry may be shifting to alternative transportation means. However, as the use of SAF becomes more widespread, airport operators and their supply chains gradually succeed in reducing GHG emissions.	<ul style="list-style-type: none">The government's policies and regulations to encourage the shift to a low-carbon society have only a limited effect.As climate change intensifies, changes in climate patterns, rising sea levels, and increasingly severe and frequent extreme weather events exert adverse impacts on airport operations. This makes supply-chain risk management and BCP reviews more important.

The analysis focused on the Group's “Facility Management” and “Merchandise Sales and Food & Beverage” (a category that combines the “Merchandise Sales” and “Food & Beverage” businesses). It identified risks and opportunities, assessed their impact, and defined measures to address the risks based on the two scenarios described above. The table below shows the time frame and impact of assessing climate-related risks and opportunities.

Table 2: Time horizon and impact in assessing climate-related risks and opportunities

Time frames	Short-term	up to FY2025 (Medium-term Management Plan Period)
	Medium-term	up to FY2030 (Advanced human and environmentally friendly airports up to FY2030)
	Long-term	up to FY2050 (Until the time of achieving net zero)
Level of impact	Minor	Less than 100 million yen per year
	Medium	More than 100 million yen to less than 1 billion yen per year
	Major	More than 1 billion yen per year

Table 3: Risks, opportunities, and impacts of climate change

Risk Type/ Type of Opportunity		Summary	Segment		Time Frame	Most Relevant Scenarios	Level of Impact
			Facilities	Merchandise Sales/Food & Beverage			
Transition Risk	GHG Emission Reduction Measures (Policy and law/ technology)	Increased terminal operating costs and raw material procurement and logistics costs associated with the introduction of carbon pricing (<i>Note</i>)	✓	✓	Short- to medium-term	1.5°C	Major
		Increased costs due to climate change regulations (e.g., increased construction costs due to environmental regulations)	✓		Short- to long-term	1.5°C	Major
		Increased costs due to climate-related laws and regulations (e.g., resource recycling of plastics and other resources, natural capital sourcing, etc.)		✓	Short- to medium-term	1.5°C	Medium
		Increased investment costs for climate protection measures due to the introduction of renewable and new energy sources, etc.	✓	✓	Short- to medium-term	1.5°C /4.0°C	Major
	Others (Market/ Reputation)	Slower growth in airport passenger traffic due to policies that negatively impact airline demand	✓	✓	Short- to long-term	1.5°C	Medium
		Loss of reputation with tenants, partners, customers, suppliers, and employees due to delays in environmental compliance	✓	✓	Short- to medium-term	1.5°C /4.0°C	Medium
Physical risks	Chronic	Impact of Sea Level Rise on Airport Access Traffic	✓	✓	Medium- to long-term	4°C	Minor
		Impact of changing climate patterns on infectious disease outbreaks, etc.	✓	✓	Long-term	4°C	Major
	Acute	Impact of intensification and frequency of extreme weather events on the number of users	✓	✓	Short- to medium-term	4°C	Medium
		Supply chain disruptions due to more severe and frequent extreme weather events		✓	Short- to medium-term	4°C	Medium
		Damage to facilities, flooding, etc. due to severe and frequent extreme weather events	✓	✓	Medium- to long-term	4°C	Major

Risk Type/ Type of Opportunity		Summary	Segment		Time Frame	Most Relevant Scenarios	Level of Impact
			Facilities	Merchandise Sales/Food & Beverage			
Opportunities	GHG Emission Reduction Measures (Energy sources)	Reduced costs as a result of a highly efficient use of energy and diffusion of new technologies	✓		Long-term	1.5°C	Medium
		Contributions to decarbonization and securing new revenue sources	✓		Medium-to long-term	1.5°C /4.0°C	Medium
	Others (Resource efficiency/ Products and services/Markets)	Improved brand value through decarbonization initiatives	✓	✓	Medium-to long-term	1.5°C	Major
		Use of policy support for low-carbon entities	✓		Medium-to long-term	1.5°C	Medium
		Establishment of a recycling system centered on JAT	✓		Short- to medium-term	1.5°C /4.0°C	Medium
	Physical risks	Strengthening the airport's resilience in collaboration with stakeholders and local communities	✓		Medium-term	1.5°C /4.0°C	Medium

Note: The following assumptions have been made in estimating carbon pricing based on projected emissions in 2030:

Emissions: 57,000 t-CO₂ (2030 time point emissions)

Carbon price: 21,000 yen (IEA WEO2023 1.5°C scenario (NZE) at 140 USD/t-CO₂ at 2030 x 150 yen per dollar)

Impact: 57,000 x 21,000 = approx. 1.2 billion yen

Table 4: Countermeasures (Some excerpts)

Type of Risks/Opportunities		Summary
Transition risk-related	GHG Emission Reduction Measures	Energy-saving measures including switching to LED lighting, renewal of air conditioning equipment, and adoption of AI air conditioning
		Introduction of renewable energy sources including mega-solar power, review of power source composition, and promotion of efficient use of heat sources
		Improvement of environmentally friendly performance by transforming existing facilities into net-zero-energy buildings (ZEBs), the introduction of wooden structures and wooden interior decorations to the airport buildings, and using Radi-cool, a radiant cooling material, etc.
		Investigation and exploration for the use of new energies
Physical risk-related	Others	Effective use of resources (e.g., provision of materials and equipment from Haneda Airport to regional airports and other commercially partnered airports) and commercialization of waste reduction techniques (e.g., collection of waste oil and use of the oil as biofuel)
		Strengthening of response to the Tokyo International Airport A2-BCP, Establishment of a BCP structure, and implementation of regular drills
		Thorough measures against infectious diseases; non-contact sales using robots and digital technologies
		Optimization of procurement, production, and logistics as a whole, including elimination of supply chain redundancy

(Natural capital)

As an airport terminal serving 80 million passengers annually, we utilize and procure many resources, including construction materials, plastics, and water. Concurrently, we generate waste, such as construction waste, food residues, and collected garbage. To achieve our goal of becoming an advanced airport friendly to both people and the environment, we have identified natural capital-related initiatives as a key management issue. We are currently evaluating and analyzing the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD). In support of these recommendations, we are disclosing the following information regarding the TNFD recommendations. An analysis was conducted using the LEAP approach to ascertain the relationship between the Group's operations and the natural environment. This approach enables a systematic scientific assessment of nature-related risks and opportunities.

(Details) Disclosure regarding TNFD recommendations:

(<https://www.tokyo-airport-bldg.co.jp/files/en/ir/000014848.pdf>)

Figure 1: Schematic Diagram of the JAT Group's Value Chain (Relationships with the Natural Environment)

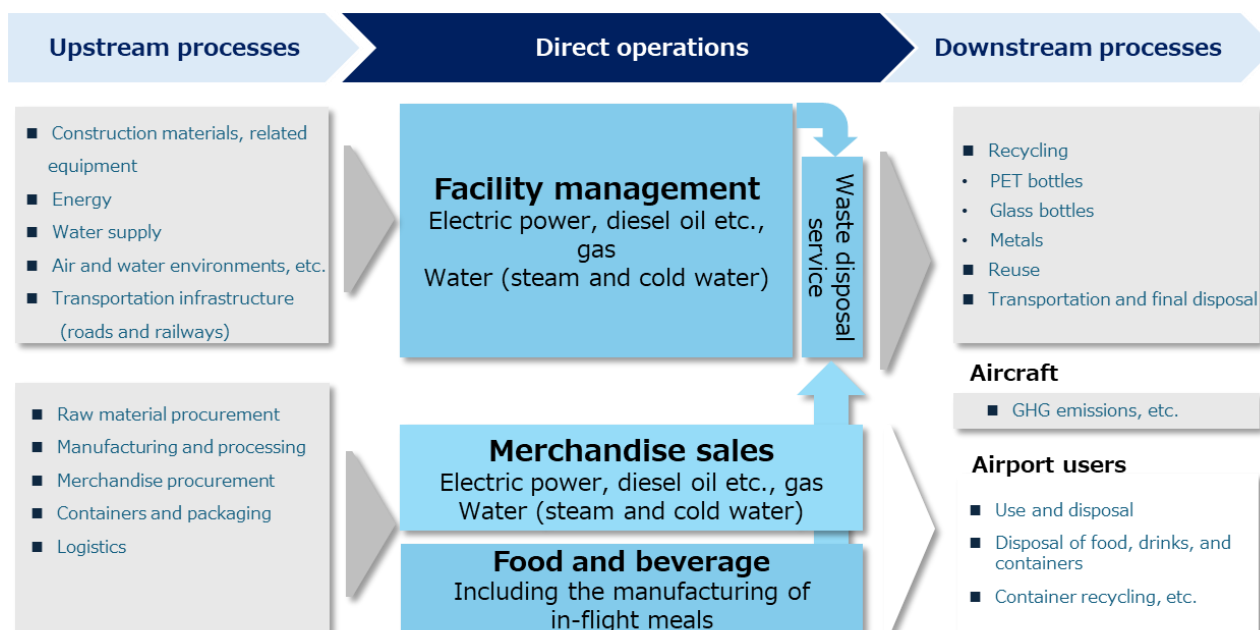


Table 1: Assessment of Relationships with the Natural Environment in Our Value Chain (Heat Map)

Environmental Impact*			Use of land	Use of fresh water	Use of seawater	Use of water	Use of other resources	GHG emissions	Air pollution other than GHG emissions	Water pollution	Soil pollution	Waste	Noise and pollution	Alien species
Facility management	Upstream	Construction, etc., of facilities												
	Direct operations	Facility management and operation and waste disposal												
	Downstream	Use by aircraft and passengers												
Merchandise sales, and food and beverage	Upstream	Procurement of merchandise and raw materials												
	Direct operations	Merchandise sales, manufacturing of in-flight meals, and food and beverage services												
	Downstream	Use and disposal of merchandise, food, beverages, etc.												

Note: The thicker the color, the stronger the relationship (dependencies and impacts) with the environment. We are considering assessing dependencies and the implications for each case in the future.

[Facility management]

In 2023, Haneda Airport had about 400,000 aircraft movements, and some 80 million passengers used the airport's passenger terminals. For our direct operations, we consume electric power and other energy sources to maintain the comfortable space in the facilities, thus generating CO₂ emissions. Energy use entails GHG emissions and different types of air pollution for the movement of aircraft and passengers in the downstream processes.

The terminal buildings we manage and operate (direct operations) and the movement of passengers in the downstream processes entail waste generation by some 80 million users. We dispose of such waste, which accounts for around 40% of the total waste generated in the Haneda Airport area. Thus, such waste generation and disposal have some measure of impact on the environment.

Japan's domestic natural environment (air, water quality and quantity, and ecosystem condition) is favorable to the global standard. Because of their intrinsic nature, our airport facilities have some measure of environmental impact around Haneda Airport associated with noise and light pollution due to lighting at night.

Annual water consumption at the three terminal buildings in Haneda Airport exceeds 700,000m³, which accounts for some 50% of total yearly water consumption in the Haneda Airport area. Such water use entails certain degrees of dependencies and impacts.

[Merchandise sales and Food and beverage operation]

The merchandise, food materials, and processed food products that we manage come in great variety. The production, manufacturing, and processing of raw materials for them entail certain degrees of dependencies and impacts on water use, land use, air pollution, and the like.

We generate specific volumes of disposable containers and packing materials as waste from our merchandise sales and food and beverage businesses.

As noted above, we have developed a heat map based on currently available information on how our business activity's direct operations and upstream and downstream processes are related to nature in terms of dependencies and impacts. With this map, we have identified and assessed important areas. Given the findings of this assessment, we have identified the nature-related risks and opportunities for the business of the JAT Group. To this end, we have envisioned responses toward a nature-positive society and physical damage resulting from nature degradation and associated losses of ecosystem services. Then, we identified three directions for our strategy regarding nature-related risks and opportunities. As we advance, we will analyze risks and opportunities more deeply. At the same time, we will collaborate with many stakeholders to develop and implement measures to implement that strategy as a key management issue.

Table 2: Three Strategic Directions (Pillars)

Our Strategy on Nature-related Risks and Opportunities	
Realizing an Eco Airport	Under the relevant policy and decarbonization plan of the central government, we will take measures to reduce the impact of our airport operations on the global and local environments in cooperation with the stakeholders concerned.
Establishing a circular economy	We will work to make the entire airport more like a circular economy by reducing the amount of waste that is generated and disposed of in the airport through the promotion of recycling and reuse and the resultant reduction of the amount of landfill.
Promoting sustainable procurement	We will work to reduce the impact of our supply chain as a whole on the natural environment. To this end, we will give more consideration to the environment and human rights in the manufacturing and processing of raw materials in our merchandise sales and food and beverage operations.

[Fundamental Approach to Human Capital]

Against this backdrop, one of the Group’s medium-term management strategies, “Enhance the management base,” calls for “Transforming the workforce into a group of true professionals and maximizing organizational strength.” In our mid-term sustainability plan, we have identified two key areas of focus: “Human resource development” and “Promotion of DEI (Diversity, Equity, and Inclusion).” We are actively pursuing these initiatives.

[Basic Approach to Human Resource Strategies]

(a) Recruitment and training of human resources staff

In line with this policy, we are recruiting new graduates with architecture, science, engineering, and overseas human resources expertise. Furthermore, we employ mid-career professionals with diverse backgrounds and skill sets to enhance the diversity of our core human resources.

Our training system has transitioned from a uniform employee training approach to a more specialized and selective education and training model. To enhance the effectiveness of our training initiatives, we have introduced a system that supports autonomous learning, such as a hand-up system program.

Furthermore, as part of our efforts to reform employee awareness and behavior, we are developing the “Plus One Promotion” throughout the Group. This initiative aims to enhance work engagement by considering improvements and changes in current business operations. Furthermore, we are expanding the number of employees participating in external secondment opportunities and industry-academia collaborative projects, which provide valuable opportunities for knowledge exchange and acquiring new ideas.



(b) Improvement of the internal workplace environment

A diverse team of professionals from Japan and the globe supports our business. To guarantee that our customers worldwide can utilize our services with ease and security, it is imperative to cultivate a highly inclusive organizational culture where every employee embraces diverse cultures and values and respects one another. Furthermore, as the entire Group continues to globalize and expand its business, fostering an environment that recognizes and encourages diversity and mutual growth is essential.

In line with this policy, we create an internal environment where diverse human resources can play an active role and feel comfortable and fulfilled in their work. We maintain a high ratio of female managers, promote DEI, such as the employment of foreigners and persons with disabilities, and encourage activities by young employees to reform the way they work.

(c) Retain Personnel and Increase Productivity

We will allocate personnel to new areas to achieve our management strategy, including operating R&D bases in different industries (terminal.0), knowledge businesses, and industry-industry-academia collaboration projects. In addition to these personnel acquisition strategies, we will expand our workforce through recruitment and enhance compensation for employees affected by the COVID-19 disaster. We will also pursue realizing our management strategy with an efficient personnel structure by improving productivity through enhanced capabilities, engagement, and efficiency through DX and other measures.

By conducting employee surveys and other assessments, we aim to manage the impact of human resource development and internal environment improvement measures in a PDCA cycle. We strive to create a virtuous cycle where human investment leads to management results, such as increased revenue, profit, and expansion of new business areas through enhanced human productivity.



(3) Risk management

(Sustainability in general)

As a company that builds, manages, and operates highly public passenger terminals, we recognize that ensuring business continuity is our social mission. In an uncertain society where new risks are emerging, understanding the risks surrounding our business and taking countermeasures is an essential issue in ensuring organizational resilience.

To enhance the sophistication of risk management systems throughout the Group, we established the Risk Management Committee, which is chaired by the President and COO and consists of all executive officers from the Vice President level down. The Committee identifies risks considered to be of high importance (priority risks) and the responses to them. It has a system in place to repeatedly review the status of the responses and verify their effectiveness.

Sustainability-related risks, including climate change and human capital, that the Sustainability Committee deems to have a material impact on our business and performance are integrated into the Group-wide risk management system as priority risks and managed by the Risk Management Committee.

The Risk Management Committee's deliberations are reported to the Board of Directors as appropriate, and the Risk Management Committee oversees risk management.

(4) Metrics and Goals

(Sustainability in general)

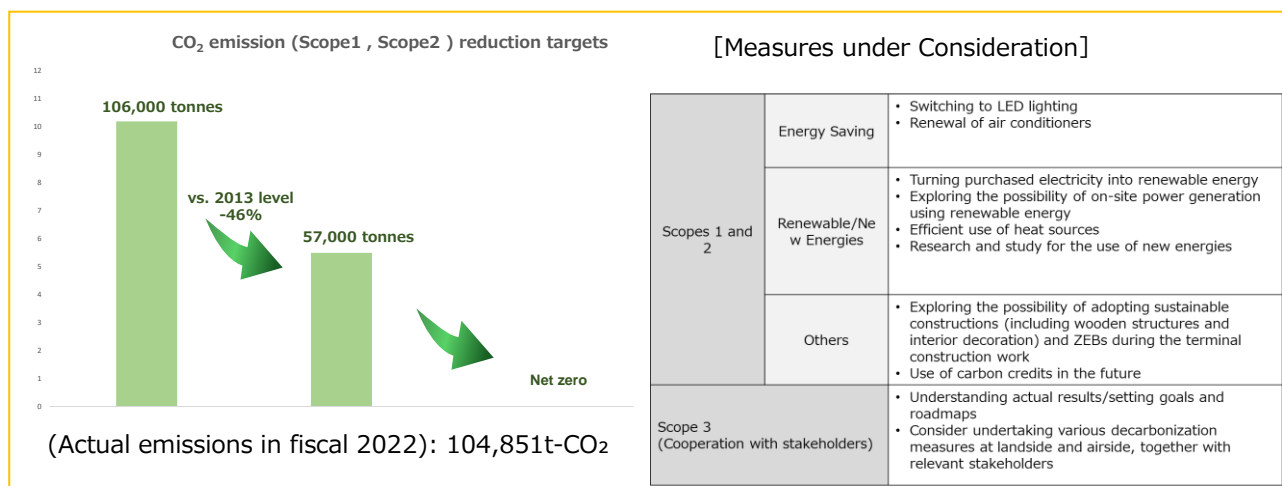
In the Mid-Term Sustainability Plan, we set indicators and targets for each materiality in the three areas of environment, society, people, and governance and disclosed 27 items.

(Details) Mid-Term Sustainability Plan:

(https://www.tokyo-airport-bldg.co.jp/en/sustainability/medium_term_plan/)

(Climate change)

We have set long-term targets to reduce Scope 1 and Scope 2 GHG emissions (see note) by 46% from 2013 levels by 2030 and to achieve carbon neutrality by 2050.



Note:

- 1) Scope: CO₂ emissions of our Group within Haneda Airport
(excluding emissions from Group-owned vehicles within Haneda Airport)
- 2) Scope of emissions: CO₂ emissions from energy consumed internally due to business operations and non-energy-derived CO₂ from waste incineration.

The emission factor and target scope have been revised to align the target values with the “Tokyo International Airport Decarbonization Promotion Plan” by the East Japan Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport, and Tourism. Consequently, the base year emissions and the target for FY2030 have been revised upwards.

The long-term objective of achieving net zero by 2050 will encompass all activities within the Minebea Group, including its operational vehicles, off-airport properties, and other non-energy-derived CO₂ emissions.

(Details) Information disclosure based on TCFD recommendations:

(<https://www.tokyo-airport-bldg.co.jp/files/en/ir/000014843.pdf>)

(Natural capital)

Regarding materiality, “Effective Use of Limited Resources,” we have established key performance indicators (KPIs) of a 70% recycling rate for terminal waste and a 95% recycling rate for food residues from producing in-flight meals in our group’s in-flight meal business. Based on the TNFD recommendations, we have disclosed the core indicators that are currently available.

(Details) Disclosure regarding TNFD recommendations:

(<https://www.tokyo-airport-bldg.co.jp/files/en/ir/000014848.pdf>)

(Human capital and diversity)

Indicators related to the human resources development policy “Think and take on challenges on their own”		
Indicator	Target Year	Track Record
Number of participants in industry-academia-industry collaborations and other projects	Improved every year	FY2023: Total 24
Number of employees on external assignment	Improved every year	FY2023: 21
Number of participants in the “Learning room” in-house training academy	Improved every year	FY2023: Total 114
Number of participants in internal knowledge acquisition seminars	Improved every year	FY2023: Total 370
100% IT Passport Acquired	FY2024	31.0% (Cumulative number of persons obtained: 60)
Number of participants in the “Plus One Promotion” internal branding activities (on a consolidated basis)	Improved every year	252 participants
Indicators related to the Internal Environment Improvement Policy “Corporate Culture Enhances Diverse Human Resources”		
Indicator	Target Year	Track Record
Maintain 40% of female managers	FY2027	FY2023 result: 38.8%
100% of male employees take childcare leave	FY2027	FY2023 result: 88.9%
Gender pay-gap (all employees)	Reduced every year	FY2023 result: 84.7%
Gender pay-gap (full-time employees) (Note 1)	Reduced every year	FY2023 result: 87.2%
Gender pay-gap (non-regular employees) (Note 2)	Reduced every year	FY2023 result: 48.2%
Employment rate of people with disabilities: 6.6%	FY2025	FY2023 result: 3.6%
Percentage of foreign employees	Results management	FY2023 result: 2.4%
Percentage of mid-career employees promoted to management roles	Results management	FY2023 result: 35.3%

Scope of aggregation: The Company (consolidated for certain items)

Notes:

- 1) Excluding loaned employees
- 2) Vice President class, non-regular employees, counselors, and persons with disabilities are included.

[Factors contributing to the gender wage gap]

The Company does not differentiate between male and female employees in terms of compensation for the same role. The primary causes of the disparity above and corresponding measures to address them are outlined below. All figures are as of the end of the 2023 fiscal year.

(a) Full-time employees

It is not anticipated that the differences in average age (40.2 years for men and 36.6 years for women) and average length of service (14.7 years for men and 14.1 years for women) will significantly impact the wage gap. Conversely, although the Company has promoted women to management positions and the ratio of women in management positions is approximately 40%, the ratio at the department manager level is only about 20%. This discrepancy in promotion to upper management positions contributes to the wage gap. To address this issue, we will implement a 1-to-1 mentoring program with senior executives for managers at the section manager level (for both men and women). This program aims to enhance their development and advancement into upper management positions.

(b) Non-regular employees

Among non-regular workers, almost half (47.3%) of mid-career hires (including those with disabilities) are women, and there is no wage discrepancy between men and women. Conversely, most department manager-level temporary employees and external counselors are male. The disparate gender composition of the two groups contributes to the wage gap, with wages for the latter group being almost twice those for the former due to the nature of their duties and the weight of their responsibilities.

(Other related non-financial data)

(Millions of yen)

Items		FY2019	FY2020	FY2021	FY2022	FY2023
Non-consolidated Number of employees	a	290	264	251	272	293
Consolidated Number of employees (including the temporary and dispatched workers) (Note 1)	b	5,379	4,031	3,299	3,595	4,565
Consolidated Operating Revenues (Note 2)	c	249,756	52,572	67,380	139,037	276,995
Consolidated Operating profit (loss)	d	9,892	(59,020)	(41,255)	(10,579)	29,527
Non-consolidated operating revenues per capita	c / a	861	199	268	511	945
Non-consolidated operating profit (loss) per capita	d / a	34	(224)	(164)	(39)	101
Consolidated operating revenues per capita	c / b	46	13	20	39	61
Consolidated operating profit (loss) per capita	d / b	2	(15)	(13)	(3)	6

Notes:

- 1) The number of temporary and dispatched employees is calculated based on the number of hours worked during the last month of the fiscal year.
- 2) While the “Accounting Standard for Revenue Recognition” and other standards have been applied since the beginning of FY2021, operating revenues and related indicators calculated under the former standards are presented for comparison over time.

3. Risk Factors

The following is a list of significant risks that management recognizes as having the potential to materially affect the consolidated company's financial position, results of operations, and cash flows, among other matters related to the business and accounting conditions described in the Annual Securities Report. However, these are not an exhaustive list of all the risks facing our Group; other matters not mentioned may also have an impact. Forward-looking statements in this text are based on the Group's judgment as of the end of the current consolidated fiscal year.

(1) The Group's Business Base

The Group has been designated as an airport facility operator at Haneda Airport by the Airport Law. As a company that constructs, owns, manages, and operates three passenger terminals and two multi-story parking garages, the Group leases office space and other facilities, operates stores (including food products) and restaurants at the airport, manufactures and sells in-flight meals, and provides travel services.

At Narita Airport and other hub airports, the Group operates merchandise sales and food and beverage services, including producing and selling in-flight meals, real estate leasing, and other businesses that effectively use company-owned land outside of airports. The Group also leases to other parties' commercial real estate, which it owns outside of airports. It applies our accumulated experience to develop new businesses inside and outside airport facilities.

(2) Risk management structure

For the Group, which is responsible for the construction, management, and operation of passenger terminals of highly public interest, ensuring the continuity of our business is a social mission, and we recognize that in an uncertain society where new risks are emerging, understanding the risks surrounding our business and taking countermeasures are essential issues in ensuring organizational resilience. We recognize that understanding the risks surrounding our business and taking countermeasures are vital in ensuring our organization's strength.

For risks that have been evaluated as incredibly important to our business (priority risks), we have a system in place to repeatedly review the status of the response and verify the effectiveness of the management process. This includes the Risk Management Committee, which is chaired by the President and Representative Director. The Risk Management Committee provides regular updates on priority risks based on risk information collected across the Company. The committee's deliberations are reported to the Board of Directors as needed to ensure adequate risk management supervision.

(3) Group business and other risks

A two-axis evaluation of risk impact and frequency (rate of expansion) identified 18 priority risks, which were then classified according to their nature.

To minimize the business impact of these risks, The Group has diversified its revenue structure by region (Haneda Airport, Narita Airport, and others) and by segment (facility management, merchandise sales, and food and beverage). We are also strengthening our efforts in new businesses. In addition, we strive to maintain the Group's corporate structure and enhance its overall strength by strengthening measures to address the increase in operating expenses in each business field.

Category	Priority risk
Risk management (external factors)	Terrorist and subversive activities Significant deterioration of airport functions (natural disasters/accidents) Serious infectious disease outbreaks Inadequate cyber-security measures
Business processes (internal factors)	Inadequate product management (food safety, excess inventory) Deficiencies in supply chain management
Management infrastructure	Insufficient human capital and training, low engagement Insufficient group governance Lack of DEI promotion and respect for human rights Violation of financial covenants Acquisitions without Consent
Changes in the business environment	Addressing Environmental Issues Responding to changes in behavior and technological innovation Change in policy (public regulation) New business, acquisitions, and capital expenditures Abrupt and large fluctuations in market conditions Diversification of sales mix (easing airline dependence) Changes in the International Situation

(a) Risk management (external factors) and Business processes (internal factors)

Risk management (external factors) and Business processes (internal factors) are risks that must be prevented from materializing in business operations.

The Group is committed to disaster, crime, and accident prevention so that passengers can use the passenger terminals safely and comfortably. We always pay full attention to merchandise and supply chain management in our business operations. However, the following events could significantly impact the Group's business results and financial position.

- In case of a terrorist act or subversive activity that causes personal or property damage to the airport or passenger terminal.
- In natural disasters or accidents that cause personal or property damage to the airport or passenger terminals or flight cancellations.
- In case of a significant decrease in airline demand due to the spread of a severe infectious disease.
- In case of personal information leakage or severe failure of our group's information system or communication network.
- In case of quality assurance problems such as food poisoning or contamination by foreign substances in restaurants or stores, resulting in damage to the corporate image or administrative penalties.
- In case of difficulties obtaining foreign-made materials, logistics disruption, or reputation deterioration due to inappropriate procurement activities.

(b) Management infrastructure

Management infrastructure is a classification of risks that may become risks in themselves if they are not adequately maintained.

To manage the Group must have appropriate recognition of the high level of safety and public interest of the passenger terminal business, as well as an understanding of the critical management resources that are the source of the Company's corporate value (highly original technology and know-how, knowledge, and information in specific market fields, deep relationships of trust with business partners cultivated over a long period, high-quality human resources with expertise in specialized fields).

Through its medium-term business plan, the Group is working to promote DX, strengthen its organization, human resources, and governance, and reinforce its management base through financial strategies. However, the following events could significantly impact the Group's business results and financial position.

- Situations where store operations, the introduction of new technologies, or the promotion of new businesses are restricted due to a shortage of human resources or other reasons.
- In case a situation arises regarding the lack of coordination of information and penetration of head office policies between the head office business units and group companies,
- Ensure diversity and respect for human rights in situations that may damage the corporate image, such as a lack of personalized and diverse services, forced labor or child labor in supplier products, etc.
- Suppose the Company violates the financial covenants attached to the syndicated loan agreement concluded with the financial institutions concerned due to a downgrade of the Company's credit rating beyond a certain level. In that case, a situation should arise in which the Company loses the benefit of time.
- In case of control of the Company's financial and business policy decisions by an inappropriate person, resulting in damage to the Company's corporate value and harm to the interests of the Company and, in turn, to the common interests of its shareholders.

(c) Changes in the Business Environment

Changes in the business environment are a classification of risks expected to materialize due to changes in the external environment and for which management strategies are required to prevent losses or expand or transform opportunities.

The core of the Group's business depends highly on airlines, which are its main leasing partners, major customers, and airline passengers. The following events could significantly impact the Group's business results and financial position.

- In case a situation should arise in which the Group's reputation among customers and business partners is damaged, or the Group faces difficulty in procuring funds to address environmental issues, or if the Group is obligated to reduce greenhouse gas (GHG) emissions, create a trading system, or impose charges or other cost-bearing regulations that are tightened.
- In case of a change in passenger behavior that results in a decrease in demand for air travel or a shift in purchasing methods due to technological innovation that reduces willingness to purchase at airport stores.
- In case the laws and regulations, systems, or airport management policies about airport building operations are changed by the government or administrative authorities, which are the establishment and administrators of airports. (Further progress is being made in the airport management reform being promoted by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) with the enactment of the Law Concerning Operation of Airports under National Management Utilizing Private Sector Capabilities.)
- If, due to investments in new businesses or the implementation of capital expenditures, political instability in overseas operations or a deviation from the assumed return on investment occurs.
- In the event of sudden and drastic changes in market conditions resulting in price increases, sharp fluctuations in exchange rates, or other disruptions.
- In this case, the Group's dependence on aviation has not been alleviated due to a delay in diversifying its sales mix when air passengers at Haneda and Narita Airports, its main business areas, declined.
- In case of a decrease in demand for international flights due to changes in the global situation, such as worsening Japan-China relations due to the Taiwan emergency.

[The Impact of the Situation on Russia and Ukraine]

The Russian-Ukrainian conflict has been protracted, and economic sanctions imposed on Russia by Western countries have caused a slowdown in trade, which has had a significant impact on the global economy. Even before the situation, there had been concerns about the rapid increase in demand for crude oil and other commodities due to the recovery from the COVID-19 pandemic, supply chain disruptions, accompanying sharp rises in material prices, inflation risk, and other issues. Russia's recent invasion of Ukraine has caused resource and food prices to soar even higher, semiconductors being in short supply, and the yen depreciating in the exchange market.

In the Group's business, in addition to the impact on aircraft operations between Japan and Europe, there are concerns about increases in utilities, transportation costs, and food and beverage costs due to higher energy and food prices, as well as an increase in capital expenditures due to soaring materials costs. In addition, the amount of investment in the Khabarovsk International Airport project, in which we participate, is small and will not significantly impact our business performance.

4. Analyses of Consolidated Financial Position, Operating Results, and Cash Flows from the management's perspective

A. Overview of Results of Operations

(1) Analysis of Consolidated Business Results for FY 2023

Although some parts were at a standstill during the fiscal year ending March 31, 2024, the Japanese economy gradually recovered. In the forthcoming period, it is anticipated that the gradual recovery trend will persist, driven by the impact of various policy measures and accompanied by an improvement in the situation surrounding labor and income. However, there is a risk that a downturn in overseas economies, such as the effects of the tightening of monetary policy around the globe and concerns about the outlook for the Chinese economy, will put downward pressure on the Japanese economy. Moreover, it is necessary to pay sufficient attention to price increases, the situation surrounding the Middle East region, and volatility in the financial and capital markets, among other factors.

The airline industry continued to see a steady recovery in demand due to the complete lifting of restrictions on activities concerning COVID-19 in May 2023. The number of passengers at Haneda Airport increased by about 15% compared to FY2022 for domestic flights. It recovered to approximately 90% of the level of 2019 (calendar year) before the impact of the COVID-19 pandemic hit. The number of passengers for international flights was slightly less than 3 times that of FY2022. This is a record number of passengers, surpassing the number in 2019 (calendar year).

Under these circumstances, to achieve its long-term vision of “To Be a World Best Airport,” the JAT Group is steadily implementing various measures outlined in the Medium-Term Business Plan.

Regarding facilities, we are working with the Japanese Government and the airline companies to respond to the rapidly recovering international passenger demand. Such efforts include extending the operating hours of the Terminal 2 international flight facilities, which have been put back into service since July 2023. In addition, we have been undertaking tasks including renovation and seismic retrofitting work in preparation for a major disaster. Moreover, we are steadily pushing forward investment plans for the future, including the construction of a connection between the satellite building on the north side of Terminal 2 and the main terminal building and the construction of the satellite building on the north side of Terminal 1. In parallel, we are working toward realizing a carbon-neutral society by reducing energy consumption by increasing the efficiency of air conditioners and switching to LED lighting throughout the terminal buildings. We are also studying the conversion of airport vehicles to electric vehicles at Haneda Airport and the utilization of CO₂-free hydrogen in collaboration with ENEOS Corporation.

