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May 9, 2025

To All Concerned Parties

Company name: Japan Airport Terminal Co., Ltd.
Representative: Kazuhito Tanaka, Representative Director and President
(Code: 9706, Prime Market, Tokyo Stock Exchange)
Inquiries: Shigeyuki Taguchi, Chief Senior Managing Executive Officer,
Senior Vice President, Planning & Administration Department
Tel: 03-5757-8000

Notice Regarding Receipt of the Special Investigation Committee's Investigation Report

As announced in the press release dated April 3, 2025, titled "Notice Regarding News Reports," it was found that the chief officers of Japan Airport Terminal Co., Ltd. (the "Company") may have engaged in inappropriate actions in the supplier selection process and circumstances of transactions concerning massage chairs installed by Big Wing Co., Ltd. ("Big Wing"), the Company's subsidiary, at Haneda Airport. Given that situation, for the purpose of investigating the facts and circumstances, the Company has established a "Special Investigation Committee" led by the Audit and Supervisory Committee and has carried out an investigation.

The Special Investigation Committee also investigated whether there were any similar issues in the transactions involving the Company, Big Wing, and subsidiaries other than Big Wing.

The Company hereby announces that today it received the attached investigation report from the Special Investigation Committee. Please note that the investigation report is partially non-disclosed for privacy and confidential information protection reasons, among others.

According to the investigation report, inappropriate transactions were made in the massage chair business for the purpose of providing economic benefits to a company linked to a son of a former member of the House of Representatives. In addition, inappropriate transactions with the same company were also confirmed in the agency business related to advertising in the airport and consulting business for management. Furthermore, it was pointed out that top down instructions to render such company as the business partner were given, and that officers and employees had no choice but to follow the instructions, even though they doubted the rationality of the instructions.

We sincerely apologize for the concern and inconvenience caused to airport users, business partners, and concerned parties due to this incident.

Given the results of this investigation, the Company has accepted the resignation of Isao Takashiro, Chairman and Chief Executive Officer (CEO), and Nobuaki Yokota, President and Chief Operating Officer (COO).

The Company takes the investigation results of the Special Investigation Committee seriously, implements strict disciplinary action against those involved, and implements measures to prevent recurrence to raise compliance awareness among officers and employees and strengthen corporate governance based on the Committee's recommendations, and it will work to restore the trust of all concerned parties.

End

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Summary of Investigation Report

Japan Airport Terminal Co., Ltd.
Special Investigation Committee

1. Results of Investigation on Massage Chair Business

(1) Summary

At Haneda Airport, the massage chair business has been developed at full scale since September 2006, and has continued to the present. During that period, there were changes in service providers; however, it has been the consistent practice that counterparties of the relevant contracts are selected and changed for the purpose of providing economic benefits to Mr. A, who is a son of a former member of the House of Representatives. The series of transactions was led by Mr. Yokota, Representative Director President and Executive Officer & COO of Japan Airport Terminal Co., Ltd. (“JATCO”), and Mr. Takashiro, Representative Director, Chairman & CEO of JATCO, allowed and encouraged it.

(2) Background from Entry into Contract with Company W to Entry into Contract with Company X

Mr. Yokota met with Mr. A through introduction by Mr. Takashiro, decided to enter into a service contract with Company W, of which Mr. A was the representative director, for the massage chair business at Haneda Airport’s Terminal 1 (T1) and Terminal 2 (T2), and instructed BIG WING, a subsidiary of JATCO, to enter into a contract dated September 2006 with Company W. The equipment installation fee to be paid by BIG WING to Company W was set at 70% of the sales of massage chairs through consultation between Mr. Yokota and Mr. A. The actual services under the contract were carried out by Company X, which was a subcontractor of Company W; thus, Company W 100% subcontracted to Company X.

