

INTEGRATED REPORT 2022



Creating unique value within and outside airports to develop the future of aviation and attractive towns

We adequately respond to customers' needs and the requirements of society within and outside airports, and promote the growth of the company while also aiming to contribute to realizing an affluent society with the expansion of our business base and active business development.



Solar light power generation (TRC)

Support people's lives through the construction of facilities and social infrastructures

Our company is responsible for supporting the function of airports through infrastructure business, and strives to develop and operate facilities that provide safety and assurance.



Flight simulator (Singapore)

Build a sustainable society and open up the future

We set goals in terms of environment, society, and governance and work to achieve them for realizing a sustainable society.



International student dormitory (Kanazawa-Hakkei International Community Plaza)



Domestic cargo terminal (Haneda Airport)



Technical Center 1 (Haneda Airport)



West Hangar (Haneda Airport)



Maintenance and inspection

The business area of our group is widening. In order to diversify our business toward future growth and to construct a sustainable society, we had set forth AFC VISION in May 2022 and OUR MISSION (new Corporate Philosophy) and OUR VALUE (new Guiding Principles) on October 1, 2022.

TABLE OF CONTENTS



Value creation by Airport Facilities Co., Ltd.

- 05 Corporate development
- 07 AT A GLANCE
- 09 Message from the President
- 13 Message from External Director
- 15 Value creation process



Efforts towards realizing sustainability

- 27 Efforts towards realizing sustainability
- 31 Environment
- 39 Society
- 47 Corporate governance



Business strategy

- 17 Medium- to Long- Term Management Plan
- 23 Special Issue 1 (Haneda Airport 1-Chome Project)
- 25 Special Issue 2 (Promotion of non-asset business)



Corporate profile

- 55 The progress of financial and non-financial affairs
- 59 Stock information/ corporate information

OUR MISSION (CORPORATE PHILOSOPHY)

We, the Airport Facility Group, will contribute to the advancement of aviation and the creation of attractive communities through prioritizing and delivering valuable facilities and services.

AFC VISION

The ideal image of the company aimed at through the implementation of the Medium- to Long-Term Management Plan (To be)
Toward creating unique value within and outside airports

OUR VALUE (GUIDING PRINCIPLES)

Something that shows the basic policy and attitude toward action that each of our officers and employees should value, based on OUR MISSION (Corporate Philosophy) and AFC VISION

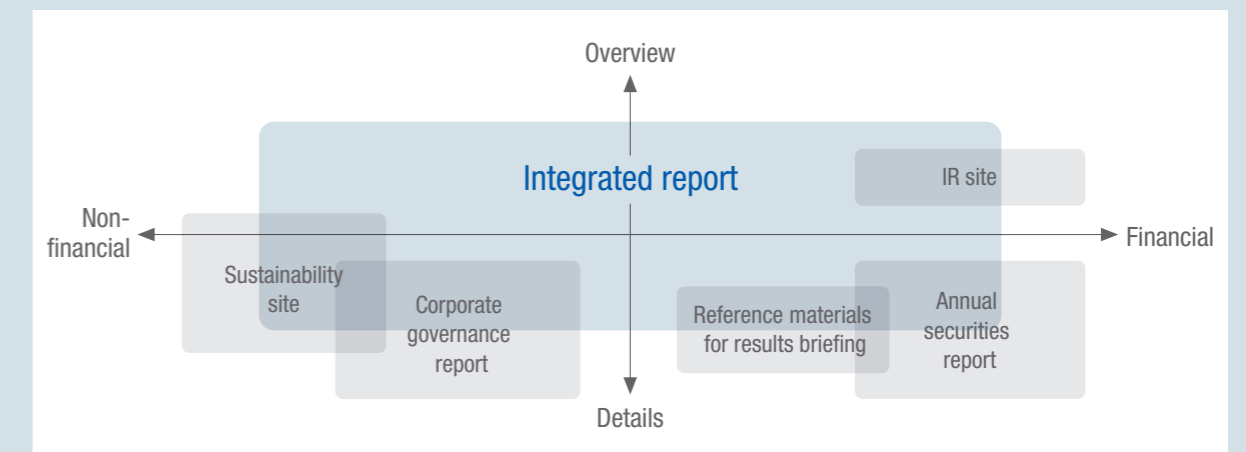
- 1 We endeavor to uphold the trust and confidence that the public and customer placed on us.
- 2 We will always remain fully committed to safety and security.
- 3 As airport and real estate professionals, we will always challenge ourselves to meet public and customer expectations.
- 4 We will always remain fully committed to preserve the global environment and actively contribute towards long term sustainability of our society.
- 5 We respect diversity and provide a rewarding workplace.
- 6 We actively promote and maintain highest standard of ethics and integrity.



System diagram

About this Report

This Report is compiled to ensure the understanding of our Group in a well-balanced fashion from various aspects among all the stakeholders, including financial information such as management performance and strategy, as well as non-financial information in terms of environment, society, and governance. Please also refer to the website of our company, which offers various other information.



Period covered by this Report

This Report covers the period from April 1, 2021, to March 31, 2022. (Some of the activities and efforts after April 1, 2022, are also included.)