In terms of sales, to capture the strong demand of inbound visitors, in addition to extending the hours of operation of duty-free stores, we opened “JAPAN MASTERY COLLECTION” in the departure area of Terminal 3 which aims to become a luxury brand that contributes to regional revitalization. We are promoting a vast collection of made-in-Japan products, including original products, which feature world-class skills and their best from Haneda to the rest of the world. For domestic flights, we have been actively holding events featuring local products from various regions of Japan, among other initiatives. We opened “Haneda Sanchokukan” in Terminal 1 and will contribute to regional revitalization by continuously communicating the charms of each region through promotional booths for regional cooperation. Furthermore, a new service, “HANEDA Point,” was added to the official Haneda Airport app in March of this year to improve convenience and satisfaction for the members who signed up on the app.

Outside of Haneda Airport, in line with the recovery in international passenger volume at each hub airport, we resumed operations and renovated our directly managed stores. In addition, we opened the new JAPAN DUTY FREE Ibaraki Airport Shop in March 2024. At HANEDA INNOVATION CITY, located adjacent to Haneda Airport, we opened “terminal.0 HANEDA” in February 2024, a research and development center that will solve issues at the airport through collaboration across different industries. We will continue to work on creating business jointly with member companies and organizations.

In terms of management foundation, in addition to strengthening our recruiting efforts to secure talent, we are also working to improve the compensation and benefits of our employees to achieve high retention. In addition, through the increase of literacy concerning digital transformation for all employees, an internal branding project called “Plus One Promotion,” an industry-academia collaboration project with the University of Tokyo, expansion of recruitment of people with disabilities, and other initiatives, we aim talents who “Think by oneself and take on challenges” to excel and aim to foster a corporate culture in which diverse workforce promote each other's growth. Concerning our sustainability-related initiatives, in addition to the information disclosure based on the recommendations by the TCFD (Task Force on Climate-related Financial Disclosures), we are continuing to enhance our communication efforts through initiatives such as the integrated report issued in November.

As a result of the above, concerning the consolidated financial results for the fiscal year ended March 31, 2024, operating revenues were ¥217,578 million (an increase of 92.5% year-on-year) due to the rise in operating revenues across all of the business segments in line with the recovery of passenger volume. Operating expenses increased from the previous year due to the rise in passenger volume and sales. Still, the increase in sales was the driving force, and as a result, operating profit was ¥29,527 million (compared to an operating loss of ¥10,579 million during the previous year), ordinary profit was ¥27,225 million (compared to an ordinary loss of ¥12,064 million in the last year), both of which were record high. And net profit attributable to owners of the parent was ¥19,255 million (compared to net loss attributable to owners of the parent of ¥3,901 million during the previous year).

Operating Results	(Millions of yen)		
	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)	Year-on-Year (%)
Operating revenues	113,050	217,578	92.5
[Facilities Management]	63,280	91,736	45.0
[Merchandise Sales]	41,317	111,175	169.1
[Food and Beverage]	8,452	14,667	73.5
Operating profit (loss)	(10,579)	29,527	-
Ordinary profit (loss)	(12,064)	27,225	-
Net profit (loss) attributable to owners of the parent	(3,901)	19,255	-

Haneda Airport Passenger Terminal was awarded the world's highest standard "5-star Airport" rating for the tenth consecutive year in the "World Airport Star Rating" conducted by SKYTRAX of the United Kingdom. In the "WORLD AIRPORT AWARDS 2024", we were awarded first place in the "World's Cleanest Airports" (for the ninth consecutive year), "World's Best Domestic Airports" (for the twelfth straight year), and "World's Best PRM / Accessible Facilities" (for the sixth consecutive year). In addition, Haneda Airport was ranked third in the "Best Airports in Asia," a comprehensive evaluation of airports in Asia, and fourth in the "World's Best Airports," a comprehensive evaluation of airports. (Note: PRM stands for "Persons with Reduced Mobility," which means the elderly or a person with disability or injury.)

The JAT Group will continue striving to improve convenience, comfort, and functionality while establishing absolute safety at the passenger terminal, a social infrastructure. It will also contribute to the continuous creation of value at Haneda Airport and the further growth of air transportation, thereby enhancing its corporate value.

Overview by Segment

The following is a breakdown of earnings (loss) by segment. Note that the operating revenues of each segment include intersegment sales and that the operating profit (loss) figures are equivalent to segment profit (loss).

[Facilities Management]

Operating Results	(Millions of yen)		
	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)	Year-on-Year (%)
Sales to external customers	63,280	91,736	45.0
Rent revenue	19,852	20,020	0.8
Facility usage fee revenue	29,325	52,436	78.8
Other revenues	14,102	19,279	36.7
Internal sales between segments	2,391	3,126	30.7
Total Operating Revenues	65,672	94,862	44.4
Segment profit (loss)	(3,133)	17,880	-

Rent revenue increased slightly from the previous year, primarily due to the increase in rent income on a percentage basis. However, the quarantine space we rented to the Japanese Government was returned due to the termination of the border control measures.

Revenue from facility usage fee increased from the previous year primarily due to the increase in the Passenger Service Facility Charge (PSFC), which was driven by passenger volume recovery.

Other revenues increased from the previous year primarily due to increased paid lounge sales, parking revenue, and advertisement revenue within terminal buildings.

On the expense side, the costs for terminal maintenance and management, such as outsourcing expenses and repair, have increased in line with passenger volume and price increases.

As a result, operating revenues from facilities management operations was ¥94,862 million (an increase of 44.4% year-on-year). Operating profit for the segment was ¥17,880 million (compared to an operating loss of ¥3,133 million during the previous year).

[Merchandise Sales]

Operating Results	(Millions of yen)		
	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)	Year-on-Year (%)
Sales to external customers	41,317	111,175	169.1
Sales from domestic terminal stores	10,372	13,097	26.3
Sales from international terminal stores	19,476	70,039	259.6
Other revenues	11,469	28,037	144.5
Internal sales between segments	892	1,561	74.9
Total Operating Revenues	42,210	112,736	167.1
Segment profit	1,640	21,084	-

Sales from domestic terminal stores increased from the previous year because of the recovery in domestic passenger volume.

Sales from international terminal stores increased from the previous year due to the increase in global passenger volume at Haneda Airport, Narita Airport, and other airports, as well as the rise in unit purchase prices by clients at duty-free shops driven by the depreciation of the Japanese yen.

Other revenues increased from the previous year because of the increase in revenue for the wholesaling business serving international flights at different airports.

As a result, operating revenues from merchandise sales operations was ¥112,736 million (an increase of 167.1% year-on-year), and operating profit for the segment was ¥21,084 million (compared to operating profit of ¥1,640 million during the previous year).

[Food and Beverage]

Operating Results	(Millions of yen)		
	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)	Year-on-Year (%)
Sales to external customers	8,452	14,667	73.5
Sales from food and beverage stores	5,489	7,206	31.3
Sales from in-flight meals	2,487	6,179	148.4
Other revenues	475	1,281	169.5
Internal sales between segments	953	722	(24.2)
Total Operating Revenues	9,405	15,389	63.6
Segment profit (loss)	(1,365)	65	-

Sales from food and beverage operations increased from the previous year primarily due to the recovery in domestic passenger volume.

Sales from in-flight meals increased from the previous year due to the recovery in passenger volume of the foreign carriers at Haneda Airport and Narita Airport.

As a result, operating revenues from food and beverage operations were ¥15,389 million (an increase of 63.6% year-on-year). Despite the impact of restaurant operating hours curtailed due to the labor shortage and the rise in food and labor costs, among other factors, operating profit for the segment was ¥65 million (compared to an operating loss of ¥1,365 million during the previous year).

(2) Analysis of Consolidated Cash Flows for FY 2023

Cash and cash equivalents at the end of FY2023 decreased by ¥14,845 million compared to the previous fiscal year end to ¥75,395 million.

The following is a summary of cash flows and the factors behind these flows for FY2023.

[Cash flows from operating activities]

Cash flows from operating activities increased by ¥31,435 million from the previous fiscal year (up 192.5% year-on-year), resulting in a cash inflow of ¥47,761 million.

This was primarily due to the booking of income before income taxes and non-controlling interests (the previous year was a loss before income taxes and non-controlling interests).

[Cash flows from investing activities]

Concerning cash flows from investing activities, cash outflow increased by ¥32,358 million from the previous fiscal year (up 304.5% year-on-year), resulting in a cash outflow of ¥42,986 million.

This was primarily due to expenditures on acquiring property, plant and equipment, and securities.

[Cash flows from financing activities]

Concerning cash flows from financing activities, cash outflow increased by ¥7,008 million from the previous fiscal year (up 55.4% year-on-year), resulting in a cash outflow of ¥19,649 million.

This was primarily due to cash outflow from the payment of long-term loans payable and payment of dividends.

(3) Production, orders received, and sales

The Group finds presenting production and orders received for each segment and other results challenging.

Therefore, please refer to “3. Description of Business” in “Item 1. Overview of the Company and its Consolidated Subsidiaries” for the financial results of each segment.

Operating revenues for the current fiscal year were as follows:

(Millions of Yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)	Year-on-Year (%)
Facilities Management	63,280	91,736	45.0
Rent revenue	19,852	20,020	0.8
Facility usage fee revenue	29,325	52,436	78.8
Other revenues	14,102	19,279	36.7
Merchandise Sales	41,317	111,175	169.1
Sales from domestic terminal shops	10,372	13,097	26.3
Sales from international terminal shops	19,476	70,039	259.6
Other sales	11,469	28,037	144.5
Food and Beverage	8,452	14,667	73.5
Sales from food and beverage stores	5,489	7,206	31.3
Sales from in-flight meals	2,487	6,179	148.4
Other sales	475	1,281	169.5
Total	113,050	217,578	92.5

Notes:

- 1) Transactions between segments are eliminated on consolidation.
- 2) Data on leasing regarding rental revenue in Facilities Management is summarized as follows:

(m²)

	FY2022 (From April 1, 2022 to March 31, 2023)		FY2023 (From April 1, 2023 to March 31, 2024)	
Total floor space owned by the Group	970,497	(%)	970,497	(%)
Total leasable floor space	332,856	100.0	332,792	100.0
Total leased floor space	323,718	97.3	324,519	97.5
Airlines	158,328	47.6	158,359	47.6
General tenants	62,422	18.8	62,281	18.7
Used by the Group	102,966	30.9	103,877	31.2

B. Analyses of Consolidated Financial Position, Operating Results and Cash Flows

The forward-looking statements contained herein are based on the judgment of the Group (the Company and its consolidated subsidiaries) as of the end of the current fiscal year.

(1) Analysis of consolidated financial position

[Assets]

Current assets increased by ¥5,768 million from the previous fiscal year's end to ¥120,756 million, primarily due to the increase in accounts receivable-trade due to the rise in merchandise sales driven by the recovery in passenger volume. Non-current assets increased by ¥7,699 million from the previous fiscal year's end to ¥339,667 million, primarily due to capital expenditures.

As a result, total assets increased by ¥13,468 million from the previous fiscal year's end to ¥460,423 million.

[Liabilities]

Total liabilities decreased by ¥11,617 million from the previous fiscal year end to ¥294,386 million because of the decrease of long-term loans payable for the Company and Tokyo International Air Terminal Corporation (TIAT) due to payment despite the increase in accounts payable driven by the increase in purchases of goods.

[Net assets]

Total net assets increased by ¥25,085 million from the previous fiscal year's end to ¥166,036 million. This is primarily due to booking net profit for the year.

As a result, the equity ratio was 36.5% (compared to 33.6% at the previous fiscal year-end).

(2) Analysis of operating results

The Group's operating results and sales by segment for the current fiscal year are described in “(1) Analysis of Consolidated Business Results for FY22” in “A. Overview of Results of Operations”

In its medium-term business plan for fiscal years 2022 to 2025, the Group has set the following indicators and targets for fiscal year 2025 (the last year of the plan).

Classification	Indicators	Targets for FY2025
Profitability (overall)	Consolidated net profit	20 billion yen or more
Profitability	Cost reduction measures	2.5 billion yen (10% of the operating profit target of 25 billion yen in the previous medium-term plan)
Efficiency	ROA (EBITDA)	12% or more
Stability	Equity ratio	Aim to restore to 40% level
Return to shareholders	Payout ratio	30% or more
Airport rating	SKYTRAX rating	World's best airport ranking TOP3

For details, please refer to “(2) Target Indicators for Judging the Achievement of Management Objectives” in “1. Management Policy, Business Environment and Issues to be addressed.”

The progress of each indicator for FY 2023 is as follows.

[Consolidated net profit] [Cost reduction measures]

The consolidated net profit for the current fiscal year was 19,255 million yen.

The implementation of cost-reduction measures is progressing well. These measures include reviewing operations, continuing post-reduction initiatives based on insights gained from the COVID-19 disaster, utilizing robots and other technologies, and updating equipment to enhance energy efficiency.

[ROA (EBITDA)]

ROA (EBITDA) for the current fiscal year was 12.7%.

[Equity Ratio]

The equity ratio at the end of the current fiscal year was 36.5%.

[Dividend payout ratio]

The dividend payout ratio for the current fiscal year was 32.4%.

[SKYTRAX Evaluation Ranking]

In the “WORLD AIRPORT AWARDS 2024” held in March this year, Haneda Airport's passenger terminal was ranked 4th in the “World's Best Airports” category.

In the current fiscal year, revenues in all segments exceeded the previous year's levels due to an increase in merchandise sales and facility usage fee revenues. This reflects a recovery in passenger volume and strong inbound demand. Despite efforts to secure personnel and services in various areas in response to the rapid recovery in demand following the COVID-19 disaster, cost increases were contained, resulting in record highs for both operating and ordinary profit. In FY2024, we anticipate an uptick in facility maintenance and management costs, driven by expanding service aspects and quality improvement initiatives. Additionally, we expect to see a rise in maintenance and repair costs, which were previously kept to a minimum to accommodate the needs of the COVID-19 disaster. We will continue to implement each measure in the medium-term management plan steadily and consistently. We aim to achieve the revenue target for FY2025, which has been newly revised, and improve the airport's reputation.

(3) Analysis and discussion of cash flows and information on capital resources and liquidity of funds

For an analysis of cash flows, see “(2) Analysis of Consolidated Cash Flows for FY 2023” in “A. Overview of Results of Operations”

The Company's capital policy is based on the principle of pursuing an optimal capital structure for the Company in terms of financial soundness and capital efficiency while at the same time seeking an optimal balance between building internal reserves in preparation for significant capital investments in passenger terminal buildings and other facilities and returning profits to shareholders.

Our funds provide working capital, but we have established a term loan with a commitment period and committed line agreements with a total limit of 9 billion yen to meet unforeseen contingencies.

The Company raises funds for significant investments such as passenger terminal buildings through its funds, long-term loans from financial institutions, and corporate bonds. In addition, the Company strives to diversify and stabilize fund procurement and reduce fund procurement costs by maintaining a rating of single A-plus or higher (by a Japanese rating agency). For a portion of borrowings corresponding to capital investments, the Company uses interest rate swaps and other means to avoid excessive exposure to interest rate fluctuation risk. Among the consolidated subsidiaries, Tokyo International Air Terminal Corporation (TIAT), a PFI business, is primarily required to ensure its stability and continuity. Therefore, large-scale capital investments such as passenger terminal buildings are financed by long-term borrowings or subordinated bonds using the project final.

In addition, the Group has implemented a cash management system (CMS) to centralize the procurement and management of funds within the Group, utilizing funds efficiently and reducing financing costs.

At the end of the fiscal year, cash and cash equivalents were 75,395 million yen, and interest-bearing debt, including loans, was 228,284 million yen.

(4) Critical accounting policies and estimates

The Company's consolidated and non-consolidated financial statements have been prepared using accounting principles generally accepted in Japan. The accounting records correctly record the transactions underlying the preparation of these financial statements. Write-downs of inventories are calculated and recorded by multiplying the value of inventories by the write-down ratio for obsolete goods.

The accounting estimates used in the preparation of the consolidated financial statements and the assumptions, if any, made in making such estimates are significant as described in “(Significant accounting estimates)” in “Notes on the Consolidated Financial Statements” in “A. Consolidated Financial Statements” in “1. Consolidated Financial Statements, and Others” in “Item 5. Financial Information.”

(5) Forecast for FY 2024 (the fiscal year ending March 31, 2025)

In the next fiscal year, passenger volume at Haneda Airport's domestic and international flights is expected to increase as its steady recovery continues. Due to further increase and resumption of flights, the number of passengers for international flights is expected to be more than 80% of the planned level for the entire year after the expansion of arrival and departure slots in March 2020.

Under these circumstances, the JAT Group will steadily capture passenger demand and increase earnings. At the Terminal 2 international facilities, operations were further expanded starting from the summer timetable at the end of March this year, and swing operations have begun at some spots, switching between domestic and international flights depending on the time of day. In addition, in preparation for future passenger growth and further improvement of passenger convenience, we plan to commence service of the connection between the main building and the satellite building of Terminal 2 at the end of FY2024.

On the other hand, despite a significant increase in the number of international passengers during the current fiscal year, costs were kept down due to the impact of labor shortages and continued efforts to improve the efficiency of terminal maintenance, management, and operations. In the next fiscal year, we anticipate higher costs for outsourcing, repairs, and rent, in addition to rising raw material and material prices and continued increases in labor costs.

The expected earnings by segment are as follows.

For the Facility Management business, operating revenue is expected to exceed that of the current fiscal year, mainly due to an increase in revenue from facility usage fee resulting from a recovery in passenger volume. Still, operating profit is expected to decrease primarily due to higher terminal maintenance and management costs. For the Merchandise Sales business, both operating revenue and operating profit are expected to exceed those of the current fiscal year, primarily due to an increase in merchandise sales resulting from an increase in the number of passengers on Haneda international flights. For the Food and Beverage business, operating revenue and operating profit are expected to exceed those of the current fiscal year due to extended operating hours at our directly managed food and beverage outlets and increased revenue from in-flight meals.

Based on the above, for the consolidated forecast of FY2024, we forecast operating revenue of ¥253,800 million (up 16.6% year-on-year), operating profit of ¥27,100 million (down 8.2% year-on-year), ordinary profit of ¥24,300 million (down 10.7% year-on-year), and net profit attributable to owners of the parent of ¥15,500 million (down 19.5% year-on-year).

	Unit	FY2023 (Actual) (Note)	FY2024 (Forecast)	Year-on-year (%)
Haneda Airport Domestic flight	Million people	61.13	65.64	7.4
Haneda Airport International flight	Million people	19.09	21.48	12.5
Haneda Airport (Total)	Million people	80.22	87.12	8.6
Operating revenue	Millions of yen	217,578	253,800	16.6
Operating profit	Millions of yen	29,527	27,100	(8.2)
Ordinary profit	Millions of yen	27,225	24,300	(10.7)
Net profit attributable to owners of the parent	Millions of yen	19,255	15,500	(19.5)

Note: The Company compiled the number of passengers for FY2023 based on preliminary figures released by the East Japan Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

5. Material Agreements

Not applicable.

6. Research and Development Activities

Not applicable.

Item 3. Property, Plant and Equipment

1. Overview of Capital Investment

The Group's total capital investment for the current fiscal year was 27,685 million yen, primarily allocated to constructing a satellite on the north side of Terminal 1 and the connection between the satellite and the main building on the north side of Terminal 2.

2. Major Facilities

The principal facilities of the Group are as follows.

(1) The Company

(As of March 31, 2024)

Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)						Number of employees
			Buildings and structures	Machinery and vehicles	Land [square meter]	Leases	Others	Total	
Haneda Airport (Ohta-ku, Tokyo)	Facilities management	Terminal 2	65,350	2,539	- [-]	937	16,306	85,134	35
		Terminal 1	24,617	316	- [-]	-	15,153	40,086	35
		P4 parking	3,306	79	- [-]	-	256	3,642	-

(2) Subsidiary located in Japan

(As of March 31, 2024)

Company	Name and location	Operating segment	Facilities & equipment	Book value (Millions of yen)						Number of employees
				Buildings and structures	Machinery and vehicles	Land [square meter]	Leases	Others	Total	
Tokyo International Air Terminal Corporation (TIAT)	Haneda Airport (Ohta-ku, Tokyo)	Facilities management	Terminal 3	82,429	7,575	- [-]	22	29,824	119,850	33
			P5 parking	8,283	15	- [-]	-	13	8,312	-
			Terminal 2	3,191	432	- [-]	1	427	4,052	1
		Merchandise sales	Terminal 3 shop equipment	4,865	-	- [-]	-	902	5,768	8
			Terminal 2 shop equipment	1,519	-	- [-]	-	173	1,693	2
Cosmo Enterprise Co., Ltd.	Daiei Satellite (Narita City, Chiba Prefecture)	Food and beverage	Food processing equipment	792	71	557 [39,352]	24	4	1,451	62 [31]

(3) Subsidiary located overseas

Equipment of foreign subsidiaries is excluded as immaterial.

Notes:

- 1) "Others" in the book value is the total amount of tools, furniture and fixtures, construction in progress, and leasehold rights.
- 2) The number in brackets [] indicates the number of temporary workers employed.
- 3) The Company leases Terminal 1 and Terminal 2 facilities at Haneda Airport mainly to airlines.
- 4) The consolidated subsidiary, Tokyo International Air Terminal Corporation (TIAT), leases the facilities of Terminal 3 at Haneda Airport primarily to airlines.
- 5) The Company leases land for Terminal 1, Terminal 2, and P4 parking facilities at Haneda Airport. The leased area of Terminal 1 facilities is 97,367 m² and the annual rent is 1,459 million yen. The size of Terminal 2 facilities is 129,601 m² and the yearly rent is 2,862 million yen. The P4 parking facilities are 21,716 m² and the annual rent is 118 million yen.
- 6) The consolidated subsidiary, TIAT, leases land for Terminal 3 and P5 parking facilities at Haneda Airport. The leased area of Terminal 3 facilities is 124,685 m², the leased area of P5 parking facilities is 28,715 m², and the annual rent for Terminal 3 and P5 parking facilities is ¥2,076 million.
- 7) In addition to the above, significant equipment leases include the following:

[The Company]

Name and location	Operating segment	Facilities & equipment	Lease Term	Annual rent (million yen)
Haneda Airport (Ohta-ku, Tokyo)	Facilities management	P1 Parking facilities (including land)	One-year renewal	436

3. Plans for Capital Investment and Disposal of Property, Plant and Equipment

As of the end of the current consolidated fiscal year, the Group's plans for new construction, renovation, and disposal of major facilities are as follows.

(1) Capital investment

[The Company]

Location	Operating segment	Facilities & equipment	Estimated amount to invest	Amount already paid	Funding Methods	Planned start date	Expected to complete
Ohta-ku, Tokyo	Facilities management	Passenger Terminal 1 North Satellite (New Construction)	41,000	13,627	Cash and debt	CY2024	CY2026 and thereafter
		Passenger Terminal 2 (Expansion Construction)	23,000	14,589	Cash and debt	CY2023	CY2025 and thereafter

Note: The description of the increased capacity after completion is omitted because it is challenging to calculate reasonably.

(2) Disposal of Property, Plant and Equipment

There are no plans to sell or dispose of significant equipment except for the sale or disposal of equipment for recurring upgrades.

Item 4. Information on the Company

1. Information on the Company's Share

(1) Total number of shares

[Total number of shares]

Class	Total number of shares authorized to be issued (Shares)
Common shares	288,000,000
Total	288,000,000

[Issued shares]

Class	Number of issued shares at the end of the fiscal year (March 31, 2024) (Shares)	Number of issued shares as of the filing date (June 26, 2024) (Shares)	Name of the stock exchange on which the Company is listed or names of authorized financial instruments firm's associations	Description
Common shares	93,145,400	93,145,400	Tokyo Stock Exchange Prime Market	The number of shares constituting one unit is 100 shares.
Total	93,145,400	93,145,400	—	—

(2) Stock acquisition rights

[Stock option plans] Not applicable.

[Rights plan] Not applicable.

[Other stock acquisition rights] Not applicable.

(3) Exercises of moving strike convertible bonds

Not applicable.

(4) Changes in the number of issued shares, capital stock

Date	Increase/(decrease) in number of issued shares (Shares)	Balance of number of issued shares (Shares)	Increase/(decrease) in capital stock (Millions of yen)	Balance of capital stock (Millions of yen)	Increase/(decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
March 5, 2021	7,507,900	91,984,400	17,873	35,362	17,873	39,183
March 20, 2021	1,161,000	93,145,400	2,763	38,126	2,763	41,947

Notes:

1) Issuance of New Shares by Public Offering (Public Offering)

Issue price: 4,966.00, yen Issue value: 4,761.20 yen, Additional paid-in capital: 2,380.60 yen

2) Paid Third-Party Allotment (Third-Party Allotment in connection with the secondary offering of our shares by way of an over-allotment)

Issue price: 4,761.20 yen, Paid-in capital: 2,380.60 yen, Underwriter: Nomura Securities Co., Ltd.

(5) Shareholding by shareholder category

(As of March 31, 2024)

(As of March 31, 2022)

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign shareholders		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders	—	35	34	299	332	24	8,543	9,267	—
Number of shares held (Units)	—	315,635	6,053	311,321	242,729	48	55,381	931,167	28,700
Shareholding ratio (%)	—	33.89	0.65	33.43	26.06	0.00	5.94	100	—

Note: Treasury share of 9,339 shares is included in "Individuals and others" (93 units) and "Shares less than one unit" (39 shares).

(6) Major shareholders

(As of March 31, 2024)

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury share) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	9,308	9.99
Japan Airlines Co., Ltd.	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo	4,398	4.72
ANA Holdings, Inc.	1-5-2 Higashi-Shinbashi, Minato-ku, Tokyo	4,398	4.72
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited, Retirement Benefit Trust Account of Keikyu Corporation.)	1-8-12 Harumi, Chuo-ku, Tokyo	3,484	3.74
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	3,300	3.54
SSBTC CLIENT OMNIBUS ACCOUNT	ONE LINCOLN STREET, BOSTON MA USA 02111	3,166	3.40
MITSUBISHI ESTATE CO., LTD.	1-1-1 Otemachi, Chiyoda-ku, Tokyo	3,111	3.34
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	3,068	3.29
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	2,821	3.02
TAISEI CORPORATION	1-25-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	2,731	2.93
Total	-	39,787	42.71

Notes:

- 1) In the extensive shareholding report made available for public inspection on July 19, 2022, MUFG Bank, Ltd. and its joint holders, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ International Investment Trust Co., Ltd., are listed as holding the following shares as of July 11, 2022, the Company is unable to confirm the number of shares held as of March 31, 2024, except for The MUFG Bank, Ltd. listed in the table above. Therefore, they are not included in the above major shareholder situation. The details of the report on significant shareholdings are as follows.

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%)
MUFG Bank, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	3,408	3.66
Mitsubishi UFJ Trust and Banking Corporation	1-4-5 Marunouchi, Chiyoda-ku, Tokyo	1,646	1.77
Mitsubishi UFJ International Investment Trust Co.	1-12-1 Yurakucho, Chiyoda-ku, Tokyo	422	0.45

- 2) Although Capital Research and Management Company is listed as owning the following shares as of June 15, 2023, in the Large Shareholding Report made available for public inspection on June 22, 2023, the Company is unable to confirm the number of shares held by the Company as of March 31, 2024, and, therefore, is not included in the above list of major shareholders. The contents of the Major Shareholder Report are as follows. The details of the significant shareholding report are as follows.

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, USA	3,839	4.12
Capital International Co., Ltd.	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	474	0.51

- 3) In the Large Shareholding Report made available for public inspection on March 7, 2022, Mizuho Bank, Ltd. and its joint holders Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd., and Asset Management One Corporation are listed as holding the following shares as of February 28, 2022, the Company is unable to confirm the number of shares held as of March 31, 2024, except for Mizuho Bank, Ltd. listed in the table above, and therefore they are not included in the above major shareholder situation. The details of the report on significant shareholdings are as follows.

Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	3,300	3.54
Mizuho Securities Co.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	110	0.12
Mizuho Trust & Banking Co.	1-3-3 Marunouchi, Chiyoda-ku, Tokyo	201	0.22
Asset Management One Corporation	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	1,818	1.95

(7) Voting rights

[Issued shares]

(As of March 31, 2024)

Classification	Number of shares (Shares)		Number of voting rights (Units)	Description
Shares without voting rights	—		—	—
Shares with restricted voting rights (Treasury share)	—		—	—
Shares with restricted voting rights (Others)	—		—	—
Shares with full voting rights (Treasury share)	(Treasury shares)		—	—
	Common Shares	9,300		
	(Cross-held shares) Common Shares	95,000		
Shares with full voting rights (Others)	Common Shares	93,012,400	930,124	—
Shares of less than one unit	Common Shares	28,700	—	The number of shares constituting one unit is 100 shares.
Number of issued shares	93,145,400		—	—
Total number of voting rights	—		930,124	—

[Treasury stock]

(As of March 31, 2024)

Name of shareholders	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total shares held (Shares)	Ownership percentage to the total number of issued shares (%)
(Treasury share) The Company	3-3-2, Haneda Airport, Ota-ku, Tokyo	9,300	—	9,300	0.00
(Cross-held shares) Kanto Kowa Co.	5-9-1 Shinbashi, Minato-ku, Tokyo	45,000	—	45,000	0.04
(Cross-held shares) Seikosha Co.	7-8-13 Nishi-Shinjuku, Shinjuku-ku, Tokyo	50,000	—	50,000	0.05
Total	-	104,300	—	104,300	0.11

(8) Details of the Director and Employee Stock Ownership Plan

(Performance-Linked Stock Compensation Plan for Directors and Executive Officers)

(a) Outline of this program

By resolutions passed at the 80th annual general meeting of shareholders on June 26, 2024, and at each major group subsidiary of the Company in June 2024, the Company has introduced a performance-linked stock compensation plan (hereinafter referred to as the “Plan”) for directors and executive officers, excluding directors who are Audit Committee Members, Outside Directors and non-residents of Japan (hereinafter referred to as “Directors, etc.”) of the Company and its major group subsidiaries.

This plan adopts a mechanism called a Board Incentive Plan (BIP) Trust for Directors and Corporate Auditors. The BIP Trust is an incentive plan for directors and corporate auditors based on the performance-linked and restricted stock compensation plans in the United States. As the Share Delivery Regulations separately stipulated, the BIP Trust will deliver or pay out Company shares acquired by the BIP Trust to directors, etc., in proportion to the points granted to them based on the degree of achievement of performance targets, position, and tenure of office, etc., and in an amount equivalent to the cash proceeds from the conversion of the Company shares.

This plan provides for the delivery of the Company’s shares to Directors, etc., through the BIP Trust established to implement this plan, in principle, for the fiscal year covered by the medium-term management plan set forth by the Company. In principle, the Company’s shares, etc., will be delivered to Directors, etc., after their retirement. The initial period covered by the plan is two fiscal years, FY2024 and FY2025. During this period, the Company will contribute a maximum of 2,292 million yen (including 1,592 million yen for major Group subsidiaries) to the BIP Trust.

(b) Total number of shares of the Company’s stock that may be delivered to directors, etc.

532,000 shares (maximum for two fiscal years. Of these, 376,000 shares will be allocated to major Group subsidiaries.)

(c) Scope of Persons Eligible for Beneficial Interests and Other Rights under the Plan

Directors, etc., who satisfy the requirements for beneficiaries as separately stipulated in the Share Delivery Regulations

2. Acquisitions of Treasury Share

[Classes of shares]

Acquisition of common stock by Article 155, Item 7 of the Companies Act of Japan.

(1) Acquisitions by a resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisitions by a resolution of the Board of Directors

Not applicable.

(3) Acquisitions not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury share acquired during the fiscal year	356	2,331,922
Treasury share acquired during the current period	20	111,380

Note: Treasury stock acquired during the current period does not include shares constituting less than one unit of shares purchased from June 1, 2024, to the filing date of this Annual Securities Report.

(4) Disposals or holding of acquired treasury share

Category	During the fiscal year		During the current period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total Disposal amount (Yen)
Acquired treasury share that was offered to subscribers for subscription	—	—	—	—
Acquired treasury share that was canceled	—	—	—	—
Acquired treasury share that was transferred due to merger, exchange of shares, issue of shares, or corporate split	—	—	—	—
Others	—	—	—	—
Number of treasury share held	9,339	—	9,359	—

Note: The number of treasury share held during the current period does not include shares disposed of through the exercise of stock options or request for sale of less than one unit of shares from June 1, 2024, to the filing date of this Annual Securities Report.

3. Dividend Policy

We consider the return of profits to our shareholders as one of our most important management priorities. Our basic policy is to work on management with a more initiative-taking stance, strive to improve our business performance, secure internal reserves in consideration of large-scale investments such as the renewal of passenger terminal building facilities in line with the functional expansion of Haneda Airport, and at the same time, maintain stable dividend payments. To actively return profits to shareholders through our business performance, we have set a 30% or more dividend payout ratio as a target figure in our Medium-Term Business plan.

