

# External environment awareness

As a corporate group responsible for the construction, management, and operation of highly public passenger terminals, Japan Airport Terminal Group aims to build a system that enables flexible and stable business operations even in a business environment in which society as a whole as well as the airline industry as a whole undergo major changes. Therefore, in formulating our medium-term business plan for the period from FY2022 to FY2025, to address environmental factors that are expected to affect the management of our Group, we compiled trends in the government (Ministry of Land, Infrastructure, Transport and Tourism) and the airline industry, and also took into account changes in the business environment and social environment.

Regarding risks and opportunities derived from the external environment, we will evaluate the impacts on our Company both in terms of preventing losses and developing opportunities, and study initiatives and countermeasures as essential issues for our management strategies. By so doing, we aim to form a strong and resilient organization.

## Government (Ministry of Land, Infrastructure, Transport and Tourism)

### MLIT "Circumstances Surrounding Aviation and Future Issues and Initiatives" (March 2022) [Excerpt]

- (1) Appropriate responses to the COVID-19 pandemic (border control measures that reflect the infection situation)
- (2) Responses with a view to the recovery and expansion of demand after COVID-19 (functional strengthening of each airport, including airports in the Tokyo metropolitan area, and disaster prevention and reduction measures at the airport)
- (3) Response to decarbonization in the aviation industry (promotion of decarbonization at the airport)
- (4) Ensuring the safety and security of new aviation mobility (introduction of flying cars, and safe and smooth flights of drones, flying cars and piloted aircraft)
- (5) Providing safe and secure aviation services (promotion of aviation innovations)

### Functional strengthening of airports in the Tokyo metropolitan area (as per MLIT's website, and edited by Japan Airport Terminal)

- (1) Strengthening the international competitiveness of the Tokyo metropolitan area → Revitalizing the Japanese economy
- (2) Acceptance of non-Japanese visitors to Japan → Increase in the number of foreign travelers and expansion of travel consumption
- (3) Regional vitalization throughout Japan → Growth potential of foreign countries affecting regions throughout Japan
- (4) Strengthening airport functions (development of artificial land, railroads connecting to the airport, and aircraft parking apron)
- (5) Disaster prevention and reduction measures, etc. (strengthening the seismic capacity of runways, etc., development of bank protection, etc., and renovation of basic facilities, etc.)



# Goals to be attained by 2030

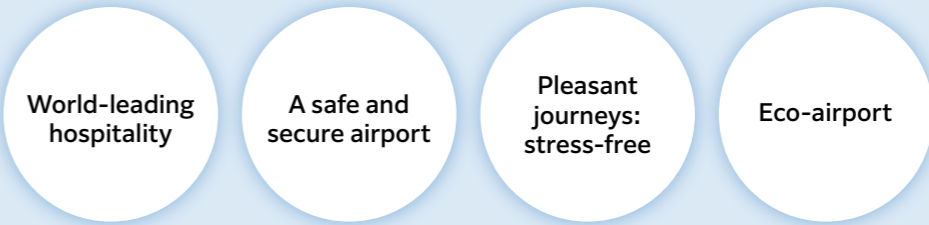
Despite the ever-changing business environment, by 2030 we need to become one of the most advanced, people- and eco-friendly airports. Otherwise, we cannot realize our long-term vision of becoming a World Best Airport, and be seen around the world a leading airport company, Japan's premier airport, the gateway to Japan, and an airport terminal company trusted by all stakeholders.

Long-term vision  
**To Be a World Best Airport**  
 - To be the world's most respected airport, pursuing the satisfaction of all stakeholders -  
 Leading airport company

## Our goals for 2030

As the airport representing Japan and the premier gateway to the country, we are creating a model recognized as the best in the world.

