

# Medium-term Business Plan Overview

The plan was formulated by backcasting from our 2030 goals, setting as milestones the government target of attracting 60 million overseas visitors to Japan, CO<sub>2</sub> reduction targets for 2030, and 2025 as the year when passenger numbers are expected to recover to pre-pandemic levels.

To realize airport business growth, which is the biggest driver of our overall growth, we will put together a plan according to which we can resume growth and expand our earnings base. To this end, we have positioned sustainability at the core of our strategy and are working to strengthen our management foundations in terms of digital transformation, organization, human resources, and governance. At the same time, we have an eye on ways of strengthening our financial strategy, in order to expand earnings beyond levels planned before the pandemic.

In FY2023, due to a steady recovery in travel demand and strong inbound demand, domestic flights saw passenger numbers reach approximately 90% of prepandemic levels. Meanwhile, passenger numbers for international flights reached their highest level since before the pandemic. That said, we have made downward revisions to our passenger numbers forecast for FY2025 to reflect the weak recovery in business demand and the impact of airlines' aircraft upgrades during the pandemic.

We recognize that the business environment has recently witnessed a sharp rise in resource costs and growing personnel and other expenses, which are major factors in causing profits to decline. Accordingly, we have revised our net income target in line with our promotion of initiatives in each segment, and rescheduled to FY2026 the completion date for the Terminal 1 north satellite facility. The target of net income, a KPI in the medium-term business plan, has been revised from ¥16.0 billion to ¥20.0 billion, an increase of ¥4.0 billion. We will do our utmost to steadily implement our medium-term business plan so as to realize our long-term vision.

### External environment

Business environment

- New values and lifestyles resulting from the pandemic
- Oversupply in the office market (declining demand due to telework, etc.)

Airline industry

- Promoting airline restructuring
- Government targeting 60 million inbound tourists
- Increasing global population in developing countries

Social environment

- Changes in global conditions
- Recurrence of pandemics
- Risk of natural disasters and earthquake
- Decarbonized society
- Global warming countermeasures

- Increased awareness of sustainability and market demands
- Domestic population decline
- Decreasing birthrate, increasingly aging population
- Rising resource prices
- Wage increases due to labor shortages, etc.

### Medium-term Business Plan 2020

**Execute an investment for internationalization**  
associated with the expansion of flight slots at Haneda

**Making TIAT a consolidated subsidiary**  
Upgrade the operation of both domestic and international flights

**Lessons learned from the COVID-19 pandemic**

- Terminal management pursuing flexibility and efficiency
- Strengthen and ensure cost controls
- Promote earnings diversification

**Increase capital**

- Secure funds to develop the terminals in the future
- Strengthen the financial foundations in preparation for prolonged COVID-19



Reform and Innovation

Change

Optimize

**Establishing a foundation for regrowth**  
Achieve desired outcomes through the fundamental improvements made during the COVID-19 pandemic

Based on the lessons learned from the pandemic, we will expand non-face-to-face and non-contact services, reduce costs, respond to changed behavior patterns, and use new technologies, such as DX and robotics, to ensure operational efficiency.

- Align terminal operations with the recovery of passenger traffic
- Suppress rebound from cost reductions
- Stabilize real estate income
- Respond to changes in lifestyle and patterns of behavior

Efficiency

Efficiency

Sophistication

Sophistication

Growth and Evolution

Growth

Drive growth

**Attracting more airport business**  
Capture future airline demand

With the Japanese government planning to attract 60 million overseas visitors to Japan by 2030, we will invest in capturing the resultant airport business demand—our biggest growth driver—and continue to improve terminal functions and airport infrastructure for greater user convenience.

- Achievement of operational excellence
- T1 internationalization/T1-T2 connection, satellite site development/access measures
- Expansion of product sales, food and service business

Operation

Facilities

Sales

Facing Challenges

Expansion

Create value

**Expanding our earnings base**  
Broaden earnings base by developing business in new fields

Having experienced the sharp decline in the demand for air travel during the pandemic, we aim to ensure that our business will not rely solely on airline passengers. We will pursue new value and possibilities for Haneda Airport based on our long experience, implement initiatives in new and expertise-based business, and strengthen our earnings base.

- Utilize the value of Haneda
- Respond to target customers seeking high added value
- Monetize the airport consulting business
- Generate revenue that is not dependent on passengers

Locational value

Customer assets

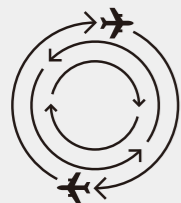
Expertise

New business

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Efficiency

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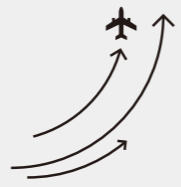
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Growth and Evolution

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# Earnings-Based Strategy: Facilities Management

## Our goals for 2025

To achieve both high quality and profitability, we are reviewing terminal operations and promoting the functional strength of airport infrastructure toward increasing the number of non-Japanese visitors to Japan in 2030, while striving to reduce maintenance and management costs and increase revenues such as rents. We aim for operating revenues from Facilities management of 110 billion yen.		
Direction of strategy	Change	Based on the expense structure reviewed during the COVID-19 pandemic, we are operating the terminals efficiently. We are enhancing real estate management by reviewing leasing and rent structures to increase revenues.
	Grow	With a view to 60 million overseas visitors to Japan in 2030, we plan to strengthen functions while contributing to society.
	Expand	We are aiming to improve performance at domestic airports as a whole by acquiring new technologies that are necessary for environmental measures and combating infectious diseases.

In passenger terminal operations, we aim to increase our corporate value by demonstrating high performance through the twin pillars of absolute safety and passenger convenience together with real estate value.

Although FY2023 revenue increased, due to a recovery in passenger volume, rising maintenance costs remained issues. These included raw material costs, energy costs, and operating contract fees.

We thus have sought to reduce costs and elevate the level of service we provide by promoting the use of robots and digital transformation to enhance operational efficiency and optimize our allocation of resources.

In addition, construction to expand the terminal is underway in preparation for future growth in demand. As a result, operating revenue from our facilities management business reached ¥91.7 billion, and is progressing smoothly toward our FY2025 target of ¥110 billion.

We plan to continue reviewing the operation of our terminals, reducing maintenance costs, and taking measures to increase rent revenue. Our overall aim in this regard is to provide high-quality services and greater profits. Further, we will work with business providers to improve our operations and, with an eye to the future, we will investigate new operational methods at our research facility, terminal.0 HANEDA, which opened in February 2024. We will also focus on making strategic investments to bolster our sustainable growth and reduce our environmental impact. We aim to operate the terminals in a way that contributes to the ongoing enhancement of our corporate value.



Yoko Koyama Senior Managing Director

## Review of FY2023

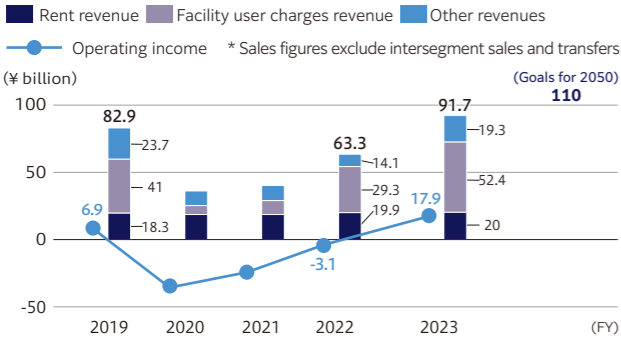
As passenger numbers recovered in FY 2023, segment revenue totaled ¥91.7 billion, with facility user charges revenue in particular having increased approximately 80% to ¥52.4 billion. Parking lots and other facilities also did well, the other revenues having grown approximately 40% to ¥19.3 billion. Rent revenue reached ¥20 billion, thanks to the stimulation of commercial areas by the opening of five new sites, while the Company responded positively to changed customer needs and made every effort to attract office tenants.

Although rising maintenance costs were an issue, by promoting efficient terminal operations we managed to reduce costs. At the same time, we optimized staffing following the reopening of international flight facilities at Terminal 2.