The Company's policy is to pay dividends from profits twice a year, an interim dividend and a year-end dividend, and the Articles of Association provide that the Company may pay an interim dividend by Article 454, Paragraph 5 of the Companies Act.

The decision-making bodies for these dividends are the Annual General Meeting for the year-end dividend and the Board of Directors for the interim dividend.

After thoroughly deliberating the aforementioned dividend policy and our business performance, we have resolved to disburse a year-end dividend of 42 yen per share for the current fiscal year. This comprises an ordinary dividend of 37 yen per share and a commemorative dividend of 5 yen per share in commemoration of the 70th anniversary of our establishment in July 2023.

Consequently, the annual dividend for the current fiscal year, including the interim dividend of 25 yen per share already distributed, will be 67 yen per share, representing a payout ratio of 32.41%.

Date of resolution	Total dividends (in millions)	Dividend per share (yen)
25 October 2023 Board Resolution	2,328	25.00
26 June 2024 Resolution of the Annual General Meeting	3,911	42.00

4. Corporate Governance

A. Overview of corporate governance

(1) Basic stance on corporate governance

Recognizing that corporate governance is an important management issue, the Company has appointed outside directors to ensure management transparency since its establishment. The Board of Directors, which generally meets once a month, consists of fifteen directors (including eight full-time directors and seven part-time outside directors, including five independent outside directors) and makes decisions on basic management policies, matters prescribed by laws and regulations, and other essential management matters, and supervises the conduct of business. The Audit & Supervisory Committee consists of three independent outside directors and members of the Audit & Supervisory Committee, who attend the meetings of the Board of Directors and other important meetings to monitor the legality and appropriateness of the directors' performance of their duties, as well as the transparency and soundness of management.

(2) Outline of the corporate governance system and reasons for its adoption

The Company's Board of Directors comprises 15 members, seven of whom are non-executive outside directors. The Board of Directors generally meets monthly to make decisions on basic management policies, matters required by law, and other essential management matters and supervise business conduct. In addition, the Executive Committee, consisting of full-time directors and executive officers, generally meets once a week to discuss basic policies and essential matters related to the conduct of business based on the management policies decided by the Board of Directors and to supervise the overall business operations.

In addition, the term of office of directors (excluding directors who are members of the Audit & Supervisory Committee) and executive officers is set at one year to respond promptly to changes in the business environment.

The Company is a company with an Audit & Supervisory Committee that monitors the legality and appropriateness of the directors' conduct of business and the transparency and soundness of management by realizing more transparent governance and strengthening the supervisory function of the Board of Directors through the establishment of an Audit & Supervisory Committee composed of a majority of outside directors and by allowing directors who are members of the Audit & Supervisory Committee to have voting rights in the Board of Directors.

In addition, the Remuneration Advisory Committee, which consists of independent non-executive and executive directors, generally meets once a year as a voluntary advisory body to the Board of Directors to ensure the transparency, appropriateness, and objectivity of the compensation system for directors and executive officers and to discuss and make recommendations regarding it.

The Nomination Advisory Committee, which consists of independent outside directors and full-time directors, generally meets once a year. It has been established as a voluntary advisory body to the Board of Directors to discuss and make recommendations on the nomination of candidates for directors and executive officers based on the basic policy of selecting candidates who have a wealth of experience, a high level of insight, and a high level of expertise.

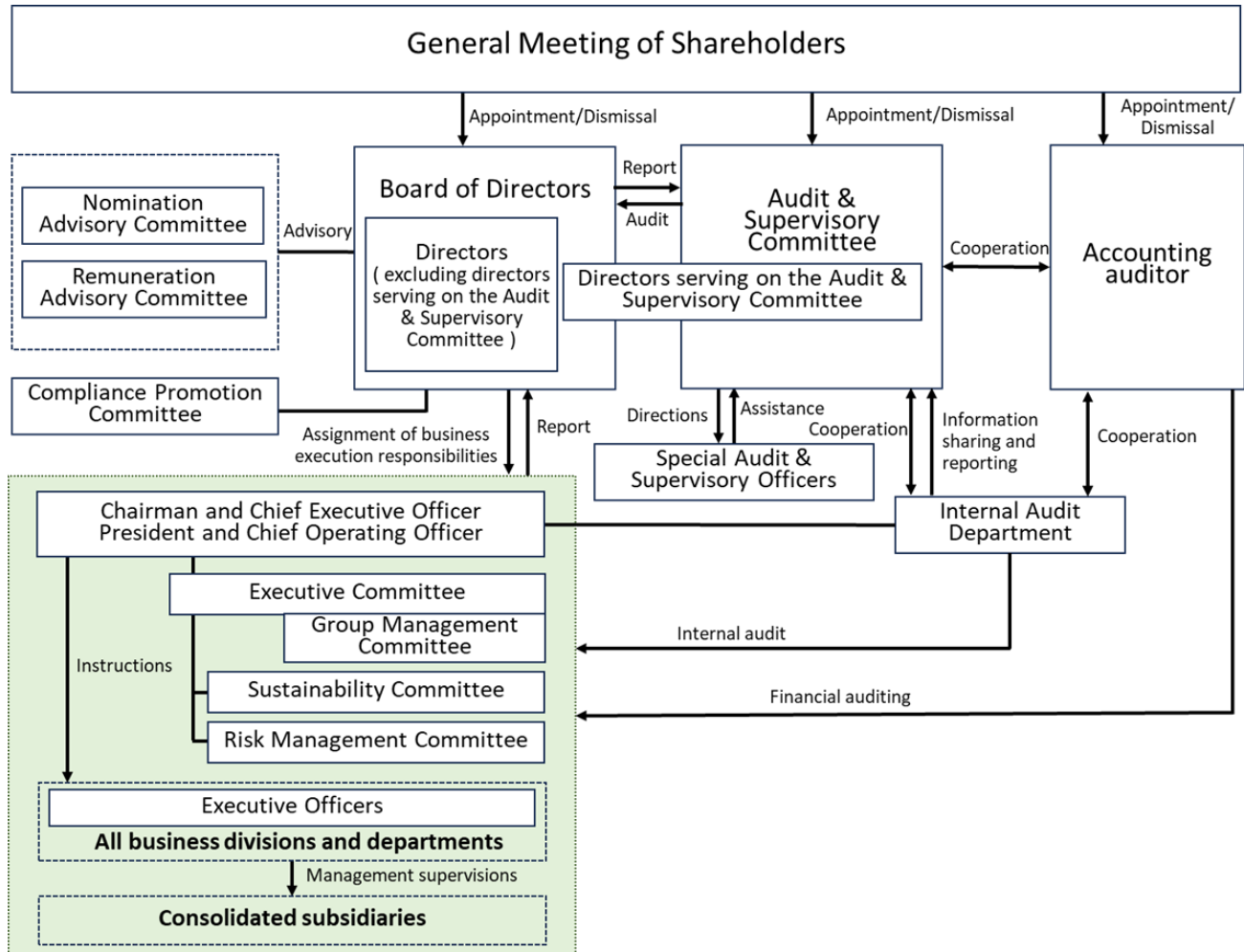
While the Company engages in transactions with the outside director's affiliated company, including leasing of passenger terminals and outsourcing of facility management, these transactions are general and do not involve any direct personal interest on the outside director's part.

Regarding our sustainability initiatives, we have identified our stakeholders, including customers, shareholders/investors, employees, local communities, and partners, who are relevant to our activities. We have also formulated a basic sustainability policy to promote sustainable business activities while contributing to the development of the economy and society. The Sustainability Committee, chaired by the President and COO, and the Sustainability Management Office, which reports directly to the President and COO, will collaborate with each department to develop a foundational policy and ensure that top management provides leadership. The Sustainability Committee and the Sustainability Management Office, which reports directly to the President, collaborate with each department to update and forecast the materialities and KPIs (Key Performance Indicators) outlined in the Mid-term Sustainability Plan, which was formulated and announced in May 2023, and monitor progress. This has helped to ensure that sustainability initiatives permeate the entire organization and promote sustainable management. The Committee's deliberations are reported to and approved by the Board of Directors after deliberation by the Executive Committee, based on the relationship and consistency with management strategies.

Regarding risk management, the Company has established a Risk Management Committee, chaired by the President and Representative Director, to enhance the sophistication of the Group-wide risk management system. The Committee identifies risks of high importance (priority risks), determines responses to them, has a system in place to review the status of responses and verify their effectiveness repeatedly, and reports to the Board of Directors as appropriate, thereby obtaining oversight of risk management.

Regarding compliance, the Company seeks advice from legal counsel on management and business operations as necessary. It has established a Legal Affairs Section in the General Affairs and Human Resources Department to which major approval requests are forwarded to quickly identify various legal issues within the Company and ensure the legality of business operations. In addition, the Company has established a system to promote compliance throughout the Group, such as the issuance of the Basic Compliance Guidelines, which sets forth the code of conduct for officers and employees, and the establishment of a Compliance Promotion Committee, which is chaired by the President and Representative Director. Furthermore, a Compliance Information Desk has been established, and a reporting system is in place to prevent illegal acts and to minimize the impact on the Company if such acts occur.

The Company's corporate governance structure is set forth below.



As of the date of this report, the members of the body to be established are as follows: (◎ denotes the chairperson)

Name	Position in the Company	Board of directors	Executive committee	Audit & supervisory committee	Nomination/ Remuneration Advisory Committee	Compliance promotion committee	Sustainability/ risk management committee
Isao Takashiro	Representative Director, Chairperson of the Board of Directors & CEO	◎	○	-	-	-	-
Nobuaki Yokota	Representative Director, President & COO	○	◎	-	◎	◎	◎
Hisayasu Suzuki	Representative Director, Executive Vice President	○	○	-	-	○	○
Hiroshi Onishi	Representative Director, Executive Vice President	○	○	-	-	○	○
Kazuhito Tanaka	Executive Vice President, Executive Officer	○	○	-	-	○	○
Yoko Koyama	Senior Managing Director, Executive Officer	○	○	-	-	○	○
Takeshi Fujino	Senior Managing Director, Executive Officer	○	○	-	-	○	○
Keishi Matsuda	Managing Director, Executive Officer	○	○	-	-	○	○
Keiji Kimura	Outside Director	○	-	-	○	-	-
Ichiro Fukuzawa	Outside Director	○	-	-	-	-	-
Yukihiro Kawamata	Outside Director	○	-	-	○	-	-
Yuji Saito	Outside Director	○	-	-	-	-	-
Tamaki Kakizaki	Outside Director, Audit & Supervisory Committee Member	○	-	○	○	-	-
Ryoko Takeda	Outside Director, Audit & Supervisory Committee Member	○	-	○	○	-	-
Kenji Iwasaki	Outside Director, Audit & Supervisory Committee Member	○	-	◎	○	-	-

Notes:

- 1) Executive officers also attend the Executive Committee, the Compliance Promotion Committee, and the Sustainability/Risk Committee.
- 2) The Company shall appoint Special Audit and supervisory Officers to assist the Audit and supervisory Committee in performing its duties. The Special Audit and supervisory Officers may attend meetings of the Board of Directors and the Executive Committee.

(3) Other Corporate Governance Issues

[Basic Policy]

The Company has established a company-wide internal control system, including Group companies, to enhance the effectiveness and efficiency of business management, ensure the reliability of the Company's financial reporting, and promote compliance with laws and regulations governing business management.

[Status of maintenance]

(a) Systems to ensure that the execution of duties by directors, executive officers, and employees comply with laws, regulations, and the Articles of Incorporation

- 1) The Company issues the Compliance Declaration to express its determination to make group-wide efforts to improve compliance, establishes a code of conduct for directors and employees by the Basic Compliance Guidelines, and has established a system to promote compliance, including the establishment of a Compliance Promotion Committee chaired by the President and Representative Director and composed of the presidents of each subsidiary company by the Compliance Promotion Committee Regulations.
- 2) Establish a compliance information desk (reporting system) to prevent the occurrence of illegal acts, etc., and minimize the impact on the Company if such acts should occur.
- 3) The Compliance Control Division shall lead training sessions and explanatory meetings to ensure thorough compliance.
- 4) The Company shall establish regulations for the Board of Directors and the Executive Committee and develop a system for reporting the status of each director's execution of duties at these meeting bodies.
- 5) The Company shall establish various internal rules based on laws and regulations and the Articles of Incorporation, such as organization and employment rules, and develop a system to ensure the execution of duties according to such internal rules and regulations.
- 6) Establish a system to audit the status of execution of duties in each department by the internal audit department.

(b) System for storage and management of information related to the execution of duties by Directors

Information related to the execution of duties by Directors shall be appropriately stored and managed by the internal rules for document management.

(c) Rules and other systems for managing the risk of loss

- 1) To develop a system for risk management, the Company shall establish basic rules related to managing the risk of loss and other systems for the entire Group.
- 2) The Risk Management Committee shall regularly collect risk information from each department, identify risks that should be prioritized based on such information, and update such information regularly.
- 3) The Risk Management Committee shall compile critical countermeasures, periodically check their progress, and report them to the Executive Committee and the Board of Directors as appropriate.
- 4) The Internal Audit Department shall audit the adequacy and appropriateness of processes related to the risk management system, make each department's improvement recommendations as necessary, and report to the Audit & Supervisory Committee as appropriate.

(d) System to ensure the efficient execution of duties by directors

- 1) The Board of Directors shall meet once a month in principle, as required by the Board of Directors Regulations, and once every three months in principle at subsidiaries to make decisions on basic management policies, matters required by law, and other essential management matters and to supervise the execution of business operations.
- 2) The Executive Committee, attended by full-time directors and executive officers, etc., shall meet once a week in principle based on the Executive Committee Regulations and twice a month at subsidiaries to deliberate basic policies and essential matters related to business execution based on management policies decided by the Board of Directors and supervise overall business operations.
- 3) The Company shall establish organizational rules to ensure the reliable and efficient operation of the directors' duties.
- 4) The Company shall establish the Rules of Administrative Authority to clarify the responsibilities and authority of each position about the execution of the Company's business and ensure the efficient and organized management of the Company's business.
- 5) After April 1, 2009, the Company shall introduce an Executive Officer System and reorganize the Managing Directors' Meeting into the Executive Committee to separate supervision and execution, accelerate decision-making, and improve the executive function. Executive Officers shall be able to attend such meetings.

- (e) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
- 1) The Company shall establish the Affiliated Companies Management Regulations, which stipulate basic policies regarding the parent company's management of subsidiaries and the appropriateness of operations between the parent company and subsidiaries. The company shall also establish a system to ensure the appropriateness of business execution by group companies.
 - 2) Under the Affiliated Companies Management Regulations, the Company shall establish a Group Executive Committee to advance comprehensive business and strengthen the development of subsidiaries. The committee shall also receive regular reports on the status of business execution, etc.
 - 3) The Basic Compliance Guidelines stipulate that the Company and its subsidiaries shall not have any relationship with antisocial forces that threaten social order and safety and shall not respond to any unreasonable or illegal demands, provided that the Company and its subsidiaries shall act appropriately by social rules and ethical standards.
 - 4) The Company and its subsidiaries shall conduct the necessary documentation, testing, and other activities and evaluate their effectiveness in response to the internal control reporting system for financial reporting based on the Financial Instruments and Exchange Law. In addition, the Company shall establish an Internal Control Office to promote these activities and enhance internal control over financial reporting.
 - 5) The Internal Audit Department shall establish a system to audit the status of business execution of subsidiaries.
- (f) System for reporting to the Audit & Supervisory Committee by directors (who are excluding Audit & Supervisory Committee members), executive officers, and employees, and system for reporting to the Company's Audit & Supervisory Committee by directors, statutory auditors, and employees of subsidiaries or persons who receive reports from them
- 1) Directors, executive officers, and employees shall report regularly to the Audit & Supervisory Committee on internal control matters and whenever essential issues arise. The Audit and Supervisory Committee may request reports from directors, executive officers, and employees (including those of subsidiaries) as necessary.
 - 2) The Audit & Supervisory Committee shall always have access to essential minutes and approved documents.
 - 3) Directors, statutory auditors, and employees of subsidiaries, or directors, corporate officers, and employees of the Company who receive reports from them on matters concerning internal controls or essential issues, etc., shall report to the Audit & Supervisory Committee.
- (g) System to ensure that a person who reports to the Audit & Supervisory Committee as described in (6) above will not receive any disadvantageous treatment because of such a report
The contents of reports shall be treated confidentially, and no disadvantageous treatment shall be accorded to those who make such reports by the Basic Compliance Guidelines.
- (h) Matters Concerning Directors and Employees Assisting the Audit & Supervisory Committee
The Company shall assign employees to assist the Audit & Supervisory Committee in its duties. In addition, Special Audit and supervisory Officers shall be selected to help the Audit and supervisory Committee in its duties.
- (i) Matters concerning the independence of the directors and employees mentioned in (8) above from the Company's directors and matters concerning the effectiveness of instructions given by the Audit & Supervisory Committee to such directors and employees
Suppose full-time employees assigned to assist with the duties of the Audit & Supervisory Committee are assigned to positions independent from Directors. In that case, the Company shall ensure its independence from Directors and the effectiveness of the Audit & Supervisory Committee's instructions by, for example, holding prior discussions with the Audit & Supervisory Committee regarding personnel transfers, etc.
- (j) Matters concerning procedures for advance payment or reimbursement of expenses incurred in connection with the execution of duties by Audit & Supervisory Committee members (limited to those related to the execution of duties by the Audit & Supervisory Committee) and matters concerning the policy for the treatment of expenses or liabilities incurred in connection with the execution of duties by Audit & Supervisory Committee members (limited to those related to the execution of duties by the Audit & Supervisory Committee)
Suppose an Audit & Supervisory Committee member requests the Company to pay expenses or settle debts incurred in the execution of the duties of Audit & Supervisory Committee members (limited to those related to the execution of the responsibilities of the Audit & Supervisory Committee). In that case, the Company shall pay such expenses or debts to the Audit & Supervisory Committee members except when it is deemed that the request is not necessary for the execution of duties of Audit & Supervisory Committee members (limited to the execution of duties of the Audit & Supervisory Committee).

(k) Other systems to ensure the effective execution of audits by the Audit & Supervisory Committee

- 1) The Audit & Supervisory Committee shall cooperate closely with the Internal Audit Department and establish a system for utilizing the results of internal audits.
- 2) Audit & Supervisory Committee members shall be able to attend important meetings to understand essential decision-making processes and the status of business execution.

(4) Number of Directors

The Company's Articles of Incorporation provide that the Company shall have no more than 15 directors (including no more than four directors who are members of the Audit & Supervisory Committee).

(5) Requirements for Resolutions for the Election of Directors

The Company's Articles of Incorporation provide that resolutions for the election of directors shall be adopted by a majority of the votes cast by the shareholders present at a meeting at which shareholders holding one-third or more of the voting rights of the shareholders entitled to vote are present. Cumulative voting shall not be used.

(6) Matters to be Decided at the Annual General Meeting that may be Decided by the Board of Directors

[Acquisition of treasury shares]

The Company's Articles of Incorporation provide that the Company may, by resolution of the Board of Directors under Article 165, Paragraph 2 of the Companies Act, acquire its shares through market transactions, etc., to enable the implementation of a flexible capital policy in response to changes in economic conditions and other factors.

[Interim Dividends]

To enhance the opportunities for the return of profits to shareholders, the Articles of Incorporation provide that interim dividends may be paid by resolution of the Board of Directors by Article 454, Paragraph 5 of the Companies Act.

(7) Requirements for Special Resolutions of the General Meeting of Shareholders

The Company's Articles of Incorporation provide that the requirements for special resolutions of the General Meeting of Shareholders outlined in Article 309, Paragraph 2 of the Companies Act shall be met by two-thirds or more of the voting rights of the shareholders present at the meeting if shareholders holding one-third or more of the voting rights of the shareholders entitled to exercise their voting rights are present at the meeting. This provision aims to facilitate the smooth operation of the General Meeting by relaxing the quorum for special resolutions at the General Meeting.

(8) Limitation of liability agreement

Under Article 427, Paragraph 1 of the Companies Act, the Company and the non-executive directors have agreed to limit their liability for damages under Article 423, Paragraph 1 of the same Act.

The maximum liability for damages under the said agreement is the amount specified in Article 425, Paragraph 1 of the Companies Act.

(9) Summary of the contents of the directors' and officers' liability insurance policy

The Company has concluded a Directors' and Officers' Liability Insurance Policy with an insurance company under Article 430-3, Paragraph 1 of the Companies Act, which ensures all directors and officers of the Company and provides coverage for damages and legal expenses, etc., incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in their capacity as directors or officers of the Company. The policy provides coverage for damages and legal expenses, etc., incurred by the Insured due to claims for damages arising from acts (including omissions) committed by the Insured in his capacity as a director or officer of the Company. The Company fully pays the premiums.

(10) Activities of the Board of Directors

The Board of Directors generally meets monthly and consists of 15 directors (including eight full-time directors and seven non-executive directors, 5 of whom are independent non-executive directors). It makes decisions on basic management policies, matters required by law, and other essential management matters.

The main matters discussed are as follows:

- Progress of the medium-term business plan “To Be a World’s Best Airport 2025”.
- Sustainability initiatives
- Review of the executive compensation system
- Response to the evaluation of the effectiveness of the Board of Directors
(survey of all directors by an external organization)
- Other significant matters related to the conduct of business.

During the year, the Company held 13 meetings of the Board of Directors, each of which was attended as follows.

Name	Position in the Company	Board of Directors Meetings Attendance (13 total meetings)
Isao Takashiro	Representative Director, Chairperson of the Board of Directors & CEO	13 times
Nobuaki Yokota	Representative Director, President & COO	13 times
Hisayasu Suzuki	Representative Director, Executive Vice President	13 times
Masatoshi Akahori	Executive Vice President, Executive Officer	3 times (Note)
Hiroshi Onishi	Representative Director, Executive Vice President	13 times
Yasuhide Yonemoto	Senior Managing Director, Executive Officer	3 times (Note)
Kazuhito Tanaka	Executive Vice President, Executive Officer	13 times
Yoko Koyama	Senior Managing Director, Executive Officer	13 times
Takeshi Fujino	Senior Managing Director, Executive Officer	9 times (Note)
Keishi Matsuda	Managing Director, Executive Officer	10 times (Note)
Kazuyuki Harada	Outside Director	1 time (Note)
Yoshiharu Ueki	Outside Director	10 times
Keiji Kimura	Outside Director	12 times
Ichiro Fukuzawa	Outside Director	12 times
Yukihiro Kawamata	Outside Director	10 times (Note)
Koji Iwai	Outside Director, Audit & Supervisory Committee Member	3 times (Note)
Tamaki Kakizaki	Outside Director, Audit & Supervisory Committee Member	13 times
Ryoko Takeda	Outside Director, Audit & Supervisory Committee Member	13 times
Kenji Iwasaki	Outside Director, Audit & Supervisory Committee Member	10 times (Note)

Note: The status of Director Takeshi Fujino, Director Keishi Matsuda, Outside Director Yukihiro Kawamata and Outside Director (Audit & Supervisory Committee Member) Kenji Iwasaki after their appointment on June 28, 2023, and the status of Director Masatoshi Akahori, Director Yasuhide Yonemoto, Outside Director Kazuyuki Harada and Outside Director (Audit & Supervisory Committee Member) Koji Iwai until their retirement on June 28, 2023.

(11) Activities of the Nomination and Remuneration Advisory Committees

The Nominating Advisory Committee consists of independent outside directors and one executive officer and generally meets once a year. It is established as an advisory body to the Board of Directors to discuss and make recommendations regarding the nomination of director and executive officer candidates based on the policy of selecting candidates with broad experience, a high level of insight, and a high level of expertise.

During the fiscal year under review, the Nomination Advisory Committee met twice to discuss and propose the nomination of candidates for directors and executive officers, and all members attended.

The Remuneration Advisory Committee consists of independent outside directors and an executive officer and generally meets once a year. It was established as an advisory body to the Board of Directors to discuss and make recommendations regarding the compensation system for directors and executive officers and to ensure its transparency, appropriateness, and objectivity.

During the fiscal year under review, the Remuneration Advisory Committee met three times to discuss and propose the compensation system for directors (excluding directors who are members of the Audit & Supervisory Committee) and executive officers. All members participated in all meetings.

(12) Indemnification of Directors

Under Article 426, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation provide that Directors (including former Directors) and Statutory Auditors (including former Statutory Auditors) may, by resolution of the Board of Directors, be exempted from the liability for damages provided for in Article 423, Paragraph 1 of the Companies Act, to the extent permitted by law, to enable them to properly perform their expected functions by limiting their liability to a reasonable extent.

Note: The Statutory Auditors (including former Statutory Auditors) were appointed before the conclusion of the 78th Ordinary General Meeting of Shareholders.

(13) Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

[Basic Policy]

The Group shall resolutely confront anti-social forces that threaten civil society.

[Status of maintenance]

In the action guidelines of the Basic Compliance Guidelines established on October 26, 2005, we have established a policy of resolutely confronting anti-social forces that pose a threat to civil society and have put in place a system for refusing to provide benefits, sharing information on anti-social forces within the Group, and reporting and responding to such forces. Furthermore, we cooperate in the industry and local communities and work closely with the police and other relevant government agencies to eliminate anti-social forces.

(14) Basic Policy Concerning Company Control

The following is a summary of each of the Company's Basic Policy Concerning Company Control, special efforts to contribute to the realization of the Basic Policy Concerning Company Control, and efforts to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate considering the Basic Policy Concerning Company Control.

[1. Basic Policy Concerning Company Control]

The Company believes that in the event of a large-scale acquisition of its shares, the final decision as to whether to accept such an acquisition should be left to the Company's shareholders at that time.

At Haneda Airport, the Company constructs, manages, and operates the domestic terminal as an aviation-related business. It made the Tokyo International Air Terminal Corporation (TIAT) a consolidated subsidiary in April 2018 to run the domestic and international terminals integrated, thereby operating the terminal more efficiently. On the other hand, as a non-aeronautical business, we operate merchandise sales and other businesses at Haneda Airport, Narita International Airport, Kansai International Airport, and Chubu Centrair International Airport, and we are using the earnings from these businesses to expand and improve terminal buildings in response to the rapid development of the aviation industry. In addition, we have been developing our business outside of airports by utilizing our accumulated knowledge. Therefore, those who control decisions on the Company's financial and business policies must have an appropriate awareness of the high level of safety and public interest of the passenger terminal business, as well as a deep understanding of the critical management resources that are the source of the Company's corporate value (highly original technology and know-how, knowledge, and information in specific market fields, deep trust relationships with business partners cultivated over a long period, high-quality human resources with expertise in specialized fields, etc.).

In addition, we will implement measures to capture domestic consumption by foreign visitors to Japan, which is expected to increase in the medium to long term and advance the medium-term business plan while reorganizing and strengthening our organization and governance to support these measures, create an environment for new value creation, expand opportunities for dialogue with shareholders and investors, and enhance the certainty of each measure.

Although the Company endeavors in its investor relations activities to ensure that its shareholders and investors understand the Company's business activities and policies, etc., if a person who intends to conduct a Large-Scale Purchase (hereinafter referred to as "Large-Scale Purchaser") suddenly appears, For our shareholders to make an appropriate judgment within a short period regarding the impact of such Large-scale Purchase on our corporate value and, in turn, the common interests of our shareholders, we believe it is essential that both the Large-scale Purchaser and our Board of Directors provide appropriate and sufficient information regarding the impact of the Large-scale Purchase on our company and the management policy and business plan that the Large-scale Purchaser plans to adopt if it participates in our management. Furthermore, we believe that presenting the results of the Board of Directors examination, etc., of such a Large-scale Purchase will contribute to the decision-making process of the Company's shareholders.

Considering the above, the Company believes that in the event of a Large-scale Purchase, the Large-scale Purchaser must provide the Board of Directors of the Company with necessary and sufficient information regarding the Large-scale Purchase in advance by specific rules to be established and disclosed in advance by the Company for the benefit of shareholders' decision-making. In addition, to prevent a malicious Large-Scale Purchase of the Company's shares that would damage the corporate value of the Company and, in turn, the common interests of its shareholders, the Company will ensure that the Large-Scale Purchaser is allowed to ask reasonable questions and demand improvements in the details of the proposal of the Large-Scale Purchaser or present a reasonable alternative proposal that will benefit the shareholders. The Company believes that it is necessary to take reasonable measures against a Large-Scale Purchase that does not comply with the Large-Scale Purchase Rules from the perspective of maintaining and enhancing corporate value and, in turn, the common interests of shareholders.

[2. Special Efforts to Contribute to the Realization of the Basic Policy Concerning Company Control]

In special efforts to contribute to the realization of the Basic Policy Concerning Company Control, the Company strives to maintain and enhance corporate value and, in turn, the common interests of its shareholders by taking the following measures in addition to those described in (3) below.

(a) Efforts based on the medium-term business plan

We are committed to strengthening safety measures to establish absolute safety in our passenger terminal buildings. We aim to operate passenger terminal buildings in a customer-oriented manner and ensure that our Group's CS philosophy, "Peace to those who enter in, good health to those who leave again," is applied to our operations. In addition, the entire company is striving to improve services and earnings further by thoroughly implementing the customer-first principle and actively developing human resources under the Group's CS philosophy.

(b) Efforts to Strengthen and Enhance Corporate Governance

The Company has appointed outside directors to ensure management transparency since its establishment, based on the recognition that corporate governance is an important management issue. The Company previously had a Board of Statutory Auditors system. Still, upon critical approval of an amendment to the Articles of Incorporation at the 78th Ordinary General Meeting of Shareholders held on June 24, 2022, the Company transitioned to a company with an Audit & Supervisory Committee system. The Board of Directors, which meets once a month in principle, consists of fifteen directors (of which, eight full-time directors and seven part-time outside directors, including five independent outside directors) and makes decisions on basic management policies, matters stipulated by laws and regulations, and other essential management matters, as well as supervising the execution of business operations. The Audit & Supervisory Committee consists of three independent outside directors. Directors who are Audit & Supervisory Committee members attend Board of Directors meetings and other important meetings to monitor the legality and appropriateness of the directors' business execution of duties, as well as the transparency and soundness of management.

[3. Efforts to Prevent Inappropriate Persons from Controlling Decisions on Financial and Business Policies of the Company Considering the Basic Policy Concerning Company Control]

Considering the Basic Policy Concerning Company Control described in (1) above, to prevent decisions on the Company's financial and business policies from being controlled by inappropriate persons, the Company has established the "Policy Concerning Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)" (hereinafter referred to as the "Policy"). The Policy sets forth the Large-Scale Purchase Rules in case of a Large-Scale Purchase and the procedures for triggering countermeasures if a Large-Scale Purchaser fails to comply with the Rules.

(a) Establishment of the Independent Committee

The Independent Committee shall be established as an organ to examine and deliberate whether or not the Large-Scale Purchase is detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders and to ensure the fairness of the Board of Directors' decision and response concerning the Large-Scale Purchase. The Independent Committee shall have at least three members appointed from among the Company's outside directors and outside knowledgeable persons who are independent of the Company's management and in charge of business execution to enable fair and neutral judgments.

The Company's Board of Directors shall consult with the Independent Committee on the propriety of a resolution for non-implementation of countermeasures if a Large-Scale Purchase is commenced, and the Company's Board of Directors shall respect such recommendation to the maximum extent possible.

(b) Large-Scale Purchase Rules

As per the Large-Scale Purchase Rules, the Large-Scale Purchaser shall submit information, etc., according to the prescribed procedures and shall not conduct the Large-Scale Purchase until the Board of Directors passes a resolution not to trigger the countermeasure after the information submission procedures, etc., have been completed.

1) Prior Submission of a Statement of Intention for a Large-scale Purchase to the Company

The Large-Scale Purchaser shall submit to the Company in advance a Large-Scale Purchase Statement of Intention (in the form prescribed by the Company) to the effect that the Large-Scale Purchaser will conduct the Large-Scale Purchase by the Large-Scale Purchase Rules.

2) Submission of information regarding the Large-scale Purchase

Upon receipt of the Large-Scale Purchaser's Statement of Intention, the Company will deliver to the Large-Scale Purchaser an information list containing the items of information to be submitted again within 10 business days (not counting the first day).

Based on the information list, the Large-scale Acquirer will be requested to submit to the Company necessary and sufficient information regarding the Large-scale Acquisition for the shareholders' judgment and the Independent Committee's consideration.

3) Notice of Commencement of Consideration by the Independent Committee

If the Company determines that it is appropriate for the Independent Committee to commence its consideration of the Large-scale Acquisition, such as when the submission of information regarding such Large-scale Acquisition is deemed to be complete, the Company will notify and disclose such fact to the Large-scale Acquirer and request that the Independent Committee commence its consideration.

4) Consideration by the Independent Committee and resolution recommending non-activation

Within the period set as the Independent Committee Consideration Period, the Independent Committee will consider the terms of the Large-scale Acquisition, alternative plans provided by the Board of Directors, etc.

If the Independent Committee requests the Large-scale Acquirer to provide materials for consideration or other information or to discuss or negotiate with the Independent Committee, the Large-scale Acquirer must promptly respond to such request. Suppose the Independent Committee finds, by unanimous resolution, as a result of the examination of information, etc., concerning such Large-scale Acquisition, that such Large-scale Acquisition is not likely to damage the Company's corporate value and harm the interests of the Company and in turn, the common interests of shareholders. In that case, a resolution recommending non-activation shall be passed to the Company's Board of Directors.

