

Message from the CEO

Balancing public good and business success to create a top airport



Isao Takashiro

Chairman and Chief Executive Officer

A private corporation to supports Haneda Airport as a junction between Japan and the world

Japan Airport Terminal Co., Ltd. was established in 1953, using only private capital to construct and then manage the passenger terminal at what was then known as Tokyo International Airport (generally referred to as Haneda Airport). The year 2023 marks our 70th anniversary, and the successful expansion of our role from facility management and operations to include product sales as well as food and beverage businesses.

Toru Akiyama, our first president, was highly creative, ambitious, and imbued with a frontier spirit. So it was that airport duty-free stores—currently a major source of revenue—were introduced two years after we

had opened for business and after such operations had been observed at airports overseas. This aspect of our business is, I believe, emblematic of our frontier spirit.

Right from the start, we ran not only airport terminal retail stores, but also many restaurants. Akiyama's idea was that, by running such businesses directly, even modest profits would help reduce the usage fees for the airport facilities and space that airlines required to operate.

His concept of operating a public airport using the best qualities of a private company has been handed down through the years and become our basic philosophy: balance public good and business success.

In order to ensure that those goals are met, I have always aimed to forge ahead without ever forgetting the vision and ambition of my predecessors for Haneda Airport, in order to ensure that those goals are met.

The emphasis that is increasingly being placed on sustainability management has been firmly upheld by

A Plus One mindset

Following the outbreak of the pandemic and the subsequent state of emergency, people around the world stayed home. Here in Japan, one could see from one end of the Haneda Airport lobby to the other.

The airline industry grew significantly during the immediate post-war years, the period of high national economic growth, the asset bubble era, and since then. At the same time, Japan Airport Terminal has experienced long-term steady business growth. Then there was COVID-19.

Having relied heavily on revenue from real facilities and stores, we fell far behind in using e-commerce and other types of virtual reality. But from now on, with the worst of the pandemic behind us, companies that lack ambition and a desire to constantly evolve will not survive.

Thus, we are going back to the roots of our founding spirit and running an in-house promotion called Plus One. It aims to change staff awareness and behavior by re-evaluating the essential job of airports, making improvements, taking on new challenges to provide unprecedented value, and considering what one might do to take the next step forward with a Plus One mindset.

Akiyama often spoke of thinking philosophically. Because the Company was set up at the behest of the government, we were influenced by government

our Company over the past 70 years, and even pervades our basic philosophy.

Currently, Haneda Airport represents a place where the movement of people, industrial enterprise, and cultures intersect. I believe that our role is to provide value to a changing society.

policies. Nevertheless, he maintained that, as a private enterprise, the Company should do business as it believes is right. Executives and employees should take on challenges unconstrained by conventional frameworks, and work to balance public good and business success.

Our long-term vision, for Haneda Airport to be a world best airport, remains unchanged and buttresses the Company by serving as the code of conduct for all employees. Our vision does not refer to scale of facilities but, rather, to people-oriented services.

According to airports around the world rated by the UK-based Skytrax Certified Airport Rating program, ratings between 1-Star and 5-Star are awarded for up to 800 customer-facing areas of airport product and service. Ratings are based on the front-line customer experience on the end-to-end journey through an airport.

In 2023, the Company has been ranked in the top three in the world, for the fifth year running, in the comprehensive airport evaluation category, and has been awarded first place in the world in three categories.

We ranked first, for the fifth straight year, in the World's Best PRM & Accessible Facilities category, which evaluates passenger terminals that excel in providing support to customers who require assistance



Skytrax Award Plaques

during transportation.

We were also awarded first place, for the eighth consecutive year, in the World's Cleanest Airports category, which evaluates airport cleanliness and comfort.

Then we again garnered first place, for the eleventh year in a row, in the World's Best Domestic Airport category.

Open innovation

In recent years, we have seen global efforts to build social systems that support sustainable societies and counter the effects of climate change. Not only countries, but also companies, need to prepare for and respond to the unexpected. Those who manage companies need to identify major changes, think ahead about what measures to take, and adapt existing methods, since enterprises that fail to do so will be weeded out.