### - human-and-eco-friendly advanced airport 2030 -



**An airport terminal operator trusted by all stakeholders**

#### Permeate sustainability through management and business decisions

- Promote businesses in accordance with the Sustainability Basic Policy and the established management system
- Achieve the CO2 reduction target of 46%

#### Continue to build operational excellence

- Continuously improve quality and efficiency, including lessons learned from the COVID-19 pandemic
- Establish new ways to utilize terminals in cooperation with airlines
- Use digital marketing to help create new services and improve traveler satisfaction
- Improve productivity, such as controlling operations through DX and systemization

#### Establish airport functions with a view to a future rise in airline demand

- Complete the expansion of T1 and T2 terminals by developing satellites and promoting operations
- Connect East Japan Railway Company – Haneda Airport Access Line (scheduled to be completed in 2031) to T2 terminal
- Research and review the development of terminals in cooperation with the review of artificial land development by the government

\* Review of connection between terminal T1 and T2 (improvement of a new international flight area)

#### Establish stable revenue streams and financial foundations

- Incorporate an increase in airline demand into a rise in revenues from merchandise sales, food and beverage, and service businesses
- Grow newly developed businesses to the extent that they contribute to the earnings base
- Recover the equity ratio to 40% and maintain the rating

#### Further lift organizational strength and governance

- Cultivate a corporate culture where human resources who can think and take on challenges on their own and where members of the diverse workforce motivate each other
- Development of a Group management system that adapts to the business environment
- Establish governance that realizes higher transparency and equitability of management, and improve corporate value

# Medium-term business plan as part of our overall strategy

## Medium-Term Business Plan (FY2022–FY2025)

To be considered one of the world's most advanced, human- and eco-friendly airports

Seek profit higher than that prior to COVID-19, assuming recovery of passenger numbers to pre-pandemic levels

Reform and Innovation  
**Change**  
Establishing a foundation for regrowth  
**Optimize**

Growth and Evolution  
**Grow**  
Growth of airport business  
**Growth drive**

Facing Challenges  
**Expand**  
Expansion of earnings base  
**Create value**

Enhance the earnings base P.25

Promote sustainability

Pursue sustainability P.29

- Sustained growth of our Group
- Realization of a sustainable society

Enhance the management base P.27

Improve and innovate by harnessing DX and new technologies

Organization, personnel, and governance

Financial strategy

### Long-term vision

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As the airport representing Japan and the premier gateway to the country, we are creating a model recognized as the best in the world.

- human-and-eco-friendly advanced airport 2030 -

World-leading hospitality

A safe and secure airport

Pleasant journeys: stress-free

Eco-airport

An airport terminal operator trusted by all stakeholders

### 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

2016–2020

2021

COVID-19 pandemic

2022–2025

Recovery of passenger numbers

–2030

60 million overseas visitors to Japan  
SDGs' target year

## Previous and current medium-term business plans

During our previous medium-term business plan (FY2016–FY2020), international flight slots at Haneda Airport were increased approximately 1.4 times to strengthen the facility's functioning. At the time, our Group made Tokyo International Air Terminal Corporation (TIAT) a consolidated subsidiary, working closely with it to develop facilities able to accommodate the flight slot expansion.

However, with the pandemic, aviation demand declined sharply, causing significant change in the business environment on which the plan was based. Thus, we had to diversify revenue sources and cut costs to improve profits, as well as finance operations through a public offering and other means, to secure funds for terminal development and to shore up our financial base. And this was in addition to having to implement rigorous infection prevention measures and expand non-face-to-face and non-contact services to ensure safety and security during travel.

In light of this, our current medium-term business plan (FY2022–FY2025) is a backcast plan, based on our vision for 2030. It sets the years 2025 and 2030 as milestones.

The reduction of CO<sub>2</sub> emissions and the government's objective to raise the number of foreign visitors to Japan to 60 million are national goals for 2030. They presuppose that, by 2025, airline passenger traffic will return to its pre-COVID level.

Our goals for FY2025 are to boost profits beyond the planned pre-COVID levels, as well as to reinforce management in terms of DX, organization, personnel, governance, and financial strategies. This should provide a foundation for regrowth, allowing us to expand our earnings base and achieve airport business growth. Sustainability will be at the core of our strategies.

With international flight demand rapidly recovering since fall 2022, we have been investing in human capital while controlling post-COVID cost rebounds.