5) Confirmation of Shareholders' Intentions at the General Meeting of Shareholders

Suppose the Independent Committee does not reach a resolution recommending non-implementation within the Independent Committee Consideration Period. In that case, the Independent Committee shall recommend that the General Shareholders' Meeting for Confirmation of Shareholders' Intentions regarding countermeasures against the relevant Large-scale Purchase be held. In response to such recommendation, the Board of Directors shall promptly decide to convene the General Shareholders' Meeting for Confirmation of Shareholders' Intentions.

Resolutions of the General Shareholders' Meeting for Confirmation of Shareholders' Intentions shall be adopted by a majority of the voting rights of the shareholders present at the meeting.

6) Resolution of the Board of Directors not to act

If the Independent Committee recommends that the Board of Directors should pass a resolution not to trigger the Large-Scale Purchase, the Board of Directors shall promptly pass a resolution not to trigger the Large-Scale Purchase unless there are exceptional circumstances that violate its duty of care as a director.

In addition, the Board of Directors shall promptly pass a resolution of non-implementation if the General Shareholders' Meeting for Confirmation of Shareholders' Intentions provided in "5)" above indicates shareholders' intentions to the effect that the countermeasures should not be implemented.

7) Triggering of Countermeasures against a Large-scale Purchase that does not comply with the Large-scale Purchase Rules

Until the Company's Board of Directors passes a resolution of non-implementation, the Large-scale Acquirer shall not conduct the Large-scale Acquisition. Suppose a Large-Scale Purchase that does not comply with the Large-Scale Purchase Rules is undertaken, and it is reasonable to trigger countermeasures. In that case, the Company's Board of Directors shall take countermeasures based on the Policy to ensure and enhance the company's corporate value and its shareholders' common interests. Countermeasures under the Policy include the gratis allotment of stock acquisition rights and other measures permitted under laws and regulations and the Company's Articles of Incorporation.

(c) Impact on Shareholders and Investors

The purpose of the Policy is to provide information necessary for the Company's shareholders to decide whether to accept the Large-scale Purchase and to ensure that the Company's shareholders have a reasonable amount of time to consider and negotiate a better proposal for the Large-scale Purchase and an opportunity to receive an alternative proposal from the Company's Board of Directors, etc. The Policy is also intended to ensure that the Company's shareholders will be provided with the information necessary to make an informed decision on the Large-scale Purchase. The purpose is to ensure that the Company's shareholders will have a reasonable amount of time to consider and negotiate a better proposal for the Large-Scale Purchase and an opportunity to receive an alternative proposal from the Board of Directors. We believe that this will enable our shareholders to make an appropriate decision on acceptance of the Large-scale Purchase and other options based on sufficient information, which will lead to the protection of the interests of our shareholders. Therefore, we believe that the establishment of the Policy is a prerequisite for our shareholders and investors to make appropriate investment decisions and contributes to the interests of our shareholders and investors.

[4. Judgment of the Board of Directors and Reasons for the Judgment]

The Company's medium-term business plan, reinforcement and enhancement of corporate governance, and other measures align with its basic policy and were formulated as specific measures to continuously and sustainably enhance the Company's corporate value and the common interests of shareholders.

The policy is in line with the basic policy above. Since the following special efforts have been made to enhance its rationality, the Policy is not detrimental to the company's corporate value or the common interests of its shareholders, nor is it intended to maintain the status of the Company's officers.

- (a) The essential contents of this policy were approved in advance by shareholders at the 79th Annual General Meeting of Shareholders held on June 28, 2023. The approval of such shareholders' meeting shall be effective for 3 years from such annual shareholders' meeting. At the end of the three years, the Company's Board of Directors plans to confirm the shareholders' intentions regarding the Policy again and ask the shareholders to decide. During the effective period of the approval by the shareholders meeting, the Board of Directors of the Company will make decisions and amendments to the details of the Policy and other necessary matters within the scope of the purpose of the approval by the shareholders meeting, taking into consideration trends in related legal systems and various other circumstances surrounding the Company.
- (b) If the General Shareholders' Meeting for Confirmation of Shareholders' Intentions indicates the shareholders' intent that the countermeasures should not be triggered, the Board of Directors shall promptly pass a resolution for non-implementation. In addition, the Independent Committee, which consists of members appointed from among the Company's outside directors and outside knowledgeable persons who are independent of the Company's management team that executes the Company's business, shall, within the Independent Committee Review Period before the convocation of the General Shareholders' Meeting for Confirmation of Shareholders' Intentions, decide on the Large-scale Purchase if it is considered that such Large-scale Purchase will damage the Company's corporate value, harm the interests of the Company, and ultimately, the common interests of shareholders. If the Independent Committee, which is composed of members from among the members of the Board of Directors, finds that the Large-scale Purchase is not likely to damage the Company's corporate value and harm the interests of the Company and, in turn, the common interests of its shareholders, the Board of Directors of the Company shall promptly pass a resolution of non-activation by the said recommended resolution unless there are exceptional circumstances that violate the duty of care of a good manager as a director. In this way, the Policy ensures a mechanism to prevent arbitrary triggering of the resolution to maintain the status of directors, etc.
- (c) The Company does not add any weight to the requirements for the resolution of dismissal of directors from the ordinary resolution. The large-scale acquirer can abolish the Policy by nominating directors appointed by ordinary resolution at a general meeting of the company's shareholders, who can then resolve to terminate the policy. Accordingly, the Policy is not a dead-hand takeover defense measure (a takeover defense measure that cannot be stopped even if most of the Board of Directors members are replaced). In addition, since the Company has not adopted a staggered term system, the Policy is not a slow-hand takeover defense measure (i.e., a takeover defense measure that requires time to prevent its triggering because members of the Board of Directors cannot be replaced at once).
- (d) The Policy satisfies all the requirements of legality (requirements to be met in order not to be subject to an injunction against the issuance of stock acquisition rights, etc.) and rationality (Requirements to be met to obtain the understanding of shareholders, investors, and other stakeholders) required by the "Guidelines Regarding Takeover Defense Measures to Ensure or Enhance Corporate Value and Common Interests of Shareholders" established by the Ministry of Economy, Trade, and Industry and the Ministry of Justice on May 27, 2005. In addition, the Company's proposal also conforms to the content of the June 30, 2008, report "Takeover Defense Measures in Light of Recent Environmental Changes" issued by the Corporate Value Study Group of the Ministry of Economy, Trade, and Industry of Japan.

[5. Others]

For details of the Policy, please refer to the text "Continuation of the Policy Against Large-Scale Purchases of the Company's Shares (Takeover Defense Measures)" posted on the Company's website.

(Reference URL: <https://www.tokyo-airport-bldg.co.jp/files/en/ir/000013351.pdf>)

B. Board of Directors and Audit & Supervisory Committee Members

(1) List of Board of Directors and Audit & Supervisory Committee Members

Male: twelve (12) persons, Female: three (3) persons (percentage of the female: 20.0 %)

(as of June 26, 2024)

Name (Date of birth)	Position in the Company	Experience and positions		Number of shares of the Company held
Isao Takashiro (July 13, 1943) (Note 2)	Representative Director, Chairperson of the Board of Directors & CEO	April 1968 June 2001 April 2003 April 2005 April 2009 June 2016	Joined the Company Senior Managing Director Representative Director and Executive Vice President Representative Director and President Representative Director, President and Executive Officer Representative Director, Chairperson & CEO (<i>current position</i>)	47,920
Nobuaki Yokota (September 6, 1951) (Note 2)	Representative Director, President & COO	April 1974 April 2009 June 2011 June 2014 June 2015 May 2016 June 2016	Joined the Company Managing Director and Executive Officer Senior Managing Director and Executive Officer Executive Vice President and Executive Officer Representative Director, Executive Vice President, and Executive Officer Chairperson, All-Japan Airport Terminal Association (currently The All-Japan Airport Association, Inc.) (<i>current position</i>) Representative Director, President and Executive Officer & COO (<i>current position</i>) [Significant concurrent positions] Chairperson, The All-Japan Airport Association, Inc.	39,610
Hisayasu Suzuki (March 31, 1953) (Note 2)	Representative Director, Executive Vice President	April 1975 July 2006 July 2009 January 2013 January 2014 June 2014 June 2015 June 2023	Joined the Ministry of Transport (currently the Ministry of Land, Infrastructure, Transport and Tourism) Director-General, Civil Aviation Bureau, the Ministry of Land, Infrastructure, Transport and Tourism Commandant, the Japan Coast Guard Full-time Adviser, the Company Senior Executive Officer Executive Vice President and Executive Officer Representative Director, Executive Vice President, and Executive Officer (<i>current position</i>) Outside Director, SAN-AI OBBLI CO., LTD. (<i>current position</i>) [Significant concurrent positions] Outside Director, SAN-AI OBBLI CO., LTD.	21,000
Hiroshi Onishi (June 13, 1955) (Notes 2,5)	Representative Director, Executive Vice President	April 1979 June 2009 June 2010 April 2011 February 2012 April 2017 July 2017 June 2018 June 2021 June 2023	Joined Isetan Co., Ltd. Representative Director, President and Executive Officer, Isetan Co., Ltd. Director, Isetan Mitsukoshi Holdings Ltd. President, Representative Director, Executive Officer, Isetan Mitsukoshi Ltd. Representative Director, President and Executive Officer, Isetan Mitsukoshi Holdings Ltd. Director, Isetan Mitsukoshi Holdings Ltd. Special Adviser, the Company Executive Vice President and Executive Officer Outside Director, KOMATSU MATERE Co., Ltd. (<i>current position</i>) Representative Director, Executive Vice President, and Executive Officer (<i>current position</i>) [Significant concurrent positions] Outside Director, KOMATSU MATERE Co., Ltd.	9,400

Name (Date of birth)	Position in the Company	Experience and positions		Number of shares of the Company held
Kazuhito Tanaka (March 8, 1965) (Note 2)	Executive Vice President, Executive Officer	April 1987 June 2011 June 2013 July 2014 June 2015 June 2020 June 2023	Joined the Company Executive Officer and Vice President, Corporate Planning Division, Corporate Planning Department Managing Executive Officer and Vice President, Corporate Planning Division, Corporate Planning Department Managing Executive Officer; Deputy Senior Vice President, Corporate Planning Department; and Deputy Senior Vice President, Administration Department Managing Director and Executive Officer Senior Managing Director and Executive Officer Executive Vice President and Executive Officer (<i>current position</i>)	15,900
Yoko Koyama (January 12, 1968) (Note 2)	Senior Managing Director, Executive Officer	April 1992 June 2013 July 2014 June 2016 July 2017 August 2017 April 2019 July 2019 June 2020 June 2023	Joined the Company Executive Officer and Vice President, Corporate Planning Division, Corporate Planning Department Executive Officer; Vice President, Corporate Planning Division, Corporate Planning Department; and Vice President, Business Planning Division Managing Executive Officer and Deputy Senior Vice President, Corporate Planning Department Managing Executive Officer and Deputy Senior Vice President, Business Development Department Outside Director, Haneda Mirai Kaihatsu Co., Ltd. (<i>current position</i>) Outside Director, Kyushu Kumamoto International Airport Co., Ltd. (<i>current position</i>) Managing Executive Officer; Deputy Senior Vice President, Business Development Department; and Deputy Senior Vice President, Passenger Terminal Operation Department (in charge of Facility Planning Office / Tokyo Olympic & Paralympic Games Promotion Office) Managing Director and Executive Officer Senior Managing Director and Executive Officer (<i>current position</i>) [Significant concurrent positions] Outside Director, Haneda Mirai Kaihatsu Co., Ltd. Outside Director, Kyushu Kumamoto International Airport Co., Ltd.	8,800
Takeshi Fujino (January 3, 1968) (Note 2)	Senior Managing Director, Executive Officer	April 1991 June 2013 June 2016 June 2020 June 2021 June 2022 June 2023	Joined the Company Executive Officer and Vice President, International Terminal Business Department Managing Executive Officer, Deputy Senior Vice President, Operation Department Chief Managing Executive Officer; Deputy Senior Vice President, Passenger Terminal Operation Department; Deputy Senior Vice President, Business Development Department Chief Managing Executive Officer in charge of the Business Promotion Office; Deputy Senior Vice President, Business Development Department; Deputy Senior Vice President, Passenger Terminal Operation Department Chief Managing Executive Officer in charge of Business Promotion Office; Deputy Senior Vice President of Business Development Department (in charge of New Business); Deputy Senior Vice President of passenger Terminal Operation Department (in charge of Retail Sales) Senior Managing Director and Executive Officer (<i>current position</i>)	7,200

Name (Date of birth)	Position in the Company	Experience and positions		Number of shares of the Company held
Keishi Matsuda (March 19, 1972) (Note 2)	Managing Director, Executive Officer	April 1994 June 2019	Joined the Company Executive Officer; General Manager, Corporate Planning Group, Planning & Administration Department; Vice President, Business Reform Office; Vice President, Facility Planning Office / Tokyo Olympic & Paralympic Games Promotion Office, Facility Management Group, Passenger Terminal Operation Department	4,400
		June 2020	Executive Officer; General Manager, Corporate Planning Group, Planning & Administration Department; General Manager, Facility Management Group, Passenger Terminal Operation Department; Vice President, Facility Planning Office / Tokyo Olympic & Paralympic Games Promotion Office	
		June 2022	Executive Officer; General Manager, Corporate Planning Group, Planning & Administration Department; Vice President, Facility Planning Office; General Manager, Business Development Department	
		June 2023	Managing Director and Executive Officer (<i>current position</i>)	
Keiji Kimura (February 21, 1947) (Notes 1,2)	Outside Director	May 1970 June 2005 April 2011 June 2016 April 2017 June 2017 June 2018 June 2019 June 2019	Joined Mitsubishi Estate Co., Ltd. President & Representative Director, Mitsubishi Estate Co., Ltd. Chairperson & Representative Director, Mitsubishi Estate Co., Ltd. Chairperson of the Board, Mitsubishi Estate Co., Ltd. Director, Mitsubishi Estate Co., Ltd. Senior Advisor, Mitsubishi Estate Co., Ltd. (<i>current position</i>) Outside Director, Matsumoto Kiyoshi Holdings Co., Ltd. (<i>current position</i>) Chairperson, Japan Building Owners & Managers Association (<i>current position</i>) Outside Director, the Company (<i>current position</i>) [Significant concurrent positions] Senior Advisor, Mitsubishi Estate Co., Ltd. Outside Director, Matsumoto Kiyoshi Holdings Co., Ltd. Chairperson, Japan Building Owners & Managers Association	-
Ichiro Fukuzawa (April 14, 1961) (Notes 1,2)	Outside Director	October 1989 June 2019 April 2020 April 2021 April 2022 April 2022 June 2022 April 2024 June 2024 June 2024	Joined ALL NIPPON AIRWAYS CO., LTD. Member of the Board of Directors and Deputy Executive Officer, ANA HOLDINGS INC. Member of the Board of Directors and Executive Officer, ANA HOLDINGS INC. Member of the Board of Directors and Senior Executive Officer, ANA HOLDINGS INC. Representative Director and Executive Vice President, ANA HOLDINGS INC. Representative Director and Executive Vice President, ALL NIPPON AIRWAYS CO., LTD. Outside Director, the Company (<i>current position</i>) Senior Advisor, ANA HOLDINGS INC. Full-time Statutory Auditor, ANA HOLDINGS INC. (<i>current position</i>) Full-time Statutory Auditor, ALL NIPPON AIRWAYS CO., LTD. (<i>current position</i>) [Significant concurrent positions] Full-time Statutory Auditor, ANA HOLDINGS INC. Full-time Statutory Auditor, ALL NIPPON AIRWAYS CO., LTD.	-

Name (Date of birth)	Position in the Company	Experience and positions		Number of shares of the Company held
Yukihiro Kawamata (February 10, 1964) (Notes 1,2)	Outside Director	April 1986 June 2016 June 2019 April 2022 June 2023	<p>Joined Keikyu Corporation Director, Keikyu Corporation Director, Managing Executive Officer, Keikyu Corporation Representative Director, President and Executive Officer, Keikyu Corporation (<i>current position</i>) Outside Director, the Company (<i>current position</i>)</p> <p>[Significant concurrent positions] Representative Director, President and Executive Officer, Keikyu Corporation</p>	-
Yuji Saito (September 26, 1964) (Notes 1,2)	Outside Director	April 1988 April 2019 April 2021 April 2023 June 2023 April 2024 June 2024	<p>Joined Japan Airlines Co., Ltd. Executive Officer and Senior Vice President, Corporate Control Division, Japan Airlines Co., Ltd. Managing Executive Officer; Senior Vice President, Corporate Planning Division; Senior Vice President, Corporate Control Division, Japan Airlines Co., Ltd. Senior Managing Executive Officer; Senior Vice President, Corporate Planning Division, Japan Airlines Co., Ltd. Chief Financial Officer of the JAL Group Director, Senior Managing Executive Officer; Senior Vice President, Corporate Planning Division, Japan Airlines Co., Ltd. Chief Financial Officer of the JAL Group Representative Director, Executive Vice President, Japan Airlines Co., Ltd. (<i>current position</i>) Chief Financial Officer of the JAL Group (<i>current position</i>) Outside Director, the Company (<i>current position</i>)</p> <p>[Significant concurrent positions] Representative Director, Executive Vice President, Chief Financial Officer, Japan Airlines Co., Ltd.</p>	-
Tamaki Kakizaki (January 16, 1961) (Notes 1,3)	Outside Director, Audit & Supervisory Committee Member	April 2009 April 2012 April 2014 June 2016 June 2017 June 2020 June 2021 June 2022	<p>Professor, Graduate School of Law, Toyo University Professor, International Graduate School of Social Sciences, Yokohama National University Professor, Faculty of Law, Meiji University (<i>current position</i>) Outside Director, Mitsubishi Foods Corporation (<i>current position</i>) Outside Statutory Auditor, the Company Outside Director, Keikyu Corporation (<i>current position</i>) Outside Director, The Akita Bank, Ltd. (<i>current position</i>) Outside Director, Audit & Supervisory Committee Member, the Company (<i>current position</i>)</p> <p>[Significant concurrent positions] Professor, Faculty of Law, Meiji University Outside Director, Mitsubishi Foods Corporation Outside Director, Keikyu Corporation Outside Director, The Akita Bank, Ltd.</p>	-

Name (Date of birth)	Position in the Company	Experience and positions		Number of shares of the Company held
Ryoko Takeda (July 5, 1970) (Notes 1,3)	Outside Director, Audit & Supervisory Committee Member	<p>April 1998 December 2014 February 2016 June 2017 June 2020 June 2021 June 2022 November 2022 January 2023 March 2023</p>	<p>Registered as an attorney-at-law and joined Nishimura & Partners (now Nishimura & Asahi) Special Counsel, City-Yuwa Partners Certified Fraud Examiner (CFE) credential Councilor, International Civil and Commercial Law Center (<i>current position</i>) Outside Statutory Auditor, Arconix Corporation (<i>current position</i>) Outside Director, Denki Kogyo Co. (<i>current position</i>) Substitute Director, Audit & Supervisory Committee Member, the Company Outside Director, Audit & Supervisory Committee Member, the Company (<i>current position</i>) Partner, City-Yuwa Partners (<i>current position</i>) External Director, Komazawa University Educational Corporation (<i>current position</i>)</p> <p>[Significant concurrent positions] Partner, City-Yuwa Partners Councilor, International Civil and Commercial Law Center Outside Statutory Auditor, Arconix Corporation Outside Director, Denki Kogyo Co. External Director, Komazawa University Educational Corporation</p>	-
Kenji Iwasaki (January 3, 1955) (Notes 1,4)	Outside Director, Audit & Supervisory Committee Member	<p>April 1978 June 2010 April 2014 April 2017 June 2017 June 2018 June 2022 June 2023</p>	<p>Joined Tokio Marine & Fire Insurance Co., Ltd. Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd. Senior Managing Director, Tokio Marine & Nichido Fire Insurance Co., Ltd. Executive Vice President, Tokio Marine & Nichido Fire Insurance Co., Ltd. Vice President Executive Officer, Tokio Marine Holdings, Inc. Executive Vice President, Tokio Marine & Nichido Fire Insurance Co., Ltd. Executive Vice President, Tokio Marine Holdings, Inc. Executive Director, The General Insurance Association of Japan Outside Auditor, SOHGO SECURITY SERVICES CO., LTD. (<i>current position</i>) Outside Director, Audit & Supervisory Committee Member, the Company (<i>current position</i>)</p> <p>[Significant concurrent positions] Outside Auditor, SOHGO SECURITY SERVICES CO., LTD.</p>	-
Total				154,230

Notes:

- 1) Four directors, Keiji Kimura, Ichiro Fukuzawa, Yukihiro Kawamata, and Yuji Saito, and three directors (Audit & Supervisory Committee members), Tamaki Kakizaki, Ryoko Takeda and Kenji Iwasaki, are outside directors.
- 2) The term of office will expire at the close of the annual general meeting of shareholders for the last fiscal year ending within one year after their election at the annual general meeting of shareholders on June 26, 2024.
- 3) The term of office will expire at the close of the annual general meeting of shareholders for the last fiscal year ending within two years after the election at the annual general meeting of shareholders to be held on June 26, 2024.
- 4) His term of office will expire at the close of the annual general meeting of shareholders for the last fiscal year ending within two years after his election at the annual general meeting of shareholders to be held in 2023.
- 5) The Company has appointed a substitute director who is a member of the Audit & Supervisory Committee under Article 329, Paragraph 3 of the Companies Act in preparation for a shortage in the number of directors who are members of the Audit & Supervisory Committee as required by law and regulations. The resolution to elect a substitute member of the Audit & Supervisory Committee shall be valid until the beginning of the ordinary general meeting of shareholders relating to the last fiscal year ending within two years after his election at the ordinary general meeting of shareholders held on June 28, 2023. The term of office of the substitute member of the Audit & Supervisory Committee shall expire upon the expiration of the term of office of the member of the Audit & Supervisory Committee who retired before the expiration of his term of office. The short biography of the substitute member of the Audit & Supervisory Committee is as follows.

Name (Date of birth)	Experience and positions		Number of shares of the Company held
Yoko Sugita (September 18, 1976)	April 1999 January 2004 January 2009 January 2015	Joined Tokyo Office, Asahi Audit Corporation (now KPMG AZSA LLC) Joined San Francisco Office, BDO Seidman LLP Participated in Advantage Partners Inc. Partner, Phronesis Partners Co., Ltd. (<i>current position</i>)	-

- 6) The Company has established an executive officer system to improve management efficiency by speeding up decision-making, clarifying the division of business execution, and strengthening the functions of the Board of Directors. The executive officers who are not also directors are as follows.

Name	Position in the Company
Morikazu Chiku	Chief Senior Managing Executive Officer
Yasuhide Yonemoto	Chief Senior Managing Executive Officer
Shigetaka Taguchi	Chief Senior Managing Executive Officer
Isamu Jinguji	Senior Managing Executive Officer
Eiji Ueda	Chief Managing Executive Officer
Tatsuya Endo	Chief Managing Executive Officer
Issei Hachisuka	Chief Managing Executive Officer
Kenji Kubo	Chief Managing Executive Officer
Koei Ogawa	Chief Managing Executive Officer
Satoru Sumimoto	Chief Managing Executive Officer
Ayumu Takahashi	Managing Executive Officer
Kenta Nakajo	Managing Executive Officer
Akinori Nishida	Executive Officer
Susumu Takahashi	Executive Officer
Kenji Sato	Executive Officer

- 7) The Company shall appoint Special Audit & Supervisory Officers to assist the Audit and supervisory Committee in performing its duties. The Special Audit and supervisory Officers are as follows.

Name	Position in the Company
Yasuko Morita	Special Audit & Supervisory Officer
Yuhei Kusano	Special Audit & Supervisory Officer

(2) Description of personal, financial, or business relationships and other interests between the Company and outside directors.

Ichiro Fukuzawa, an outside director, is the Full-time Statutory Auditor of All Nippon Airways Co. There are transactions between the Company and All Nippon Airways Co., including a lease agreement for the passenger terminal building at Haneda Airport.

Outside Director Yukihiro Kawamata is the President and Representative Director of Keikyu Corporation. The Company and Keikyu Corporation have entered into sections such as facility management consignment.

Outside Director Yuji Saito is the Executive Vice President and Representative Director of Japan Airlines Co. The Company has transactions with Japan Airlines Corporation, including a lease agreement for the passenger terminal building at Haneda Airport.

Outside Director Keiji Kimura holds no concurrent positions with companies or organizations having interests in the Company.

Outside Director Tamaki Kakizaki, a member of the Audit & Supervisory Committee, is an outside director of Keikyu Corporation, and transactions such as facility management assignments occur between the Company and Keikyu Corporation.

Outside Directors Ryoko Takeda and Kenji Iwasaki, who are members of the Audit & Supervisory Committee, do not hold concurrent positions with companies or organizations that have an interest in the Company.

These are routine transactions with the respective companies; neither the outside directors nor the outside directors who are members of the Audit & Supervisory Committee have any direct interest in them.

Two outside directors, Keiji Kimura and Yukihiro Kawamata, and three outside directors, Tamaki Kakizaki, Ryoko Takeda, and Kenji Iwasaki, who are members of the Audit & Supervisory Committee, have been reported to the Tokyo Stock Exchange, Inc. as independent directors.

The Company considers a director independent if the director does not fall into one of the following categories.

< Criteria for Determining the Independence of Outside Directors]

The independence of outside directors shall be deemed independent if any of the following criteria are met.

- (a) A person currently or has been in the past 10 years an executive officer of the Company or its group companies.
- (b) A person who is a major shareholder of the Company or an executive officer of a company that is a major shareholder of the Company.
- (c) A person who is a major lender to the Company or an executive officer of a company that is a major lender to the Company.
- (d) A person who is a material counterparty to the Company or an executive officer of a company that is a material counterparty to the Company.
- (e) A material business associate of the Company or an executive officer of a company that is a material business associate of the Company.
- (f) A person who has received a donation or grant over a specified amount from the Company or a director and officer of a corporation, association, or other organization that receives a donation or grant over a specified amount from the Company.
- (g) An attorney, certified public accountant, tax accountant, consultant, etc., who has received money or other financial benefits over a specified amount from the Company, other than compensation for services as a director (if the person receiving such financial benefits is a corporation, partnership, bureau or other organization, the person who is a member of such organization is included).
- (h) The spouse or a relative within the second degree of a person (excluding insignificant persons) covered by criteria (a) through (g).
- (i) A person who falls under any of criteria (b) to (g) in the past year.

Notes:

- 1) The term “executive person,” as used in this Standard, refers to the person defined in Article 2, Paragraph 3, Item 6 of the Enforcement Regulations of the Companies Act.
- 2) The term “major shareholder,” as used in Criterion 2. means a person (or company) that directly or indirectly holds 10% or more of the total voting rights of the Company as of the end of the last fiscal year.
- 3) The term “major lender to the Company,” as used in Criterion 3. means a financial institution or major creditor on which the Company has relied to an indispensable and irreplaceable extent in raising funds during the last three fiscal years.
- 4) The term “a person (or company) whose major business partner is the Company” for Criterion 4 means a person (or company) that has received payments from the Company equal to or greater than 2% of the person’s (or company’s) annual consolidated revenues for the last three fiscal years.
- 5) The term “a person (or company) that is a major business partner of the Company” in Criterion 5 means a person (or company) that has made payments to the Company of 2% or more of the Company’s annual consolidated operating revenues in the last three fiscal years.

- 6) For Criterion 6, “a certain amount” means the more excellent 10 million yen per year on average over the last three fiscal years or 30% of the organization’s average annual total expenses in the previous three fiscal years.
- 7) For Criterion 7, “a certain amount” means the greater of 10 million yen per year or 2% of the annual sales of the person (or the annual consolidated sales of the organization if it is a corporation, partnership, bureau or other organization) for the last three fiscal years.
- 8) In Criterion 8, the term “Immaterial” refers to persons who fall under the category of executive officers in Criterion 1 through 6, except for those at the level of director or general manager of each company or business partner, etc., who are considered immaterial, and concerning persons who fall under the category of “the person belonging to such organization” in Criterion 7, persons other than certified public accountants affiliated with each accounting firm and attorneys (including so-called associates) affiliated with each law firm are considered immaterial.
- 9) Matters other than those covered by these Standards that may significantly impact the determination of independence should be dealt with flexibly.

(Minor criteria for description)

The Company has established the following minor criteria for attribute information of independent outside directors: the requirements for loans and transactions under criteria 3) through 5) are less than 1% of the Company’s non-consolidated operating profit for the previous fiscal year, and requirements for donations under criterion 6) are less than 10 million yen.

(3) The functions and roles of outside directors in the governance of the Company; the interrelationship between the outside directors’ oversight or review and the internal audit, Audit & Supervisory Committee audit, and financial statement audit functions; and the relationship with the internal control function.

The Company’s outside directors attend meetings of the Board of Directors, which are generally held once a month, to discuss management matters and monitor and supervise the company’s management situation objectively based on their rich experience and broad insight.

We believe that Outside Director Keiji Kimura can contribute to improving the effectiveness of the Board of Directors by supervising management based on an objective viewpoint independent of the execution of business operations, utilizing his extensive experience and insight as a manager and his broad insight as a representative director of a company engaged in real estate and other businesses in the past.

As for Outside Director Ichiro Fukuzawa, he has served as a representative director of a company engaged in the air transportation business. He has extensive experience and insight as a manager. He can contribute to improving the effectiveness of the Board of Directors by utilizing this experience and insight to oversee management from an objective viewpoint independent of the conduct of business.

As for Outside Director Yukihiro Kawamata, he has served representative director of companies engaged in transportation and real estate businesses, etc., and has extensive experience and insight as a manager. He can contribute to improving the effectiveness of the Board of Directors by utilizing such understanding and wisdom to supervise management from an objective perspective independent of the conduct of business operations.

We believe that Yuji Saito, an outside director, can be expected to contribute to improving the effectiveness of the Board of Directors by supervising management based on an objective viewpoint independent of the conduct of business operations, utilizing his rich experience and insight as a manager and his broad insight as a representative director of a company engaged in the air transportation business, etc.

Outside Director Tamaki Kakizaki, a member of the Audit & Supervisory Committee, has no previous experience in management other than as an outside director. However, given her extensive knowledge and high-level insight as an internal control and corporate governance expert, we believe she can be expected to appropriately examine and supervise the conduct of the Company’s business.

Ryoko Takeda, an outside director who is a member of the Audit & Supervisory Committee, has no experience in management other than as an outside director in the past. However, she has extensive knowledge and insight as a lawyer, and we believe she can be expected to appropriately audit and supervise the Company’s management by utilizing such wisdom and understanding.

Kenji Iwasaki, an outside director who is a member of the Audit & Supervisory Committee and the Supervisory Board, was in charge of corporate planning and other departments of a company engaged in the non-life insurance business in the past and has extensive experience and insight from such duties.

Outside directors, specially assigned Audit & Supervisory Committee members, and the auditor exchange opinions on audits at the audit report meeting held at the end of each quarterly accounting period and also engage in cooperation through discussions, as necessary. In addition, the Internal Audit Office has been established at the Company’s head office as an internal audit department. It strives for information sharing and cooperation by exchanging opinions with outside directors who are members of the Audit & Supervisory Committee and specially assigned officers for auditing, etc., on formulating audit plans and audit results as appropriate.

C. Conditions of Audits

(1) Audit & Supervisory Committee Members' Audit

The Audit & Supervisory Committee of the Company consists of three directors who are members of the Audit & Supervisory Committee. Ms. Tamaki Kakizaki has extensive knowledge of legal matters as an expert in internal control and corporate governance, Ms. Ryoko Takeda has extensive experience and broad insight as a lawyer and has extensive knowledge of finance and accounting, and Mr. Kenji Iwasaki has extensive experience and insight as a business executive and has extensive knowledge of finance and accounting. Mr. Koji Iwai, who retired on June 28, 2023, has extensive experience and insight as a business executive.

In addition, the Company ensures the effectiveness of the audits by appointing Special Audit and supervisory officers to assist the Audit and supervisory Committee in performing its duties. These officers shall perform their duties under the direction and at the direction of the Audit and Supervisory Committee. The appointment of any Special Audit and supervisory officer is subject to the approval of the Audit and Supervisory Committee.

The Audit & Supervisory Committee held 11 meetings during the year, and the attendance of the individual members was as follows.

Name	Position in the Company	Attendance (11 total meetings)
Tamaki Kakizaki	Outside Director, Audit & Supervisory Committee Member	11 times
Ryoko Takeda	Outside Director, Audit & Supervisory Committee Member	11 times
Kenji Iwasaki	Outside Director, Audit & Supervisory Committee Member	7 times (<i>Note</i>)
Koji Iwai	Outside Director, Audit & Supervisory Committee Member	4 times (<i>Note</i>)

Note: The attendance of Director and Audit & Supervisory Committee member Koji Iwai covers the meetings held before his resignation on June 28, 2023, and the attendance of Director and Audit & Supervisory Committee member Kenji Iwasaki covers the meetings held after his appointment on June 28, 2023. The average duration of Audit & Supervisory Committee meetings is approximately 2 hours.