After that, Mr. A made a request to Mr. Yokota that massage chairs also be installed in Terminal 3 (T3), and in April 2012, a service contract was entered into with Company W for the massage chair business at T3. It has been confirmed as a fact that in March 2012, at the request of Mr. A, Mr. Takashiro told the then President of Tokyo International Air Terminal Corporation (“TIAT”) to increase the number of massage chairs installed in T3, separately from the scheduled number under the above-mentioned contract. However, the then President of TIAT refused the additional installation, saying that it was difficult to explain the reason for the additional installation to the Government.

In 2016, as a result of the tax authorities having pointed out to BIG WING that Company W cannot be recognized to have provided any of the relevant services and thus that the portion of the equipment installation fee paid to Company W that corresponds to Company W’s share falls under an act of donation under the tax law, BIG WING filed an amended tax return (BIG WING paid more than 66 million yen in total, including tax on delinquency, heavy additional tax, etc.).

In response to the tax authorities’ findings, BIG WING canceled the contract with Company W and entered into a service contract for the massage chair business with Company X in December 2016. However, even after that, Company X paid money to Company W from the payments it received. Mr.

Yokota and Mr. Iwase, who was the director in charge of the matter at BIG WING, were aware of this fact.

The equipment installation fee to be paid by BIG WING to Company X was 70% of the sales; however, in July 2020, at the instruction of Mr. Yokota based on Mr. A's request, it was increased to 80% starting from September of that year, for the purpose of raising commissions to be paid by Company X to Company W by 10%.

(3) Background of Entry into Contract with Company V and Change in Equipment Installation Fee

Company X decided to hand over the massage chair business at T1 and T2 to Company V because of the heavy burden of paying commissions to Company W and the lack of capacity to update equipment. In December 2020, BIG WING entered into a service contract with Company V for the massage chair business. The equipment installation fee to be paid to Company V was set at 80% of the sales. This was because Mr. Yokota and Mr. Iwase were aware that Company V would continue to pay commissions to Company W (however, Company V was not informed to that effect).

After commencement of the contract with Company V, payments to Company W ceased. Therefore, from around June 2021, Mr. A began to request payment of commissions from Mr. Yokota and Mr. Iwase. In response to this, Mr. Yokota instructed Mr. Iwase to consider a way to pay commissions to Company W. Mr. Iwase, after consulting with his subordinates, made a proposal to Company V to have another company perform the collection of money, settlement, and cleaning, which had been the duties of Company V up until this point, and have that company pay money to Company W; however, Company V refused. For this reason, Mr. Iwase decided to reduce the equipment installation fee to be paid to Company V to 70% on the grounds that there was no reason to keep it at 80%.

(4) Background of Termination of Contract with Company V and Entry into Contract with Company Y

As for the massage chair business at T3, Company X completely withdrew from it in June 2021. Since Company V had refused to pay money to Company W, Mr. Yokota and Mr. Iwase decided to enter into a service contract with a company introduced by Mr. A with respect to massage chairs at T3 so that commissions would flow into Company W. Negotiations between Company W and the equipment manufacturer had rough going, and this plan was temporarily derailed. However, in June 2023, BIG WING entered into a service contract for massage chairs at T3 with Company Y, which had been introduced by Mr. A.

Since Mr. A requested to Mr. Yokota that a contract should also be entered into with Company Y with respect to massage chairs at T1 and T2, Mr. Yokota decided not to renew the contract with Company V but to terminate it at the end of the scheduled three-year term, and to enter into a new contract with Company Y. Mr. Yokota gave instructions to that effect to Mr. Iwase.

However, Company V objected to this and, in August 2023, sent a document to BIG WING requesting the withdrawal of the termination of the contract. The document also stated that Mr. Yokota and Mr. Iwase had previously asked Company V to pay commissions to Company W.

Since a copy of the document was also sent to Mr. Takashiro, Mr. Yokota reported to Mr. Takashiro that there was a dispute with Company V over the payment of money to Mr. A, and also that Company Y, which was to be the service provider for the massage chair business at T1 and T2 after Company V, was a company introduced by Mr. A.