Areas covered by this Report

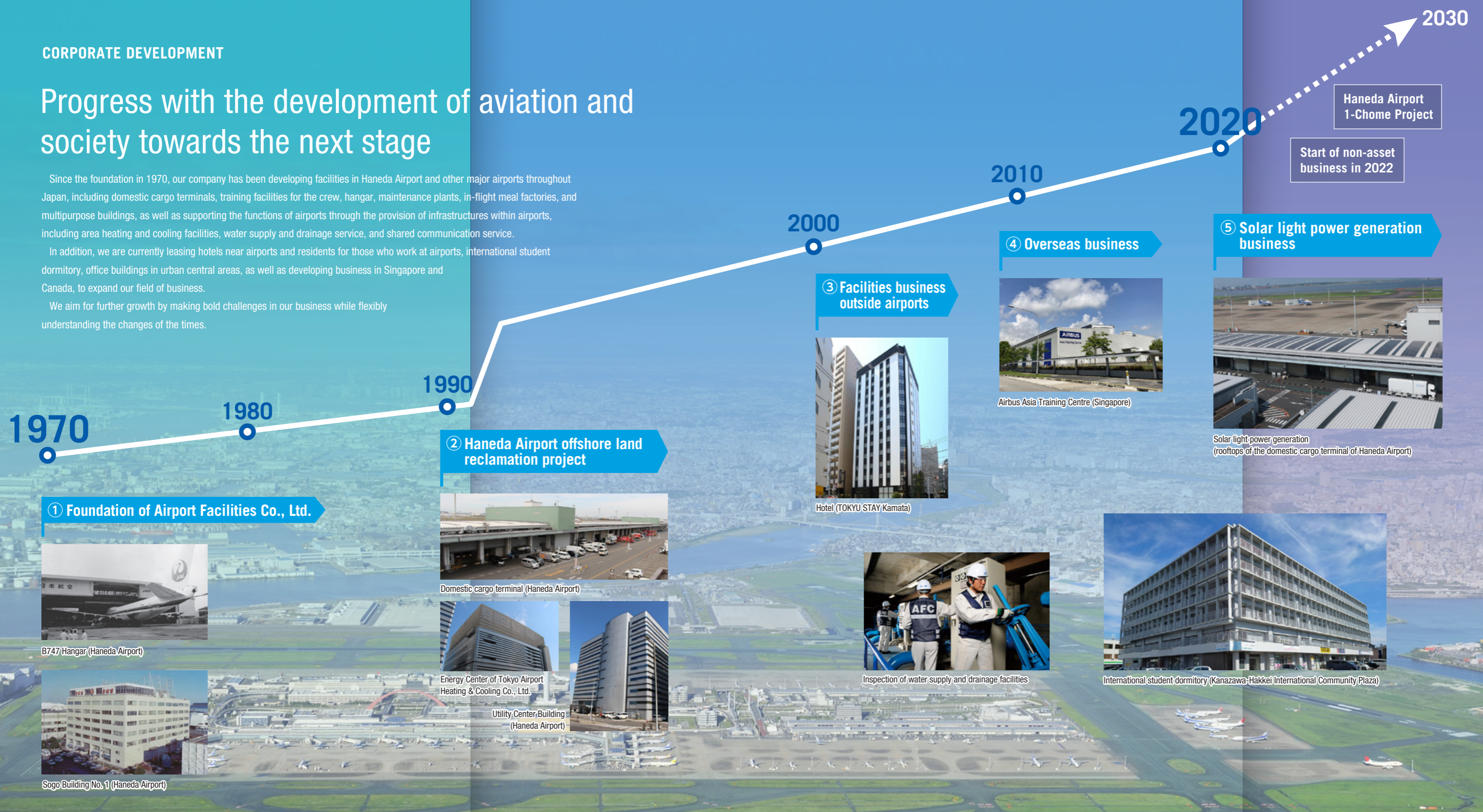
Airport Facilities Co. Group (including affiliated companies in Japan and abroad)

Progress with the development of aviation and society towards the next stage

Since the foundation in 1970, our company has been developing facilities in Haneda Airport and other major airports throughout Japan, including domestic cargo terminals, training facilities for the crew, hangar, maintenance plants, in-flight meal factories, and multipurpose buildings, as well as supporting the functions of airports through the provision of infrastructures within airports, including area heating and cooling facilities, water supply and drainage service, and shared communication service.

In addition, we are currently leasing hotels near airports and residents for those who work at airports, international student dormitory, office buildings in urban central areas, as well as developing business in Singapore and Canada, to expand our field of business.

We aim for further growth by making bold challenges in our business while flexibly understanding the changes of the times.



① 1970

Foundation of Airport Facilities Co., Ltd., becoming independent from Kokusai Kogyo Co., Ltd.

Start of the leasing of buildings, area heating and cooling service, water supply and drainage service in Haneda Airport 1-Chome area, and the leasing of buildings in Itami Airport.

1993

Debuts on the stock market

- 1993: Starts offering stock over the counter through Japan Securities Dealers Association
- 1995: Stock listed on the Second Section of the Tokyo Stock Exchange
- 1997: Stock listed on the First Section of the Tokyo Stock Exchange
- 2022: Transition to the Prime Division of the Tokyo Stock Exchange

② 1993

Facilities development accompanied with the Haneda Airport offshore land reclamation project

At the timing of the start of the second phase of the Haneda Airport offshore land reclamation project (in September 1993), the Utility Center Building and the west hangar in the new aircraft maintenance area and the domestic cargo terminal facility in the cargo area were completed. In addition, area heating and cooling service (Tokyo Airport Heating & Cooling Co., Ltd.), local area communication network business, and water supply and drainage service started in the offshore reclaimed area.

③ 1998

Starting facilities business outside airports

Starting from the acquisition of Roppongi Building in Minato Ward, projects in urban central areas are expanded to include Koku Kaikan and Kyodo Building. Thereafter, the business is further developed to include hotels, residents for those who work at airports, and international student dormitory.

④ 2013

Finance business starts abroad

AIRPORT FACILITIES ASIA PTE. LTD. was founded in Singapore in 2013. In 2014, finance business started. In 2014, AFN PROPERTIES LTD. was founded in Canada and started finance business.