The main matters considered by the Audit & Supervisory Committee are the determination of the annual audit plan of the Audit & Supervisory Committee, the approval of proposals for the appointment of directors who are members of the Audit & Supervisory Committee, the determination of opinions on the appointment, etc., and compensation, etc., of directors (excluding members of the Audit & Supervisory Committee), and the preparation of the audit report.

In addition, the Audit & Supervisory Committee considers matters decided by the Audit & Supervisory Committee, such as deciding on the content of proposals for the appointment, dismissal, or non-reappointment of accounting auditors and approving their compensation, etc.

At the Audit & Supervisory Committee meetings, each member of the Audit & Supervisory Committee monitors the legality and propriety of the management's business conduct and the transparency and soundness of the management by attending the meetings of the Board of Directors and other important meetings and by monitoring and reviewing the establishment and operation of the internal control systems.

In addition, specially assigned audit officers attended weekly and group management meetings, reviewed important approval documents, interviewed directors about their performance in carrying out their duties, visited business sites and subsidiaries, etc. and reported to the Audit & Supervisory Committee as required.

In addition, the Company closely cooperates with the accounting auditor by receiving an explanation of the audit plan at the beginning of the fiscal year, hearing the status of the audit as appropriate during the fiscal year, and receiving a report on the audit results at the end of the fiscal year.

The Company receives reports from the Internal Audit Department on the formulation of audit plans and audit results and exchanges views with the Internal Audit Department as appropriate to share information and promote cooperation.

(2) Internal Audit

The Internal Audit Department, which consists of 4 members and reports directly to the President, conducts operational audits of each division of the Company, including consolidated subsidiaries, based on the annual audit plan. The department examines the legality and appropriateness of business operations in each division, evaluates the effectiveness of internal controls, and assesses the status of risk management. In the current fiscal year, the audit was conducted on the status of sustainability promotion initiatives.

To ensure the effectiveness of internal audits, the Company provides feedback to the audited divisions and requests prompt reports on their improvement measures and responses. The results are reported to the President, Representative Director, Executive Committee, and Board of Directors as appropriate.

Additionally, the Internal Audit Department reports to the Audit & Supervisory Committee regarding the development of audit plans and the results of audits. They also exchange opinions as needed to share information and promote cooperation. The Internal Audit Department, Audit & Supervisory Committee, Special Audit & Supervisory officers, and accounting auditors collaborate by exchanging opinions when necessary.

Regarding compliance with the internal control reporting system for financial reporting based on the Financial Instruments and Exchange Act, we have established an Internal Control Office to promote these activities and evaluate the status of maintenance and operation of the company's and its subsidiaries' internal control systems.

(3) Accounting Audit

(a) Name of Audit Firm

EY Ernst & Young ShinNihon LLC

(b) Continuous audit period

1968 and later

Note:

- 1) The above audit period is as long as the Company can investigate, and the actual audit period may be longer than the above period.
- 2) The rotation of the managing partners is appropriately implemented. The first managing partner has not participated in the audit for more than five consecutive fiscal years; the other managing partners have not attended for more than seven successive fiscal years.

(c) Certified Public Accountants who performed services

Hirohisa Fukuda (years of continuous auditing: 5 fiscal years) and Masahiro Fujimori (number of years of constant auditing: 1 budgetary year).

(d) Composition of Audit Assistants

The number of auditing assistants is three certified public accountants and 17 others.

(e) Policy and rationale for the selection of the audit firm

The Audit & Supervisory Committee selected the auditor after confirming that the auditor does not fall under any of the items listed in Article 340, Paragraph 1 of the Companies Act and that the auditor has a system in place to integrate audit of the Group's business activities, taking into account the independence, expertise, and audit quality of the audit firm.

EY Ernst & Young ShinNihon LLC was selected as the company's accounting auditor because it has the expertise and knowledge required of an accounting auditor, and based on its track record, there are no problems with its competence and independence.

If the Company's Audit & Supervisory Committee determines that it is necessary, for example, if there is a problem with the performance of duties by the auditor, it will decide on the content of a proposal to be submitted to the General Meeting of Shareholders regarding the dismissal or non-reappointment of the auditor. In addition, if the accounting auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Company will dismiss the accounting auditor based on the unanimous consent of all Audit & Supervisory Committee members. In such case, the appointed Audit & Supervisory Committee member shall report the auditor's dismissal and the reasons for it at the first general meeting of shareholders to be convened after the dismissal.

(f) Audit & Supervisory Committee Evaluation of the Audit Firm

The Audit & Supervisory Committee strictly evaluated the quality control system, audit system, audit implementation status, and audit fees of the accounting auditor based on the evaluation standards for accounting auditors established by the Company, taking into consideration the results of interviews with relevant departments within the Company, and determined that EY Ernst & Young ShinNihon LLC is appropriate and adequate as the accounting auditor.

(4) Details of audit fees

(a) Compensation to certified public accountants

Classification	Previous consolidated Fiscal Year		Current Consolidated Fiscal Year	
	Compensation based on audit certification services (Thousands of yen)	Compensation for non-audit services (Thousands of yen)	Compensation based on audit certification services (Thousands of yen)	Compensation for non-audit services (Thousands of yen)
The Company	63,500	-	61,224	-
Consolidated subsidiaries	25,900	-	27,900	-
Total	89,400	-	89,124	-

Note: Non-audit services provided to the Company are not applicable.

(b) Compensation to organizations belonging to the same network as the auditing CPAs

Not applicable.

(c) Details of compensation based on other critical audit attestation services

Not applicable.

(d) Policy for Determining Audit Fees

Not applicable, but audit fees are determined based on the number of audit hours and other factors.

(e) Reasons for the Audit & Supervisory Committee's approval of the audit fees

The Audit & Supervisory Committee approved the amount of compensation to be paid to the auditor under Article 399, Paragraphs 1 and 3 of the Companies Act after the necessary review of the appropriateness of the audit plan's content, the auditor's performance of duties, and the basis for calculating the fee estimate.

D. Compensation of Directors

(1) Matters relating to the policy for determining the amount of compensation for directors or the method for calculating the amount of compensation

The Company adopted the Company with Audit & Supervisory Committee System by resolution of the 78th Ordinary General Meeting of Shareholders held on June 24, 2022. The maximum amount of compensation for 12 directors (including four outside directors), excluding the Audit & Supervisory Committee members, is ¥450 million per year (including ¥48 million for outside directors) under the resolution of the said Ordinary General Meeting of Shareholders. The maximum compensation for three directors who are members of the Audit & Supervisory Committee, based on the resolution of the same Ordinary General Meeting of Shareholders, is 80 million yen per year.

The basic policy of the Company in determining the amount of compensation for directors or the method of calculation thereof is to motivate directors further to contribute to the continuous improvement of the Company's business performance and value over the medium to long term and to ensure objectivity and transparency in the decision-making process. The Board of Directors discusses and decides this policy after consultation with the Remuneration Advisory Committee.

The Remuneration Advisory Committee comprises a majority of independent directors and executive officers to ensure the transparency, appropriateness, and objectivity of the compensation of directors, etc. The Committee meets in principle once a year. The Committee fully deliberates on compensation drafts and submits them to the Board of Directors. The compensation for each Audit & Supervisory Committee Member is determined through discussions among the Audit & Supervisory Committee Members.

(2) Performance-related compensation matters

The fixed-to-performance-based compensation ratio of the Company's Directors (excluding Outside Directors and Audit and supervisory Committee Members) is based on the compensation levels of companies in industries and business categories related to those of the Company and companies of similar business size as the Company as benchmarks. Outside Directors and Audit and supervisory Committee Members only receive a monthly fixed compensation.

The amount of short-term performance-based compensation for directors (excluding outside directors and Audit & Supervisory Committee members) is calculated based on consolidated operating revenue, operating profit, ordinary profit, and net profit attributable to owners of the parent as indicators, taking into account the overall status of budget achievement and other factors to ensure consistency with management strategies, including the medium-term business plan, and to ensure linkage with shareholders' profits. In addition, the compensation of senior managing directors, executive officers, and below is based on achieving individual goals set by their responsibilities based on key measures, etc., for the respective fiscal year.

For the current fiscal year, the target for indicators related to incentive compensation is the achievement of budgeted consolidated operating revenue, operating profit, ordinary profit, and net profit attributable to the parent's owners.

Below are consolidated operating revenue, operating profit, ordinary profit, and net profit attributable to the parent's owners for the current fiscal year. All indicators related to performance-based compensation improved from the previous year and exceeded the budget (revenue and profit).

(in million yen)	Operating revenue	Operating profit	Ordinary profit	Net profit attributable to owners of the parent
Current fiscal year	217,578	29,527	27,225	19,255

Furthermore, the medium- to long-term performance-linked compensation introduced by the resolution of the Company's 80th annual general meeting of shareholders, held on June 26, 2024, employs the mechanism of the Board Incentive Plan (BIP) trust for directors' compensation. The medium- to long-term performance-linked compensation is a non-monetary form of compensation. The Company has a system in place whereby the Company issues shares to directors and executive officers (excluding outside directors and non-residents of Japan) in line with the achievement of key financial and non-financial performance indicators set out in the Mid-term Management Plan, as well as other indicators determined by the Board of Directors. Furthermore, directors and executive officers (excluding outside directors and non-residents of Japan) will receive an amount equivalent to the cash proceeds from the conversion of the Company's shares, by the share delivery regulations approved by the Board of Directors.

(3) Matters relating to the policy for determining the content of compensation for each director

(a) Method of determining the policy for determining the content of compensation for each director

After receiving the report of the Remuneration Advisory Committee, the Board of Directors of the Company shall deliberate and review the report and, as described in (b) below, determine the policy for determining the content of compensation for each director (hereinafter referred to as the “Determination Policy”).

(b) Summary of the Contents of the Determination Policy

The compensation of the members of the Company's Board of Directors (excluding the members of the Audit & Supervisory Committee) consists of a monthly fixed compensation and an annual performance-related compensation. The fixed-to-performance-based compensation ratio is based on benchmark compensation levels of companies in industries and business categories similar to those of the Company and companies of comparable size to the Company. The compensation amount for each member of the Audit & Supervisory Committee is determined by discussion among the members of the Audit & Supervisory Committee. Only a monthly fixed compensation is determined for non-executive directors and Audit & Supervisory Committee members.

The amount of performance-based compensation for directors (excluding outside directors and Audit & Supervisory committee members) is calculated based on consolidated operating revenue, operating profit, ordinary profit, and net profit attributable to owners of the parent as indicators, taking into account the overall status of budget achievement and other factors, to ensure consistency with management strategies such as the medium-term business plan and to ensure linkage with shareholders' interests. In addition, the compensation of senior managing directors and executive officers below is based on achieving individual targets set by their responsibilities based on key measures for the relevant fiscal year. The compensation for each director (excluding the Audit & Supervisory Committee members) is determined by the Chairperson of the Board of Directors and CEO, who, a resolution of the Board of Directors, has granted discretionary powers. To ensure the proper exercise of this authority, the Company consults the Remuneration Advisory Committee on the draft compensation plan, and based on the Committee's report, the Board of Directors deliberates on the plan to ensure sufficient transparency, appropriateness, and objectivity in determining the amount of compensation.

(c) Reasons why the Board of Directors has determined that each director's compensation for the current year is consistent with the Determination Policy

In determining the compensation details for each director (excluding members of the Audit & Supervisory Committee), the Company consults the Remuneration Advisory Committee on a compensation proposal consisting of monthly fixed compensation and annual performance-based compensation. For non-executive directors, only the monthly fixed fee is paid. The Remuneration Advisory Committee reviews and makes specific recommendations from various perspectives, including consistency with the Determination Policy. The Board of Directors deliberates based on the recommendations. The Chairperson and CEO make decisions based on a discretionary resolution of the Board of Directors. Therefore, the details of the compensation of directors (excluding members of the Audit & Supervisory Committee) for the current fiscal year are based on the Determination Policy.

(4) Matters relating to the delegation of authority to determine the content of individual directors' compensation.

In the current fiscal year, at the Board of Directors' meeting held on June 28, 2023, it was decided that Isao Takashiro, Chairperson and CEO (Chairperson of the Board of Directors and Chairperson of the Executive Strategy Council), would be entrusted with determining the specific details of the amount of individual director compensation.

The content of this discretion is to determine the amount of fixed compensation for each member of the Board of Directors (excluding members of the Audit & Supervisory Committee) and the amount of incentive compensation by the level of achievement of the consolidated budget and, in the case of senior managing directors and below, taking into account the assessment of the level of achievement of individual objectives. The reason for this discretion is that the Chairperson and CEO are in the best position to evaluate the business activities of each member of the Board (excluding members of the Audit & Supervisory Committee) from a bird's eye view of the consolidated business results. To ensure that the Chairperson and CEO properly exercise such authority, the amount of compensation for each Director, within the limit of the total amount of compensation resolved by the General Meeting of Shareholders, is determined by submitting to the Remuneration Advisory Committee a draft compensation proposal consisting of a monthly fixed compensation and annual performance-based compensation, and based on its recommendation, the Board of Directors deliberates on the proposal. The Board of Directors discusses the proposal, and after ensuring sufficient transparency, appropriateness, and objectivity, the Chairperson and CEO make decisions based on discretionary decisions of the Board of Directors.

(5) Matters relating to the policy for determining the details of compensation for individual directors after June 26, 2024

By the introduction of the performance-linked stock compensation system resolved at the 80th Ordinary General Meeting of Shareholders held on June 26, 2024, the Company partially revised the “Details of Policy and Method of Determining the Amount and Calculation Method of Compensation, for Directors and executive officers” as of the same date, as follows. (The revised policy is hereinafter referred to as the “New Determination Policy.”)

(a) Method of determining the policy for determining the content of compensation for each director

After receiving the Remuneration Advisory Committee report, the Company’s Board of Directors deliberates and reviews it and determines the new decision-making policy, as described in (b) below.

(b) Contents of the new decision-making policy

The Company’s fundamental policy regarding determining compensation for directors and the method of calculation thereof is to incentivize directors to contribute to the continuous improvement of business performance and corporate value over the medium to long term while ensuring objectivity and transparency in the decision-making process. This basic policy is subject to deliberation, review, and decision by the Board of Directors following deliberation by the Remuneration Advisory Committee.

The compensation of the Company’s Directors (excluding members of the Audit and Supervisory Board) (excluding outside directors) comprises fixed compensation, performance-linked compensation, and non-monetary compensation not linked to performance. Performance-linked compensation is comprised of short-term and medium- to long-term components. The ratio of fixed compensation to performance-linked compensation is based on compensation levels benchmarked to companies in industries and business categories with which the Company is in direct competition, as well as companies of a similar size to the Company. Outside directors receive only a monthly fixed compensation.

The amount of individual compensation for each director of the Company is determined by Isao Takashiro, Chairperson of the Board and CEO, by a resolution of the Board of Directors. The Board of Directors considers the proposals and makes decisions transparently, appropriately, and objectively.

The fixed compensation amount for each director of the Company is determined by their position, based on careful consideration of compensation levels set by companies in related industries and business categories and companies of a similar scale to the Company. The Board of Directors deliberates on this after receiving a report from the Remuneration Advisory Committee.

The short-term performance-linked compensation for directors (excluding outside directors) is calculated based on several key indicators, including consolidated operating revenue, operating profit, ordinary profit, and net profit attributable to the parent’s owners. These indicators ensure consistency with the medium-term management plan, other management strategies, and compensation with shareholder profits. Furthermore, for senior managing directors and executive officers and below, compensation is based on achieving individual targets set in line with their responsibilities based on essentials for the relevant fiscal year.

The medium- to long-term performance-linked compensation is a non-monetary compensation that leverages the Board Incentive Plan (BIP) trust for directors’ remuneration. This structure is designed to motivate directors to contribute to the enhancement of the Group’s medium- to long-term performance and corporate value. The BIP Trust is a system under which eligible directors (excluding outside directors and non-residents of Japan) are compensated for their services through a BIP plan approved by the Board of Directors. The Company will grant eligible directors (excluding outside directors and non-residents of Japan) several shares of the Company’s stock and a cash payment equivalent to the conversion value of the Company’s stock (hereinafter referred to as the “Company’s stock, etc.”) by the stock issuance rules approved by the Board of Directors. The number of shares and cash payments will be calculated in proportion to the number of points based on the director’s position, term in office, and degree of achievement of significant financial and non-financial indicators for performance targets in the medium-term management plan and other indicators set by the Board of Directors. The Company’s shares and the cash proceeds from their conversion (hereinafter referred to as “company shares, etc.”) are delivered and paid.

Non-monetary compensation that is not performance-linked also uses the BIP trust system to compensate directors and corporate auditors. Under the stock issuance rules approved by the Board of Directors, the Company’s shares are delivered and paid in proportion to the number of points granted based on position and tenure of office.

Fixed compensation is paid monthly, short-term performance-linked compensation is paid annually, and medium- to long-term performance-linked and non-monetary compensation not linked to performance is paid upon retirement. Suppose a director is found to have committed serious misconduct, etc. In that case, the Company may forfeit all or part of the medium- to long-term performance-linked compensation and non-monetary compensation not linked to business performance granted to such director (malus) or demand that such director return an amount of money equivalent to the Company shares, etc. issued to him (claw-back).

(6) Total amount of compensation by director classification, total amount of compensation by type of compensation, and number of directors subject to compensation

Classification of Officers	Total amount of compensation (Millions of yen)	Total amount of compensation by type (Millions of yen)		Number of directors to be paid (persons)
		Base compensation	Performance-linked compensation	
Directors (excluding Audit & Supervisory Committee members and outside directors)	353	272	81	10
Directors (Audit & Supervisory Committee members) (excluding outside directors)	-	-	-	-
Outside Directors	73	73	-	9

Notes:

- 1) According to the resolution of the General Meeting of Shareholders (resolution of the 78th Ordinary General Meeting of Shareholders held on June 24, 2022), the maximum amount of director's compensation for 12 directors (including four outside directors but excluding Audit & Supervisory Committee members) is 450 million yen per year (including 48 million yen for outside directors).
- 2) The maximum amount of compensation for directors of the Audit & Supervisory Committee members, as resolved by the General Meeting of Shareholders (resolution of the 78th Ordinary General Meeting of Shareholders held on June 24, 2022), is 80 million yen per year for four directors who are members of the Audit & Supervisory Committee.
- 3) At the 80th Ordinary General Meeting of Shareholders held on June 26, 2024, a resolution was passed to introduce a performance-based stock compensation plan for the Company's Directors (excluding Audit & Supervisory Committee members, Outside Directors, and non-residents of Japan). The maximum amount of money the Company will contribute is 350 million yen for each subject period (in principle, the fiscal year covered by the Company's medium-term management plan). The maximum number of shares of the Company's stock that may be delivered to Directors is 78,000 for each subject period. There are 8 Directors about the resolution of the General Meeting of Shareholders.
- 4) The figure shown above represents bonuses to 8 directors, which were recorded as expenses in the fiscal year under review and are linked to performance.

E. Shareholdings

(1) Classification of investment securities

The Company classifies investment securities by holding purpose, for pure investment, or other than pure investment. Pure investment means the Company owns shares only for returns from stock price fluctuations and/or dividends.

(2) Investment securities held for purposes other than pure investment

(a) The policy of holding listed stocks

In light of avoiding risks resulting from stock price fluctuations and improving asset efficiency, the Company owns no listed shares except for the cases in which business relationships with invested companies and/or business cooperation with the Company are needed.

(b) Number of stock names and amount on the balance sheet

	Number of companies in which investment shares are held	Carrying value on the balance sheet (Millions of yen)
Unlisted stocks	16	5,225
Other than unlisted stocks	10	7,541

[Information on stocks whose number of shares increased in the fiscal year ended March 31, 2024]

	Number of companies in which investment shares are held	Total acquisition cost per share increase (millions of yen)
Unlisted stocks	2	239
Other than unlisted stocks	3	1,293

Notes:

- 1) Stocks whose number of shares increased or decreased do not include changes due to reverse stock splits, stock splits, stock transfers, stock exchanges, mergers, etc.
- 2) The rationale behind the increase in unlisted stocks is strengthening cooperation within the cooperative business sector.
- 3) The rationale behind the increase in unlisted stocks is to maintain business relationships and strengthen collaboration, fostering a trust culture.

(c) Stock name, number of shares, amount on the balance sheet of specified investment securities, and deemed shareholdings

[Specified Investment Stocks]

Company name	Number of shares outstanding (shares)		Purpose of holding and outline of business alliance	Sharehold ing in the Company
	Balance sheet amount (million yen)			
	Current fiscal year	Previous fiscal year		
ANA Holdings, Inc. (Note 1)	693,395	637,158	(Purpose of the holding company) To further strengthen cooperation and build trust, mainly in the field of facility management operations.	possession
	2,225	1,832	(Outline of Business Alliance) Transaction of Lease Agreement for Haneda Airport Passenger Terminal Building with the group companies.	
Japan Airlines Co.	528,000	528,000	(Purpose of the holding company) To further strengthen cooperation and build trust, mainly in the field of facility management operations.	possession
	1,540	1,363	(Outline of Business Alliance) Transaction of Lease Agreement for Haneda Airport Passenger Terminal Building	
Sumitomo Realty & Development Co., Ltd. (Note 2)	255,000	-	(Purpose of the holding company) Further, strengthens collaboration and builds trust.	possession
	1,478	-	(Outline of Business Alliance) Strengthening Future Collaboration in Expanding International Demand	
Keikyu Corporation	640,000	640,000	(Purpose of the holding company) To further strengthen cooperation and build trust, mainly in the field of facility management operations.	possession
	891	805	(Outline of Business Alliance) Transaction of Lease Agreement for Haneda Airport Passenger Terminal Building	
East Japan Railway Company	78,200	78,200	(Purpose of the holding company) Further, strengthens collaboration and builds trust.	possession
	684	573	(Outline of Business Alliance) Strengthen future coordination of ground-based access from airports	
Mizuho Financial Group, Inc. (Note 1)	101,341	98,116	(Purpose of the holding company) Facilitate and stabilize the Group's financial activities.	possession
	308	184	(Outline of Business Alliance) Principal Lenders to the Company	
Bic Camera Co.	92,000	92,000	(Purpose of the holding company) Continue to strengthen cooperation and build trust, especially in merchandise sales.	Possession
	117	102	(Outline of Business Alliance) Established a joint venture to operate merchandise stores at Haneda Airport Terminal	
SAN-AI OBBLI CO., LTD.	74,418	74,418	(Purpose of the holding company) To further strengthen cooperation and build trust, mainly in the field of facility management operations.	Possession
	155	102	(Outline of Business Alliance) Transaction of Lease Agreement for Haneda Airport Passenger Terminal Building	

Company name	Number of shares outstanding (shares)		Purpose of holding and outline of business alliance	Sharehold ing in the Company
	Balance sheet amount (million yen)			
	Current fiscal year	Previous fiscal year		
Airport Facilities Co., Ltd.	146,410	146,410	(Purpose of the holding company) To further strengthen cooperation and build trust, mainly in the field of facility management operations. (Outline of Business Alliance) Transactions with the group companies for water supply and drainage services related to the passenger terminal buildings at Haneda Airport	Possession
	88	80		
Sapporo Holdings Limited	8,200	8,200	(Purpose of the holding company) Strengthen collaboration and build trust, especially in food and beverage. (Outline of Business Alliance) Transaction of Lease Agreement for Haneda Airport Passenger Terminal Building with the Company's group companies.	Possession
	49	27		

Notes:

- 1) The rationale behind the increase in shares of ANA Holdings, Inc. and Mizuho Financial Group, Inc. is to maintain an ongoing business relationship.
- 2) Increasing Sumitomo Realty & Development Co., Ltd.'s shares aims to reinforce collaboration and establish trust.

(Quantitative effect of holding)

Since it is difficult to describe the effect of quantitative holdings of certain investment shares, the Company represents the method by which it has reviewed the reasons for the assets. The Company's Board of Directors has examined the significance of policy shareholdings for individual policy shareholdings. All of the issuers of such policy shareholdings have transactions with the Company, such as leasing facilities, etc., or borrowing funds, and given their business relationship, it is necessary to strengthen cooperation further and establish a relationship of trust. The Company has confirmed that all of the shareholdings are reasonable in light of its shareholding policy. In addition, the Board of Directors of the Company has confirmed that all of the shareholdings above are reasonable in light of the shareholding policy, considering quantitative information such as TSR (Total Shareholder Return), as well as the importance of the shares in terms of business strategy, business relationships, and other factors.

[Deemed holding stocks]

[Decided holding stocks]				
Company name	Number of shares outstanding (shares)		Purpose of holding and outline of business alliance	Shareholding in the Company
	Balance sheet amount (million yen)			
	Current fiscal year	Previous fiscal year		
ANA Holdings, Inc.	900,000	900,000	(Purpose of the holding company) Trust assets are held as a pension trust, which is authorized to instruct how to exercise voting rights.	possession
	2,889	2,588	(Outline of Business Alliance) Transaction of Lease Agreement for Haneda Airport Passenger Terminal Building with the group companies.	

(Quantitative effect of holding)

Because it is difficult to describe the quantitative effect of the Company's holdings of deemed shareholdings, the Company will explain how it has reviewed the reasonableness of the assets. The Board of Directors of the Company has examined the significance of each deemed shareholding, and the issuer of such deemed shareholding has transactions with the Company, such as leasing facilities; in light of the business relationship, it is necessary to strengthen cooperation further and establish a relationship of trust, so the Company has confirmed that all deemed shareholdings are reasonable in light of its holding policy. The Company has confirmed that it is sensible to hold these shares in light of the holding policy.

Note: Specified investment and deemed holding stocks are not combined when selecting the top stocks in the balance sheet amount.

(3) Investment securities held for pure investment

	Current fiscal year		Previous fiscal year	
	Number of stock names	Amount on the balance sheet (Millions of yen)	Number of stock names	Amount on the balance sheet (Millions of yen)
Other than unlisted stocks	2	254	2	148

	Current fiscal year		
	Total dividend income (millions of yen)	Total gain (loss) on sales (million yen)	Total holding gains (losses) (millions of yen)
Other than unlisted stocks	4	-	85

(4) Investment securities for which the holding purpose has changed from pure investment to other than pure investment in the fiscal year ended March 31, 2024

Not applicable

(5) Investment securities for which the holding purpose has changed from other than pure investment to pure investment in the fiscal year ended March 31, 2024

Not applicable

Item 5. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared by the “Regulations Concerning Terms, Forms and Preparation Method of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28 of 1976, hereinafter referred to as the “Regulations for Consolidated Financial Statements”).
- (2) The Company’s financial statements are prepared by the “Regulations Concerning Terms, Forms and Preparation Method of Financial Statements” (Ministry of Finance Ordinance No. 59 of 1963, hereinafter referred to as the “Regulations for Financial Statements”).

In addition, the Company falls under the category of a company filing unique financial statements and preparing its financial statements according to Article 127 of the Regulations for Financial Statements, etc.

2. Audit certification

The consolidated financial statements of the Company for the consolidated fiscal year (from April 1, 2023, to March 31, 2024) and the non-consolidated financial statements of the Company for the fiscal year (from April 1, 2023, to March 31, 2024) have been audited by EY Ernst & Young ShinNihon LLC by the provisions of Article 193-2-1 of the “Financial Instruments and Exchange Law.”

3. Particular efforts to secure the appropriateness of the consolidated financial statements

The Company takes extraordinary measures to ensure the adequacy of its consolidated financial statements. Specifically, the Company has joined the Financial Accounting Standards Foundation (FASF) and participates in training sessions organized by the FASF to establish a system that enables it to respond accurately to the content of accounting standards, changes in accounting standards etc., and participates in training sessions, etc., organized by the FASF.

1. Consolidated Financial Statements and Others

A. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
ASSETS		
Current assets		
Cash and deposits	63,741	65,395
Accounts receivable-trade	15,331	22,935
Securities	26,500	20,000
Merchandise and finished goods	4,283	7,850
Raw materials and supplies	323	357
Other current assets	4,865	4,335
Allowance for doubtful accounts	(57)	(118)
Total current assets	114,988	120,756
Non-current assets		
Property, plant and equipment		
Buildings and structures	562,619	567,151
Accumulated depreciation and impairment	(343,917)	(362,651)
Buildings and structures (net)	218,701	204,499
Machinery, equipment and vehicles	34,822	35,199
Accumulated depreciation and impairment	(21,227)	(23,255)
Machinery, equipment and vehicles (net)	13,595	11,944
Land	12,876	12,907
Leased assets	3,574	3,663
Accumulated depreciation and impairment	(2,049)	(2,497)
Leased assets (net)	1,525	1,165
Construction in progress	8,996	29,513
Other tangible assets	70,653	70,862
Accumulated depreciation and impairment	(60,234)	(60,960)
Other tangible assets (net)	10,418	9,901
Total Property, plant and equipment	266,114	269,932
Intangible assets		
Leasehold interests in land	29,671	27,826
Other intangible assets	2,139	3,415
Total intangible assets	31,810	31,242
Investments and other assets		
Investment securities	17,254	22,248
Deferred tax assets	12,232	10,919
Retirement benefit asset	1,105	1,841
Other investments	3,450	3,682
Allowance for doubtful accounts	-	(199)
Total investments and other assets	34,042	38,492
Total Non-current assets	331,967	339,667
TOTAL ASSETS	446,955	460,423

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
LIABILITIES		
Current liabilities		
Accounts payable	7,172	11,908
Short-term borrowings	15,709	16,615
Current portion of bonds payable	-	10,000
Accrued expenses	12,150	12,657
Income taxes payable	2,192	4,582
Provision for bonuses for employees	1,627	2,279
Provision for bonuses for directors	-	282
Other current liabilities	10,273	12,268
Total current liabilities	49,125	70,594
Non-current liabilities		
Bonds payable	55,139	44,988
Long-term borrowings	171,815	155,398
Lease liabilities	1,173	811
Deferred tax liabilities	16,319	11,879
Provision for retirement benefits for directors	57	31
Retirement benefit liability	4,562	4,208
Asset retirement obligations	628	636
Other fixed liabilities	7,183	5,837
Total Non-current liabilities	256,878	223,792
TOTAL LIABILITIES	306,004	294,386
NET ASSETS		
Shareholders' equity		
Share capital	38,126	38,126
Capital surplus	54,160	54,160
Retained earnings	56,942	72,379
Treasury shares	(10)	(13)
Total shareholders' equity	149,217	164,652
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,695	3,018
Deferred gains or losses on hedges	(726)	(445)
Foreign currency translation adjustment	122	152
Remeasurements of defined benefit plans	(22)	794
Total accumulated other comprehensive income	1,069	3,520
Non-controlling interests	(9,335)	(2,135)
TOTAL NET ASSETS	140,951	166,036
TOTAL LIABILITIES AND NET ASSETS	446,955	460,423

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

Consolidated Statements of Income

(Millions of yen)

	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Operating revenues		
Rent revenue	19,829	20,020
Facility usage fee revenue	29,327	52,439
Other revenues	14,394	19,866
Sales of merchandise	41,143	110,989
Sales of food and beverage	8,355	14,263
Total operating revenues	113,050	217,578
Cost of sales		
Cost of goods sold	23,927	64,899
Cost of sales of food and beverage	5,158	7,974
Total cost of sales	29,085	72,874
Gross profit	83,964	144,704
Selling, general and administrative expenses		
Employees' salaries	10,776	12,224
Provision for bonuses for employees	1,548	2,200
Provision for bonuses for directors	-	284
Retirement benefit expenses	812	670
Rent expenses	8,555	11,463
Outsourcing expenses	14,189	24,019
Depreciation	28,954	28,171
Other expenses	29,707	36,141
Total selling, general, and administrative expenses	94,543	115,176
Operating profit (loss)	(10,579)	29,527
Non-operating income		
Interest income	21	65
Dividends income	64	164
Share of profit of entities accounted for using equity method	133	187
Contributions for construction	268	186
Commission income	251	287
Rental income from facilities	153	156
Miscellaneous income	1,040	355
Total non-operating income	1,933	1,404
Non-operating expenses		
Interest expenses	2,991	2,942
Loss on retirement of non-current assets	276	433
Miscellaneous expenses	152	330
Total non-operating expenses	3,419	3,706
Ordinary profit (loss)	(12,064)	27,225

(Millions of yen)

	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Extraordinary income		
National subsidies	58	118
Gains on sale of investment securities	20	-
Total extraordinary income	78	118
Extraordinary losses		
Impairment losses	260	-
Loss on valuation of investment securities	99	221
Loss on tax purpose reduction entry of non-current assets	36	104
Total extraordinary losses	397	326
Profit (loss) before income taxes	(12,383)	27,017
Income taxes – current	1,743	4,920
Income taxes – deferred	1,561	(3,879)
Total income taxes	3,304	1,040
Net profit (loss) before non-controlling interests	(15,687)	25,976
Net profit (loss) attributable to non-controlling interests	(11,786)	6,721
Net profit (loss) attributable to owners of the parent	(3,901)	19,255

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Net profit (loss) before non-controlling interests	(15,687)	25,976
Other comprehensive income		
Valuation difference on available-for-sale securities	(828)	1,346
Deferred gains (losses) on hedges	949	688
Foreign currency translation adjustment	56	29
Remeasurements of defined benefit plans	439	871
Share of other comprehensive income of entities accounted for using the equity method	15	(4)
Total other comprehensive income	631	2,930
Comprehensive income	(15,056)	28,906
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	(3,882)	21,706
Comprehensive income attributable to non-controlling interests	(11,174)	7,200

(3) Consolidated Statements of Changes in Shareholders' Equity

[FY2022 (from April 1, 2022 to March 31, 2023)]

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the current period	38,126	54,160	60,843	(9)	153,120
Changes during the current period					
Dividend of surplus					-
Net profit (loss) attributable to owners of the parent			(3,901)		(3,901)
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					-
Total changes during the current period	-	-	(3,901)	(1)	(3,902)
Balance at the end of the current period	38,126	54,160	56,942	(10)	149,217

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the current period	2,526	(1,115)	66	(426)	1,050
Changes during the current period					
Dividend of surplus					
Net profit (loss) attributable to owners of the parent					
Purchase of treasury shares					
Net changes in items other than shareholders' equity (net)	(830)	388	56	403	18
Total changes during the current period	(830)	388	56	403	18
Balance at the end of the current period	1,695	(726)	122	(22)	1,069

	Non-controlling interests	Total net assets
Balance at the beginning of the current period	1,838	156,009
Changes during the current period		
Dividend of surplus		-
Net profit (loss) attributable to owners of the parent		(3,901)
Purchase of treasury shares		(1)
Net changes in items other than shareholders' equity (net)	(11,174)	(11,155)
Total changes during the current period	(11,174)	(15,058)
Balance at the end of the current period	(9,335)	140,951

[FY2023 (from April 1, 2023 to March 31, 2024)]

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the current period	38,126	54,160	56,942	(10)	149,217
Changes during the current period					
Dividend of surplus			(3,818)		(3,818)
Net profit (loss) attributable to owners of the parent			19,255		19,255
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity (net)					-
Total changes during the current period	-	-	15,437	(2)	15,434
Balance at the end of the current period	38,126	54,160	72,379	(13)	164,652

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or (losses) on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the current period	1,695	(726)	122	(22)	1,069
Changes during the current period					
Dividend of surplus					
Net profit (loss) attributable to owners of the parent					
Purchase of treasury shares					
Net changes in items other than shareholders' equity (net)	1,322	281	29	816	2,450
Total changes during the current period	1,322	281	29	816	2,450
Balance at the end of the current period	3,018	(445)	152	794	3,520

	Non-controlling interests	Total net assets
Balance at the beginning of the current period	(9,335)	140,951
Changes during the current period		
Dividend of surplus		(3,818)
Net profit (loss) attributable to owners of the parent		19,255
Purchase of treasury shares		(2)
Net changes in items other than shareholders' equity (net)	7,199	9,650
Total changes during the current period	7,199	25,085
Balance at the end of the current period	(2,135)	166,036

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	(12,383)	27,017
Depreciation	29,022	28,232
Increase (decrease) in retirement benefit liability	327	139
Decrease (increase) in retirement benefit asset	(46)	(78)
Increase (decrease) in provision for bonuses for employees	553	652
Increase (decrease) in provision for bonuses for directors	-	282
Interest and dividend income	(85)	(230)
Interest expenses	2,991	2,942
Share of loss (profit) of entities accounted for using equity method	(133)	(187)
Loss (gain) on valuation of investment securities	99	221
Impairment loss	260	-
Loss on retirement of non-current assets	276	433
National subsidies	(58)	(118)
Loss on tax purpose reduction entry of non-current assets	36	105
Decrease (increase) in accounts receivable-trade	(9,922)	(7,604)
Decrease (increase) in inventories	1,029	(3,601)
Decrease (increase) in other current assets	911	584
Increase (decrease) in accounts payable	5,215	4,735
Increase (decrease) in other current liabilities	1,169	(344)
Others	(782)	157
Subtotal	18,480	53,339
Interest and dividends received	123	354
Interests paid	(2,923)	(3,333)
Subsidies received	655	19
Income taxes refund (paid)	(9)	(2,618)
Net cash provided by (used in) operating activities	16,326	47,761
Cash flows from investing activities		
Purchase of securities	-	(10,000)
Purchase of investment securities	(500)	(3,377)
Purchase of property, plant and equipment	(9,857)	(27,662)
Payments for retirement of property, plant and equipment	(242)	(301)
Purchase of intangible assets	(378)	(1,468)
Proceeds from national subsidies	58	118
Other proceeds	292	(295)
Net cash provided by (used in) investing activities	(10,627)	(42,986)

	(Millions of yen)	
	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) of short-term borrowings	(100)	-
Proceeds from long-term borrowings	883	985
Repayment of long-term borrowings	(12,826)	(16,281)
Repayments of lease liabilities	(494)	(455)
Dividends paid to owners of the parent	-	(3,818)
Dividends paid to non-controlling interests	(0)	(0)
Others	(103)	(79)
Net cash provided by (used in) financing activities	(12,641)	(19,649)
Effect of exchange rate change on cash and cash equivalents	55	28
Net increase (decrease) in cash and cash equivalents	(6,887)	(14,845)
Cash and cash equivalents at the beginning of the period	97,128	90,241
Cash and cash equivalents at the end of the period	90,241	75,395

Notes on the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There is nothing to report.