We are now working to reduce electricity consumption by switching to LED lighting, while experimenting with the use of robotics and digital technology at information desks and for security operations.

In order to strengthen terminal functions in preparation for the 60 million people expected to visit Japan each year by 2030, construction of satellites is currently underway, as also is the expansion of those at Terminals 1 and 2. This will lead to better passenger flow and on-time flight rates.

We are putting energy into environmental measures through, for example, the advancement of decarbonization by switching to LED lighting and building a hybrid wood and steel satellite facility that is due to open around summer 2026.



Strengths	External Environment (Risks and Opportunities)
<b>Expertise related to airport operations (soft skills)</b> <ul style="list-style-type: none"><li>• High level of service through use of advanced technologies (DX, robots, etc.)</li><li>• World-renowned airport management skills, efficient operation of international and domestic flights</li><li>• Top-flight airport safety and hygiene management</li></ul>	<b>Shrinking domestic market and changing behavior</b> <p>We are facing a shrinking domestic market due to Japan's declining and aging population. Further, since the impact of COVID-19 has significantly altered travel trends, working styles and office demand have changed. This requires a flexible response in facility management and operation.</p>
<b>Improvement and expansion of structures (hard skills)</b> <ul style="list-style-type: none"><li>• Enhanced convenience, comfort and functionality of buildings</li><li>• Facility development know-how applied flexibly to passenger demand</li></ul>	<b>Overseas passenger volume and technological innovation</b> <p>We believe that the increase in international passenger numbers will create new revenue opportunities. To capitalize on those opportunities, the transportation industry is focusing on adapting to new systems and researching next-generation mobility. Since adjusting to technological innovation is essential for growth, smart airports are proliferating.</p>
<b>Strong relationships with business partners</b> <p>Building strong, long-term relationships with domestic and international airlines, public transportation companies, and tenants</p>	<b>Importance of Sustainability Management</b> <p>There is an urgent need to transition to sustainability management. International passengers in particular are sensitive to environmental issues, and sustainable operations have a major influence on trust and reputation. The need for transition is important not only to protect the environment, but also to address societal challenges.</p>
<b>Efficient use of resources</b> <p>Sustainable operation of terminal buildings for efficient use of energy and water resources</p>	

## Achieving our goals

Rising costs are an issue, and although they were temporarily curbed by the pandemic, labor costs and outsourcing fees now are skyrocketing. There is also the risk that material costs could rise due to commercial area renovations and facility upgrades. To address this possibility, we plan to increase productivity by labor-saving, and business streamlining by digital transformation. Further, we will revise operations by, for example, shifting cleaning and inspection work to daytime hours.

While the vacancy rate for office space is improving steadily, we still have work to do in commercial areas. We will strengthen our efforts to attract new tenants by efficiently restructuring

commercial areas to make them more attractive. In addition, we will respond to demand for office space by consolidating and reorganizing offices to stabilize our revenue base.

In order to accommodate future increases in air travel demand, we will expand Terminals 1 and 2. At the same time, we will study measures to reduce CO<sub>2</sub> emissions, and the adoption of energy-saving equipment such as AI air conditioning, as well as expand the use of renewable energy and hydrogen power generation.

Through these measures, we aim to streamline facility management and operation, and to stabilize profits.

## TOPICS

### Trial run of security robots

We have conducted field tests to check whether using security robots would help improve safety inside the terminals, reduce the burden on security guards, and cut costs.

Security robots would patrol the departure lobby and other areas of the terminals. With their omnidirectional cameras and sensors able to detect suspicious objects in crowded areas, the robots would complement the work of the security guards. In cooperation with our security guards we plan to build a more efficient security system and make effective use of human resources.

### Resumption of Terminal 2 international flights

The international area of Terminal 2 opened in March 2020. The idea was to strengthen international flight services and improve connections with domestic flights. Unfortunately, the area then had to be closed due to the pandemic. However, in July 2023 it resumed operation to accommodate the increase in visitors from abroad.

As the number of overseas visitors grows, duty-free shops and other businesses are expected to see increased revenues. However, there are concerns that the sudden increase in users of the terminal will lead to congestion and higher operating costs.



Earnings-based Strategy: Merchandise Sales, Food and Beverage

Our goals for 2025

While reviewing the product mix, services, operations, cost rates, etc., we will uncover customer needs where consumption trends have changed by taking advantage of digital marketing, and aim for operating revenues from merchandise sales of 143 billion yen and operating revenues from food and beverage sales of 17 billion yen.		
Direction of strategy	Change	Review operations and cost rates through research into new technologies and cultivating new business partners.
	Grow	Review merchandise, services, etc. through digital marketing.
	Expand	Expand sales channels by EC business, etc. to earn revenues that are not passenger-dependent.



The JAT Group operates approximately 100 stores in Haneda Airport's terminals. These include food and general sundries stores, duty-free shops, a wide range of restaurants, as well as facilities where it produces in-flight meals.

In fiscal 2023, sales were strong thanks to the recovery in air travel demand, particularly increased inbound demand, with the two segments recording combined operating revenues of ¥125.8 billion and operating income of ¥21.1 billion.

However, as the business environment has been changing, we have seen a decline in air travel demand due to the COVID-19 pandemic as well as a decline in business travel demand due to the greater reliance on remote work. Our response has been to develop new customers and build up a revenue base by promoting digital marketing and strengthening our e-commerce business.

In addition, in order to capitalize on customer needs and inbound demand, which is expected to continue increasing, we are boosting the value of our physical stores by rearranging and renovating them, optimizing our merchandise mix, and enhancing our services.

We are also creating new attractions, such as those related to regional revitalization and regional collaboration. We are leveraging our strengths and network using the Haneda Sanchokukan Mall which opened at Terminal 1 in December 2023 and the Japan Mastery Collection which can be found in the departure area of Terminal 3. It is by undertaking new challenges, so as to maximize the value of our customer experience, that we will put to good use our accumulated operational expertise.

Takeshi Fujino Senior Managing Director

Review of FY2023

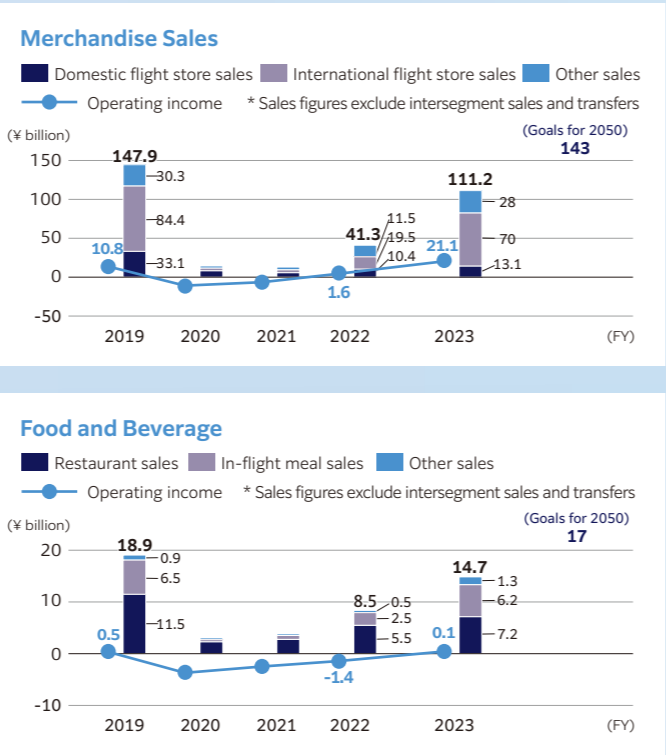
Looking at sales trends by segment and content, operating revenues for FY2023 were ¥111.2 billion for the merchandise sales business (of which ¥13.1 billion was domestic, ¥70 billion was international, and ¥28 billion was other sales\* excluding internal segment sales) and ¥14.7 billion for the food and beverage business. We are making steady progress toward our FY2025 profit targets.

In the interests of expanding domestic flight merchandise sales, we have renovated and renewed stores such as the Haneda Sanchokukan Mall, and expanded our range of big-ticket items. Both average customer ticket and purchasing rates are currently rising.