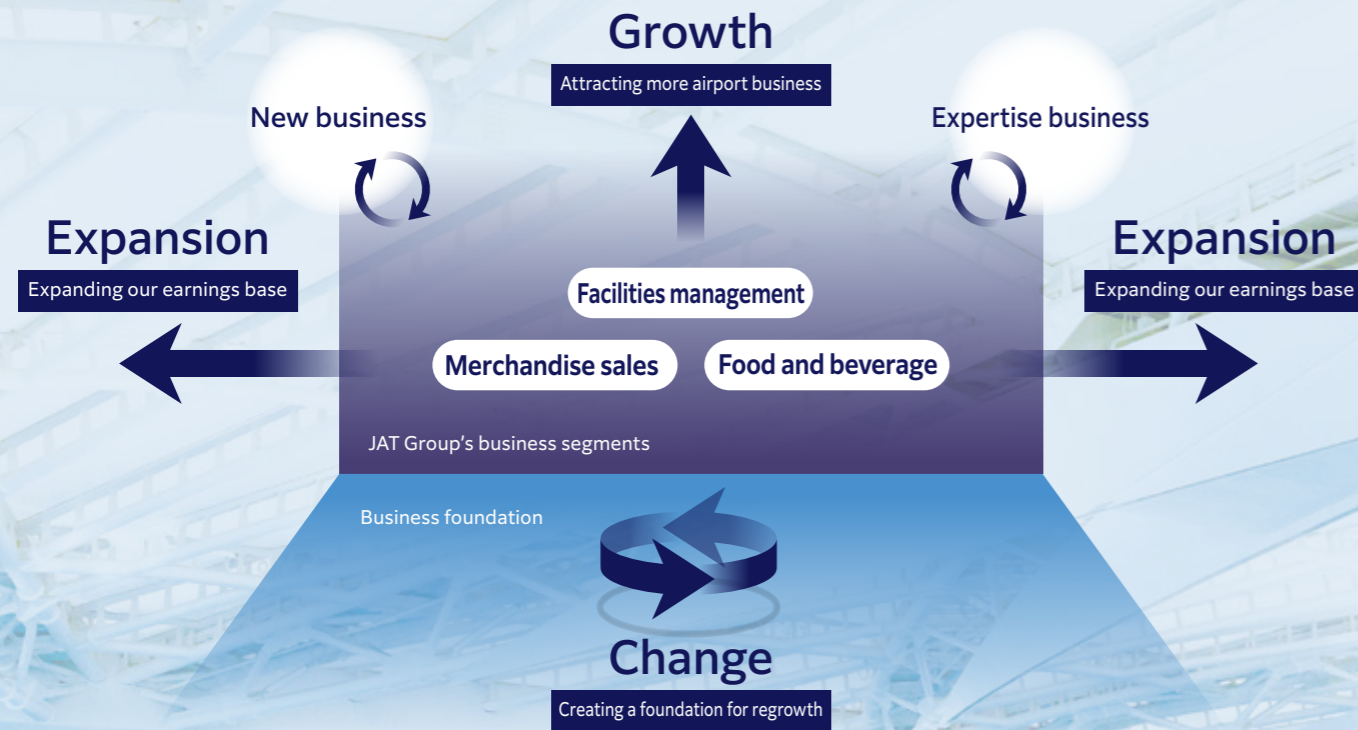
The full text of the Japan Airport Terminal Group Medium-Term Business Plan can be found at <https://www.tokyo-airport-bldg.co.jp/files/en/ir/000012141.pdf>.



# Earnings based strategy

In response to the changing business environment, we will base our regrowth on three strategic pillars: change, growth, and expansion. At the same time, we will build a solid revenue base by steadily capturing future aviation demand and broadening our revenue base by expanding our business into new areas.

The concept of change, growth, and expansion



### 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

### 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

### 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

# Management strategy



## Kazuhito Tanaka

Executive Vice President  
Executive Officer and CFO

### Review of Fiscal 2022

During fiscal 2022, society gradually regained composure and airline industry demand continued to recover steadily, thanks to the removal of restrictions on domestic movement and the gradual relaxation of border measures.