(Basic Important Conditions to Prepare Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 19 companies

Names of consolidated subsidiaries

Tokyo Airport Restaurant Co., Ltd.
Japan Duty-Free Fa-So-La Isetan Mitsukoshi Co., Ltd.
Haneda Future Research Institute Inc.
Cosmo Enterprise Co., Ltd.
International Trade Inc.
Japan Airport Logitem Co., Ltd.
Big Wing Co., Ltd.
Japan Airport Techno Co., Ltd.
Tokyo International Air Terminal Corporation
Air BIC Inc.
Haneda Airport Enterprise Co., Ltd.
Haneda Airport Security Co., Ltd.
Haneda Passenger Service Co., Ltd.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.
Lani Ke Akua Pacific Inc.
Sakura Shokai Co., Ltd.
Hamashin Co., Ltd.
Japan Airport Ground Handling Co., Ltd.
Kaikan Kaihatsu Co., Ltd.

(2) Number of non-consolidated subsidiaries: 5 companies

Names of non-consolidated subsidiaries

Global Service Co., Ltd.
Tsukiji Hamashin Co., Ltd.
Felix International LLC.
JAT Design International Inc.
Rock Island Tour Company, Ltd.

The five non-consolidated subsidiaries are excluded from the scope of consolidation because they are small, and their total assets, operating revenues, net profit (loss), and retained earnings do not significantly impact consolidated financial statements.

2. Application of equity method

(1) Number of affiliated companies that are accounted for using the equity method: 3 companies

Names of affiliated companies that are accounted for using the equity method

AGP Corporation
Japan Airport Delica Inc.
Airport Transport Service Co., Ltd.

(2) The non-consolidated subsidiaries and Seikosha Co. and 11 other affiliated companies are not included in the scope of the application of the equity method since the aggregate amounts corresponding to the shares held by the Company of those companies' net profit (loss) and retained earnings do not have a significant impact on those of consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, Japan Airport Terminal Trading (Chengdu) Co., Ltd. and LANI KE AKUA PACIFIC, INC. end the fiscal year on December 31.

In preparing the consolidated financial statements, the financial statements as of the abovementioned closing date are used, and necessary adjustments arising from essential transactions between the closing date and the consolidated closing date are made.

4. Summary of significant accounting policies

(1) Valuation standards and methods for important assets

(a) Securities

1) Held-to-maturity securities are carried at cost.

2) Other securities

Other securities, other than shares without fair values, are stated at fair value based on the market value at year-end, with valuation differences included in net assets. The cost of securities sold is determined by the moving average method.

Shares without fair values are stated at cost based on the moving average method.

For investments in limited liability investment partnerships and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used as the basis for calculating the net amount equivalent to the Company's interest.

(b) Derivatives

Derivative financial instruments are stated at fair value.

(c) Inventories

At the Company and its principal consolidated subsidiaries, inventories are principally stated at cost determined by the retail method (the book value of inventories in the balance sheet is written down when their profitability declines). Certain consolidated subsidiaries use the last-purchase-price method (the book value of inventories in the balance sheet is written down when their profitability declines).

(2) Depreciation method of important depreciable assets

(a) Property, plant and equipment (excluding leased assets)

The Company uses the declining balance method. Consolidated subsidiaries principally use the straight-line method.

(b) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated using the straight-line method. Software intended for internal use is amortized by the straight-line method over its estimated useful life of 5 years.

(c) Leased assets

The straight-line method is adopted in which the lease term is treated as valuable life, and the asset is depreciated to zero or residual value.

(3) Accounting policies for necessary allowances and provisions

(a) Allowance for doubtful accounts

To prepare for losses from doubtful accounts, estimated uncollectible amounts are recorded. These amounts are computed either by using the historical default rate for normal receivables or by considering individual collectability for particular receivables, such as highly doubtful accounts.

(b) Provision for bonuses for employees

The estimated amount is recorded as a provision to prepare for the payment of bonuses to employees.

(c) Provision for bonuses for directors

The estimated amount is recorded as a provision to prepare for the payment of bonuses to directors.

(d) Provision for directors' retirement benefits

Certain consolidated subsidiaries record the amount required at the end of the fiscal period by their internal rules to provide for future retirement benefits payments to directors.

(4) Accounting method for employees' retirement benefits

(a) Allocation method of projected retirement benefits to each period

In calculating the retirement benefit obligation, the benefit formula method is used to allocate the projected retirement benefits to each period up to the end of the fiscal year.

(b) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

Actuarial gains and losses are amortized, beginning in the year following their occurrence, under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

(c) Adoption of simplified methods at small companies

Certain consolidated subsidiaries adopt a simplified method of using the amounts payable for the voluntary retirement of employees at fiscal year-end in calculating the retirement benefit liability and retirement benefit expenses.

(5) Recognition of significant revenues and costs

The Group is engaged in three business operations: facilities management, merchandise sales, and food and beverage operations. The significant obligations to be performed and the usual timing at which an entity satisfies such obligations in each business operation are as follows.

For transactions in which the Group's role in providing goods or services to customers falls under the agent category, revenue is recognized as the net amount, the amount received from customers less the amount paid to suppliers.

(a) Facilities management

The facilities management operations are mainly engaged in constructing, managing, and operating passenger terminals and leasing real estate. Rent revenue consists primarily of office and store rent income and is recognized by the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and relevant revised ASBJ regulations.

The revenues of Facility usage fee mainly consist of the Passenger Service Facility Charge (PSFC). These revenues are collected from passengers based on their use of passenger service facilities. The Group is obligated to use these revenues to cover expenses related to facilities for passengers' everyday use and to professionally manage and operate the passenger terminals. Revenue is recognized when the air carrier completes the passenger air transportation services, indicating that the performance obligation has been fulfilled.

Other revenues consist mainly of parking revenues, paid lounge sales, and advertising revenues. The performance obligation is satisfied upon completion of services such as parking services, lounge access services, and advertisement placement. If the performance obligation is satisfied at a point in time, revenue is recognized at the time the services are provided. If the performance obligation is satisfied over a certain period, revenue is recognized on a straight-line basis over the period the service is provided.

(b) Merchandise sales

The merchandise sales operations are mainly engaged in the operation of merchandise stores and wholesale.

The performance obligation is satisfied when goods are delivered to customers for domestic and international flights, and revenue is recognized when such goods are delivered.

Other revenues consist mainly of wholesale revenues to different airports. The performance obligation is satisfied when the customer receives the goods, and revenue is recognized when the customer receives the goods.

(c) Food and beverage

The food and beverage operations are mainly engaged in restaurant operations and the production and sale of in-flight meals.

For food and beverage revenues, the performance obligation is satisfied by providing food and beverage services to customers, and revenue is recognized when these services are provided.

In-flight meal revenues mainly consist of sales to international airlines. The performance obligation is satisfied when products ordered by international airlines are delivered, and revenue is recognized when such products are delivered.

(6) Accounting standards for important hedging transactions

(a) Hedge accounting method

Hedging transactions are accounted for using the deferred holding accounting method. Interest rate swaps that meet certain conditions are given special treatment.

(b) Hedging instrument and hedged item

Hedging instrument -----	Interest rate swap
Hedged item -----	Floating rate borrowings

(c) Hedging policy

Hedging transactions are executed to avoid the risk of interest rate fluctuation, and our basic policy is that they are not used for speculation purposes.

(d) Evaluation of hedging effectiveness

Hedging effectiveness is evaluated by comparing the cumulative changes of hedging instruments to corresponding changes in underlying hedged items.

The evaluation regarding interest rate swaps that meet the requirements for special treatment is omitted.

[Hedge relationships to which “Treatment of hedge accounting for financial instruments that reference LIBOR” is applied]

The special treatment prescribed in the PITF is applied to the above hedge relationships, all of which are included in the scope of application of “Treatment of hedge accounting for financial instruments that reference LIBOR” (ASBJ PITF No. 40, March 17, 2022). The details of hedging relationships to which the PITF is applied are as follows.

Hedge accounting applied -----	Deferral method
Hedging instrument -----	Interest rate swap
Hedged item -----	Floating rate borrowings
Category of hedge transaction---	To fix cash flow

(7) Scope of “Cash and cash equivalents” in consolidated statements of cash flows

“Cash and cash equivalents” in the consolidated statements of cash flows consist of cash on hand, deposits with banks that are withdrawable on demand, and short-term investments that are readily convertible to cash with insignificant risk of fluctuation in values whose maturity will come within three months from the date of acquisition.

(8) Capitalization of borrowing costs

At certain consolidated subsidiaries, interest costs and related expenses on borrowings during the construction period of passenger terminals and other facilities are included in the acquisition cost (¥4,517 million for accumulated amount as of March 31, 2024) and recorded as Non-current assets.

(Significant accounting estimates)**1. Inventory valuation****(1) Amount recorded in the consolidated financial statements for the current fiscal year**

Loss (gain) on write-down of inventories

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Reversal at the beginning of the period	(1,416)	(154)
Amount recorded in the current period	154	40
Total	(1,262)	(114)

(2) Information about the nature of significant accounting estimates for identified items**(a) Calculation Method**

The Group operates international duty-free stores and city duty-free stores. The number of international flight passengers nearly tripled compared to the previous year, setting a new record for 2019 (calendar year). Additionally, the number of backlogged goods is also decreasing. The Company identifies backlogged goods based on the criteria that they exceeded the bonded warehouses' storage period. The write-down ratio is calculated based on the full value of items scheduled for disposal. For other items, the write-down ratio is calculated mainly based on the contractual return value or actual sales records.

Concerning the reversal of book value write-downs recorded in the previous period, the reversal method in the current period (reversal method) is used.

(b) Main Assumptions

The primary assumption for the value of goods in arrears is the write-down ratio, which is calculated based on historical sales performance.

(c) Impact on consolidated financial statements for the following fiscal year

The write-down ratio, which is calculated based on past sales performance, is subject to significant estimation uncertainty. Past sales performance may not be indicative of future trends, and the inventory backlog may increase further, resulting in additional write-downs.

2. Recoverability of deferred tax assets**(1) Amount recorded in the consolidated financial statements for the current fiscal year**

Deferred tax assets: 10,919 million yen

Deferred tax liabilities: 11,879 million yen

The total deferred tax assets related to the tax loss carryforwards of the subsidiary, Tokyo International Air Terminal Corporation (TIAT), before offsetting deferred tax liabilities, is 2,743 million yen.

(2) Additional information that provides insight into the nature of the accounting estimate**(a) Calculation Method**

The Company assesses the recoverability of deferred tax assets for future deductible temporary differences based on an analysis of taxable income and tax planning strategies aligned with future earning capacity, as well as a review of the Company's classification by the "Guidance on Recoverability of Deferred Tax Assets." The estimation of taxable income is based on the business plan. During the period under review, the number of international airline passengers at Haneda Airport saw a significant increase, leading the Company's subsidiary, TIAT, an international terminal building operator, to record deferred tax assets related to losses carried forward for tax purposes. The Group's core business activities include leasing office space and other facilities at passenger terminals, selling goods to airline passengers, and providing food and beverage and travel services. Consequently, the Group significantly relies on airline companies, its primary leasing partners, and airline passengers, its principal customers. Accordingly, the pertinent business plan is formulated based on the number of international airline passengers and the duty-free unit price of merchandise sales to forecast future revenues and other relevant items.

(b) Main Assumptions

The business plan of Tokyo International Air Terminal Corporation (TIAT) is based on two main assumptions: the number of international air passengers and the duty-free unit price of merchandise sales. The former is a key indicator of the terminal's performance, while the latter represents a significant source of revenue. The number of international air passengers is estimated based on the number of recent flights and future schedules announced by airlines. The duty-free merchandise sales unit price is calculated based on actual sales during the current fiscal year.

(c) Impact on consolidated financial statements for the following fiscal year

It is important to note that the key assumptions, the number of international air passengers, and the estimated unit price of duty-free merchandise sales are highly uncertain estimates. There is a risk that changes in these estimates may also result in changes to the estimated amount of taxable income, which could significantly impact the estimated amount of deferred tax assets. Accordingly, fluctuations in the number of international air passengers or the unit price of tax-free merchandise sales on which the business plan is based may result in changes to the deferred tax assets.

(Accounting standards issued but not practical)

[Disclosure for the year ended March 31, 2024]

Accounting Standard for Corporate, Inhabitant, and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022)

Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)

Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, the ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. ("ASBJ Statement No. 28, etc."), which completed the transfer of the JICPA's practical guidance on tax effect accounting to the ASBJ Accounting Standards Board. The following two issues were discussed and published in the deliberations, which will be reconsidered after the issuance of ASBJ Statement No. 28.

- ✓ Classification of tax expense (taxation of other comprehensive income)
- ✓ Tax effect on the sale of shares in subsidiaries and other securities (shares in subsidiaries or affiliates) when applying group taxation

(2) Scheduled date of adoption

The Group expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of adoption of revised accounting standard and related implementation guidance

The Group evaluates the effect of adopting the accounting standards and related implementation guidance on its consolidated financial statements.

(Change in Presentation Method)***(Consolidated Statements of Income)***

“Subsidy income” under “non-operating income,” which was independently presented in the previous consolidated fiscal year, is included in “Miscellaneous income” in the current consolidated fiscal year because it has become insignificant in terms of amount.

In addition, “Rental income from facilities,” which was included in “Miscellaneous income” under “non-operating income” in the previous consolidated fiscal year, has been independently presented in the consolidated fiscal year under review due to its increased importance in monetary terms.

The consolidated financial statements for the previous fiscal year have been reclassified to reflect these changes in presentation.

As a result, ¥658 million presented as “Subsidy income” and ¥535 million presented as “Miscellaneous income” in “non-operating income” in the consolidated statements of income for the previous fiscal year have been reclassified as “Rental income from facilities” of ¥153 million and “Miscellaneous income” of ¥1,040 million.

“Commission expenses” under “Non-operating Expenses,” which were separately presented in the previous consolidated fiscal year, are included in “Miscellaneous Expenses” in the current consolidated fiscal year because it has become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the 102 million yen presented as “Commission Expenses” under “Non-operating Expenses” in the consolidated statement of income for the previous fiscal year have been reclassified as “Miscellaneous Expenses.”

(Consolidated Statements of Cash Flows)

“Subsidy income” under “Cash flows from operating activities,” which was separately presented in the previous consolidated fiscal year, is included in “Others” in the current consolidated fiscal year because it became insignificant in amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the amount of (655) million yen presented as “Subsidy income” under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified as “Others.”

“Commission expenses” under “Cash flows from operating activities,” which were separately presented in the previous consolidated fiscal year, are included in “Others” in the current consolidated fiscal year because they have become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the 102 million yen presented as “Commission expenses” under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “Others.”

“Loss (gain) on sales of investment securities” under “Cash flows from operating activities,” which was separately presented in the previous consolidated fiscal year, is included in “Others” in the current consolidated fiscal year because it became insignificant in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, the (20) million yen presented as “Loss (gain) on sales of investment securities” in “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “Others.”

“Proceeds from sales of investment securities” under “Cash flows from investing activities,” which was independently presented in the previous consolidated fiscal year, is included in “Others” in the current consolidated fiscal year because it became insignificant in terms of amount. The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect this change in presentation.

As a result, the 324 million yen presented as “Proceeds from sales of investment securities” in “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “Others.”

“Payments of long-term loans receivable” under “Cash flows from investing activities,” which was independently presented in the previous consolidated fiscal year, is included in “Others” in the current consolidated fiscal year because it has become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the (60) million yen presented as “Payments of long-term loans receivable” in “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “Others.”

The “Other payments” under “Cash flows from investing activities,” which were independently presented in the previous consolidated fiscal year, are included in “Others” in the current consolidated fiscal year because they have become insignificant in amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the amount of (286) million yen presented as “Other payments” under “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified as “Others.”

“Other proceeds” under “Cash flows from investing activities,” which was independently presented in the previous consolidated fiscal year, is included in “Others” in the current consolidated fiscal year because it has become insignificant in terms of amount. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 72 million yen presented as “Other proceeds” under “Cash flows from investing activities” in the consolidated statements of cash flows for the previous fiscal year have been reclassified as “Others.”

(Notes on Consolidated Balance Sheets)**1. Assets pledged as collateral and corresponding liabilities with collateral**

The following are assets pledged as collateral.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Cash and deposits	35,118	41,478
Accounts receivable-trade	39	41
Buildings and structures	104,748	96,306
Machinery, equipment and vehicles	434	973
Land	53	53
Investment securities (<i>Note 1</i>)	4,641	5,603
Other investments	1,000	1,000
Total	146,036	145,457

Notes:

- 1) Pledged as collateral for borrowings by affiliated companies and investee companies.
- 2) In addition to the above, investment securities (¥8,520 million and ¥8,520 million), shares of subsidiaries and affiliates (¥13,530 million and ¥13,530 million), long-term loans receivable (¥8,510 million and ¥8,510 million), and accounts receivable-trade (¥41 million and ¥59 million), which are offset and eliminated through consolidation adjustments in the fiscal year ended March 31, 2023 and 2024, respectively, are pledged as collateral.

The following are liabilities for which assets are pledged as collateral.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Short-term borrowings	100	100
Long-term borrowings	110,909	97,536
Total	111,009	97,636

2. The following item is related to non-consolidated subsidiaries and affiliated companies.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Investment securities (shares)	5,663	5,798
Investment securities (investments in capital)	984	969

3. Liabilities guaranteed

The Company guarantees (including commitment) the following group companies for borrowing from financial institutions.

(1) Debt guarantee

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Japan Airport Delica Inc.	225	225
Airport Transport Service Co., Ltd. (<i>Note</i>)	-	-
Total	225	225

Note: Liability to apply the equity method is deducted from the guaranteed amount.

(2) Commitment to guarantee

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Haneda Future Tokutei Mokuteki Kaisha	666	666

4. Amount of reduction entry

Due to the receipt of national subsidy, reduction entry of the following amount is deducted from the acquisition costs of property, plant and equipment.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Property, plant and equipment:		
Buildings and structures	386	479
Machinery, equipment and vehicles	6,382	6,383
Others	84	95
Intangible assets:		
Others	110	110
Total	6,963	7,069

5. The accounts receivable-trade amounts arising from customer contracts are as follows.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Accounts receivable-trade	13,265	19,188

6. Notes to contractual liabilities

The amounts of contractual liabilities included in other liabilities are as follows.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Contract liabilities	84	100

(Notes on Consolidated Statements of Income)

1. The amounts of revenue arising from contracts with customers are as follows.

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Revenue from contracts with customers	92,938	197,235

2. The amount of inventory at the fiscal year-end is the amount that reflects the writing-down of the book value due to the decline in profitability, and the following inventory valuation loss is included in the cost of goods sold. Figures in parenthesis indicate the reversal of the write-down.

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
	(1,262)	(114)

3. Impairment loss

The Group recorded impairment losses on the following assets.

[FY2022(from April 1, 2022 to March 31, 2023)]

Location	Use	Type	Amount (Millions of yen)
Ota-ku, Tokyo	Facilities	Buildings and structures, others, intangible assets	260

Note: The Group classifies assets primarily according to business locations. By examining impairment for Non-current assets based on the groupings, it was judged that the carrying amount of certain business assets at the Company and its consolidated subsidiaries is not recoverable in the future. The entire carrying amount of those assets was recognized as an impairment loss of ¥260 million in extraordinary losses. The loss consists of ¥245 million for buildings and structures, ¥14 million for others, and ¥1 million for intangible assets. Recoverable values of those assets were measured at zero, based on their values in use.

[FY2023(from April 1, 2023 to March 31, 2024)]

Not applicable

(Notes on Consolidated Statements of Comprehensive Income)

The following table presents reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2023, and 2024.

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(1,218)	1,809
Reclassification adjustments for gains and losses included in net profit	-	(0)
Amount before tax effect	(1,218)	1,808
Tax effect	389	(462)
Unrealized holding gain (loss) on securities	(828)	1,346
Deferred gains or losses on hedges:		
Amount arising during the year	949	688
Reclassification adjustments for gains and losses included in net profit	-	-
Amount before tax effect	949	688
Tax effect	-	-
Unrealized gain (loss) from hedging instruments	949	688
Foreign currency translation adjustments:		
Amount arising during the year	56	29
Reclassification adjustments for gains and losses included in net profit	-	-
Amount before tax effect	56	29
Tax effect	-	-
Foreign currency translation adjustments	56	29
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the year	534	1,230
Reclassification adjustments for gains and losses included in net profit	37	(79)
Amount before tax effect	571	1,150
Tax effect	(132)	(279)
Retirement benefits liability adjustments	439	871
Share of other comprehensive income of entities accounted for using the equity method:		
Amount arising during the year	18	(0)
Reclassification adjustments for gains and losses included in net profit	(2)	(3)
Amount before tax effect	15	(4)
Tax effect	-	-
Share of other comprehensive income of companies accounted for using the equity method	15	(4)
Total other comprehensive income	631	2,930

(Notes on Consolidated Statements of Changes in Shareholders' Equity)

Information regarding changes in net assets for the years ended March 31, 2023, and 2024 is as follows:

1. Shares issued and outstanding / Treasury stock

[For the year ended March 31, 2023]

Type of shares	Number of shares on April 1, 2022	Increase	Decrease	Number of shares on March 31, 2023
Shares issued: Common stock	93,145,400	-	-	93,145,400
Shares issued: Treasury shares	8,737	246	-	8,983

Note: Increase due to purchase of shares of less than standard unit

[For the year ended March 31, 2024]

Type of shares	Number of shares on April 1, 2021	Increase	Decrease	Number of shares on March 31, 2022
Shares issued: Common stock	93,145,400	-	-	93,145,400
Shares issued: Treasury shares	8,983	356	-	9,339

Note: Increase due to purchase of shares of less than standard unit

2. Dividends

(1) Dividends paid in the year ended March 31, 2023

None

Dividends paid in the year ended March 31, 2024

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 28, 2023	Common stock	1,490	16.0	March 31, 2023	June 29, 2023
Board of Directors on October 25, 2023	Common stock	2,328	25.0	September 30, 2023	December 8, 2023

(2) Dividends for which the cut-off date is in the year ended March 31, 2023, and the effective date is in the year ending March 31, 2024

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 28, 2023	Common stock	1,490	Retained earnings	16.0	March 31, 2023	June 29, 2023

Dividends for which the cut-off date is in the year ended March 31, 2022, and the effective date is in the year ending March 31, 2025

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2024	Common stock	3,911	Retained earnings	42.0	March 31, 2024	June 27, 2024

(Notes on Consolidated Statements of Cash Flows)

Relationship between the closing balance of cash and cash equivalents and the value of items listed on the consolidated balance sheets.

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Cash and deposits	63,741	65,395
Securities	26,500	20,000
Sub-total	90,241	85,395
Securities with maturities exceeding 3 months	-	(10,000)
Cash and cash equivalents	90,241	75,395

(Lease Transactions)**(Lessee's side)**

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

(1) Leased assets

Mainly comprised of passenger boarding bridges.

(2) Depreciation method applied to leased assets

As described in “(2) Depreciation method of important depreciable assets” in “4. Summary of significant accounting policies” in “(Basic Important Conditions to Prepare Consolidated Financial Statements).”

2. Operating lease transactions

The future minimum lease payments under non-cancelable operating leases due after March 31, 2023, and 2024, respectively, are summarized in the following table:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Within one year	397	759
More than one year	502	2,737
Total	900	3,496

(Lender's side)

1. Finance lease transactions

None

2. Operating lease transactions

The future minimum lease payments under non-cancelable operating leases due after March 31, 2023, and 2024, respectively, are summarized in the following table:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Within one year	-	185
More than one year	-	1,736
Total	-	1,921

(Financial Instruments)

Overview

1. Policy for financial instruments

The Company and consolidated subsidiaries manage temporary cash surpluses through short-term deposits and low-risk financial assets. Regarding financing, the Group raises funds through bank borrowings and bond issuance. The Group uses derivatives to reduce the risk of interest rate fluctuation of borrowings and does not enter into derivatives for speculative purposes.

2. Types of financial instruments and related risk

Accounts receivable-trade are exposed to credit risk about customers.

Investment securities are primarily exposed to market risk. These securities mainly comprise the shares of common stock of other companies with which the Group has business relationships.

Substantially, all accounts payable-trade have payment due dates within one year.

Short-term borrowings and long-term borrowings are taken out principally to make capital investments. Short-term borrowings and long-term borrowings with variable interest rates are exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for long-term debt-bearing interest at variable rates, the Group utilizes interest rate swap transactions as a hedging instrument.

Information regarding the method of hedge accounting, hedging instruments and hedged items, hedging policy, and the assessment of the effectiveness of hedging activities is found in “(6) Accounting standards for important hedging transactions” in “4. Summary of significant accounting policies” in “(Basic Important Conditions to Prepare Consolidated Financial Statements).”

3. Risk management for financial instruments

(1) Monitoring of credit risk (the risk that customers or counterparties may default)

To the internal policies of the Group for managing credit risk arising from receivables, each related division monitors the creditworthiness of their main customers periodically and monitors due dates and outstanding balances by individual customers. In addition, the Group is trying to identify and mitigate risks of bad debts from customers with financial difficulties.

The Group also believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions with sound credit profiles.

(2) Monitoring of market risks (the risks arising from fluctuations in interest rates and others)

To mitigate the interest rate risk for short-term borrowings and long-term debt.

For Investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

(3) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on reports from each division, the Group prepares and updates its cash flow plans every month to manage liquidity risk.

4. Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available when no quoted market price is available. Various assumptions and factors are reflected in estimating the fair value, which could result in different fair values. In addition, the notional amounts of derivatives in “(Derivative Transactions)” do not necessarily indicate the actual market risk involved in derivative transactions.

Estimated fair value of financial instruments

The carrying values of financial instruments on the consolidated balance sheet as of March 31, 2023, and 2024 and the estimated fair values of financial instruments. The following table does not include financial instruments for which it is tough to determine fair value (please refer to Note 2 below).

[For the year ended March 31, 2023]

	Carrying value	Estimated fair value	(Millions of yen) difference
Investment securities:			
Other securities	8,043	8,043	-
Shares of subsidiaries and associates	2,338	2,650	312
Total assets	10,382	10,694	312
Bonds payable	55,139	48,094	(7,044)
Long-term borrowings	184,825	179,086	(5,738)
Total liabilities	239,964	227,180	(12,783)
Derivative transactions	(1,238)	(1,238)	-

[For the year ended March 31, 2024]

	Carrying value	Estimated fair value	(Millions of yen) difference
Investment securities:			
Held-to-maturity bonds	828	824	(3)
Other securities	12,156	12,156	-
Shares of subsidiaries and associates	2,336	2,938	602
Total assets	15,321	15,920	598
Bonds payable	54,988	47,020	(7,967)
Long-term borrowings	169,314	163,093	(6,220)
Total liabilities	224,302	210,114	(14,188)
Derivative transactions	(550)	(550)	-

Notes:

- 1) Cash and deposits, marketable securities, accounts receivable-trade, accounts payable, and short-term borrowings are not stated because their fair values approximate their book values due to their short-term maturities.
- 2) Stocks and other securities without market quotations are not included in Investment securities. The consolidated balance sheet amounts of such financial instruments are as follows:

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Unlisted stocks	5,887	5,957

- 3) Investments in partnerships and other similar entities where the net investment amount is recorded in the consolidated balance sheets are not included. The consolidated balance sheet amounts of such investments are as follows:

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Investments in limited liability partnerships	984	969

- 4) Net receivables and payables arising from derivative transactions are shown in net amounts, and items that are net liabilities in total are shown in brackets.

The redemption schedule for Cash and deposits, accounts receivable-trade, and marketable securities with maturities on March 31, 2023, and 2024 is as follows:

[For the year ended March 31, 2023]

(Millions of yen)

	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and deposits	62,998	-	-	-
Accounts receivable-trade	15,331	-	-	-
Marketable securities	26,500	-	-	-
Total	104,829	-	-	-

[For the year ended March 31, 2024]

(Millions of yen)

	Within one year	After one year through five years	After five years through ten years	After ten years
Cash and deposits	63,949	-	-	-
Accounts receivable-trade	22,935	-	-	-
Marketable securities and Investment securities	20,000	-	-	-
Held-to-maturity bonds	-	-	-	828
Total	106,885	-	-	828

The redemption schedule for short-term borrowings, bonds payable, and long-term borrowings with maturities on March 31, 2023, and 2024 is as follows:

[For the year ended March 31, 2023]

(Millions of yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Short-term borrowings	2,700	-	-	-	-	-
Bonds payable	-	10,000	-	-	-	42,510
Long-term borrowings	13,009	13,915	12,658	12,979	13,434	115,062
Total	15,709	23,915	12,658	12,979	13,434	157,572

[For the year ended March 31, 2024]

(Millions of yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years
Short-term borrowings	2,700	-	-	-	-	-
Bonds payable	10,000	-	-	-	-	42,510
Long-term borrowings	13,915	12,265	12,719	12,822	11,055	102,987
Total	26,615	12,265	12,719	12,822	11,055	145,497

Matters relating to the breakdown of the fair value of financial instruments by level

The fair value of financial instruments is categorized into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated based on quoted prices in active markets for assets or liabilities for which such fair value is calculated, which are among the inputs to the calculation of observable fair value.