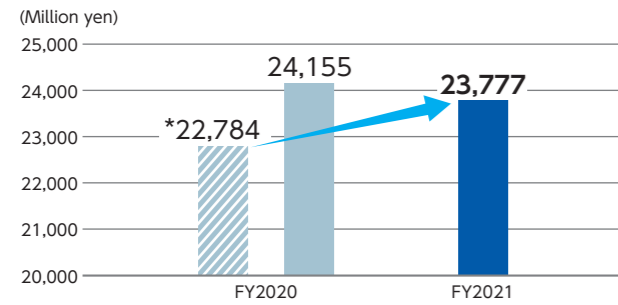
⑤ 2013

Environmental initiatives (solar power generation)

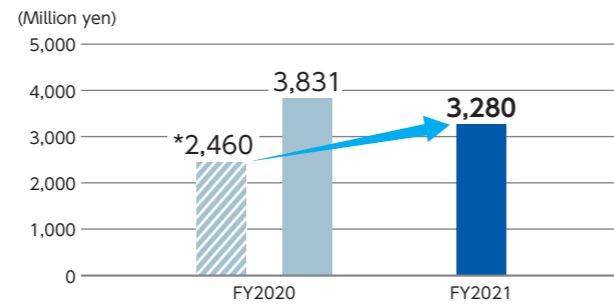
In 2013, the first solar power generation facility of our company was constructed in Honsanzuka, Narita. Thereafter, solar power generation facilities were installed in Kagoshima Airport in 2014, in Mizunami City, Gifu Prefecture in 2016, in TRC (rooftop of TRC Distribution B Building) in 2018, and in Haneda Airport domestic cargo terminal in 2020.



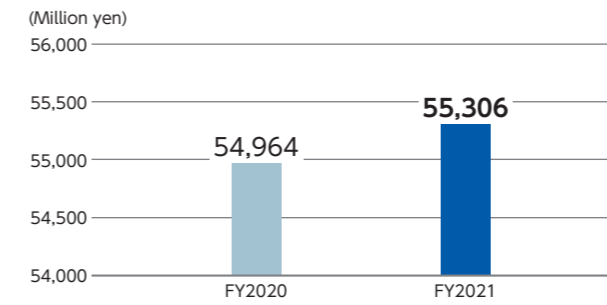
Net sales



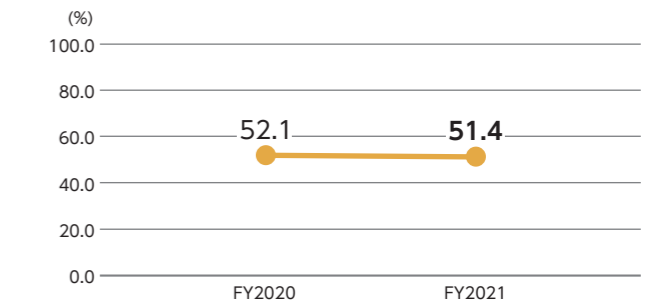
Operating income



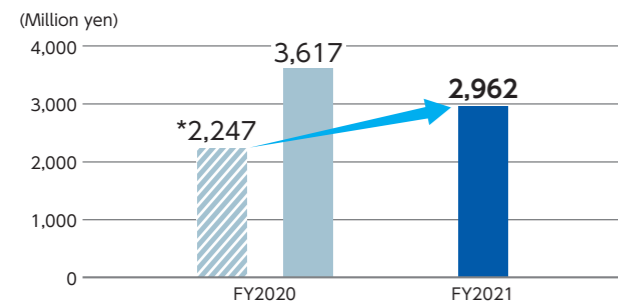
Net assets



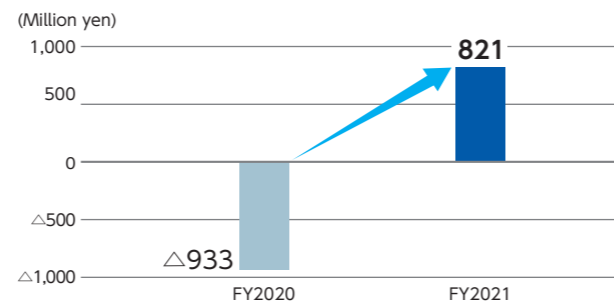
Equity ratio



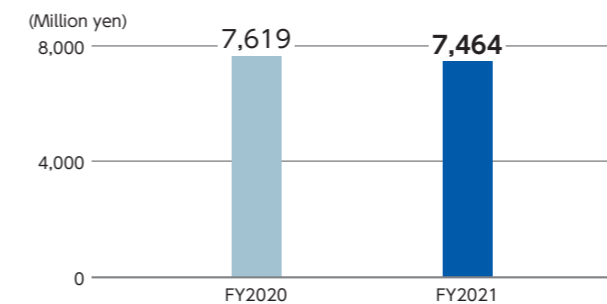
Ordinary income



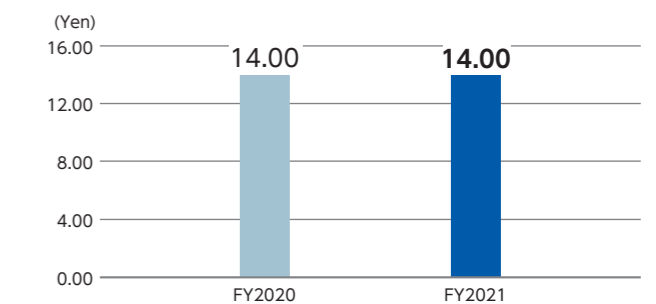
Profit (loss) attributable to owners of parent



EBITDA + recovery



Dividend per share

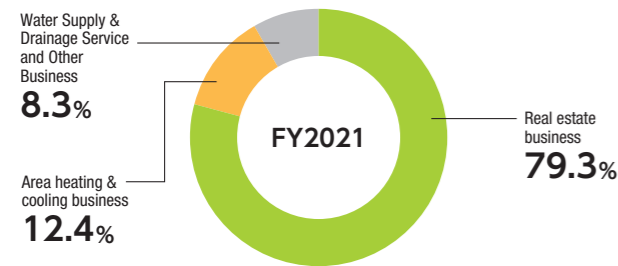


Review

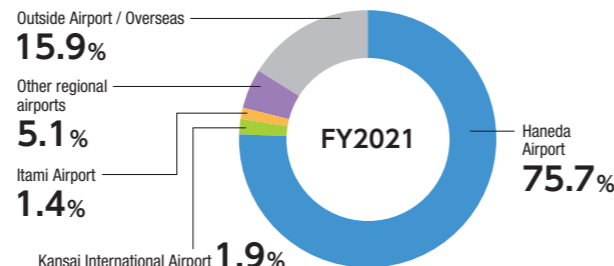
Performance for the fiscal year ending in March 2022