As a result, sales in all segments increased from the previous fiscal year, and operating revenue amounted to ¥113,050 million (up 98.1% year on year).

### Numerical goals

The JAT Group recognizes it has a crucial role to play as aviation demand increases. Hence, under our medium-term business plan announced in May 2022, we aim to recover quickly from the pandemic. We will adopt financial strategies that include the restoration of the Group's sound financial structure, setting up an advanced business evaluation and management system, and appropriately investing in new business opportunities.

The Group recognizes the importance of rigorous management and the need to enhance shareholder value. Thus, we plan to invest in such ways as will help our airport business grow, and to expand our earnings base. At the same time, we will ensure that: the efficiency of terminal operations—including those

With COVID-19 recategorized as a Class 5 infectious disease under Japan's Infectious Diseases Law, passenger demand is expected to recover in the near future and lead to increased in-inbound passenger traffic. Our consolidated results forecast thus anticipates a return to profitability for the first time in four years.

implemented during the pandemic—is maintained; rebounds in cost reductions are suppressed; and business evaluations are conducted based on capital costs.

Based on the above strategies, under the medium-term business plan, which ends in fiscal 2025, we have set the following metrics as quantitative targets. These include ROA\* of 12% or more, as a measure of efficiency with respect to invested capital; a return to an equity ratio of 40%, as a measure of the stability of our financial base during the current uncertain business environment; and a dividend payout ratio of 30% or more, as a measure of shareholder returns.

\* EBITDA / average of total assets at the beginning and end of the period

### 2025 numerical goal guidelines and results \* Partial excerpt

Type of metric	Metrics used	Goal	FY2022 results
Efficiency	ROA*	12% or higher	4.0%
Stability	Equity ratio	Return to 40% level	33.6%
Shareholder return	Payout ratio	30% or more	—

### Patch to our medium-term business plan

By FY2025, we plan to invest ¥105 billion in areas including domestic flight-related satellite maintenance work; management resources for store renovation; facility development; environment-related investment; EC business; and DX. The Group realizes the benefits of pursuing broad-based sustainability policies, such as environment-related stewardship, and the need to invest in such intangible assets as DX and human capital.

As such, I believe that my focus should be on implementing finance-based management strategies so as

to maximize tangible and intangible airport terminal value. At the same time, as we enhance our corporate value, we will continue providing you with intuitive explanations of our Group's growth strategies and business plans that reflect your expectations and opinions.

### Profit targets

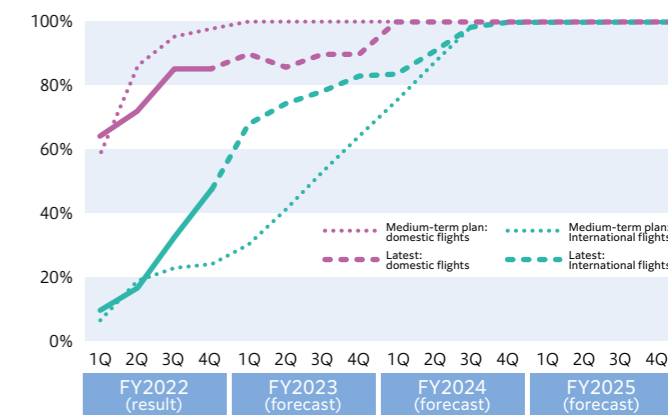
2025 PL	Operating Revenue	2025 PL			Operating Income	Ordinary Income	Net income
		Facilities Management	Merchandise Sales	Food and Beverage			
	280	106	156	18	30	27	280
The previous revenue recognition accounting standards were applied to these figures.							
	320	106	193	21			

### Passenger traffic (Haneda Airport)

Domestic flights	FY2022 (result)	FY2023 (forecast)	FY2024 (forecast)	FY2025 (forecast)
	Number of passengers	53,060	61,310	69,000
Vs. target	77%	89%	100%	100%

International flights	FY2022 (result)	FY2023 (forecast)	FY2024 (forecast)	FY2025 (forecast)
	Number of passengers	6,800	19,370	23,800
Comparison with post-expansion plan	27%	75%	93%	100%
Vs. FY2019	37%	104%	129%	139%



### Estimated investment amount during the plan period

	FY2022 (result)	FY2023 (plan)	FY2024 (plan)	FY2025 (plan)	Total
Investment plan	15	29	34	27	105

### Facilities management ¥93 billion

T1/T2 satellite site maintenance investment, equipment renewal work, etc.