However, labor and other operating costs are also increasing. Thus, if we are to improve profitability, we must provide better value for our customers. This can be done by expanding sales of original Haneda Airport products and promoting low-cost operations using robotics and digital technology.

International flight merchandise sales were strong, providing a revenue driver for segment profit. This was thanks to market conditions such as the weak yen and an increase in inbound tourists and sales at duty-free shops of items including luxury brands.

We do, nevertheless, recognize that average purchase prices could decline due to changes in exchange rates and other market conditions. Hence, to boost purchasing rates, we will continue renovating stores in the duty-free areas; working to prevent lost profits and improve revenues by eliminating congestion at cash registers; and improving the efficiency of store and warehouse operations through advance reservations for duty-free items.



Strengths	External Environment (Risks and Opportunities)
<b>Advanced operational specialization and knowledge</b> <ul style="list-style-type: none"><li>Merchandise mix and services to meet inbound passenger demand</li><li>Accumulated expertise as a pioneer in duty-free shop operations</li><li>Staff with skills to handle the diverse customer base unique to airports</li></ul>	<b>Changes in market environment</b> <ul style="list-style-type: none"><li>In addition to a shrinking domestic market due to the population decline and the aging of society, the widespread use of remote work has led to changes in consumer trends, demographics, and average customer spending, requiring us to better ascertain customer needs and respond flexibly</li><li>We recognize that the increase in stores that offer consumption tax-free shopping in the city will affect the price advantage of the duty-free system at airport stores</li></ul>
<b>Extensive customer base and customer contact points</b> <ul style="list-style-type: none"><li>Operation of directly managed stores in terminals used by 80 million people annually</li><li>E-commerce sites linked to physical stores</li><li>Efficient airport pick-up service</li></ul>	<b>Rising operational costs</b> <p>We understand that, due to rising energy costs and other purchasing and procurement costs nationwide, we need to implement measures to improve profitability and streamline our operations.</p>
<b>Strengthening of collaboration with stakeholders</b> <ul style="list-style-type: none"><li>Building worldwide and nationwide networks with business</li><li>Building touch points on e-commerce sites, social media, apps</li><li>Promoting the appeal of local products in cooperation with airlines and other entities</li></ul>	<b>Pursuing new customer experience value</b> <ul style="list-style-type: none"><li>We believe that by conducting promotions at our terminals aimed at inbound tourists, as their numbers increase, we will be able to generate demand over the medium to long term</li><li>As smart airports become more efficient, the time between airport arrival and boarding it is expected to become shorter, meaning we need to create new value and services</li></ul>

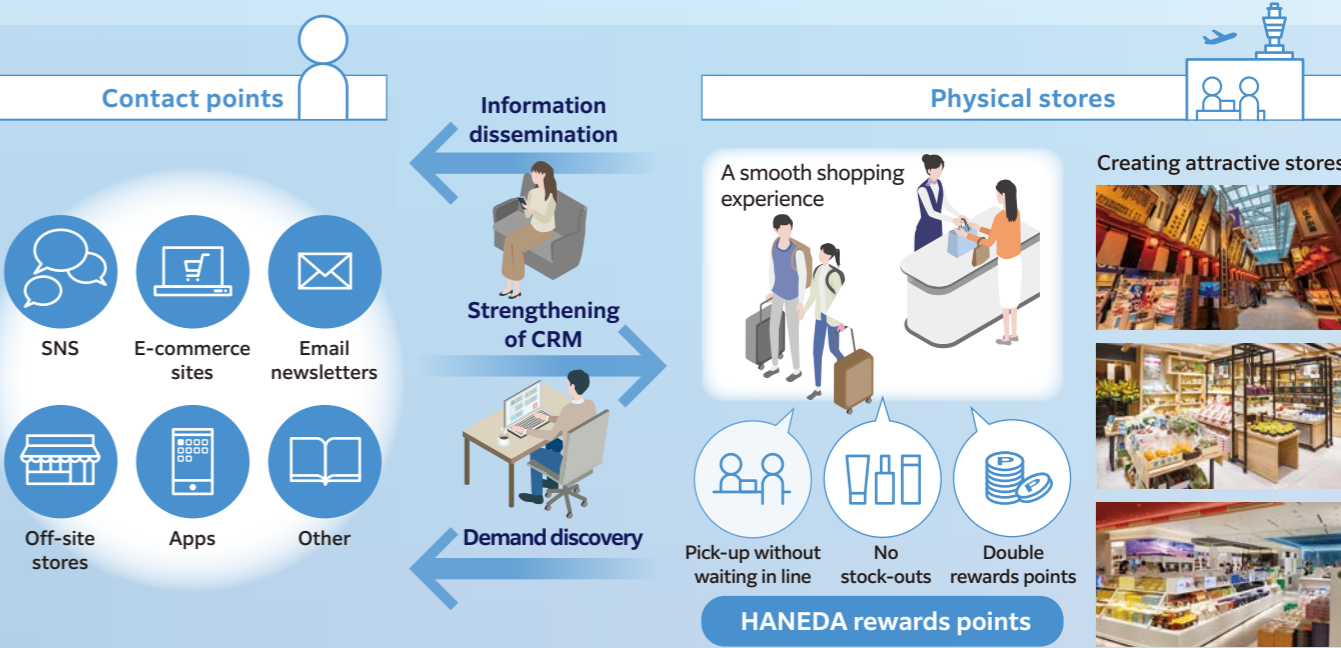
Achieving our goals

To achieve our target profit and loss statement of ¥143 billion in merchandise sales and ¥17 billion in food and beverage sales for FY2025, we need to maximize our strengths (value) through our directly managed stores. Thus, we have been introducing attractive retail services to meet the needs of airport customers.

The airport pickup service uses online services such as duty-free reservation sites and an e-commerce site. It reflects our ability to create a stress-free shopping environment by linking our physical duty-free shops and food and sundries stores with our e-commerce business, which is one of our Group's strengths.

We believe that, by creating synergies, we can increase the value of both physical and online business. Based on the lessons learned from the pandemic, we plan to continue investing in further strengthening our digital marketing and e-commerce businesses, in order to generate revenue that is not dependent on air travel demand.

By leveraging new technology and digital capabilities, in addition to the power of our existing operational expertise and human resources, we will pursue a travel retail model that customers find more convenient and acceptable, as we work to strengthen our revenue base over the medium to long term.



# Earnings-based Strategy: New and Expertise Business

Our goals for 2025

These businesses are expected to part of the earnings base in 2030. By utilizing Haneda's value and networks, and airport operational expertise, and through acquiring management resources we currently do not have, we aim to generate operating revenues of 10 billion yen in 2025.

Direction of strategy	Grow	Aim to increase revenues by developing new businesses that take advantage of Haneda's value and focusing on existing expertise in airport operations.
	Expand	Aim to acquire new technologies and expertise, leading to the creation of new businesses.

We at the Japan Airport Terminal Group, which is a pioneer in airport terminal operations, have accumulated a wide range of expertise over the past 70 years, as we have responded to the needs of our stakeholders and changing times.

Based on the lessons learned during the COVID-19 pandemic, we realize that, in order to realize our long-term vision—To Be a World Best Airport—we need to further hone our accumulated expertise, acquire new knowledge (management resources), and continue to evolve.

We believe that new and expertise-based business will generate revenue independent of air travel demand, and will enhance the value we provide through synergies with our core facilities management, merchandise sales, and food and beverage segments. We hope to leverage these businesses to drive the Group to further growth.



Strengths	External Environment (Risks and Opportunities)
<div>Advanced specialization and knowledge in airport operations</div> <div>Convenient, functional terminal buildings</div> <div>Accumulated network</div>	<div>Dependence on air passenger demand</div> <div>Investment efficiency</div> <div>Sustainability</div>

## Review of FY2023

Looking at the overall performance of new and expertise-based business, the revenue contribution to each segment was approximately ¥1.6 billion.