Nevertheless, in this regard there are limits to what a company can come up with and tackle on its own. So I hope to see us absorb and utilize appropriate knowledge through active exchanges and cooperative systems with other industries.

Clearly, our excellence has been recognized by global standards in terms of services rendered by people. For this reason I believe Japan Airport Terminal has the potential to become the world's leading airport company by leveraging what it has experienced throughout the pandemic.

In addition to collaborating with airlines to consider ways to save labor and streamline airport operations, in 2022 we started an industry-academia collaborative research and development (R&D) project, involving The University of Tokyo and a team of young Japan Airport Terminal employees.

In January 2024, we plan to set up an open innovation facility, terminal.0 HANEDA, within HANEDA INNOVATION CITY, a large commercial and business complex directly connected to a train station that is one stop from Haneda Airport Terminal 3. At the facility, we will conduct R&D while collaborating cross-sectionally with specialized industries.



HANEDA INNOVATION CITY where terminal.0 HANEDA is located.

Message from the CEO

How to boost the appeal of Haneda Airport



To provide the highest quality services, in a bid to retain the appeal we have developed with our customers, we plan to stress amenity and convenience, while offering improved functionality, efficiency, and comfort. To this end, we will research areas such as stress reduction at security checkpoints and the use of advanced robots. Later, we will introduce those services that are shown to be commercially viable.

It is my belief that robots and AI should be used, as they reduce the need for human labor in facility operations. However, we intend to remain a people-centered business, albeit keeping in mind the strengths of machines.

This is because I am convinced of the value of a company built on a core of talented and ambitious people, who can empathize with customers and colleagues alike.

Aiming to be an advanced airport that provides enjoyment

Because Haneda Airport is conveniently located close to the city center, its role and importance as Japan's gateway will not change. But, as the site's development progresses, huge investments will be required if the infrastructure is to meet the needs of a sustainable society.

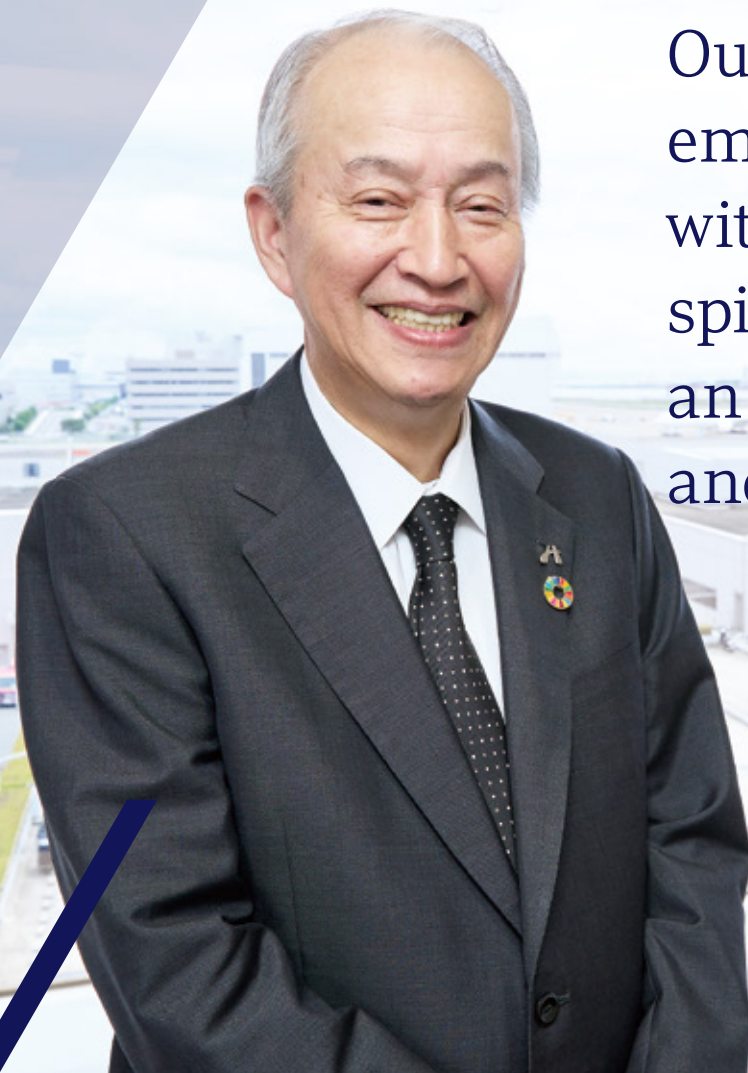
The challenge is financing the investments. We can only hope that our stakeholders will understand and endorse our activities as we work to balance public good and business success, and to achieve our goal of being a World Best Airport.