### Merchandise sales food and beverage ¥5 billion

Store renewal construction, system updates, etc.

### New business/expertise business ¥3 billion

HANEDA INNOVATION CITY, e-commerce business, robot business, etc.

### Management base and others ¥4 billion

DX investment, etc.

### Investment in improvement of the T1/T2 satellite site (billion yen)

FY2022 (result)	FY2023 (plan)	FY2024 (plan)	FY2025 (plan)	Total
6	19	18	10	53

### Construction of facilities related to CO<sub>2</sub> reduction (total construction costs from FY22 to FY25)

Construction to convert to LED lighting:	¥3 billion
Construction to replace air conditioners:	¥5 billion
* Planned investment: ¥3.5 billion	

# Sustainability strategy

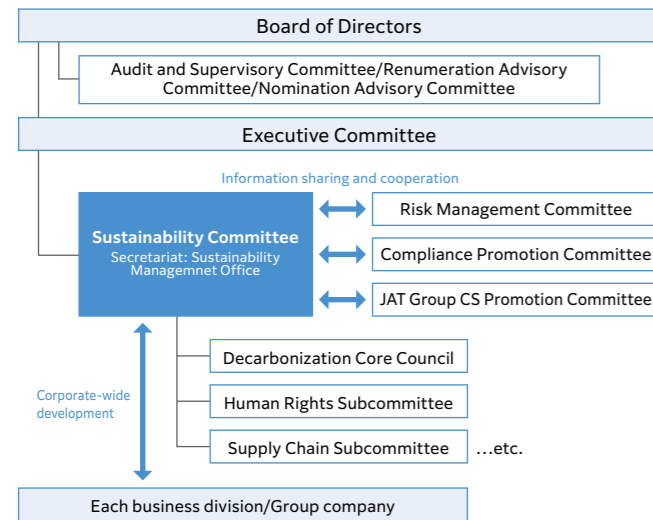
Right from the start, we have focused on sustaining business growth, developing the Group, benefiting society by ensuring there is a balance between business and society, and helping to realize a sustainable society.

To ensure deeper embedding of sustainable management in our organization, we have formulated a Medium-term Sustainability Plan in May 2023. This will clearly define key issues and key performance indicators, enabling us to promote our management strategy and enhance the effectiveness of our sustainability management initiatives.

The plan requires that progress be monitored once every six months by the Sustainability Committee, chaired by the president and representative director. Discussions of priority themes will be undertaken by subcommittees.