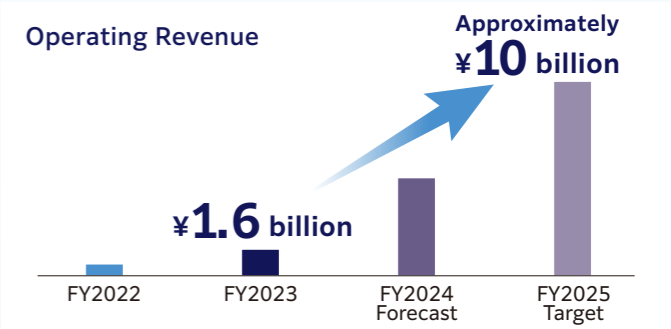
At the heart of this is e-commerce business, and in FY2023, sales increased by approximately 60% year on year. This is thanks to the expanded merchandise lineup on our duty-free reservation sites, as well as the improved user experience and user interface resulting from the makeover of our HANEDA Shopping domestic e-commerce site.

In addition, when it comes to building a revenue base outside the airport, in our off-site commerce and agency business, we have assembled for sale off-site food items that are unique to Haneda Airport (airport meals and in-flight meals), and have strengthened off-site sales of products such as robots and Radi-Cool (radiative cooling material), based on verification tests conducted at Haneda Airport.

In terms of airport business, we have been helping improve service at regional airports by applying our strengths in areas such as duty-free, lounge, and cleaning services.

At the same time, we are working to expand business by participating in the management of domestic and overseas airports, while acquiring expertise in overall airport management.

To acquire new knowledge and expertise, in February 2024 we opened terminal.0 HANEDA, a research and development center run in collaboration with several industries. It is a co-working and R&D hub for research into and development of solutions that contribute to enhanced airport value. The center will facilitate collaboration across a broad range of specialized companies and organizations. The results will be applied at all Haneda Airport terminals, as well as at other domestic and overseas airports.



## Achieving our goals

To achieve our target of ¥10 billion in revenue by 2025, we will need to make maximum use of Haneda Airport's strengths and the expertise we have cultivated, while also expanding our potential by acquiring new insights and knowledge.

In order to build an organization with the driving force to generate full-fledged profits, we must identify the issues and needs faced by our stakeholders, including the JAT Group itself. In this way, we can provide value and create business, and at the same time lay the foundations that will allow us to achieve our goals.

In addition, we will invest in new business seeds in R&D and other areas, with the aim of becoming an organization that can

create innovation, such as through our terminal.0 HANEDA initiative.

In addition to pursuing profits, we believe that one of the roles of our business is to enhance the value of the terminals by making Haneda Airport more internationally competitive, establishing our presence in the industry, and strengthening communication with stakeholders.

Being fully aware of the expectations of the Group and its roles, we are committed to generating profits over the medium to long term.

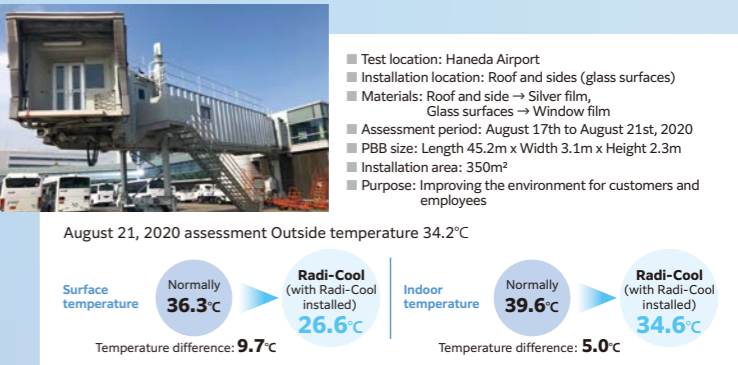
## Case studies

Through instances of implementation and verification at Haneda Airport, we have formed a specialized team to provide external sales and expertise, allowing us to address issues faced by our stakeholders.

One example is Radi-Cool, which is both a radiative cooling material and a decarbonization solution. Having verified its marketability by first adopting it in boarding bridges and access corridors at Haneda Airport, we now supply it (as a sales agent) to airports and business partners nationwide.

It is by such efforts that we plan to contribute to the sustainable growth of the JAT Group and the decarbonization of the supply chain.

## A Haneda Airport passenger boarding bridge No. 57 where Radi-Cool was tested.



# Management Strategy and Financial Strategy

## Balancing capital investment and corporate value



Demand for air travel has recovered rapidly since the lifting of pandemic-related restrictions in May last year. Domestic passenger numbers at Haneda Airport have reached approximately 90% of 2019 levels, while international passenger numbers have exceeded prepandemic levels to reach a record high. Driven by this surging demand, business performance has improved significantly, resulting in operating revenue of ¥217.5 billion and operating income of ¥29.5 billion. This marks a return to profitability for the first time in four years.

We intend to continue controlling costs and investing in growth to achieve our profit targets for FY2025, our Medium-term Business Plan's final year. This we plan to do despite ongoing challenges in the business environment, characterized by an inflationary trend due to rising prices and wages.

Under the current medium-term business plan and to further our long-term goals and objectives, we will make capital investments totaling ¥126.0 billion to help promote facility and environmental investments, as well as to invest in digital transformation. We expect this move to lead to further growth, because it increases customer satisfaction, reduces environmental impacts, and improves operational efficiency.

In addition, we hope to procure the funds needed to realize our growth strategy through cash flows from operating activities and debt financing. We also are considering alternative funding sources in preparation for the redemption of corporate bonds and step-up interest rates on hybrid loans.

We target a dividend payout ratio of 30% or more. The FY2023 year-end dividend resulted in a year-on-year increase of ¥12 per share from the forecast announced in October 2023. An extra ¥5 per share were added to mark our 70th anniversary.

The result was a full-year dividend of ¥67 per share, a payout ratio of 32%. In future, we will continue to stress the need to return profits to our shareholders.

At the same time, we plan to return our equity ratio to the 40% range and establish a strong financial position with an eye to future investments. This will allow us to build a more stable management foundation and promote yet further business expansion.

We will make every effort to capitalize on the rapid recovery in demand, advance our growth strategy, while building a sound financial foundation and fulfilling our responsibilities to all stakeholders.

Kazuhito Tanaka

Executive Vice President  
Executive Officer and CFO

### Business plan targets, investments revised

We have revised our income and expenditure targets for FY2025, our Medium-term Business Plan's final year. We then aim to increase both operating income and net income by ¥4.0 billion.

For the same period, we have increased our investment plan by ¥20.0 billion. This reflects the need to respond to the rapid recovery in international passenger traffic and government efforts to attract 60 million international visitors to Japan. It also factors in the impact of rising material prices. By revising our plans to reflect the changing business environment, we aim to achieve sustainable growth.

#### Profit Targets

	Previous	New
Number of passengers	94.6 million	90.5 million
Operating revenue	280	270
Facilities Management	106	110
Merchandise Sales	156	143
Food and Beverage	18	17
Operating income	30	34
Ordinary income	27	32
Net income	16	20

#### Estimated Investment

	FY2022	FY2023	FY2024	FY2025	Total
Previous	15	29	34	27	105
New	12	31.7	34.3	48	126

#### Satellite Development Portion of Total Investment Amount

	FY2022	FY2023	FY2024	FY2025	Total
Previous	6	19	18	10	53
New	6.4	18.3	8.7	12.6	46

### Realizing our Medium-term Business Plan

#### Improving profitability and financial soundness

As a passenger terminal building operator, we are working to attain various numerical targets as we seek to boost profitability and financial soundness. In addition to increasing profits through operational efficiency, we also are focusing on the effective use of large-scale assets, with return on assets as our main evaluation criterion. Further, our equity ratio and dividend payout ratio are set with an emphasis on striking a balance between a strong financial base and shareholder returns.

#### Numerical targets

Several of our initial targets have been revised, including our consolidated net income target of ¥16.0 billion or more, which has been increased by ¥4.0 billion to ¥20.0 billion.

Meanwhile, the downward revision of our forecast for FY2025 passenger traffic, and the new FY2026 completion date for the construction of the Terminal 1 north satellite facility have had an impact on the forecast-associated expenses.