We hope to enjoy your support and implement our medium-term business plan, which should lead to diversified financing.

The Japan Airport Terminal Group aims to become a leading airport company by creating corporate value through win-win relationships with internal and external stakeholders. We have already earned a reputation for being a clean and user-friendly airport, and one of our next goals is to create elements within our airport facilities that make people go to Haneda Airport not just to fly, but for enjoyment as well.

Haneda Airport has limitless potential, but it is up to us to realize that potential. All our executives and employees are self-starters, who seek to make Haneda a pioneering airport of the future, characterized by a range of values. We look forward to enjoying your continued support.

Message from the COO



Our officers and employees work together with a pioneering spirit to ensure we create an airport that is people- and eco-friendly

Nobuaki Yokota

President and Chief Operating Officer

The difficult business environment is changing

In fiscal 2022 (April 1, 2022 to March 31, 2023), the global economy began emerging from the effects of the COVID-19 pandemic. In the second half of fiscal 2022, I got the sense that the business environment of Japan Airport Terminal was finally changing. Nationwide travel support through incentives had resumed and there was a significant relaxation of entry restrictions.

However, even now, business has yet to reach pre-COVID levels. Soaring resource prices have increased costs, impacting our Group's performance. Although we have not recorded a profit for three

consecutive terms, we continue to appeal to our employees to persist in forging ahead for the day when our customers return.

In fiscal 2022, we held such events as local produce and tourism fairs, rolled out limited-time stores to coincide with international sporting events, and did our best to reduce costs. It was then that we began to see signs of improvement in our business performance.

Response to a changing external environment

I get a visceral sense that COVID-19 has triggered a change in general awareness regarding sustainability.

In response to climate change, we—as an enterprise that constructs, manages, and operates passenger terminal buildings—must maintain both our efforts to decarbonize our Company, and our focus on ensuring safety and security. This is particularly important, given that some experts have said the era of global boiling has arrived, and that the damage caused by natural disasters is increasing.

In line with our management policy statement guaranteeing the absolute safety of our passenger terminal, we have long been well prepared. Even before the Great East Japan Earthquake in March 2011, we had readied supplies in excess of the number of customers we generally serve; put in place systems to take in disaster victims; and already had terminal facilities designed to withstand earthquake and tsunami damage.

Further, we have taken steps to safeguard electrical and other equipment against flooding, which can be caused by torrential rains such as we have had recently.

We are confident that Tokyo International Airport (generally referred to as Haneda Airport) has one of the world's best crisis management systems, and will continue to work closely with those on the ground to respond adequately to any given disaster.

COVID-19 has been redesignated a Class 5 infectious disease, which means that members of the public are no

longer being asked by the government to stay at home. Nevertheless, with other factors—such as geopolitical risks—now having come into play, resource prices continue to rise. Since costs thus are bound to rise as passenger traffic grows, we intend to collaborate with our business partners in a bid to cut costs.

Meanwhile, as domestic and international passenger traffic recovers, we find ourselves facing personnel shortages. There is a particularly severe shortage of staff to support passenger exit and entry, such as through ground handling* and security guard duties.

We are working with airlines to welcome back those who were forced to leave their jobs due to the pandemic. Moreover, in response to both our shortage of personnel and that of tenant companies, we continue to study how automation and digital transformation at airport facilities might result in greater efficiency and be labor saving.