- (1) For comparative purposes, exemption of rent that has not been reported as an extraordinary loss but was deducted from sales in FY2020 is shown in the shaded area in the chart. (*) Comparing FY2021 and FY2020 under such conditions, the results show practical increases in net sales and operating income.
- (2) Net sales decreased only slightly (mainly due to the exemption of rents from air carriers affected by the COVID-19 pandemic), despite full-year operation of new facilities completed in the previous fiscal year, marginal increase in the sales of the area heating and cooling business, and an increase in water supply and use of wastewater.
- (3) Operating income was impacted by rental relief and the increase in raw material expenses for the area heating and cooling business due to the oil price hike and depreciating yen.
- (4) We decided to consider selling leased hotel property in Kyoto, where inbound demand has lagged, mainly for the purpose of further improving asset efficiency, and we recorded an impairment loss as an extraordinary loss. On the other hand, net income (loss) attributable to owners of parent returned to profitability, mainly due to a reduction in the range of rent and other exemption and the contribution of new projects.

Net Sales by Business Segment



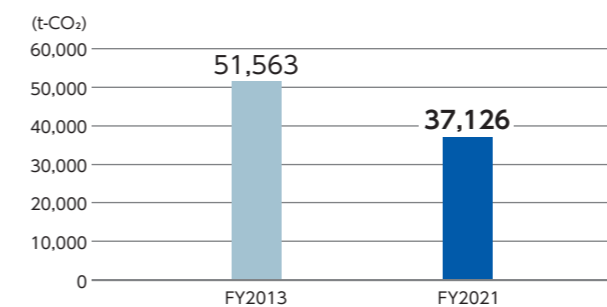
Net Sales by Region



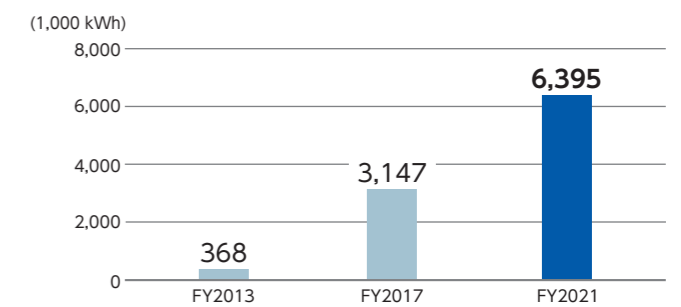
Map of the facilities of our company



CO₂ emission



Amount of renewable (solar) energy power generation



Number of employees (number of female employees) (for FY2021)

116 (33)

Number of those newly employed (number of women newly employed) (for FY2021, including mid-career recruitment)

8 (4)

Overtime work (monthly average in FY2021)

15 hours

Paid leave (average days taken in FY2021)

12 days

We aim to create unique value within and outside airports by flexibly responding to environmental changes.



Toshiaki Norita
President and Executive Officer

Introduction

Since its foundation in 1970, Airport Facilities Co. Group has been providing aviation-related facilities and other various facilities and services for more than 50 years in Haneda Airport and other major airports in Japan as well as abroad, responding to the needs of our customers and society. Recently, we have been expanding our business outside airports by utilizing the know-how we acquired in airports, widening the field of our business.

In this message, I would like to explain the situation surrounding the group under the COVID-19 pandemic, the Medium- to Long-Term Management Plan including FY2021, “AFC VISION,” which is the future image we aim to realize, and our New Corporate Philosophy.

Business environment and performance forecast under the COVID-19 pandemic

Further profit improvement

The financial results for FY2021 continued to be affected by the COVID-19 pandemic, with both net sales and operating income decreasing from the previous fiscal year. This is mainly due to the exemption of rent and heating charges offered for our tenants, including air carriers who are struggling in tough conditions amid the pandemic. Except for this factor, the results show practical increases in net sales and operating income.

Under such economic conditions, our company has also been engaged in projects outside airports to expand our business domain, including the provision of facilities to Alpine Koshigaya, and offering loans for the procurement of aircraft engines abroad. Also, plans to repair the facilities owned in order to upgrade the quality of facilities and maintain and improve the level of services are progressing smoothly.

On the other hand, inbound demand remains at a low level. We have decided to sell the hotel in Kyoto and recorded an impairment loss. While it was very regrettable, we judged that it would be better to cut our losses at this point rather than to face greater risk in the future. Also with the profit made from selling shares, the current profit attributable to owners of parent for FY2021 was 800 million yen, returning to profitability from the deficit of 900 million yen in FY2020.

FY2022 is the starting year of the Medium- to Long-Term Management Plan. In terms of income, because the recovery of aviation demand from the COVID-19 pandemic can be expected, exemption of rent and heating charges offered in the previous fiscal year is not assumed. Therefore, the net sales increased. On the other hand, there is a concern about rising fuel prices and raw material expenses due to the crisis in Ukraine. In addition, there will be a new burden of depreciation expenses with the start of the Haneda Airport 1-Chome Project as we explain in detail later, resulting in increased expenses. While trying to further improve our

balance sheet, we will restructure the business foundation of our group towards the age of coexistence with COVID-19, and do make our utmost efforts to address various issues to achieve sustainable growth.

Future aimed at in the Medium- to Long-Term Management Plan “AFC VISION”

Toward creating unique value

We have been discussing the medium- to long-term issues of our group and the direction of progress we should aim at, for about a year from June 2021. In the course of such discussion, we strongly recognized that it is difficult to achieve sustainable growth by merely continuing and extending the same business as before.

Our group is not immune to geopolitical risks, such as COVID-19 and the crisis in Ukraine, natural disasters, and other various event risks. We will also be impacted by these risks. In addition, we will only be able to achieve a limited increase in profit with a business mainly focusing on services within airports.

There are many companies that are reacting flexibly to changes even under severe business conditions, and continuously increasing profit. We reached a conclusion that we need to review the state, structure, and domain of our business in order to secure stable revenue and achieve growth.