Our plan is to steadily generate revenue through increased product sales resulting from changes in store operations, product purchasing methods, and product-related policies. The greater revenue is due to renovations, undertaken to underpin future growth strategies, that were carried out during the pandemic, as well as to increased rental income from office space.

Our ROA (EBITDA) target of 12% or more leverages large-scale terminal operating characteristics and is based on the average ROA of SKYTRAX's World's Top 10 Airports. Furthermore, by aiming for an equity ratio of at least 40%, we will maintain our credit rating (A+) and stabilize our financial base. This is important for JAT in its role as an infrastructure operator. It will help the Company secure the funds necessary for future terminal building investments and to fulfil our public role.

#### Importance of ROA and ROE

We find both ROA, which indicates total asset efficiency, and return on equity (ROE) to be important. While the minimum cost of equity that investors generally expect is around 8%, our FY2023 ROE was 12.1%.

We make every effort to increase our capital efficiency by regularly assessing current conditions and steadily implementing the measures set forth in our Medium-term Business Plan.

We will continue conducting measures aimed at increasing capital efficiency, and incrementally executing initiatives designed to realize returns on capital that exceed capital costs over the long term.

#### Dividend payout ratio and financial strategy

Targeting a dividend payout ratio of 30% or more, we intend to prioritize returns to shareholders and keep our dividends stable. Thus, we will promote growth strategies based on sustainable earning power, while maintaining high equity and dividend payout ratios. In addition, we will secure funds for dividends by improving cash flow while building up internal reserves and implementing flexible financial management that makes use of debt financing when necessary.

#### Medium-term Business Plan and future outlook

During the remainder of the current Medium-term Business Plan, we will continue to expand earnings while making capital investments based on cash flows from operating activities. We also will realize shareholder returns by securing internal reserves based on investments. These will seek to strengthen profitability, bearing in mind the timing of debt repayments and the need to raise funds to continue providing stable dividends.

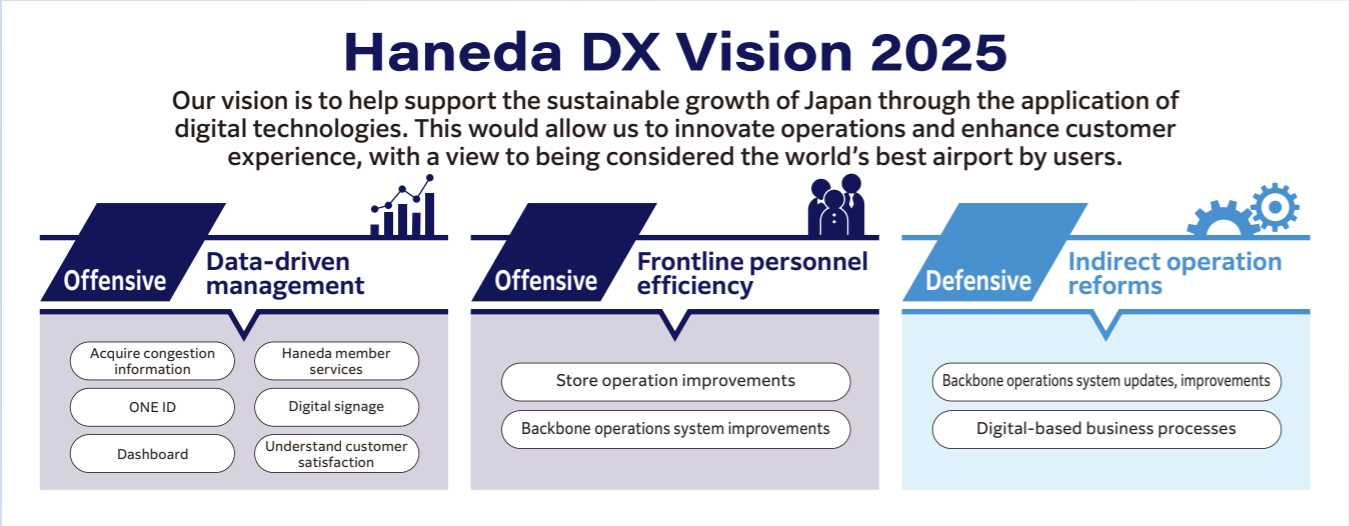
### Key Performance Indicators (KPIs) and Results

KPI			Key Measures	
ROA (EBITDA) 12% or higher  FY2023 results 12.7%	Operating income ¥ 34.0 billion	Revenue growth	Commercial facility renewal and steps to reduce room vacancy rates	
	FY2023 results ¥ 29.5 billion		Digital marketing, product and service reviews	
	Net income ¥ 20.0 billion	Cost reduction amount ¥ 2.5 billion	Strengthening of e-commerce business, promotion of sales agency business	
	FY2023 results ¥ 19.2 billion		Results of fundamental review during pandemic (restructured service delivery processes)	
	Asset efficiency	Working capital	More efficient administrative operations	
			Maintain appropriate inventory, reduce waste disposal	
Capital spending			Strengthen airport infrastructure (regular investment, equipment renewal, long-term repairs, DX, decarbonization)	
	Evaluate business based on cost of capital; consider appropriate resource allocation			
Equity ratio recovery to 40% level  FY2023 results 36.5%	Interest-bearing liabilities	Financing	Diversify funding for the environmental	
		Debt repayment	Build strong financial base, bearing in mind credit ratings (Contractual repayment of loans, redemption of <u>corporate bonds at maturity</u> , <u>step-up interest rates on hybrid loans</u> )	
	Shareholders' equity	Internal reserves	Consider alternative funding	
		Payout ratio of 30% or more	Maintain proactive shareholder returns	
		2023 results 32.4%		

# Management Strategy: DX Strategy

Haneda Airport terminals are visited by 80 million customers annually and employ approximately 30,000 people daily. We provide a range of services and handle a variety of information, data, and needs. To provide customers with a stress-free and comfortable journey, we recognize that we must pursue data-driven management, operational efficiencies, and other innovations and advances using digital technologies.

To this end, the JAT Group is pursuing digital transformation (DX) using two approaches: offensive DX, to achieve business transformation; and defensive DX, to realize greater efficiency in existing operations by using digital technologies.



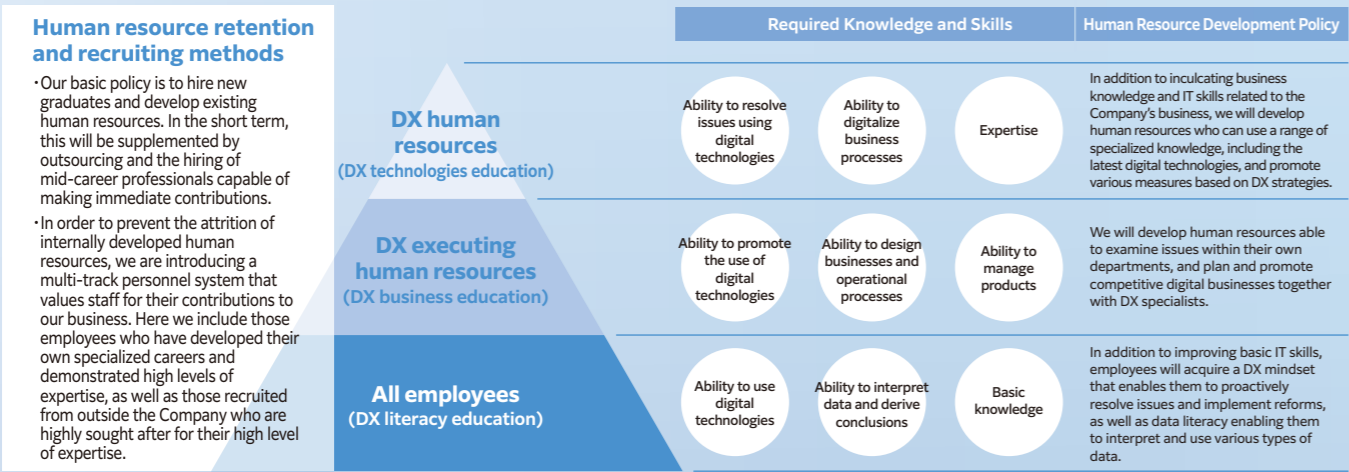
## Roadmap to Achieving the DX Strategy

Theme		FY2023	FY2024	FY2025
Realize data-driven management	Understand and predict congestion information	•Install sensors to facilitate people-flow analysis and visualize congestion	•Install sensors to facilitate people-flow analysis and visualize congestion	•Enhance business efficiency using people-flow and congestion data
	Effectively disseminate information	•Develop integrated digital signage	•Install digital signage	•Disseminate information tailored to customer needs
	Achieve advances and greater efficiency in business analysis	•Develop analytical tools	•Introduce and improve analytical tools	•Implement data-driven management
Retail business reforms	Enhance business efficiency	•Develop robotic warehouses	•Introduce warehouse robotics	•Commence operation of warehouse robotics
	Increase throughput	•Develop RFID-compatible cash registers	•Introduce RFID-compatible cash registers	•Begin using RFID-compatible cash registers

## Promotion structure and DX human resource development

To develop human resources capable of supporting Group DX, we have formulated a human resources development plan and defined the necessary skills and knowledge.