Rising prices also are placing a heavy burden on our employees' lives. Our business performance has been persistently disappointing, but I intend to raise wages and increase regular base pay.

* Ground handling: A series of ground support operations performed from the time an airplane lands at the airport until the next flight. This includes guiding aircraft, maintaining cabins, providing information to passengers, loading and unloading baggage and cargo, refueling, etc.

Enhancing terminal functions on the path to 2030

In 2016, the Japan Airport Terminal Group announced a long-term vision, namely, to be a world best airport. In other words, the Group intends to deliver utmost satisfaction to all its stakeholders.

It has also resolved to become one of the world's leading companies that builds, manages, and operates passenger terminal buildings. Further, the Group will increase the functionality and user convenience of all terminals buildings, in light of the demand for more flights, as reflected in the government's goal of attracting 60 million international visitors to Japan by 2030.

Effective use of limited land, existing facilities

The key point is how to boost the airport's functionality as an international facility by effectively using the limited land available and existing facilities.

To make Haneda Airport more user-friendly to all, we plan to enhance our barrier-free access and adopt universal design for all signage.

But it would be hard to continue expanding the airport, given the limited amount of land available. Over the years, it has increased in size, currently covering 1,522 hectares. Any

further expansion of facilities would require us first to work closely with the Ministry of Land, Infrastructure, Transport and Tourism as well as with airlines.

Functioning as an international facility

With Japan's population continuing to decline, and the airline industry finding it increasingly difficult to enjoy growth in domestic demand, attention has turned to inbound tourism. Since the Company has partially upgraded Terminal 2 and made it possible for international flights to arrive and depart, it seems inevitable that greater emphasis will be placed on international flights. In addition, we expect inbound connections to domestic flights to accelerate.

Recognizing the important role Haneda Airport plays as a hub for domestic flights, we will meet the needs of those who use it as a starting point to visit regional cities, thereby contributing to regional revitalization.

The fiscal 2030 goal of the Japan Airport Terminal Group is to be an airport terminal operator that is trusted by all stakeholders and provides an advanced, human- and eco-friendly airport.

Under our medium-term business plan (FY2022–FY2025) and bearing in mind the desire that the airport should be thought of as the country's premier gateway, we are working to create a model that will be recognized as the best in the

Attaining our goals through change, growth, and expansion

The end point of our medium-term plan is our vision for 2030. It has three strategic stages, namely: to change, through reform and innovation; to grow, by means of development and evolution; and to expand, by facing challenges.

The Company has been working to effectively utilize and manage airport facilities to meet the needs of the anticipated larger number of international visitors who will visit Japan by 2030. But, during the pandemic, we had an unprecedented experience: Airports ceased to function.

Against this backdrop and in order to sustain the Company, all divisions are now studying how to generate revenue from the perspectives of change, growth, and expansion.

One example is Radi-Cool, the world's first radiant cooling material. It is currently being used in our passenger terminal buildings on glass surfaces, boarding bridges, and connecting passageways. The product is environmentally friendly and can lower room temperatures without the use of energy. It does so by reflecting sunlight and radiating indoor heat using radiative cooling, which is a natural phenomenon.

Haneda Robotics Lab



Undertaking sustainability-driven management

In May 2023, the Company announced its "Medium-Term Sustainability Plan." Given its basic philosophy of "Harmony between the Business and the Society," it is only natural for the Japan Airport Terminal Group to respond to the demands of society, and we recognize that a sustainability perspective is essential to corporate management. Our plan expresses our Group's determination to engage in management centered on sustainability, in order to achieve our vision of becoming a "human- and eco-friendly advanced airport in 2030."

world. There are four areas of focus: providing world-leading hospitality, ensuring the airport is safe and secure, delivering journeys that are stress-free and pleasant, and making Haneda an eco-airport.

In light of the roughly 15% reduction in temperatures the product achieves inside the airport, we are acting as a sales agent for, and marketing, Radi-Cool to other airports. We are also expanding sales channels to hospitals and other facilities.