Under such recognition of the business environment, we formulated this AFC VISION. It is recognized as the profile of the future company we aim to become. The purpose of our existence is to utilize the knowledge we have acquired over more than 50 years to adequately respond to the needs of customers and requests from society, inside and outside airports alike, and become a company to continuously create value. Above all, we will try to become a unique company by developing and enhancing the business that only we can perform by winning the trust of our customers.

Three priority measures in the Medium- to Long-Term Management Plan

Selection and concentration, making maximum use of management resources

The newly formulated Medium- to Long-Term Management Plan (FY2022 - FY2028) sets forth the selection and concentration and making the maximum use of management resources as the basic concept, and aims to improve the quality and strength of the company through the improvement of earning power and the enhancement of management foundation in each business, as well as to take on the bold challenge of exploring a new business area. It is also considered as the plan to securely recover from the severe condition under the COVID-19 pandemic and construct a revenue base for the next stage.



The period of this plan is the seven years until FY2028, considering the nature of the real estate business, which requires a certain period from the stage of investment plan to obtaining revenue, and the period of revenue contribution by the Haneda Airport 1-Chome Project, which is a large-scale investment project that will be explained in further detail later.

Now I would like to explain how the three priority measures, which are the pillars of the new Medium- to Long-Term Management Plan, are positioned.

The first is the project to reorganize the area in Haneda Airport 1-Chome, which is the place where our business started from.

Our Group will implement a significant investment of this size for the first time in 30 years. We will create functions that Haneda Airport will require in the future and areas serving as a new business base to connect the sky and the town, and secure a stable revenue base for the long term. Also, the utmost attention will be paid to the environment to recreate a group of facilities resistant to natural disasters.

The second measure is the expansion of non-asset business.

This will be a new business domain that takes place mainly outside airports. The business of our company has possessed many facilities based on the leasing model of traditional long-term ownership (for 30 to 50 years). In the new plan, we aim to make earnings based on the rotary business model focusing on asset efficiency, by improving the value of profitable buildings acquired outside airports and selling them, and through management fees for operations through a newly established asset management company by further progressing such style of business and formulating a fund. Further, by utilizing the knowledge we have been developing for a long time, we will build a new profit model to make earnings through the management and services of facilities. The expansion of non-asset business is considered as an engine for growth in the new plan.

The third measure is the improvement of the profitability of existing business.

We will adequately respond to the needs and wants of our customers, implement refurbishment in line with the times, and efficient and planned repairs, and increase the occupancy rate by maintaining and improving the quality of the facilities. We will also pursue cost review to try to improve the earning power.

On the other, we will make adequate business decisions on low-operating facilities and properties that have problems with profitability to reorganize our asset structure. The hotel in Kyoto was sold as a part of such review. The money received from the sales will be allocated to investment in growth, etc., to achieve growth as the entire group.

We will optimize our business portfolio centering on these three priority measures.

It is expected that our asset value increases by 1.1 times and the ratio of assets within airports will increase from 56% to 59% by

the end of FY2028, seven years from now.

On the other hand, business profit will increase by 1.7 times. The ratio of business profit, which is currently 7:3 for within airports and outside airports (including abroad) is planned to be shifted to 5:5 owing to the profit contribution from overseas business and non-asset business.

Upon changing the business structure as such and to put the Medium- to Long-Term Management Plan into practice, it is necessary to further reinforce the management foundation. The core of such foundation is, needless to say, human resources. I believe that the growth of a company can never be achieved without the growth of human resources. Our company will support employees so that they can learn from each other and cooperate, and become able to improve capability as individuals and as an organization. We will aim to become a competitive business group with high-level expertise.

Efforts towards realizing sustainability

Aiming to realize a sustainable society

Our company made a transition to the Prime Division of the Tokyo Stock Exchange. As we are a prime company, the promotion of sustainability is also an important theme. Now more than ever, stern eyes from society will be set on whether we are engaged in corporate activities appropriate for a prime company. We will also promote environmental activities and efforts to reduce CO₂ emissions that are unique to our group, activities as a member of society and the region, and the establishment of a healthy and lively workplace based on good communication and respecting diversity.

What stakeholders require for a company is changing greatly. Reactions to social issues, sustainability of business, and resilience against risks are now strongly demanded. We must further reinforce our efforts towards achieving sustainability.

While the expansion of business and the growth of profit are naturally important business challenges, the key point of the Medium- to Long-Term Management Plan is to simultaneously realize both profit growth and the promotion of sustainability, which will also lead to the achievement of the AFC VISION.

Governance

Sound and transparent governance

In terms of governance, it is necessary to ensure sound, transparent and fair management in compliance with the Corporate Governance Code.

In order to promptly and appropriately respond to the rapidly changing business environment, our company is trying to improve

the transparency and efficiency of management, as well as to further improve the decision-making and supervision by the board of directors, to establish a suitable management system. With an eye to ensuring the diversity and expertise of the board of directors and further actively deepening substantive discussion, the number of directors has been reduced from 13 to 9, 3 of whom are external directors complying with the independence standards of the Tokyo Stock Exchange and our company. We have also abolished the system of corporate advisors.

Attainment target of the Medium- to Long-Term Management Plan

Towards a new paradigm

By consistently building up the efforts set forth in the plan every year, by FY2028, the final year of the plan, we expect to achieve net sales of 32 billion yen, operating income of 5 billion yen (1.5 times larger than in FY2021), profit attributable to owners of parent of 3.3 billion yen (4 times larger than in FY2021), and ROA (return on assets) of 5.0% (1.5 times larger than in FY2021).

As for the basic policy of shareholder return, we will offer stable and continuous return of profits to our shareholders and implement dividend increase linked to business performance improvement. The consolidated payout ratio target was set at 30% or higher in the previous Medium-Term Management Plan, but it will be raised to 40% or higher during this plan, further focusing on return of profits to our shareholders.

It is said that this is the age of VUCA (volatility, uncertainty, complexity, and ambiguity), and we are constantly posed to face various kinds of risks. We will implement the PDCA cycle to confirm the progress made, reflect any changes in environment

adequately in the rolling plan, and strive to realize the plan.