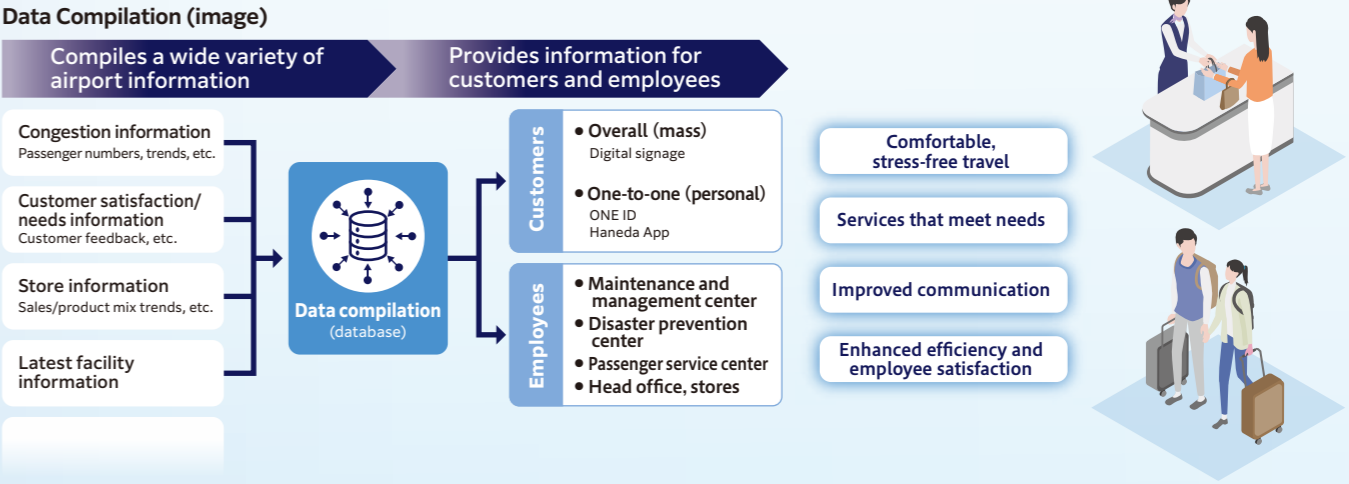
We are working to improve IT literacy by promoting the acquisition of IT Passports and other basic knowledge, as well as through the provision of online learning for all employees. We also formed a digital promotion team leader meeting to develop human resources capable of coordinating and advancing DX projects fostered in their departments.



## Realizing data-driven management

By consolidating all information within Haneda Airport into a database and making it easier to use, we will promote the advancement of functions and services within the airport, as well as data-driven management.

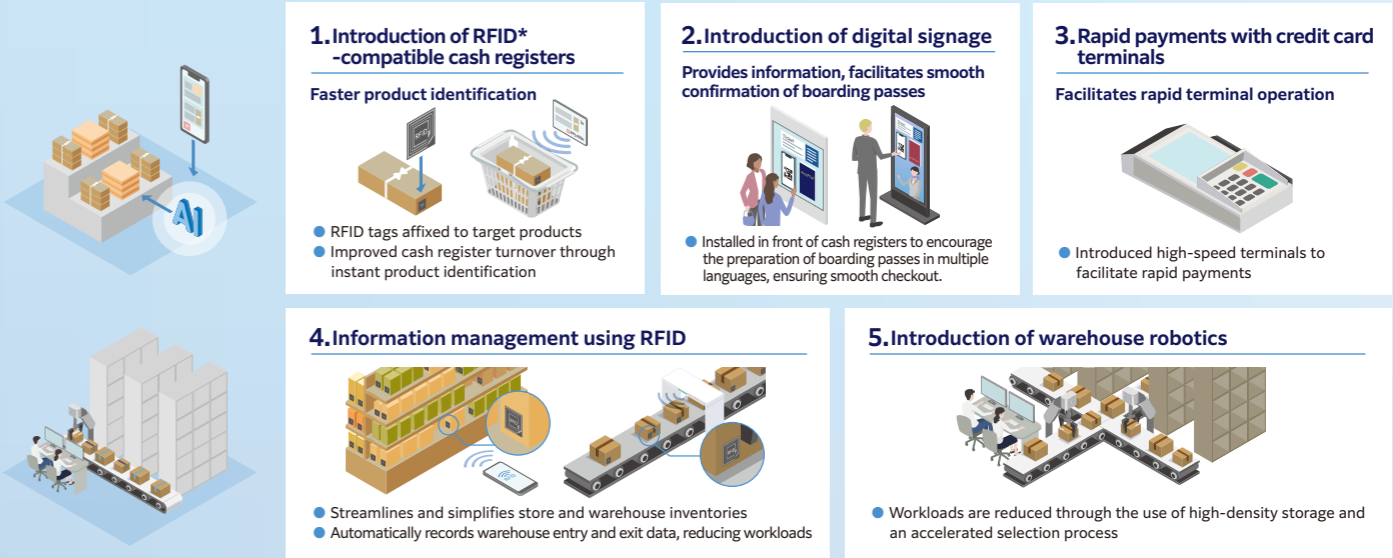
First, we need to install equipment and cameras that analyze human traffic and visualize congestion in terminals as infrastructure for acquiring data within the airport. At the same time, by improving sales analysis tools and core systems, and establishing a system for collecting and using the data obtained they provide, we aim to improve personnel allocation and operations. At the same time, we will strive to provide services and information that meet customer needs, while improving employee productivity.



## Personnel efficiency and higher sales through store and warehouse innovations

Amid the expected increase in inbound demand, sales opportunities are being lost at international flight duty-free shops. Customers are, for example, refraining from making purchases due to long queues at cash registers. Meanwhile, due to the shrinking labor force, it is also difficult at present to retain store and logistics staff. To resolve these issues, we will use digital technologies to prevent lost opportunities and improve profits, while building a sustainable retail business structure with improved operational efficiency.

	Digital Measures	Achievable	Effects
Stores	Introduce labor-saving technologies in store operations	<ul style="list-style-type: none"><li>Streamline cash register operations to eliminate checkout lines</li><li>Provide cutting-edge customer experiences</li></ul>	<div>Personnel efficiency</div> <ul style="list-style-type: none"><li>Efficient personnel allocation and operation</li><li>Fewer lost sales or opportunities</li></ul>
Warehouses	Introduce robotic warehouses	<ul style="list-style-type: none"><li>Potential for RFID inventory management</li><li>Significantly reduces time required for inventory operations</li></ul>	<div>Increased customer satisfaction</div> <ul style="list-style-type: none"><li>Comfortable and smooth purchasing environment</li><li>Operational efficiencies leading to higher quality personalized services</li></ul>



\* Radio frequency identification. A system that uses electromagnetic waves to read data wirelessly for the identification and management of objects.