In addition, we are implementing initiatives that benefit from the potential of Haneda Airport. It is used as a venue for demonstration experiments, with various proving trials already having been conducted there. The Haneda Robotics Lab at the airport provides robot developers with an opportunity to conduct demonstration experiments within the airport, and allows airport users to experience robots up close. Further, the lab identifies problem points and shares its findings. In the near future, we plan to open terminal.0 HANEDA, a facility where we will pursue a new type of terminal management.

In addition, as the number of tax-free (consumption tax- and duty-free) stores is increasing in Tokyo, the duty-free system (airport-style duty-free outlets) is losing its price advantage. For this reason, we plan to build an e-commerce-linked travel retail model to capitalize on the stores we have at the airport. This we can do, for example, by offering an online pre-ordering service for duty-free items.

Prior to COVID-19, it may have been enough to focus on Japan, but from now on, competition will be global. Haneda Airport can be used as a site for various demonstration experiments, the results of which can be put to use at airports across the country. By making effective use of Haneda Airport's advanced role, we will be in a position to compete globally in the areas of hardware and software.

Decarbonization

The Company discloses information based on the recommendations of the Task Force on Climate-related Financial Disclosures in 2023.

The Company has announced an extremely challenging goal: its plan to reduce, by 2030, CO2 emissions 46% from 2013 levels. Doing so is a formidable challenge; today, Haneda Airport is nearly double the size it was in 2013, while the amount of energy it uses has also increased.

In light of future facility expansion plans, we will continue implementing such measures as constructing net zero energy buildings, installing solar panels, switching to 100% LED



Spreading the word, in Japan and abroad, about regional destinations

lighting within facilities, and using timber structures. The use of timber, sourced from sustainable forests, will help revitalize local economies.

When it comes to solar power generation, there are limits to how many panels can be installed due to the need to ensure the safety of aircraft taking off and landing. In addition, because solar power generation alone cannot meet the airport's energy needs, we must adopt bold methods and technologies, such as the use of hydrogen.

However, reducing CO2 emissions is not something that we can tackle alone, so we shall have to engage in dialog with the Tokyo International Airport Eco-Airport Council, which comprises airport administrators and airport-related businesses, and implement measures accordingly.

Human Resources

The company is currently promoting activities based on a Plus One mindset, namely, when taking action based on one's ideas, it is crucial not to fear failure. Often one doesn't know if something will work out until one has tried it. And if it doesn't work, one can always go back to the drawing board. I want to see our employees take on challenges with that same mindset.

The roots of Japan Airport Terminal lie in infrastructure, and the Group's role is the construction, management, and operation of terminal buildings. Therefore, we recognize that human resources are our most important capital, and plan to train our terminal building operators who are engaged in security, providing information, and sales.

Overseas, meanwhile, airports have introduced a scheme called Total Airport Management. This connects processes and systems throughout an airport, and allows data-based decisions to be made.

Given that our long-term vision is to be a world best airport, we believe that, in the future, it will be important to cultivate human resources based on global standards, and to develop the world's best terminal building operators. In addition, since our sales people need to use digital marketing, we will cultivate human resources with the relevant IT skills.

Contributing to Regions and Communities

Airports cannot function without the understanding of the people who live in the vicinity and in areas over which planes fly. To make Haneda Airport a facility not to be used just by those flying in or out, but by all people, I believe it is essential to build relationships of trust with everyone.

I also am convinced that we should collaborate with airports across the country and contribute to the revitalization of local regions. Haneda Airport has a record of hosting special events featuring exhibitions of products from all over the country, so we are considering setting up permanent stores that sell some of Japan's famous products. This will allow us to spread the word about the allure of regional destinations to people in Japan and overseas. Since collaboration with local areas is an opportunity for mutual new business creation, we will continue to offer our Group's expertise to, and build relationships of trust with, people in local regions and communities.

We will work to achieve the key performance indicators and goals associated with the materiality established in our sustainability plan, as well as confirm our results. To ensure that our determination is more than simply words, the Group's executives and employees will be heading in the same direction.