Mr. Takashiro told Mr. Yokota not to "have a dispute with Company V," so Mr. Yokota decided to extend the contract with Company V for one year.

In response to the one-year extension of the contract with Company V, Mr. Yokota and Mr. Iwase decided to entrust cleaning work for massage chairs at T1 and T2 to Company Y in exchange for Mr. A waiting for one year; and in April 2024, they entered into a service contract for such cleaning with Company Y. Company Y prepared false reports that it had cleaned all equipment even though it had actually cleaned only a small part of it. While Mr. Iwase was aware of this fact as a result of reports received from his subordinates, he nonetheless instructed his subordinates to affix a confirmation stamp on the reports in order to pay Company Y.

In December 2024, in response to the termination of the contract with Company V, BIG WING entered into a service contract with Company Y for the massage chair business at T1 and T2.

2. Other Contracts with Companies Related to Mr. A

(1) Agency Contract with Company W for Advertising in Airport

Mr. Yokota received a request from Mr. A that an agency contract should be entered into for advertising at Haneda Airport; and in December 2008, he instructed BIG WING to enter into an agency contract with Company W. Mr. Yokota discounted the advertisement placement fees to be paid by Company W, given that the advertising spaces were in the baggage claim area of T1, which was a remote location.

Payment of advertisement placement fees by Company W began to be delayed from around 2013; however, in June 2015, at the instruction of Mr. Yokota based on Mr. A's request, an agency contract was also entered into with Company W for advertising spaces at T2. After that, Company W's failure to pay advertisement placement fees continued. As of the end of March 2025, the outstanding balance amounted to about 19.28 million yen, but Mr. Yokota instructed Mr. Iwase to treat the entire amount with an allowance for bad debts.

On the other hand, in the tax audit in 2016, the tax authorities pointed out to BIG WING that Company W received large advertising rates which greatly exceeded the fixed advertisement placement fees from its clients, i.e., advertisers. Furthermore, BIG WING personnel received similar information from other advertising agencies and reported it to Mr. Iwase. The relevant agency contracts prohibited advertising agencies from receiving fees from advertisers in excess of the advertisement placement fees agreed upon with BIG WING; however, Mr. Iwase did not give any special instructions for thorough fact-checking or correction.

(2) Service Contract with Company Z

In April 2013, JATCO entered into a service contract with Company Z for the purpose of receiving advise on, among other matters, future business development related to Haneda Airport and other airports. Entering into this contract was at the instruction of Mr. Takashiro based on Mr. A's request. Company Z only lent its name for Company W and did not provide any services, nor did Company W provide any special services. Thus, this contract was only a token contract to allow money to be paid to Company W. This contract terminated at the end of March 2016.

In the tax audit on JATCO in 2016, the service fees that had been paid by JATCO to Company Z were recognized as donations on the grounds that Company Z cannot be recognized to have provided any of the relevant services. Consequently, JATCO filed an amended tax return and paid just under 11 million yen in total, including tax on delinquency, heavy additional tax, etc.

3. Results of Investigation into Similar Cases

In investigation into similar cases, mainly questionnaires to officers and employees involved in procurement operations of the JATCO Group, unlike the case of the massage chair business, we did not find any cases where contracts were entered into with business operators that did not actually

provide any services or where any actions contrary to sound business practices were taken against other business operators in the course of transactions. On the other hand, it has emerged that Mr. Takashiro, in particular, sometimes gave top-down instructions to select specific business operators as business partners and that officers and employees had no choice but to follow these instructions even though they doubted the rationality thereof. From the responses to the questionnaires and the results of interviews, it seems that the officers and employees were in a situation where they had no choice but to surmise the intentions of JATCO top management, follow their instructions even when they doubt the rationality of the relevant translations, and accept unreasonable demands made by business operators who “take advantage of such influence” of the top management.