Level 2 fair value: Fair value calculated using inputs other than those included in Level 1 to calculate observable fair value.

Level 3 fair value: Fair value is calculated using inputs other than observable inputs to estimate value.

When multiple inputs significantly affect the fair value calculation, the fair value is categorized in the level with the lowest priority among the levels to which those inputs belong.

1. Financial instruments carried on the consolidated balance sheet at fair value

[For the year ended March 31, 2023]

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other securities	5,736	-	2,307	8,043
Total	5,736	-	2,307	8,043

[For the year ended March 31, 2024]

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Other securities	9,715	-	2,441	12,156
Total	9,715	-	2,441	12,156

2. Financial instruments other than those carried at fair value in the consolidated balance sheets

[For the year ended March 31, 2023]

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Shares of subsidiaries and associates	2,650	-	-	2,650
Total assets	2,650	-	-	2,650
Bonds payable	-	48,094	-	48,094
Long-term borrowings	-	179,086	-	179,086
Derivative transactions	-	1,238	-	1,238
Total liabilities	-	228,419	-	228,419

[For the year ended March 31, 2024]

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Shares of subsidiaries and associates	2,938	-	-	2,938
Held-to-maturity bonds				
Bonds payable	-	824	-	824
Total assets	2,938	824	-	3,763
Bonds payable	-	47,020	-	47,020
Long-term borrowings	-	163,093	-	163,093
Derivative transactions	-	550	-	550
Total liabilities	-	210,664	-	210,664

Notes:

1) Explanation of the valuation techniques and inputs used in determining fair value

a) investment securities

The market value of listed stocks among investment securities is based on the stock exchange price and is classified as Level 1. The fair value of non-marketable corporate bonds is calculated using the discounted present value method based on the total principal and interest for the remaining period and interest rate, considering credit risk. This is classified as Level 2. Preferred securities are classified as Level 3 because their fair value is calculated using partially unobservable inputs related to estimating fair value.

b) bonds payable

The fair value of the bonds payable at the Company is based on the quoted market price. The fair value of bonds payable at a particular subsidiary is based on the present value of the total principal and interest discounted at the interest rate that would be used for similar new issues and is classified as Level 2.

c) long-term borrowings

The current portion of long-term borrowings and long-term borrowings with variable interest rates are carried at their carrying amounts because their fair values approximate their carrying amounts, as market interest rates are reflective of short-term market rates, and the Company's credit status has not changed significantly since the inception of these borrowings. Those with fixed interest rates are classified as Level 2. The fair value is calculated by discounting the total principal and interest of the related long-term borrowings, classified by period, at the interest rate assumed for a similar new borrowing.

d) derivatives

The fair value of interest rate swaps is based on prices quoted by the counterparty financial institutions and is classified as Level 2.

2) Fair Value Information on Level 3 Financial Assets and Liabilities Carried at Fair Value on the Consolidated Balance Sheets

Concerning the valuation process for calculating the fair value of preferred securities classified as Level 3, the Group's accounting staff calculates the fair value of preferred securities every quarter by valuation policies and procedures approved by the head of the accounting department.

The fair value of the preferred securities is calculated based on actual values, considering appraised property values and other factors. No unobservable inputs are estimated, and the impact of changes in unobservable inputs is not material.

Reconciliation of beginning balance to ending balance

	Investment securities (in Millions of yen)
Beginning balance	2,307
Net profit (loss) or other comprehensive income for the period:	
Recognition in other comprehensive income	134
Ending balance	2,441

(Securities)

1. Information regarding securities classified as held-to-maturity debt securities and other securities for the years ended March 31, 2023, and 2024

Held-to-maturity debt securities

[As of March 31, 2023]

None

[As of March 31, 2024]

(Millions of yen)

	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their fair value	-	-	-
Securities whose carrying value does not exceed their fair value	828	824	(3)
Total	828	824	(3)

Other securities

[As of March 31, 2023]

(Millions of yen)

	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their fair value:			
Stock	5,529	3,931	1,598
Other	2,307	1,506	800
Subtotal	7,836	5,437	2,398
Securities whose carrying value does not exceed their fair value:			
Stock	207	253	(46)
Other	-	-	-
Subtotal	207	253	(46)
Total	8,043	5,691	2,352

Note: Unlisted stocks of ¥2,562 million and investments in investment limited partnerships of ¥984 million are not included in the above table because there were no quoted market prices available, and it is tough to determine the fair value.

[As of March 31, 2024]

(Millions of yen)

	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their fair value:			
Stock	9,633	6,438	3,195
Other	2,441	1,506	934
Subtotal	12,075	7,944	4,130
Securities whose carrying value does not exceed their fair value:			
Stock	81	94	(12)
Other	-	-	-
Subtotal	81	94	(12)
Total	12,156	8,039	4,117

Note: Unlisted stocks of ¥2,496 million and investments in investment limited partnerships of ¥969 million are not included in the above table because there were no quoted market prices available, and it is tough to determine the fair value.

2. Sales of securities classified as other securities and the aggregate gain and loss for the years ended March 31, 2023, and 2024

[For the year ended March 31, 2023]

(Millions of yen)

	Proceeds from sales	Gains on sales	Loss on sales
Stock	9	6	-
Other	-	-	-
Total	9	6	-

[For the year ended March 31, 2024]

(Millions of yen)

	Proceeds from sales	Gains on sales	Loss on sales
Stock	2	0	-
Other	-	-	-
Total	2	0	-

3. Impairment of investment securities

Impairment losses of 99 million yen and 221 million yen were recognized on investments in other securities in FY22 and FY23, respectively.

In impairment of investment securities, if the market value (concerning shares not bearing market value, the interest in the company's net asset value) dropped 50% or more from the acquisition cost at the end of fiscal years, the full amount is impaired. If the market value declined by 30% to 50%; impairment is made for the necessary amount, considering the amount's materiality and the possibility of recovery.

(Derivative Transactions)

1. Summarized below are the notional amounts and the estimated fair value of the derivative instruments outstanding on March 31, 2023, and 2024, for which hedge accounting has not been applied.

None

2. Summarized below are the notional amounts and the estimated fair value of the derivative instruments outstanding on March 31, 2023, and 2024, for which hedge accounting has been applied.

Interest-related transactions

[As of March 31, 2023]

(Millions of yen)

Class of transactions	Subject to hedged accounting	Notional amount	After one year	Fair value
Interest swap contracts by standard method	Long-term borrowings	57,458	52,639	(1,238)

[As of March 31, 2024]

(Millions of yen)

Class of transactions	Subject to hedged accounting	Notional amount	After one year	Fair value
Interest swap contracts by standard method	Long-term borrowings	52,639	24,735	(550)

(Retirement Benefit Plans)

The Company and most of its consolidated subsidiaries provide a jointly established corporate pension fund scheme (cash balance plan) and retirement bonus scheme.

In addition, one consolidated subsidiary excluded from the above provides a specific retirement benefit mutual scheme, while another excluded from the above provides a retirement bonus scheme.

On March 30, 2009, the Company established a retirement benefit trust for its retirement bonus scheme.

Additional retirement benefits for meritorious work are sometimes paid to employees upon retirement. These are excluded from retirement benefit obligations calculated by actuarial methods based on retirement benefit accounting.

The simplified method calculates liabilities related to retirement benefits and retirement benefit expenses for the retirement benefit schemes operated by certain consolidated subsidiaries.

1. The changes in the retirement benefit obligation for the years ended March 31, 2023, and 2024 are as follows (excludes schemes to which the simplified method is applied):

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	10,164	9,899
Service cost	583	526
Interest cost	54	77
Actuarial gain and loss	(536)	(717)
Retirement benefit paid	(426)	(426)
Prior service cost	-	-
Others	58	(1)
Balance at the end of the year	9,899	9,358

2. The changes in plan assets for the years ended March 31, 2023, and 2024 are as follows (excludes schemes to which the simplified method is applied):

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	9,321	9,427
Expected return on plan assets	98	95
Actuarial gain and loss	(2)	519
Contributions by the Company	232	250
Retirement benefit paid	(269)	(243)
Others	46	43
Balance at the end of the year	9,427	10,093

3. The changes in the retirement benefit liability accounted for using the simplified method for the years ended March 31, 2023, and 2024 are as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	2,904	2,985
Retirement benefit expenses	263	317
Retirement benefit paid	(177)	(198)
Contributions to fund	(4)	(0)
Balance at the end of the year	2,985	3,102

4. The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2023, and 2024 for the Group's defined benefit plans:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Funded retirement benefit obligation	9,051	8,545
Plan assets at fair value	(9,483)	(10,147)
	(432)	(1,602)
Unfunded retirement benefit obligation	3,889	3,969
Net retirement benefit liability in the balance sheet	3,457	2,367
Retirement benefit liability	4,562	4,208
Retirement benefit asset	(1,105)	(1,841)
Net retirement benefit liability in the balance sheet	3,457	2,367

Note: Includes schemes to which the simplified method is applied

5. The components of retirement benefit expenses for the years ended March 31, 2023, and 2024 are as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Service cost	583	526
Interest cost	54	77
Expected return on plan assets	(98)	(95)
Amortization of actuarial gain and loss	47	(70)
Amortization of prior service cost	(9)	(9)
Retirement benefit expenses are calculated by the simplified method	263	317
Retirement benefit expenses	840	746

6. The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2023, and 2024 are as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Prior service cost	(9)	(9)
Actuarial gain and loss	581	1,160
Total	571	1,150

7. The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2023, and 2024 are as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Unrecognized prior service cost	(67)	(57)
Unrecognized actuarial gain and loss	(112)	(1,272)
Total	(179)	(1,330)

8. The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2023 and 2024 are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Bonds	47 %	46 %
Stocks	37 %	39 %
Other	16 %	16 %
Total	100 %	100 %

9. The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans are as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Discount rate	0.2~1.2 %	0.5~1.7 %
Expected rates of return on plan assets	1.5 %	1.5 %
Expected rates of salary increase	2.4~3.3 %	2.4~3.3 %

(Asset retirement obligations)

1. Overview

The Company has obligations related to the restoration of the Haneda Airport Wharf to its original condition under the Occupancy Permit for Land in the River Area administered by the Kanto Regional Development Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and the Occupancy Permit for National Property related to National Property administered by the East Japan Civil Aviation Bureau of the MLIT.

The Company also has an asset retirement obligation related to restoring the Haneda Catering Service Plant and the Airport Clean Center to their original condition by the real estate leases.

The amount of the asset retirement obligation is calculated using a discount rate of 0.298% to 1.753% based on an estimated useful life of 1 to 20 years from the date of acquisition.

2. The following table indicates the changes in asset retirement obligations for the years ended March 31, 2023 and 2024: (Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	620	628
Accretion expense	7	7
Balance at the end of the year	628	636

3. Asset Retirement Obligations Not Reported in the Consolidated Balance Sheets

The Company and certain subsidiaries have been granted permission to use government-owned land administered by the East Japan Civil Aviation Bureau of the MLIT and are required. They restore the land to its original condition, including demolishing passenger terminal buildings if the permission is revoked.

However, the effective period of use of the real estate (land) that the Company and certain subsidiaries are licensed to use concerning these obligations remains unclear in light of the future impact of trends in national aviation policy. As a result, it is impossible to estimate the asset retirement obligation, and no asset retirement obligation corresponding to this liability has been recorded.

(Income Taxes)

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes, and enterprise tax, which, in the aggregate, resulted in a statutory rate of approximately 31% for the years ended March 31, 2023, and 2024.

1. The significant components of deferred tax assets and liabilities on March 31, 2023, and 2024 were as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Deferred tax assets:		
Net operating loss carry forward	35,373	30,303
Non-deductible portion of depreciation	9,152	9,366
Retirement benefit liability	2,143	1,696
Provision for bonuses for employees	523	726
Unrealized gain on intercompany transactions	581	583
Loss on valuation of investment securities	524	518
Impairment losses	477	429
Enterprise tax payable	206	327
Property tax payable	161	257
Deferred losses on hedges	428	190
Others	1,146	(1,612)
Total gross deferred tax assets	50,719	42,786
Valuation allowance for net operating loss carryforwards <i>(Note 2)</i>	(33,646)	(26,909)
Valuation allowance for deductible temporary difference	(3,400)	(3,131)
Total valuation allowance <i>(Note 1)</i>	(37,047)	(30,041)
Total of deferred tax assets	13,672	12,744
Deferred tax liabilities:		
Fair value measurement for consolidation	(16,336)	(11,703)
Valuation difference on available-for-sale securities	(686)	(1,154)
Retirement benefit asset	(279)	(371)
Gains on contribution of securities to retirement benefit trust	(216)	(215)
Others	(239)	(260)
Total of deferred tax liabilities	(17,759)	(13,704)
Net deferred tax assets (liabilities)	(4,086)	(960)

Notes:

1) The change in the valuation allowance is mainly due to the increase in the estimated amount of deferred tax assets related to Net operating loss carried forward at certain consolidated subsidiaries.

2) Net operating loss carryforwards and valuation allowance by expiration date on March 31, 2023, and 2024 are as follows:

[For the year ended March 31, 2023]

(Millions of yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carry forward	-	389	570	35	-	34,377	35,373
Valuation allowance	-	(389)	(570)	(35)	-	(32,651)	(33,646)
Deferred tax assets	-	-	-	-	-	1,726	1,726

[For the year ended March 31, 2024]

(Millions of yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carry forward	389	570	35	-	-	29,307	30,303
Valuation allowance	(389)	(570)	(35)	-	-	(25,917)	(26,909)
Deferred tax assets	-	-	-	-	-	3,393	3,393

Notes:

- 1) The amount is determined by multiplying the corresponding net operating loss carried forward by the statutory effective tax rate.
- 2) Deferred tax assets of ¥1,726 million and ¥3,393 million as of March 31, 2023 and 2024, respectively, are the result of determining the recoverability based on estimated future taxable income.

2. The reconciliation between the effective tax rates reflected in the consolidated statements of income and the statutory effective tax rate for the year ended March 31, 2023, and 2024 were as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Statutory effective tax rate		30.62%
(Reconciliation)		
Items permanently not deductible for tax purposes	The reconciliation was	0.63%
Items permanently not includable in income	omitted, because loss	(0.19%)
Valuation allowance	before income taxes were	(25.93%)
Shares of loss (profit) of entities accounted for equity method	recorded for the year	0.29%
Other	ended March 31, 2023.	(1.57%)
Effective tax rates after the application of tax effect accounting		3.85%

(Investment and Rental Properties)

The Company and a specific subsidiary own rental offices and commercial facilities in the passenger terminal building at Tokyo International Airport (Haneda). In addition, the Company and certain subsidiaries own rental office buildings and rental housing in Tokyo and other areas.

The carrying value on the consolidated balance sheet and corresponding fair value of these rental properties and real estate, including space used as rental properties as of March 31, 2023, and 2024, are as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Rental properties:		
Carrying values		
Balance at the beginning of the fiscal year	20,759	20,199
Changes in the fiscal year	(559)	(1,284)
Balance at the end of the fiscal year	20,199	18,914
Fair values at the end of the fiscal year	40,715	40,589
Real estate including spaces used as rental properties:		
Carrying values		
Balance at the beginning of the fiscal year	242,818	238,389
Changes in the fiscal year	(4,429)	(4,063)
Balance at the end of the fiscal year	238,389	234,325
Fair values at the end of the fiscal year	481,091	477,278

Notes:

- 1) The carrying value represents the acquisition cost less accumulated depreciation.
- 2) Appraisal standards for valuing real estate mainly estimate the fair value of most properties. The fair value of other properties is based on balance sheet amounts.

The income or loss from rental properties and real estate, including space used as rental properties for the years ended March 31, 2023, and 2024, were as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Rental properties:		
Lease income	4,077	4,886
Lease cost	3,522	3,173
Lease profit (loss), net	555	1,713
Other, net	-	-
Real estate including spaces used as rental properties:		
Lease income	47,620	71,147
Lease cost	60,045	69,833
Lease profit (loss), net	(12,425)	1,314
Other, net	-	-

Note: Lease income excludes income from real estate, including space used as rental properties, which the Company used and certain consolidated subsidiaries for leasing services and operation management. The expenses for these rental properties (depreciation expenses, repair costs, insurance premiums, taxes, public dues, and others) are included in the lease cost.

(Revenue Recognition)**1. Information that disaggregates revenue arising from contracts with customers**

The Group's revenues consist primarily of revenues from contracts with customers, which are classified by the Company's reportable segments by major types of goods or services. Facilities Management revenue includes revenue based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and other regulations.

[FY2022 (from April 1, 2022 to March 31, 2023)]

(Millions of yen)

	Reportable segments			Total
	Facilities Management	Merchandise Sales	Food and Beverage	
Rent revenue	19,852	-	-	19,852
Facility usage fee revenue	29,325	-	-	29,325
Other revenues	14,102	-	-	14,102
Sales from domestic terminal stores	-	10,372	-	10,372
Sales from international terminal stores	-	19,476	-	19,476
Other revenues	-	11,469	-	11,469
Sales from food and beverage stores	-	-	5,489	5,489
Sales from in-flight meals	-	-	2,487	2,487
Other revenues	-	-	475	475
Sales to external customers	63,280	41,317	8,452	113,050

[FY2023 (from April 1, 2023 to March 31, 2024)]

(Millions of yen)

	Reportable segments			Total
	Facilities Management	Merchandise Sales	Food and Beverage	
Rent revenue	20,020	-	-	20,020
Facility usage fee revenue	52,436	-	-	52,436
Other revenues	19,279	-	-	19,279
Sales from domestic terminal stores	-	13,097	-	13,097
Sales from international terminal stores	-	70,039	-	70,039
Other revenues	-	28,037	-	28,037
Sales from food and beverage stores	-	-	7,206	7,206
Sales from in-flight meals	-	-	6,179	6,179
Other revenues	-	-	1,281	1,281
Sales to external customers	91,736	111,175	14,667	217,578

2. Information that provides a basis for understanding revenue from customer contracts

The basis for understanding revenues is as described in "5) Recognition of significant revenues and costs" in "4. Summary of significant accounting policies" in "(Basic Important Conditions to Prepare Consolidated Financial Statements)."

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such agreements, and the amount and timing of revenue expected to be recognized from contracts with customers that exist at the end of the current fiscal year and are expected to be recognized in the following fiscal year or later

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Receivables from contracts with customers (beginning balance)	5,060	13,265
Receivables from contracts with customers (ending balance)	13,265	19,188
Contract liabilities (beginning balance)	50	84
Contract liabilities (ending balance)	84	100

Notes:

1) Receivables arising from contracts with customers

Receivables from contracts with customers consist mainly of Passenger Service Facility Charges (PSFC) collected from passengers by airlines by regulations governing the provision of passenger handling facilities, and receivables related to credit cards and electronic money, etc., used by customers in stores and restaurants operated by the Company. These amounts include amounts collected on behalf of third parties as agency business. The collection period of these receivables is mainly one to two months.

The increase in receivables is mainly due to the rise in Passenger Service Facility Charges (PSFC) and other receivables resulting from increased passengers.

2) Contract liabilities

Contract liabilities consist primarily of advertising revenues and represent consideration received before contract performance. They are reclassified to revenue as the Company performs under the contract.

Contract liabilities are included in Other current liabilities within current liabilities in the consolidated financial statements.

(Segment and Related Information)

Segment Information

1. Overview of reportable segments

The reportable segments of the Group are units for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide how to allocate management resources and evaluate their performances.

The Company primarily manages passenger terminal buildings and provides services to users at Haneda Airport. Business divisions at the Company's headquarters develop comprehensive business strategies and pursue business activities.

Therefore, the company comprises business segments with different services based on the business divisions. Its three reportable segments are facilities management, merchandise sales, and food and beverage operations.

The segment of facilities management operations leases, maintains, repairs, and operates passenger terminal facilities at Haneda Airport. It also provides services for passengers. The segment of merchandise sales operations is engaged in retail sales of products to passengers and others, wholesale of products to companies operating airport terminals and others, and other activities incidental to these two sales operations. The food and beverage operations segment provides food and beverage services to parties, including Haneda Airport and Narita International Airport users. It also produces and sells in-flight meals and other incidental activities.

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

Accounting methods for reportable business segments are generally the same as those described in "Basic Important Conditions to Prepare Consolidated Financial Statements."

Segment profit is based on operating profit.

Intersegment sales and transfers are based on the prevailing market price.

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

[FY2022 (from April 1, 2022 to March 31, 2023)]

(Millions of yen)

	Reportable segments				Adjustments (Notes 1)	Consolidated financial statements (Notes 2)
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	63,280	41,317	8,452	113,050	—	113,050
Intersegment sales and transfers	2,391	892	953	4,237	(4,237)	—
Total	65,672	42,210	9,405	117,288	(4,237)	113,050
Segment profit (loss)	(3,133)	1,640	(1,365)	(2,858)	(7,720)	(10,579)
Segment assets	280,331	38,082	10,001	328,415	118,539	446,955
Other items						
Depreciation	26,490	1,670	428	28,589	432	29,022
Increase in Property, plant and equipment, and intangible assets	11,127	732	146	12,006	77	12,083

Notes:

1) Details of adjustments are as follows:

- Adjustments to the segment profit include ¥7,733 million of administration expenses for the administration and other divisions at the parent company's head office and certain subsidiaries not allocated to each reportable segment.
- Adjustments to the segment assets include ¥167,407 million of corporate assets that are not allocated to each of the reportable segments, which include excess funds managed by the parent company, long-term investment (investment securities), assets related to administration divisions, special-purpose funds of certain subsidiaries and other assets.
- Adjustments to depreciation include ¥451 million of depreciation concerning the administration and other divisions at the parent company's head office and certain subsidiaries not allocated to each reportable segment.
- Adjustments of ¥77 million to increase property, plant and equipment and intangible assets are primarily due to the acquisition of cleaning robots.

2) Segment profit is adjusted with operating profit recorded in the Consolidated Statements of Income.

[FY2023 (from April 1, 2023 to March 31, 2024)]

(Millions of yen)

	Reportable segments				Adjustments (Notes 1)	Consolidated financial statements (Notes 2)
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	91,736	111,175	14,667	217,578	—	217,578
Intersegment sales and transfers	3,126	1,561	722	5,410	(5,410)	—
Total	94,862	112,736	15,389	222,988	(5,410)	217,578
Segment profit (loss)	17,880	21,084	65	39,030	(9,503)	(29,527)
Segment assets	277,574	56,331	10,417	344,323	116,099	460,423
Other items						
Depreciation	25,740	1,545	376	27,661	570	28,232
Increase in property, plant and equipment, and intangible assets	30,018	767	180	30,965	814	31,779

Notes:

1) Details of adjustments are as follows:

- Adjustments to the segment profit include ¥9,518 million of administration expenses for the administration and other divisions at the parent company's head office and certain subsidiaries not allocated to each reportable segment.
- Adjustments to the segment assets include ¥170,692 million of corporate assets that are not allocated to each of the reportable segments, which include excess funds managed by the parent company, investment (investment securities), assets related to administration divisions, special-purpose funds of certain subsidiaries and other assets.
- Adjustments to depreciation include ¥576 million of depreciation concerning the administration and other divisions at the parent company's head office and certain subsidiaries not allocated to each reportable segment.
- Adjustments of ¥814 million to increase property, plant and equipment and intangible assets are primarily due to the renewal of equipment for the sales management system.

2) Segment profit is adjusted with operating profit recorded in the Consolidated Statements of Income.

Geographical information

1. Operating revenues

Operating revenues in Japan account for more than 90% of the revenues recorded in the consolidated income statements. Thus, this information is omitted.

2. Property, plant and equipment

Property, plant and equipment in Japan account for over 90% of the property, plant and equipment recorded in the consolidated balance sheet. Thus, this information is omitted.

Major customer

Not applicable

Impairment loss on Non-current assets by reportable segment

Impairment loss on Non-current assets by reportable segment for the years ended March 31, 2023, and 2024 is summarized as follows:

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Facilities Management	260	-
Merchandise Sales	-	-
Food and Beverage	-	-
Reportable segment total	-	-
Adjustment and eliminations	-	-
Consolidated	260	-

(Related Parties)

1. Related party transactions

Not applicable

2. Notes to a parent company and significant affiliates

Not applicable

(Per Share Information)

	(Yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net assets per share	1,613.62	1,805.67
Net profit (loss) per share	(41.89)	206.75

Notes:

1) Diluted net profit per share is not shown since potential shares do not exist.

2) Net profit (loss) per share is calculated based on the following:

	(Millions of yen, except for number of shares)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Net profit (loss) per share:		
Net profit (loss) attributable to owners of the parent	(3,901)	19,255
Amount not attributable to common shareholders	-	-
Net profit (loss) attributable to owners of the parent available for distribution to common shareholders	(3,901)	19,255
Average number of shares outstanding during the period (thousand shares)	93,136	93,136

(Significant Subsequent Events)

Not applicable

(5) Supplementary Consolidated Financial Statements

[1. Detailed Statements of Bonds]

(Millions of yen)

Description	Issue Date	As of March 31, 2023	As of March 31, 2024	Interest rate (%)	Availability of collateral	Redemption date
The Company:						
1st issued unsecured bond	March 5, 2020	10,000	10,000	0.12	none	March 5, 2025
2nd issued unsecured bond	March 5, 2020	15,000	15,000	0.27	none	March 5, 2030
3rd issued unsecured bond	March 5, 2020	15,000	15,000	0.59	none	March 5, 2040
Tokyo International Air Terminal Corporation (TIAT):						
1st issued subordinated bond	December 6, 2012	4,004	3,974	1.95	none	April 30, 2038
2nd issued subordinated bond	September 10, 2013	8,008	7,948	1.95	none	April 30, 2038
3rd issued subordinated bond	March 28, 2014	8,008	7,948	1.95	none	April 30, 2038
4th issued subordinated bond	March 31, 2021	6,000	6,000	6.00	none	April 30, 2038
5th issued subordinated bond	April 9, 2021	450	450	6.00	none	April 30, 2038
Sub-total		66,472	66,321	-		
Eliminations of inter-company transactions		(11,333)	(11,333)	-		
Total		55,139	54,988	-		

Note: The redemption schedule for the five years following the consolidated balance sheet date is as follows:

Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years
10,000	-	-	-	-

[2. Detailed Statements of loans payable and Lease liabilities]

(Millions of yen)

Category	As of March 31, 2023	As of March 31, 2024	Average interest rate (%)	Repayment Date
Short-term borrowings	7,700	8,200	0.69	-
Current portion of long-term borrowings	13,051	13,957	0.72	-
Current portion of Lease liabilities	467	470	-	-
Long-term borrowings (excluding the current portion)	182,789	166,204	1.71	CY2025~CY2078
Lease liabilities (excluding the current portion)	1,173	811	-	CY2025~CY2029
Sub-total	205,181	189,643	-	
Eliminations of inter-company transactions	(16,015)	(16,347)	-	
Total	189,165	173,295	-	

Notes:

- 1) The average interest rate is the weighted average on the balance of loans outstanding at the end of the fiscal year.
- 2) The average interest rate on Lease liabilities is not disclosed because They are recorded in the consolidated balance sheets at their principal amount before deducting the amount of interest included in the total lease payments.
- 3) Scheduled principal payments of long-term borrowings and Lease liabilities (excluding the current portion) after the balance sheet date are as follows:

	After one year through two years	After two years through three years	After three years through four years	After four years through five years
Long-term borrowings	12,265	12,719	12,822	11,050
Lease liabilities	391	382	29	6

[3. Detailed Statements of Asset Retirement Obligation]

The amounts of asset retirement obligation at the beginning and end of this fiscal year are less than one-hundredth of the total liabilities and equity amounts at the beginning and end of this fiscal year, respectively. This statement has been omitted because it is immaterial.

B. Others

Quarterly Financial Information

(Millions of yen, except for numbers per share)

(Cumulative period)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Operating revenues	45,996	100,148	159,019	217,578
Profit before income taxes	5,048	12,518	21,747	27,017
Net profit attributable to owners of the parent	3,534	8,234	14,125	19,255
Net profit per share (in yen)	37.95	88.41	151.66	206.75

(Accounting period)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net profit per share (in yen)	37.95	50.46	63.25	55.09

2. Non-Consolidated Financial Statements, and Others

A. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
ASSETS		
Current assets		
Cash and deposits	25,381	20,053
Accounts receivable - trade	32,336	41,292
Securities	26,500	20,000
Merchandise and finished products	2,661	4,141
Supplies	5	11
Prepaid expenses	427	419
Accounts receivable - other	7,850	11,831
Short-term loans receivable	5,042	5,542
Other current assets	726	561
Allowance for doubtful accounts	(43)	(54)
Total current assets	100,887	103,799
Non-current assets		
Property, plant and equipment		
Buildings	105,875	100,636
Structures	660	548
Machinery and equipment	3,922	3,097
Vehicles	6	4
Tools, furniture and fixtures	6,448	6,379
Land	12,817	12,847
Leased assets	1,258	940
Construction in progress	8,712	29,423
Total property, plant and equipment	139,702	153,877
Intangible assets		
Software	1,136	2,441
Software in progress	9	350
Right-to-use facilities	28	45
Total intangible assets	1,175	2,837
Investments and other assets		
Investment securities	18,592	22,073
Shares of subsidiaries and associates	23,253	23,418
Investments in other securities of subsidiaries and associates	984	969
Long-term loans receivable	8,763	8,721
Long-term prepaid expenses	-	2
Deferred tax assets	11,077	9,720
Leasehold and guarantee deposits	1,373	1,547
Prepaid pension costs	149	176
Other investments	477	492
Total investments and other assets	64,671	67,121
Total non-current assets	205,549	223,836
TOTAL ASSETS	306,436	327,636

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
LIABILITIES		
Current liabilities		
Accounts payable – trade	5,134	9,107
Short-term borrowings	3,185	3,185
Current portion of bonds payable	-	10,000
Lease liabilities	349	369
Accounts payable - other	7,679	12,541
Accrued expenses	7,391	8,814
Income taxes payable	1,889	3,796
Advances received	1,351	2,158
Deposits received	30,716	33,149
Provision for bonuses for employees	394	662
Provision for bonuses for directors	-	81
Other current liabilities	357	69
Total current liabilities	58,450	83,936
Fixed liabilities		
Bonds payable	40,000	30,000
Long-term borrowings	51,924	48,739
Provision for loss on business of subsidiaries and associates	7,243	8,052
Provision for retirement benefits	566	613
Lease liabilities	1,031	685
Leasehold and guarantee deposits received	3,215	3,225
Asset retirement obligations	324	329
Other fixed liabilities	109	109
Total fixed liabilities	104,415	91,755
TOTAL LIABILITIES	162,865	175,692
NET ASSETS		
Shareholders' equity		
Share capital	38,126	38,126
Capital surplus		
Legal capital surplus	41,947	41,947
Other capital surplus	12,184	12,184
Total capital surplus	54,131	54,131
Retained earnings		
Legal retained earnings	1,716	1,716
Other retained earnings		
Reserve for equalizing dividend	4,560	4,560
General reserve	59,200	59,200
Retained earnings brought forward	(15,773)	(8,414)
Total retained earnings	49,702	57,062
Treasury shares	(10)	(13)
Total shareholders' equity	141,950	149,307
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,620	2,636
Total valuation and translation adjustments	1,620	2,636
TOTAL NET ASSETS	143,571	151,944
TOTAL LIABILITIES AND NET ASSETS	306,436	327,636

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Operating revenues		
Rent revenue	25,697	26,138
Facility usage fee revenue	19,206	22,128
Other revenues	15,109	22,536
Sales of merchandise	28,200	72,550
Total operating revenues	88,212	143,354
Cost of sales		
Cost of goods sold	16,897	46,297
Gross profit	71,315	97,056
Selling, general and administrative expenses		
Outsourcing expenses	19,736	31,236
Rent expenses	6,472	9,261
Provision for bonuses for employees	375	649
Provision for bonuses for directors	-	81
Retirement benefit expenses	197	110
Provision of allowance for doubtful accounts	11	11
Depreciation	14,724	13,994
Other costs and expenses	21,890	26,056
Total selling, general, and administrative expenses	63,409	81,400
Operating profit	7,905	15,656
Non-operating income		
Interest income	1,342	1,571
Dividends income	113	328
Company housing rent	213	225
Contributions in aid of construction	222	186
Miscellaneous income	488	496
Total non-operating income	2,379	2,808
Non-operating expenses		
Interest expenses	590	588
Interest expenses on bonds	141	141
Commission expenses	72	38
Loss on retirement of non-current assets	283	375
Miscellaneous expenses	42	52
Total non-operating expenses	1,128	1,195
Ordinary profit	9,156	17,269

(Millions of yen)

	FY2022 (from April 1, 2022 to March 31, 2023)	FY2023 (from April 1, 2023 to March 31, 2024)
Extraordinary income		
Gains on sale of investment securities	60	-
National subsidies	58	117
Total extraordinary income	118	117
Extraordinary losses		
Impairment losses	260	-
Provision for loss on business of subsidiaries and associates	860	809
Loss on valuation of shares of subsidiaries and associates	-	130
Other extraordinary losses	136	104
Total extraordinary losses	1,257	1,044
Profit before income taxes	8,017	16,343
Income taxes – current	1,515	4,177
Income taxes – deferred	1,194	988
Total income taxes	2,709	5,165
Net profit	5,308	11,178

(3) Non-Consolidated Statements of Changes in Shareholders' Equity

[FY2022 (from April 1, 2022 to March 31, 2023)]

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the current period	38,126	54,131	44,394	(9)	136,643
Changes during the current period					
Dividend of surplus			-		-
Net profit			5,308		5,308
Purchase of treasury shares				(1)	(1)
Changes of items other than shareholders' equity during the current period (net)					-
Total changes during the current period	-	-	5,308	(1)	5,307
Balance at the end of the current period	38,126	54,131	49,702	(10)	141,950

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the current period	2,472	2,472	139,115
Changes during the current period			
Dividend of surplus			-
Net profit			5,308
Purchase of treasury shares			(1)
Changes of items other than shareholders' equity during the current period (net)	(851)	(851)	(851)
Total changes during the current period	(851)	(851)	4,455
Balance at the end of the current period	1,620	1,620	143,571

[FY2023 (from April 1, 2023 to March 31, 2024)]

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the current period	38,126	54,131	49,702	(10)	141,950
Changes during the current period					
Dividend of surplus			(3,818)		(3,818)
Net profit			11,178		11,178
Purchase of treasury shares				(2)	(2)
Changes of items other than shareholders' equity during the current period (net)					-
Total changes during the current period	-	-	7,359	(2)	7,357
Balance at the end of the current period	38,126	54,131	57,062	(13)	149,307

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the current period	1,620	1,620	143,571
Changes during the current period			
Dividend of surplus			(3,818)
Net profit			11,178
Purchase of treasury shares			(2)
Changes of items other than shareholders' equity during the current period (net)	1,015	1,015	1,015
Total changes during the current period	1,015	1,015	8,372
Balance at the end of the current period	2,636	2,636	151,944

Notes on the Non-Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There is nothing to report.