OUR MISSION (new Corporate Philosophy)

We will contribute to the advancement of aviation and the creation of attractive communities through prioritizing and delivering valuable facilities and services.

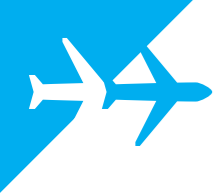
Our group has been developing business mainly in Haneda Airport for half a century, winning support from various people. However, the business environment surrounding us is changing greatly. In order to become a company responding promptly to the environment and achieving constant growth, we are foreseeing the next half-century and further on, and have been discussing the significance of the company's existence and its ideal state among employees and officials when formulating the Medium- to Long-Term Management Plan.

OUR MISSION (new Corporate Philosophy)/OUR VALUE (new Guiding Principles) presented are the compilation of our thoughts regarding the enhancement of the value of the company, through efforts such as placing importance on winning the trust and credibility of our customers and society, and supporting the advancement of aviation and contributing to the development of airports and the town through the provision of safe, secure and valuable facilities and services based on our accumulated experience. All the employees and officials will put OUR VALUE (Guiding Principles) into practice towards the realization of OUR MISSION (Corporate Philosophy).

I will spearhead the efforts and promote management so that our group can evolve further.

(As of October 1, 2022)





We will improve the functionality of the board of directors to increase the corporate value of the Airport Facilities Co. Group



Takehiko Sugiyama
External Director

I assumed the post of external director of Airport Facilities Co., Ltd. in 2015. Before that, I was a member of a university for about 40 years. For a period of time, I was engaged in university management as the president of a national university. I major in transportation economics.

I believe that it is my duty to view Airport Facilities Co., Ltd. from many sides with the eyes of a person outside the company, based on the knowledge I have obtained in such career.

The board of directors of Airport Facilities Co., Ltd. includes three independent external directors (one third of the total directors), and two external auditors. I believe it is a well-balanced composition from the perspective of a skills matrix.

Discussion at the board of directors

In the discussion at the board of directors, I try to focus on risks and problems that may be often overlooked by internal directors

and give my opinions as an external director.

We external directors receive sufficient information in advance on matters necessary for the deliberation before the meeting of directors, so in the actual meeting, questions are made and opinions are exchanged actively among internal and external directors every time, and I evaluate it as a highly functional meeting.

I serve as the chair of the nominating committee and the compensation committee from 2019, at the time of their establishment. The composition of the committees, including five external (independent) directors/auditors out of seven (71%), is also adequate. Although we were rather inexperienced at the time when the committees were established, I feel that the discussion is becoming more and more substantial every time.

The meeting of directors in FY2021 spent much time on the formulation of the Medium- to Long-Term Management Plan, and

deepened discussions on medium- to long-term goals and the way to achieve those goals after the pandemic.

The plan formulated embodies the strong will that Airport Facilities Co., Ltd. will take on the bold challenge of new business toward the future. I understand that strategies for human resources/organization, improvement of governance, and the further enhancement of management foundation by utilizing IT will be the important challenges from now on.

I hope that Airport Facilities Co., Ltd. utilizes the knowledge it has developed in its history of 50 years to achieve sustainable growth and improve its corporate value, while also contributing to realizing a sustainable society through resolving social issues, and become a company creating unique value within and outside airports.

There is a term "VUCA."

This stands for volatility, uncertainty, complexity, and ambiguity. I think it is a concept that must be kept in mind when making any kind of decision in this age.

Keeping this "VUCA" in mind, specializing only in a single business is a risk factor, and it is necessary to be engaged in multiple business to ensure stability and sustainability. It is natural that the company has been developing its business mainly in Haneda Airport. However, considering the business portfolio, we must expand our market by taking on challenges in areas outside the business and technologies we already possess.

I believe we need to combine offensive areas and defensive areas, keep the antenna fully spread out, and seize opportunities based on careful analysis even in areas less in common with the current business.

In the age of great uncertainty, where things are changing rapidly, it is necessary to constantly create new value as a company, while also responding to requirements in society. Because it is necessary for a real estate business to utilize properties from a long-term perspective, it will be essential to both keep a long-term view and respond flexibly and promptly to changes in the situation.

Efforts towards realizing sustainability

We are now in an age where efforts to realize a sustainable society are a must.

Airport Facilities Co., Ltd. sets a goal in terms of each of the ESGs (environment, society, governance), and it is important to achieve these goals without fail.

Regarding environmental efforts, the company is expected to consider them as an opportunity, while paying attention to the risks, and to create business that contribute to reducing

environmental burdens and improving efficiency, such as the further development of solar power generation business.

Also, different thoughts by different kinds of human resources and innovation based on various types of activities are essential for growth and development over the long term. Therefore, it will be more and more important to further improve diversity within the organization through the recruitment and promotion of aspiring human resources.

In terms of building an environment in which employees can thrive, I feel a steady improvement in recent years. I would like to pay further attention to the progress of improvement in terms of human resources and organizational foundation.

While management risks cover a lot of ground, the utmost top-priority issue is to prevent the aging of facilities and disasters, and it is necessary to be well prepared against such risks.

Regarding the BCP (business continuity plan), I consider the company should widen its structure on the premise of close cooperation with the region and external organizations, rather than focusing solely on doing things on its own, because business continuity is based on mutual reliance among stakeholders.

For the future of the Airport Facilities Co. Group

I think it is also important for an external director to have a perspective of actively backing up the growth of the company, rather than simply focusing on adequately avoiding risks.

I am willing to work together with the internal directors, including the chairman and the president, so that the Airport Facilities Co. Group can achieve constant growth in line with the development of society.



Airport Facilities Co. Group will utilize different kinds of capital (financial capital, human capital) and networks (clients, society) and aim to contribute to the socioeconomy by providing facilities that continuously respond to various needs in business in areas such as real estate business, which is the strong point of our company, as well as to tackle issues including environmental problems to continuously create value.