4. Checking Mechanism in JATCO Group

(1) Internal Audits

The Audit Office consists of only four employees, including the head of the office, and conducts internal audits of JATCO itself and 17 JATCO group companies (TIAT, which is tasked with the PFI business, has its own audit organization). Doubts have been expressed in the Audit Office as to whether this personnel structure is sufficient to conduct internal audits of the 17 group companies in addition to JATCO itself.

Furthermore, since the results of the tax audit in 2016 were not shared with the Audit Office, the Audit Office did not audit whether similar problems existed at other subsidiaries or whether measures to prevent recurrence were taken reliably at JATCO and BIG WING.

(2) Whistleblowing System

Awareness of the whistleblowing system is high at about 90%, but the problems discovered in this matter have never been reported.

At interviews, the following statements were made by officers and employees: “I thought that if I made a whistleblowing report in this company, it would definitely be exposed and I would be disadvantaged. In this company, if someone earns the displeasure of Chairman Takashiro, that person will be demoted instantly,” “I thought that even if I filed a report, it would be smothered. I was worried that my boss would be angry with me.” This shows that psychological safety was not ensured at all with respect to raising questions against words or behavior of the top management.

5. Root Cause Analysis

(1) Lack of Compliance Awareness among Top Management and Disablement of Governance by Top Management

With respect to the series of problems discovered in this matter, the series of actions taken by Mr. Yokota and Mr. Iwase are not only contrary to JATCO’s Basic Compliance Guidelines in the following respects but also seriously damage the credibility of the JATCO Group and thus are extremely inappropriate for executives of a listed company’s group.

- Even after the tax authorities pointed out that Company W cannot be recognized to have actually provided services, a structure to allow Company W to gain benefits was maintained in continuing transactions, while a contract with Company X was entered into ostensibly. In light of socially accepted ideas, such conduct represents inappropriate actions that can be suspected of being tax evasion contrary to the intent of tax laws and regulations.
- A business partner was asked to involve a company related to Mr. A in a transaction without reasonable grounds and also suffered unilateral termination of a contract due to having refused to pay money to Company W. Taking into account that these actions were

consistently taken for the purpose of allowing Mr. A to obtain economic benefits, they are contrary to the Basic Compliance Guidelines, which stipulate the establishment of appropriate relationships with business partners in accordance with socially accepted ideas.

- The act of arbitrarily conducting transactions for the purpose of allowing a certain person to obtain economic benefits simply because there has been a long-standing personal relationship is contrary to the Basic Compliance Guidelines.

When Mr. Takashiro was informed by Mr. Yokota of the problem concerning payment of money to Mr. A in connection with the contract with Company V, Mr. Takashiro simply said that the problem should be resolved without having a dispute, which resulted in continuance of non-transparent relationships between JATCO/BIG WING and Mr. A. Such a response is not only contrary to the Basic Compliance Guidelines but also condones actions that seriously damage the credibility of the JATCO Group and thus is extremely inappropriate for the top management of a listed company.

We found the same problems with respect to the agency contract for advertising with Company W and the service contract with Company Z.

The series of problems discovered in this matter are categorized as a case where persons who are in a position to make governance work and promote compliance as the top personnel of JATCO have personally committed actions that are obviously contrary to JATCO's Basic Compliance Guidelines against its business partners through a subsidiary. Therefore, it is necessary to consider those problems to be a case where the top management disabled JATCO's governance.

(2) Lack of Checks and Problems with Organizational Culture

Until now, the problems discovered in this matter have never been addressed in JATCO's internal management as a result of those problems being voiced by officers or employees. This is likely due to the fact that JATCO has been operating its business under the strong leadership of the top management for many years. While the organization management with overly strong leadership enabled prompt decision-making, there is no denying that it created an organizational culture that lacks psychological safety, in which it is impossible to oppose decisions made by the top personnel.

It should be said that all members of the Board of Directors were aware to varying degrees that a culture in which it was difficult to speak out to the top management had been created; therefore, part of the responsibility for creating the organizational culture that lacks psychological safety lies with the members of the Board of Directors, including outside directors.