## Sustainability Promotion System

Overview of the sustainability promotion system



## Outline of Meeting Body and Working Group

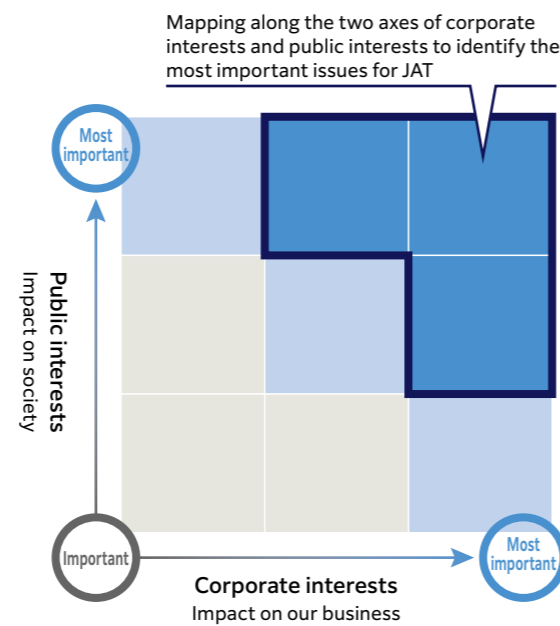
Sustainability Committee

<b>Committee Members</b>	Chairperson: President and COO Members: Vice President and all other officers (including executive officers)
<b>Secretariat</b>	Sustainability Management Office
<b>Meeting frequency</b>	Twice a year or more (five times in FY2022)
<b>Matters for deliberation</b>	<ul style="list-style-type: none"> <li>Measures to identify critical sustainability issues</li> <li>Establishment of plans and targets relating to sustainability and progress management (PDCA)</li> <li>Stakeholder communication, etc.</li> </ul>
<b>Others</b>	Establish the Risk Management Committee and theme based working groups • Decarbonization Core Conference (WGs on energy saving, energy generation, new energies, resource recycling, etc.) • Human Rights Subcommittee • Supply Chain Subcommittee

## Medium-term Sustainability Plan Development Process

<b>Step 1</b>	<b>Drawing up of a list of potential materiality</b>  In order to identify social issues and business environment that may affect JAT's business operations, we listed up potential materiality taking into account material items covered by guidelines issued by the industry association (ACI) and international organizations (e.g., GRI and SASB) in addition to our business strategy (medium term management plan).
<b>Step 2</b>	<b>Materiality Evaluation</b>  We evaluated and narrowed down the potential materiality included in the list from both aspects of the importance for the Company's business (corporate interests) and the importance for society (public interests). Furthermore, as part of the evaluation, we conducted a questionnaire survey at the Company's respective departments and interviews with them.
<b>Step 3</b>	<b>Dialogue with Experts</b>  Through dialogue with external experts, we confirmed expectations and demands from external parties, and verified the completeness and appropriateness of materiality topics.
<b>Step 4</b>	<b>Identification of materiality</b>  After discussions at the Sustainability Committee, we identified eight materiality topics. We will continue to review the materiality in light of changes in the social environment.
<b>Step 5</b>	<b>Initiatives and KPIs</b>  We are developing initiatives that contribute to the solution of the defined materiality as well as KPIs to evaluate progress in the initiatives. In the development process, we consulted and confirmed with relevant departments and companies, bearing in mind information disclosure and dissemination to external parties.

## Materiality matrix



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

Categories	Materiality	Initiatives	Relevant Stakeholders	Vision for 2030	SDGs to be contributed
environment	Measures to combat climate change	Reduction of CO <sub>2</sub> emissions	Partners Global Environment	Safe and secure airport Eco airport	7, 12, 13
	Effective use of limited resources	Introduction of eco-friendly materials and merchandise Waste reduction/resource recycling	Partners Global Environment	Safe and secure airport Eco airport	2, 14, 15
social	Development of a safe, comfortable and advanced airport	Enhanced terminal functionality	Customers Partners Employees Local Communities Common	World-leading hospitality Safe and secure airport Pleasant journey: stress-free	9, 10, 11
		Assurance of safety and security			
		Promotion of universal design			
		Use of digital technology			
	Contribution to local and regional communities	Creation of interaction with local communities Benefit-sharing with local communities	Customers Partners Local Communities	Safe and secure airport Pleasant journey: stress-free	4, 9, 11, 17
Human resource development	Transformation of workforce into a group of real professionals Improved employee engagement	Customers Employees	World-leading hospitality	4, 8	
	Promotion of diversity and inclusion and respect for human rights	Customers Partners Employees Local Communities Common	World-leading hospitality Safe and secure airport	5, 8, 10	
governance	Promotion of fair business activities	Ensuring of thorough compliance	Customers Partners Employees shareholders, and investors Common	World-leading hospitality Safe and secure airport Pleasant journey: stress-free Eco airport	1, 4, 16
		Strengthening of sustainability governance	Customers Employees shareholders, and investors Common	World-leading hospitality Safe and secure airport Pleasant journey: stress-free Eco airport	11
	Strengthening of risk management systems				
Cybersecurity					

## 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 D&I 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						●	●