(Significant Accounting Policies)

1. Valuation standards and methods for assets

(1) Securities

(a) Held-to-maturity securities are carried at cost.

(b) Shares of subsidiaries and associates are stated at cost based on the moving average method.

(c) Other securities

1) Other securities other than shares without fair values are stated at fair value based on the market value at the year-end, with valuation differences included in net assets. The cost of securities sold is determined by the moving average method.

2) Shares without fair values are stated at cost based on the moving average method.

For investments in limited liability investment partnerships and similar partnerships (deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement are used to calculate the net amount equivalent to the Company's interest.

(2) Derivatives

Derivative financial instruments are stated at fair value.

(3) Inventories

Inventories are principally stated at cost determined by the retail method (the book value of inventories in the balance sheet is written down when their profitability declines).

2. Depreciation method of depreciable assets

(1) Property, plant and equipment (excluding leased assets)

The declining balance method.

(2) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated using the straight-line method. Software intended for internal use is amortized by the straight-line method over its estimated useful life of 5 years.

(3) Leased assets

The straight-line method is adopted in which the lease term is treated as valuable life, and the asset is depreciated to residual value.

3. Accounting policies for allowance and provisions

(1) Allowance for doubtful accounts

Estimated uncollectible amounts are recorded to prepare for losses from doubtful accounts. These amounts are computed using the historical default rate for expected receivables or considering individual collectability for particular receivables, such as highly questionable accounts.

(2) Provision for bonuses for employees

The estimated amount is recorded as a provision to prepare for the payment of bonuses to employees.

(3) Provision for bonuses for directors

The estimated amount is recorded as a provision to prepare for the payment of bonuses to directors.

(4) Provision for employees' retirement benefits

To provide for the payment of retirement benefits to employees, the Company accrues an estimated liability based on the projected benefit obligation and plan assets at the end of the current fiscal year.

(a) Allocation method of projected retirement benefits to each period

In calculating the retirement benefit obligation, the benefit formula method is used to allocate the projected retirement benefits to each period up to the end of the fiscal year.

(b) Amortization of actuarial gains and losses and prior service costs

Prior service costs are amortized under the straight-line method over a certain number of years within the average remaining service years (10 years).

Actuarial gains and losses are amortized, beginning in the year following their occurrence, under the straight-line method over a certain number of years within the average remaining service years (10 years).

(5) Provision for loss on business of subsidiaries and associates

The estimated amount of the Company's share of such losses is recorded to prepare for business losses of subsidiaries and associates.

4. Recognition of significant revenues and costs

The Company has three business operations: facilities management, merchandise sales, and food and beverage operations. The significant obligations to be performed and the usual timing at which an entity satisfies such obligations in each business operation are as follows.

For transactions in which the Company's role in providing goods or services to customers falls under the agent category, revenue is recognized as the net amount, the amount received from customers less the amount paid to suppliers.

(1) Facilities management

The facilities management operations mainly construct, manage, and operate passenger terminals and lease real estate. Rent revenue consists primarily of office and store rent income and is recognized by the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and relevant revised ASBJ regulations.

The revenues from facility usage fee mainly consist of the Passenger Service Facility Charge (PSFC). These revenues are collected from passengers based on their use of passenger service facilities. The Company must use these revenues to cover expenses related to facilities for passengers' everyday use and professionally manage and operate the passenger terminals. Revenue is recognized when the air carrier completes the passenger air transportation services, indicating that the performance obligation has been fulfilled.

Other revenues consist mainly of parking revenues, paid lounge sales, and advertising revenues. The performance obligation is satisfied upon completion of services such as parking services, lounge access services, and advertisement placement. If the performance obligation is satisfied at a point in time, revenue is recognized at the time the services are provided. If the performance obligation is satisfied over a certain period, revenue is recognized on a straight-line basis over the period the service is provided.

(2) Merchandise sales

The merchandise sales operations are mainly engaged in the operation of merchandise stores and wholesale.

The performance obligation is satisfied when goods are delivered to customers for domestic and international flights, and revenue is recognized when such goods are delivered.

Other revenues consist mainly of contract sales. The performance obligation is deemed satisfied when the goods are delivered to the customer, and revenue is recognized when the goods are delivered to the customer.

(3) Food and beverage

The food and beverage operations are mainly engaged in restaurant operations and producing and selling in-flight meals.

Restaurant sales consist primarily of contract sales. The Company has determined that its performance obligation is satisfied by providing food and beverage services to customers and recognizes revenue when these services are provided.

5. Other Basic Important Conditions to Prepare Non-Consolidated Financial Statements

Accounting for Retirement Benefit

The method of accounting for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differs from accounting for these items in the consolidated financial statements.

(Significant accounting estimates)

1. Inventory valuation

(1) Amount recorded in the consolidated financial statements for the current fiscal year

Loss (gain) on write-down of inventories

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Reversal at the beginning of the period	(1,416)	(154)
Amount recorded in the current period	154	40
Total	(1,262)	(114)

(2) Information about the nature of significant accounting estimates for identified items

The method of calculating the amount in (1) is the same as that described in “Notes (Significant Accounting Estimates) Inventory Valuation” in the Consolidated Financial Statements.

2. Valuation of shares of Tokyo International Air Terminal Corporation (shares of affiliated companies)

(1) Amount recorded in the financial statements for the current fiscal year

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Shares of subsidiaries and associates	13,530	13,530

(2) Information about the nature of significant accounting estimates for identified items

(a) Calculation Method

A real estate appraiser values the stock of Tokyo International Air Terminal Corporation (TIAT) based on the terminal's business plan and other factors, such as the valuation profit. The resulting figure is then added to the company's net assets to determine its value.

(b) Main Assumptions

The real estate appraiser used the business plan of TIAT as a reference, considering two key assumptions: the number of international air passengers and the duty-free unit price of goods with high sales volume. The number of international air passengers was estimated for the most recent year based on actual flight results and future schedules announced by airlines. Subsequently, the number of international air passengers was calculated based on airline demand forecasts announced by the International Air Transport Association (IATA) and market trends specific to Haneda. Furthermore, the duty-free unit price of merchandise sales is estimated based on historical data.

(c) Impact on non-consolidated financial statements for the following fiscal year

It is important to note that the estimates of the number of international air passengers and the duty-free unit price of merchandise sales, which are key assumptions, are highly uncertain. Fluctuations in these estimates may cause fluctuations in our business performance. Consequently, should the business plan upon which the estimates are based prove unattainable, the terminal valuation gain may decline, and a valuation loss on shares of affiliated companies may be incurred.

(Notes on Non-Consolidated Balance Sheets)**1. Assets pledged as collateral and corresponding liabilities with collateral**

The following are assets pledged as collateral.

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Investment securities	10,837	11,799
Shares of subsidiaries and associates	15,854	15,854
Long-term loans receivable	8,510	8,510
Total	35,201	36,163

Note: Pledged as collateral for borrowings by affiliated companies and investee companies.

2. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding those presented separately)

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Short-term monetary receivables	33,756	43,539
Long-term monetary receivables	9,081	9,041
Short-term monetary payables	39,377	44,893
Long-term monetary payables	569	572

3. Liabilities guaranteed

The Company guarantees (including commitment) the following group companies for borrowing from financial institutions.

(1) Debt guarantee

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Airport Transport Service Co., Ltd.	1,800	1,800
Sakura Shokai Co., Ltd.	266	233
Japan Airport Delica Inc.	225	225
Air BIC Inc.	408	408
Japan Duty-Free Fa-So-La Isetan Mitsukoshi Co., Ltd. (Note)	-	-
Haneda Future Research Institute Inc.	87	-
Japan Airport Management LLC	5	6
Global Service Co., Ltd.	-	102
Total	2,791	2,774

Note: The amount related to the debt guarantee for Japan Duty-Free Fa-So-La Isetan Mitsukoshi Co., Ltd. is shown net of the provision for loss on the business of subsidiaries and affiliates.

(2) Commitment to guarantee

	(Millions of yen)	
	FY2022	FY2023
	(As of March 31, 2023)	(As of March 31, 2024)
Haneda Future Tokutei Mokuteki Kaisha	666	666

4. Amount of reduction entry

Due to the receipt of national subsidy, reduction entry of the following amount is deducted from the acquisition costs of property, plant and equipment.

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Buildings and structures	88	182
Machinery and equipment	418	418
Others	36	47
Total	543	648

(Notes on Non-Consolidated Statements of Income)

1. Transactions with subsidiaries and affiliates

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Transaction volume from business transactions:		
Operating revenues	35,461	100,306
Purchases of goods	3,284	7,574
Selling, general and administrative expenses	21,625	29,088
Non-operating transaction volume	2,077	4,793

2. The amount of inventory at the fiscal year-end is the amount that reflects the writing-down of the book value due to the decline in profitability, and the following inventory valuation loss is included in the cost of goods sold. Figures in parenthesis indicate the reversal of the write-down.

	(Millions of yen)	
	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
	(1,262)	(114)

(Securities)

Shares of subsidiaries and affiliates

[For the year ended March 31, 2023]

	(Millions of yen)		
	Carrying value	Estimated fair value	difference
Shares of subsidiaries and associates	1,995	2,650	655

[For the year ended March 31, 2024]

	(Millions of yen)		
	Carrying value	Estimated fair value	difference
Shares of subsidiaries and associates	1,995	2,938	943

Note: Carrying out the amount of non-marketable equity and other securities not included above.

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Shares of subsidiaries	18,478	18,348
Shares of associates	2,779	3,074

(Income Taxes)

Income taxes in Japan applicable to the Company consist of corporation tax, inhabitants' taxes, and enterprise tax, which, in the aggregate, resulted in a statutory rate of approximately 31% for the years ended March 31, 2023, and 2024.

1. The significant components of deferred tax assets and liabilities on March 31, 2023, and 2024 were as follows:

(Millions of yen)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Deferred tax assets:		
Non-deductible portion of depreciation	8,418	8,641
Provision for loss on business of subsidiaries and associates	2,217	2,465
Provision for retirement benefits	1,264	1,279
Loss on valuation of shares of subsidiaries and associates	548	588
Impairment losses	421	373
Loss on valuation of investment securities	277	277
Enterprise tax payable	178	258
Provision for bonuses for employees	120	202
Property tax payable	159	158
Others	2,095	722
Total gross deferred tax assets	15,702	14,968
Valuation allowance	(3,583)	(3,904)
Total of deferred tax assets	12,119	11,064
Deferred tax liabilities:		
Valuation difference on available-for-sale securities	(670)	(1,040)
Returned assets	(99)	(27)
Gains on contribution of securities to retirement benefit trust	(216)	(215)
Others	(55)	(61)
Total of deferred tax liabilities	(1,041)	(1,344)
Net deferred tax assets (liabilities)	11,077	9,720

2. The reconciliation between the effective tax rates reflected in the non-consolidated statements of income and the statutory effective tax rate for the year ended March 31, 2023, and 2024 were as follows:

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2023 (From April 1, 2023 to March 31, 2024)
Statutory effective tax rate	30.62%	
(Reconciliation)		
Items permanently not deductible for tax purposes	0.48%	The reconciliation was omitted because the difference is less than 5/100 of the statutory tax rate.
Items permanently not includable in income	(0.21%)	
Tax Measure to Promote Wage Increases	(1.27%)	
Valuation allowance	4.13%	
Others	0.04%	
Effective tax rates after the application of tax effective accounting	33.79%	

(Change in Presentation Method)

To streamline the presentation of financial data, "Loss carried forward," which was previously presented separately in the previous fiscal year, is now included in "Others" in the current fiscal year as it has become insignificant in terms of amount. The notes for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, the sum of 1,364 million yen, which was previously presented as "Loss carried forward," is now included in "Others" and reclassified as "Others" 2,095 million yen.

(Revenue Recognition)

Information that provides a basis for understanding revenue

The basis for understanding revenues is as described in “4. Recognition of significant revenues and costs” in “(Significant Accounting Policies).”

The transaction price received by the Company in exchange for the transfer of goods or services includes, in part, variable consideration such as sales with a right of return. Variable consideration is estimated based on the value of the goods beyond the expiration date of storage in the wholesaler’s bonded warehouse. It is reviewed periodically based on the most recent information available. The Company recognizes as revenues and expenses the contractual return value of goods expected to be returned under the contract, less an amount equal to the cost of goods sold.

(Significant Subsequent Events)

Not applicable

(4) Supplementary Non-Consolidated Financial Statements

[1. Detailed Statements of Property, plant and equipment and Intangible Assets]

(Millions of yen)

Category	Type of assets	Beginning balance	Increase	Decrease	Depreciation	Ending balance	Accumulated depreciation
Property, plant and equipment	Buildings	105,875	4,886	193	9,932	100,636	249,121
	Structures	660	0	-	113	548	5,389
	Machinery and equipment	3,922	133	5	953	3,097	11,762
	Vehicles	6	-	-	2	4	36
	Tools, furniture and fixtures	6,448	2,087	24	2,131	6,379	35,908
	Leased assets	1,258	-	-	318	940	1,384
	Sub-total	118,172	7,107	224	13,449	111,606	303,601
	Land	12,817	30	-	-	12,847	-
	Construction in progress	8,712	20,710	-	-	29,423	-
	Total	139,702	27,849	224	13,449	153,877	303,601
Intangible assets	Software	1,136	1,847	0	541	2,441	-
	Right-to-use facilities	28	18	-	2	45	-
	Software in progress	9	347	6	-	350	-
	Total	1,175	2,213	6	544	2,837	-

Notes:

- 1) The “Decrease” includes the amount of advanced depreciation.
- 2) The “Accumulated depreciation” includes accumulated impairment losses.
- 3) Major items in the “Increase” are as follows.

(Millions of yen)

Buildings	Haneda Innovation City: terminal.0 new construction	777
Construction in progress	Haneda Airport, Terminal 1: North Satellite construction	13,188
Construction in progress	Haneda Airport, Terminal 2: Satellite - main building connection construction	7,013

[2. Detailed Statements of Reserves]

(Millions of yen)

Items	Beginning balance	Increase	Decrease	Ending balance
Allowance for doubtful accounts	43	11	-	54
Provision for bonuses for employees	394	662	394	662
Provision for bonuses for directors	-	81	-	81
Provision for loss on business of subsidiaries and associates	7,243	809	-	8,052

B. Primary assets and liabilities

As the consolidated financial statements are prepared, this information is omitted here.

C. Others

There are no special items to report.

Item 6. Stock-Related Administration for the Company

Fiscal year	From April 1 to March 31												
Ordinary General Meeting of Shareholders	June												
Record date	March 31												
Record date of dividends	Interim dividends: September 30 Year-end dividends: March 31												
Number of shares constituting one unit	100 shares												
Purchase and sales of shares less than one unit Handling office Transfer agent Forward office Purchase and sales fee	(Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo Securities Agent Department, Head Office, Mizuho Trust & Banking Co. (Special account) 1-3-3, Marunouchi, Chiyoda-ku, Tokyo / Mizuho Trust & Banking Co. - Free of charge												
Method of public notice	The method of public notice by the Company shall be electronic public notice, provided, however, that if the use of the electronic public notice becomes impossible, due to an accident or any other unavoidable reason, the public notices of the Company shall be made by publication in The Nihon Keizai Shimbun published in Tokyo.												
Special benefit for shareholders	<p>We distribute “Shareholder Coupons” and “Shareholder Discount Coupons” once a year to shareholders who own one unit (100 shares) or more and are listed or recorded in the shareholder registry as of March 31 of each year.</p> <p>In addition, as a long-term special benefit plan, “VJA Gift Cards” will be distributed once a year to shareholders who are listed or recorded as shareholders of one unit (100 shares) or more in the Company’s shareholder registry as of March 31 every year and who have held the Company’s shares for more than three years.</p> <p>1) Shareholder Coupons</p> <p>Each ticket can be used as a 1,000 yen voucher at our designated stores at Haneda Airport, Narita Airport, Kansai Airport, Chubu Airport, and Ibaraki Airport.</p> <table> <tr> <td>1 unit (100 shares) or more but less than 10 units (1,000 shares)</td><td>1 coupon (1,000 yen)</td></tr> <tr> <td>10 units (1,000 shares) or more but less than 100 units (10,000 shares)</td><td>2 coupons (2,000 yen)</td></tr> <tr> <td>100 units (10,000 shares) or more</td><td>3 coupons (3,000 yen)</td></tr> </table> <p>2) Shareholder Discount Coupons</p> <p>Shareholders holding one unit (100 shares) or more will receive five “Shareholder Discount Coupons (10% discount)” that can be used at our designated duty-free stores at Haneda Airport, Narita Airport, Chubu Airport, and Ibaraki Airport.</p> <p>3) Presentation of VJA gift cards</p> <table> <tr> <td>1 unit (100 shares) or more but less than 10 units (1,000 shares)</td><td>1 gift card (1,000 yen)</td></tr> <tr> <td>10 units (1,000 shares) or more but less than 100 units (10,000 shares)</td><td>2 gift cards (2,000 yen)</td></tr> <tr> <td>100 units (10,000 shares) or more</td><td>3 gift cards (3,000 yen)</td></tr> </table>	1 unit (100 shares) or more but less than 10 units (1,000 shares)	1 coupon (1,000 yen)	10 units (1,000 shares) or more but less than 100 units (10,000 shares)	2 coupons (2,000 yen)	100 units (10,000 shares) or more	3 coupons (3,000 yen)	1 unit (100 shares) or more but less than 10 units (1,000 shares)	1 gift card (1,000 yen)	10 units (1,000 shares) or more but less than 100 units (10,000 shares)	2 gift cards (2,000 yen)	100 units (10,000 shares) or more	3 gift cards (3,000 yen)
1 unit (100 shares) or more but less than 10 units (1,000 shares)	1 coupon (1,000 yen)												
10 units (1,000 shares) or more but less than 100 units (10,000 shares)	2 coupons (2,000 yen)												
100 units (10,000 shares) or more	3 coupons (3,000 yen)												
1 unit (100 shares) or more but less than 10 units (1,000 shares)	1 gift card (1,000 yen)												
10 units (1,000 shares) or more but less than 100 units (10,000 shares)	2 gift cards (2,000 yen)												
100 units (10,000 shares) or more	3 gift cards (3,000 yen)												

Note: Under the Company’s Articles of Incorporation, shareholders holding shares of less than one unit do not have any rights other than the rights listed in each item of Article 189, Paragraph 2 of the Companies Act, the right to request under Article 166, Paragraph 1 of the Companies Act, the right to receive allotment of offered shares and offered stock acquisition rights in proportion to the number of shares held by shareholders, and the right to request sale of shares less than one unit.

Item 7. Reference Information on the Company

1. Information on the Parent Company

Not applicable.

2. Other Reference Information

The Company filed the following documents from the commencing date of the fiscal year ended March 31, 2024, to the filing date of the Annual Securities Report.

(1) Annual Securities Report and Documents Attached, and Confirmation Letter

Business Term (79th) From April 1, 2022 to March 31, 2023

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

(2) Internal Control Report and Documents Attached

Filed with the Director-General of the Kanto Local Finance Bureau on June 28, 2023

(3) Quarterly Report and Confirmation Letter

Business Term (80th 1st Quarter) From April 1, 2023 to June 30, 2023

Filed with the Director-General of the Kanto Local Finance Bureau on August 10, 2023

Business Term (80th 2nd Quarter) From July 1, 2023 to September 30, 2023

Filed with the Director-General of the Kanto Local Finance Bureau on November 10, 2023

Business Term (80th 3rd Quarter) From October 1, 2023 to December 31, 2023

Filed with the Director-General of the Kanto Local Finance Bureau on February 9, 2024

(4) Extraordinary Report

Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2023

Under Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (results of exercise of voting rights at the General Meeting of Shareholders).

(5) Amended Shelf Registration Statement

Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2023

Part II. Information on Guarantors for the Company

Not applicable.

Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

June 26, 2024

To: The Board of Directors of Japan Airport Terminal Co., Ltd.

EY Ernst & Young ShinNihon LLC
Tokyo Office

Hirohisa Fukuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Fujimori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Japan Airport Terminal Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group") provided in the "Financial Information" section in the Company's Annual Securities Report ("Yukashoken Hokokusho"), which comprise the consolidated balance sheet as of March 31, 2024, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows for the fiscal year then ended, notes on the consolidated financial statements, and supplementary consolidated financial statements, by Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

<i>(The recoverability of deferred tax assets of the consolidated subsidiary, Tokyo International Air Terminal Corporation)</i>	
Description of Key Audit Matter	Auditor's Response
<p>The Company and its consolidated subsidiaries have recognized deferred tax assets of 12,744 million yen before offsetting deferred tax liabilities, as detailed in Note (Income Taxes). As detailed in Note (Significant Accounting Estimates), this figure incorporates deferred tax assets of 2,743 million yen about tax loss carryforwards of a subsidiary, Tokyo International Air Terminal Corporation.</p> <p>The Company and its consolidated subsidiaries assess the recoverability of deferred tax assets by evaluating the classifications of the Company by the "Guidance on Recoverability of Deferred Tax Assets."</p> <p>In the current consolidated fiscal year, the business performance of Tokyo International Air Terminal Corporation, a consolidated subsidiary that operates international terminal buildings, has recorded deferred tax assets related to losses carried forward for tax purposes due to a sharp recovery in the number of international airline passengers at Haneda Airport. The deferred tax assets are based on the estimated taxable income of Tokyo International Air Terminal Corporation, with the business plan of Tokyo International Air Terminal Corporation serving as the basis for such estimates.</p> <p>As outlined in the Notes (Significant Accounting Estimates), the primary assumptions in this business plan are the number of international air passengers and the duty-free unit price of merchandise sales. Given the inherent uncertainty of the future business environment, these assumptions are subject to change.</p> <p>In light of the above, we have identified the assessment of the recoverability of deferred tax assets of the consolidated subsidiary, Tokyo International Air Terminal Corporation, as a significant audit area.</p>	<p>In evaluating the recoverability of deferred tax assets, we conducted the following audit procedures:</p> <ul style="list-style-type: none">• In order to assess the recoverability of the deferred tax assets of Tokyo International Air Terminal Corporation, we considered that the estimated taxable income for the next fiscal year was calculated based on the business plan.• To assess the number of international airline passengers, a key assumption in the business plan, we consulted with the relevant departments to gain insight into how the Company and its consolidated subsidiaries estimate passenger numbers. We also utilized external data, including passenger volume recovery information from IATA (International Air Transport Association) and timetable data from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), to calculate the auditor-allowable values. The auditor's estimates for the Company and its consolidated subsidiaries fell within the acceptable range.• In order to evaluate the tax-exempt unit price, which is a key assumption in the business plan, we considered that the estimate is based on the actual results of the current year in light of the prevailing business environment.

<i>(Inventory Valuation)</i>	
Description of Key Audit Matter	Auditor's Response
<p>The Group recognized 7,850 million yen of merchandise and finished goods on the consolidated balance sheets. This amount is net of an inventory write-down of 40 million yen. The amount of the inventory write-down is calculated by multiplying the value of goods in stock by the write-down ratio.</p> <p>The Company and some of its consolidated subsidiaries operate airport duty-free stores and urban duty-free stores. International airline passenger volume has been recovering rapidly following the significant easing of entry restrictions since October 2022. This has led to a steady recovery in duty-free sales, resulting in a decrease in backlogs of goods.</p> <p>As outlined in the Notes (Significant Accounting Estimates), backlogged goods are identified based on items that have exceeded their storage period in bonded warehouses. The write-down ratio used in the calculation of inventory write-downs is calculated in such a way that the full amount of inventory write-downs is recorded for items scheduled for disposal. For other items, the write-down ratio is calculated mainly based on the contractual return value or actual sales for the past performance.</p> <p>A fundamental premise in the valuation of distressed goods is the write-down rate, which is derived from historical sales data and is inherently subject to estimation uncertainty, given that historical sales performance may not necessarily be indicative of future trends.</p> <p>Consequently, we have identified the valuation of inventories as a key audit matter.</p>	<p>In considering the inventory write-down, we conducted the following audit procedures:</p> <ul style="list-style-type: none"> • To assess the comprehensiveness of the inventory in arrears, we analyzed whether the inventory in arrears is identified based on items that have exceeded the storage period in bonded warehouses. • To ensure that the write-down rate was properly applied, we reviewed the full value of items scheduled for disposal as inventory write-downs and confirmed that the contractually determined return values were consistent with the agreed-upon values. • With regard to the valuation loss ratio, which is calculated based on historical sales data, a key assumption, the Company confirmed that it is consistent with historical sales data and recalculated the valuation loss ratio. • In order to assess the efficacy of the valuation loss ratio calculation methodology, we analyzed the discrepancy between the valuation loss ratio applied to inventory valuation at the end of the previous fiscal year and the actual valuation loss ratio based on sales value data for the current fiscal year.

Other Information

The other information comprises the information included in the Annual Securities Report but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties regarding the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties about the design, implementation, and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances in making risk assessments, but not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a modified opinion on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our opinion.

We report to the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards to eliminate or reduce obstruction factors.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Internal Control Report

Opinion

We also have audited the accompanying internal control report of the Company as of March 31, 2024, by Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as of March 31, 2024, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting by assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our audit of the internal control report by auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control Report section of our report. We are independent of the Group by the ethical requirements that are relevant to our audit of the internal control report in Japan, and we have fulfilled our other ethical responsibilities by these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit & Supervisory Committee for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report by assessment standards for internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibilities for the Audit of the Internal Control Report

Our responsibilities are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that expresses our opinion on the internal control report based on our audit from an independent point of view.

By internal control auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on the significance of the effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures, and results of the assessments that management presents.
- Obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision, and performance of the audit of the internal control report. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of the internal control report, and those that were remediated, and other matters required by internal control auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards to eliminate or reduce obstruction factors.

Compensation-related information

The compensation for audit attestation services and non-audit services provided by the Company and its subsidiaries to the Audit Firm and affiliated networks is outlined in the “C. Condition of Audits” of “Corporate Governance” which is included in “Item 4. Information of the Company” of “Part 1. Company Information” section.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners have no interest in the Company and its subsidiaries which must be disclosed under the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor’s Report:

This is an English translation of the Independent Auditor’s Report as required by the Financial Instruments and Exchange Act of Japan for the reader's convenience.

Independent Auditor's Report on the Financial Statements

June 26, 2024

To: The Board of Directors of Japan Airport Terminal Co., Ltd.

EY Ernst & Young ShinNihon LLC
Tokyo Office

Hirohisa Fukuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Fujimori
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the non-consolidated financial statements of Japan Airport Terminal Co., Ltd. ("the Company") provided in the "Financial Information" section in the Company's Annual Securities Report ("Yukashoken Hokokusho"), which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, notes on the non-consolidated financial statements, and the supplementary non-consolidated financial statements of the Company as of March 31, 2024 and for the 80th fiscal year from April 1, 2023 to March 31, 2024, by Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the fiscal year that ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company by the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of the audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

(Inventory Valuation)

This information is omitted because it is identical to the key audit matters (Inventory Valuation) included in the auditor's report on the consolidated financial statements.

Other Information

The other information comprises the information included in the Annual Securities Report but does not include the consolidated financial statements, the financial statements, and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The Audit & Supervisory Committee is responsible for overseeing the directors' performance of their duties regarding the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

The Audit & Supervisory Committee is responsible for overseeing the Directors' performance of their duties including the design, implementation, and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the non-consolidated financial statements, obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances in making risk assessments, but not to express an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Committee with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards to eliminate or reduce obstruction factors.

From the matters communicated with the Audit & Supervisory Committee, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Compensation-related information

Compensation-related information is presented in the auditor's report on the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan.

Our firm and its designated engagement partners have no interest in the Company, which must be disclosed under the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Cover

【Document title】	Internal Control Report
【Clause of stipulation】	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
【Place of filing】	Director-General of the Kanto Local Finance Bureau
【Filing date】	June 26, 2024
【Company name】	Nihon Kuko Building KK.
【Company name in English】	Japan Airport Terminal Co., Ltd.
【Title and name of representative】	Nobuaki Yokota, President and COO
【Title and name of chief financial officer】	Kazuhito Tanaka, Executive Vice President
【Address of registered head office】	3-3-2, Hanedakuko, Ohta-ku, Tokyo, Japan
【Place for public inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Matters relating to the basic framework for internal control over financial reporting

Nobuaki Yokota, President and COO, and Kazuhito Tanaka, Executive Vice President (Chief Financial Officer), are responsible for establishing and maintaining internal control over financial reporting of the Japan Airport Terminal Co., Ltd. (“the Company”), its consolidated subsidiaries, and equity-method affiliates (collectively referred to as “the Group”) and have established and maintained internal control over financial reporting by the basic framework for internal control outlined in the “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control over financial reporting is designed to achieve its objectives to the extent reasonable through the practical function and combination of its essential elements. Therefore, internal control over financial reporting may not completely prevent or detect misstatements.

2. Matters relating to the scope of assessment, the assessment base date and the assessment procedures

The “Company” assessed the effectiveness of our internal control over financial reporting on the base date as of March 31, 2024, and made this assessment by standards for internal control over financial reporting generally accepted in Japan.

In making this assessment, the Company evaluated internal control, which may have a material effect on the entire financial reporting on a consolidated basis (“company-level controls”). Based on the result of this assessment, the Company appropriately selected business processes to be evaluated. In making these business processes assessments, the Company analyzed these selected business processes, identified key controls that may have a material impact on the reliability of internal control over financial reporting, and assessed the design and operation of these key controls.

The Company determined the required assessment scope of internal controls over financial reporting for the Group from the perspective of the materiality that may affect the reliability of its financial reporting. The materiality that may affect the reliability of its financial reporting is determined by considering the materiality of quantitative and qualitative impacts. The Company has determined the assessment scope of internal controls over business processes after considering the results of the Company-level controls conducted for the Group (the Company, 10 consolidated subsidiaries, and three equity-method affiliates). The Company did not include nine consolidated subsidiaries, which do not have any quantitative or qualitative material impact on the consolidated financial statements in the assessment scope of company-level controls.

About the scope of assessment of internal control over business processes, the Company accumulated business units in descending order of operating revenues (after eliminating intercompany transactions) for the previous fiscal year, and those business units whose combined operating revenues amount to approximately two-thirds of operating revenues on a consolidated basis were selected as significant business units. At the chosen considerable business units, the Company included, in the assessment scope, those business processes leading to operating revenues, accounts receivables, and inventories as accounts closely relating to the business objectives of the Company. Further, not only at selected significant business units but also at other business units, the Company added to the assessment scope those business processes having more significant materiality considering their impact on the financial reporting, those business processes relating to greater likelihood of material misstatements in significant accounts involving estimates or forecasts as these significant accounts that may have a material impact on its business objectives, or those business processes relating to businesses or operations dealing with high-risk transactions.

3. Matters relating to the results of the assessment

As a result of the evaluation above, the Company concluded that internal control over the financial reporting of the Company was effective as of March 31, 2024.

4. Additional notes

Not applicable.

5. Special notes

Not applicable.