(3) Problems with How Executives are Nominated

At JATCO, for appointment of executives, decisions were made by the then top management in substance, and after explanations at the Nominating Advisory Committee, which was established at the discretion of the company, the decisions were confirmed by the Board of Directors. This may have led to the creation of a rigid organization in which no opinions can be expressed to the top management and become one of the root causes of governance being disabled by the top management.

6. Measures to Prevent Recurrence

(1) Reform of Management Structure

In light of the fact that this is a case where the top management itself violated compliance and disabled governance, and that the long-standing system where certain top executives exercised overly strong leadership led to the dysfunctional governance due to the top management, it is essential to reform the management structure, especially to reshuffle the top management.

Furthermore, in order to eliminate the possibility of influence of “rule by retired emperors” in the structure after the provisional management structure, and also in order to reform the organizational culture as described in (5) below, consideration should be given to abolition of the advisory system and limitation of the period for which directors who served as representatives can act as consultants after retirement.

(2) Formulation of Plan to Develop Successors to CEO and Transparency of Nomination Process

It is necessary to immediately build a process (successor development plan) to systematically develop human resources suitable for leading JATCO and judge their aptitude. In addition, it is essential to establish a system in which outside directors can proactively participate in decision-making in that process.

(3) Review of How Nominating Advisory Committee Should Work

The current chairperson of the Nominating Advisory Committee is the Representative Director President. Since there is a possibility that the chairperson of the committee will lead discussions and that proposals of internal officers will be adopted as they are without adequate information being given to outside directors, it is necessary for the Board of Directors to discuss how the Nominating Advisory Committee should work. At the same time, it is advisable to consider how the criteria for selecting internal officers should be. One idea is to clarify that not only management ability and experience, but also personality, awareness of compliance, and understanding of corporate governance are factors to be considered as the criteria for selection.

(4) Strengthening of Checking Function Towards Top Management

It is necessary to reform the Audit and Supervisory Committee, reinforce the Special Audit & Supervisory Officers, enhance the internal audit system, and hold periodic meetings among independent outside directors.

One of the possible reforms to the Audit and Supervisory Committee is appointment of full-time Audit and Supervisory Committee members with advanced auditing capabilities. In addition, it is necessary to further reinforce the Special Audit & Supervisory Officers who assist the Audit and Supervisory Committee. The current two Special Audit & Supervisory Officers concurrently serve as auditors of many subsidiaries; however, from the perspective of Group governance, it is necessary to appoint separate auditors for important subsidiaries and have them conduct appropriate audits. Furthermore, as a means to enhance the internal audit system, it is necessary to consider establishing a Chief Audit Executive (CAE) as an executive. The CAE should be appointed by the Board of Directors, understand JATCO’s position and strategy, and supervise internal audits of the entire Group from the perspective of business execution. Consideration should be given to holding frank discussions on what governance should be like in the JATCO Group even at meetings attended by outside directors only.

(5) Reform of Organizational Culture

A new management team does not immediately create an organization where psychological safety is ensured. The new management team needs to clearly convey to employees its determination to fundamentally change the way the JATCO Group is managed, and to make clear its determination to be reborn as an organization that welcomes employees to speak up. The new management team also needs to keep acting in accordance with that declaration of determination. With respect to the whistleblowing system, it is necessary to secure a contact point that enables whistleblowers to file reports without worry and try to make the whistleblowing system a highly transparent process, including by adding highly independent Audit and Supervisory Committee members to whistleblowing recipients and following up after reporting.

We consider it to be necessary for the JATCO Group to undergo a transformation that aims for a return to a company that serves in a socially responsible position and engages in management that benefits both public good and business success, by reforming its organizational culture, improving the workplace environment, and strengthening compliance and governance, in response to the passionate expectations of officers and employees to create an organization with the secured psychological safety where they can speak up openly and to be reborn as a better JATCO Group.

End