# Progress attained by business divisions



## 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 106 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.

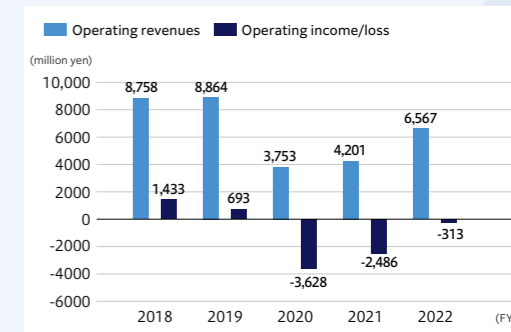
### Fiscal 2022 progress and challenges

Since passenger traffic had yet to fully recover in fiscal 2022, we sought to reduce costs by prioritizing maintenance and administration costs in the area of facilities management, and reviewed our outsourcing policy.

Our facilities management business recorded an operating revenue of ¥65,672 million (up 56.3% year on year), and an operating loss of ¥3,133 million (down from the operating loss of ¥24,863 million for the previous fiscal year).

Beginning fiscal 2023, passenger traffic is expected to recover and reach close to pre-COVID numbers. The challenge thus is how to pursue efficient operations while maintaining business and service levels by, for example, optimizing operations and using labor-saving robotics technology.

In addition, with the government's goal of attracting 60 million foreign visitors to Japan by 2030, aviation demand is set to increase. This means we will have to expand areas of the airport ahead of the future growth in demand, and improve the value of Haneda Airport by revitalizing commercial areas and attracting office tenants.



## Merchandise Sales and 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 156 billion yen and operating revenues from food and beverage sales of 18 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.

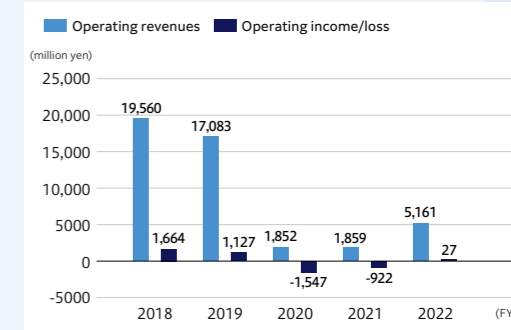
### Fiscal 2022 progress and challenges

Sales increased in Merchandise Sales and Food and Beverage segments as domestic and international passenger traffic began to recover. In the meantime, we carried out store renewals, attracted new brands, and repositioned existing brands.

As a result, merchandising sales entered positive territory. The two segments combined recorded an operating revenue of ¥51,616 million (up 77.6% year on year) and an operating income of ¥275 million (down from the operating loss of ¥9,226 million for the previous fiscal year).

Currently, purchasing costs are expected to increase, due to soaring raw material and labor costs. We therefore recognize that the challenge is to achieve low-cost operations by developing original products and adopting labor-saving store structures.

In addition, to increase profits further, we plan to offer distinctive stores and provide highly satisfactory services by strengthening our collaboration with business partners, using marketing, carrying out store renewals, and revising our merchandising methods.



## 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.

\* New and Expertise Business plan target figure is included in the total of the figures of three business segments' plan targets above.

### 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.

### Fiscal 2022 progress and challenges

We have a history of running airport concessions and providing consulting services for domestic and international airports. This is based on the expertise we have accumulated through the management and operation of public passenger terminals.

But, in fiscal 2022, we found ourselves also providing expertise and technologies outside the purview of airport operations. These activities include the introduction of the robots used at Haneda Airport, and the external sale of Radi-Cool, a product that works by using the natural phenomenon of radiative cooling to dissipate indoor heat.

From now on, our revenue will be come from two sources: one source other than airline passengers, and the other source that results from growth in the airport business. In January 2024, we are scheduled to open terminal.O HANEDA, an inter-industry collaborative research and development center at which we will promote innovation, upgrade our e-commerce sites, and develop new services to increase the value of customer experience.

By these and other efforts, we will diversify our earnings, as well as accumulate new knowledge and expertise that should lead to further growth in our core business.