Regarding ESG initiatives that will also lead to the achievement of SDGs we will improve our corporate value in the medium- to long-term and make efforts towards the realization of a sustainable society.

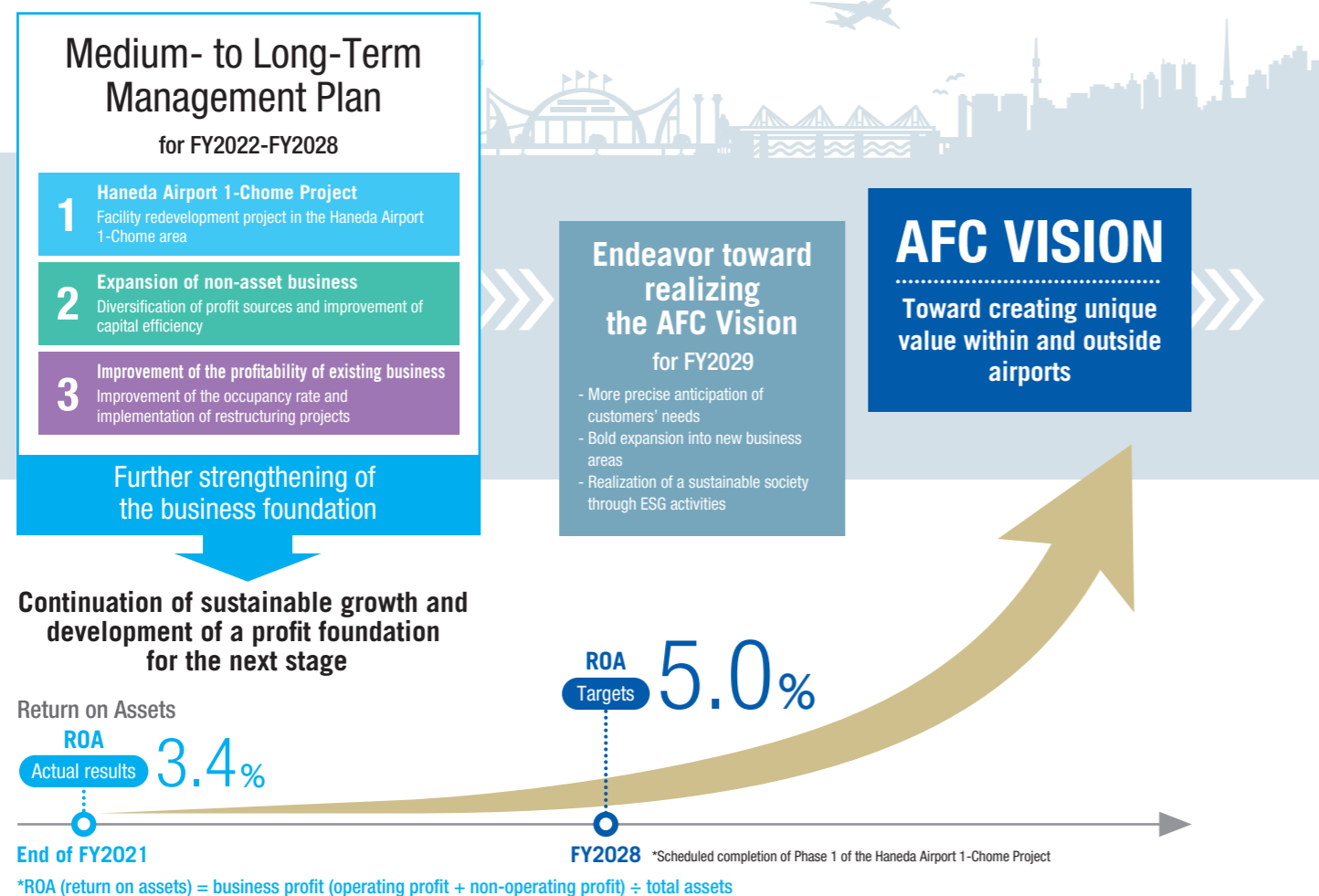




Medium- to Long- Term Management Plan

Toward creating unique value within and outside airports

»» Roadmap



Noteworthy current external environment factors

Item	Recognition of the environment	AFC Group's response	Specific measures
Aviation/airports	Recovery from the COVID-19 crisis and further strengthening of Haneda Airport's functions	- Strengthening and expansion of the airport-related real estate business - Identification of customers' diversifying needs, and proposals - Active capital investment in the airport-related infrastructure business	- Haneda Airport 1-Chome Project - Airport-related real estate business - Airport-related infrastructure business
	Replacement demand due to the strengthening of the functions of airport facilities and infrastructure		
	Promotion of the "eco-airport" initiative		
Real estate industry	Changes in office demand due to work style reform and technological innovation	- Activities related to a non-airport new business model - Selective investments conscious of bipolarization of the real estate market - Thorough risk management	- Non-asset business - Non-airport business
	Growing needs for renovation and replacement due to an increase in aged real estate stock		
	A lack of transparency over the future course of inflation, real estate prices, and interest rates		
Society and economy	Further enhancement of corporate governance	- Enhancement of governance - Strengthening of BCP efforts - Investments related to the environment and energy - Surveys looking toward future aviation	- Strengthening of the business foundation - Airport-related infrastructure business - Study on creation of new business toward future prosperity
	Need for activities to realize a sustainable society		
	Climate change, and the increasing frequency and severity of natural disasters		
	Progress in research and development and practical application of next-generation aviation mobility		
Overseas	Increasing populations, economic development and expanding aviation demand in Asia	- Creation of new business to capture Asia's growth	- Overseas business