# Management Strategy: Organizational and Human Resources Strategy

In the constantly changing airline industry, the JAT Group recognizes that our most important capital (human and intellectual capital) are those human resources with advanced expertise and knowledge in all aspects of airport operations. Those employees continue to demonstrate a frontier spirit and, we believe, their power will enable us to realize our long-term vision: To Be a World Best Airport.

To this end, one pillar of our medium-term business plan, enhancing our management base, is to transform workforce into a group of real professionals and maximize operational strengths. In the medium-term sustainability plan, we selected human resource development and the promotion of diversity, equity, and inclusion (DEI) as material issues and are working to address them.



## Organizational and human resources strategy

Another pillar of the medium-term business plan is enhancing the earnings base. In addition to increasing airport business as a growth driver, we aim to establish a foundation for regrowth. We plan to do this by promoting transformations and innovations in light of the pandemic. Further, we plan to augment our earnings base by expanding our business into new areas. To achieve this, we are pursuing the following human resources strategy.

## Recruiting and development

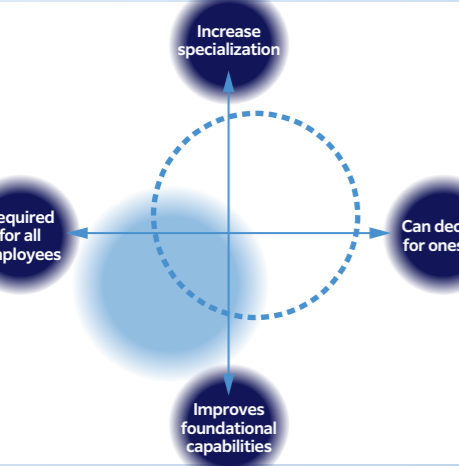
To realize our management strategy, we need a wider range of specialized knowledge and skills than ever before. We also need human resources who can generate new ideas and collaborate with different industries to strengthen airport functions and expand our business into new areas.

For this reason, our human resource development policy is to foster human resources who can think and take on challenges on their own. Thus, when hiring new graduates, we focus on people, both from Japan and abroad, with expertise in fields such as architecture, science, and engineering.

We are also strengthening the mid-career hiring of individuals with different experiences and abilities to make our core human resources more diverse. In terms of training, we have introduced voluntary programs and other systems that support autonomous learning. These programs are shifting from a focus on uniform training for all, to selective training focused on skills enhancement and DX human resource development..

Further, to transform employee awareness and behavior, we have deployed the Plus One Promotion activities throughout the Group. This encourages employees to think of new improvements and changes in their current work, and increases work engagement. We are also implementing external assignments and industry-industry and industry-academia collaborative projects as opportunities to acquire new ideas.

## Shift in Training Systems



Human Resource Development Policy Indicators

Indicator	Target year	Results
Participation in industry-industry and industry-academia projects	Increasing annually	FY2023: <b>24 people</b>
External assignments	Increasing annually	FY2023: <b>21 people</b>
In-house academy Learning Room participation	Increasing annually	FY2023: <b>114 people</b>
In-house knowledge acquisition seminars	Increasing annually	FY2023: <b>370 people</b>
IT Passport acquisition rate: 100%	FY2024	<b>31.0%</b> (cumulative total: 60 people)
Plus One Promotion participation (consolidated)	Increasing annually	FY2023: <b>252 people</b>

## Improving workplace environment

As our business is supported by the movement of people from around the world and across Japan, we recognize the need to foster a highly inclusive organizational culture in which all employees accept diverse cultures and values, and respect each other. This ensures that our customers can use our services with peace of mind and in comfort. In addition, to promote globalization and business expansion across the Group, it is essential to maintain an environment that recognizes and respects diversity. We thus have set up a policy for the creation of a corporate culture in which diverse human resources motivate one another.

Reflecting this policy, we are promoting DEI, which involves maintaining a high ratio of female managers and hiring foreign nationals and people with disabilities, while also implementing activities to promote work style reforms led by young employees, to create a comfortable and rewarding working environment.



Internal Environment Development Indicators

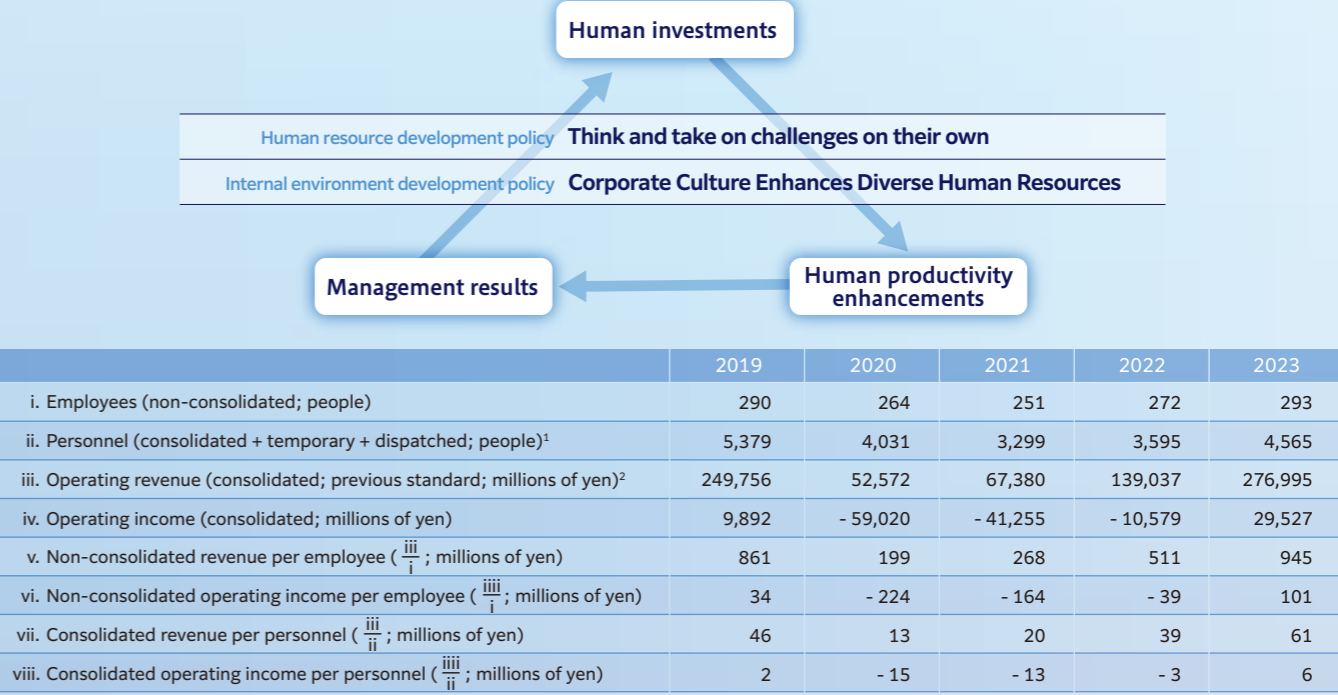
Indicator	Target year	Results
Maintain female manager ratio of 40%	FY2027	FY2023: <b>38.8%</b>
Male employees using childcare leave: 100%	FY2027	FY2023: <b>88.9%</b>
Gender wage gap (all staff)	Declining annually	FY2023: <b>84.7%</b>
Gender wage gap (full-time staff) <sup>1</sup>	Declining annually	FY2023: <b>87.2%</b>
Gender wage gap (part-time staff) <sup>2</sup>	Declining annually	FY2023: <b>48.2%</b>
Employment rate of persons with disabilities 6.6%	FY2025	FY2023: <b>3.6%</b>
Employment rate of foreign nationals	Results management	FY2023: <b>2.4%</b>
Ratio of mid-career hires promoted to managerial positions	Results management	FY2023: <b>35.3%</b>

Notes: 1. Excludes employees assigned outside the Company.  
2. Total of mid-career employees (including those with disabilities) and non-regular employees at the level of general manager or counselor.

## Retaining employees, improving productivity

To realize our management strategy, we will appropriately allocate personnel to new areas such as the operation of a research and development center for cross-industry collaboration and expertise-based businesses. We will secure these and other personnel needs resulting from the pandemic by recruiting more employees and retaining them through appropriate improvements to working conditions. We also aim to realize our management strategy with an efficient personnel structure through efforts to improve capabilities and engagement, increase productivity through greater efficiencies driven by digital transformation, and other measures.

By means of employee surveys, we aim to turn the results of human resource development and internal environment measures into a PDCA cycle. This will create a virtuous cycle in which investment in human resources will lead to improved human productivity, resulting in increased revenue and profits, and expansion into new business areas.



Notes: 1. The number of temporary and dispatched employees is calculated based on the number of hours worked in the final month of the fiscal year.  
2. The Accounting Standard for Revenue Recognition and other standards have been applied since the beginning of FY2021. But, for the purpose of year-on-year comparisons, operating revenue and related indicators calculated using previous standards are also shown.

Sustainability Strategy

Right from the start, we have focused on sustaining business growth, developing the Group, benefiting society by ensuring we balance corporate growth and social responsibility, and helping to realize a sustainable society.

To ensure sustainable management is deeply embedded in our organization, we have formulated a Medium-term Sustainability Plan that clearly defines key issues and key performance indicators. This enables us to promote our management strategy and enhance the effectiveness of our sustainability management initiatives.

The Sustainability Committee, chaired by the president, meets twice a year to confirm plan results and progress, manage and operate the plan, and implement the PDCA cycle.


We have establishing subcommittees for each priority theme, and are now creating a governance system for sustainability through the leadership of senior management, the establishment of specialized departments, and collaboration with external experts.

In FY2023, progress was confirmed every six months, and KPIs were revised and updated. The achievement of KPIs is progressing smoothly, and we are disseminating the appropriate information in a timely manner through integrated reports and our corporate website.

We also are promoting sustainability through the provision of management training led by experts; opportunities to learn about sustainability; and the regular dissemination of information within the Company.

JAT will continue helping to realize a sustainable society through our business by strengthening business partnerships and participating in global initiatives. This we will do to achieve our vision of becoming a human- and eco-friendly advanced airport by 2030.

WE SUPPORT



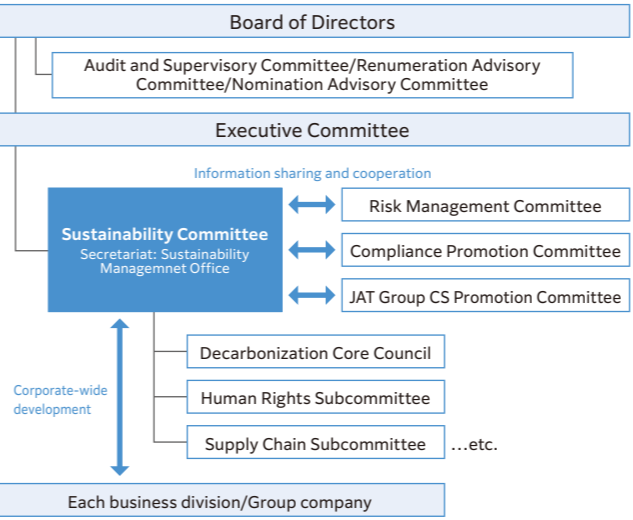
To contribute to the creation of a healthy global society, starting this year JAT has participated in the United Nations Global Compact, the world's largest sustainability initiative.

Materiality

Categories	Materiality	Vision for 2030	SDGs to be contributed
	Measures to combat climate change	Safe and secure airport Eco airport	  
	Effective use of limited resources	Safe and secure airport Eco airport	  
	Development of a safe, comfortable and advanced airport	World-leading hospitality Safe and secure airport Pleasant journey: stress-free	  
	Contribution to local and regional communities	Safe and secure airport Pleasant journey: stress-free	   
	Human resource development	World-leading hospitality	 
	Promotion of DEI and respect for human rights	World-leading hospitality Safe and secure airport	  
	Promotion of fair business activities	World-leading hospitality Safe and secure airport Pleasant journey: stress-free Eco airport	  
	Strengthening of risk management	World-leading hospitality Safe and secure airport Pleasant journey: stress-free Eco airport	

Sustainability Promotion System

Overview of the sustainability promotion system

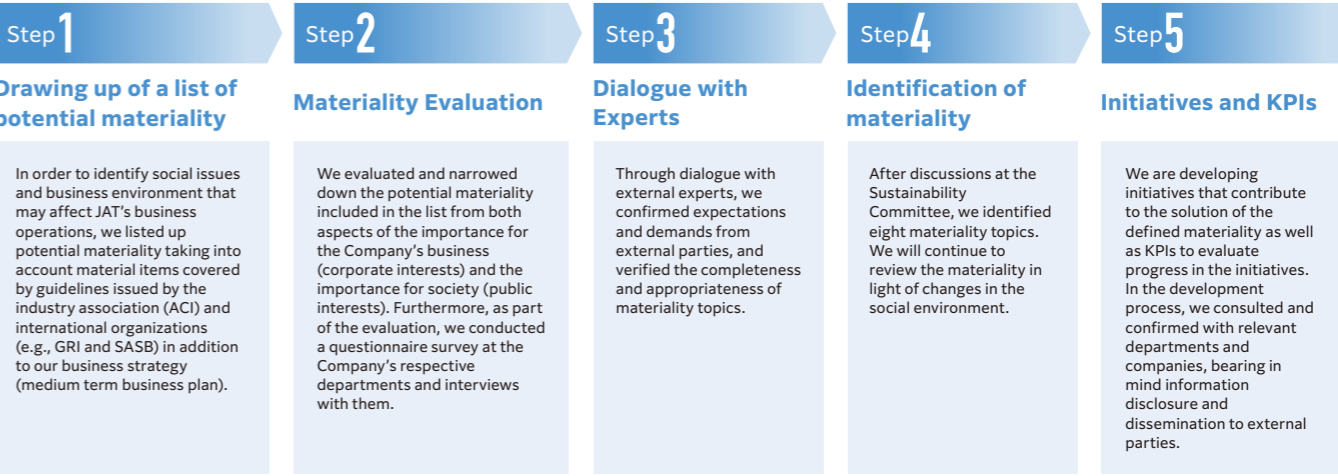


Outline of Meeting Body and Working Group

Sustainability Committee

Committee Members	Chairperson: President and COO Members: Vice President and all other officers (including executive officers)
Secretariat	Sustainability Management Office
Meeting frequency	Twice a year or more (four times in FY2023)
Matters for deliberation	<ul style="list-style-type: none"><li>KPI progress management</li><li>Information disclosure based on TCFD recommendations</li><li>Priority risk response status</li><li>Human rights due diligence, etc.</li></ul>
Others	Establish the Risk Management Committee and theme-based working groups • Decarbonization Core Conference (one time in FY2023) • Human Rights Subcommittee (five times in FY2023) • Supply Chain Subcommittee (three times in FY2023)

Medium-term Sustainability Plan Development Process



The full text of the Japan Airport Terminal Group Medium-term Sustainability Plan can be found at Medium-Term Sustainability Plan Medium-Term Sustainability Plan [https://www.tokyo-airport-bldg.co.jp/en/sustainability/medium\\_term\\_plan/](https://www.tokyo-airport-bldg.co.jp/en/sustainability/medium_term_plan/)



Materiality and Corresponding Strategies Set Forth in Medium-Term Business Plan

Direction of strategies set forth in MTMP		Medium-term Sustainability Plan/Materiality (Key Issues)							
		Measures to combat climate change	Effective use of limited resources	Development of a safe, comfortable and advanced airport	Contribution to local and regional communities	Human resource development	Promotion of DEI and Respect for Human Rights	Promotion of fair business activities	Strengthening of risk management
Reinforcement of earnings base	Establishing a foundation for regrowth Reform and Innovation (Change)	●	●	●					
	Growth of airport business Growth and Evolution (Grow)	●	●	●	●				
	Expansion of earnings base Facing Challenges (Expand)	●	●	●	●				
Enhance the management base	Improve and innovate by harnessing DX and new technologies			●			●		●
	Organization, personnel, and governance					●	●	●	●
	Financial strategy							●	●