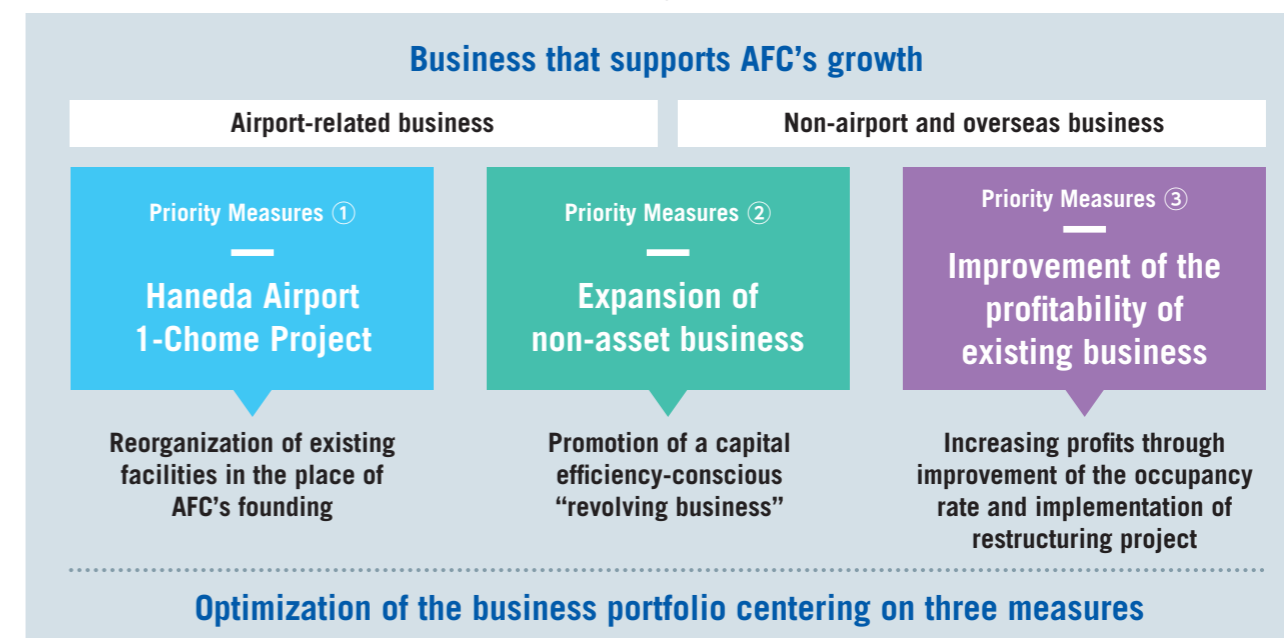
»» How the Medium- to Long-Term Management Plan is positioned

AFC Group will satisfy the needs of customers and society and increase the value of airports by providing various facilities and functions at major airports across Japan, with Haneda Airport as the main hub. At the same time, AFC Group will actively engage in non-airport business as well by taking advantage of the knowledge that it has cultivated during its 50-year history.

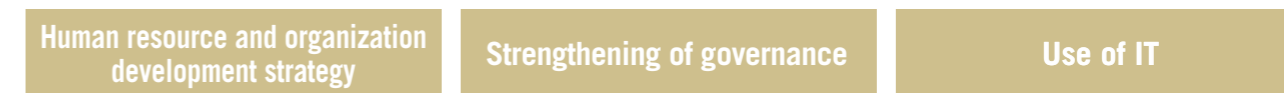
AFC Group will aptly identify major changes of the times in a post-COVID-19 era, endeavor to further strengthen airport-related business and to expand non-airport business based on customers' trust, and strive to increase enterprise value through sustainable growth. It will also aim to create unique value within and outside airports by contributing to the realization of a sustainable society through the resolution of social challenges.

»» Basic Policy

Basic Policy Continuous implementation of selection and concentration and maximum use of business resources



Further strengthening of the business foundation

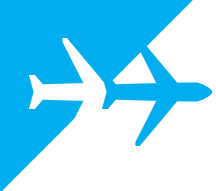


»» Quantitative target

Continuation of sustainable growth and development of a profit foundation for the next stage

Numeral targets for FY2028

Net sales: 32.0 billion yen	Net income: 3.3 billion yen	ROA: 5.0 %
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»» Business strategy

In this plan, we categorize the business of our company into five groups under the Business Portfolio Strategy. The positioning of each business is redefined and the future business strategy is shown.

We will aim to increase profit and improve capital efficiency by securely promoting these business.

Airport-related real estate business

- **Steadily promote the Haneda Airport 1-Chome Project and strengthen the profit foundation**
- **Aim to create new business by promptly identifying customer issues and responding to their needs in a post-COVID-19 world**

- It is a foundation business of our company, and we aim to increase profit by continuously making investments and increasing good leasing business assets.
- In this business, "Haneda Airport 1-Chome Project" and "increasing the revenue from the existing business" will be the priority measures.
- We will capture new needs for facilities by enhancing the network in the industry through operating activities closely supporting our clients.
- We will openly solicit ideas on new business among employees and discuss new business that respond to client's needs.

Airport-related infrastructure business

- **Maintain stable supply and reduce the environmental burden**
- **Actively implement capital investment from the viewpoint of the BCP and the environment (eco-airport)**

- As the provider of the lifeline necessary for operating airports, we will contribute to realizing the sustainability of airports and society, focusing on stable supply and reducing environmental burdens.
- We aim to achieve the target of no serious incidents, in preparation for various risks, including natural disasters.

Non-airport business

- **Diversify profit sources by securing investment and fee revenues through the promotion of non-asset business**
- **Classify owned and developed assets into core and noncore assets and earn profits based on an exit strategy**

- In addition to self-investment, we will aim to improve the capital efficiency of the entire company by speeding up investment recovery through the promotion of non-asset business and securing potential buyers, to differentiate the company from business within airports.
- Properties are categorized into "core property" and "non-core property" depending on their type, feature, and profitability. Exit strategy according to the features of each property will be set forth and implemented.

Overseas business

- **Incorporate Asia's growth through business and capital investments based on collaborations with business partners**

- Leverage our well-established network and cumulative knowhow in order to venture into capital investments based on finance business to improve profitability.

Restructuring projects

- **Start reorganizing properties with inferior profitability or growth potential, with capital efficiency in mind**

- We will improve profitability by reorganizing facilities, including the withdrawal from projects and the sales of properties, for properties that are currently not making profit or are expected to deteriorate in terms of profitability in the future due to increase in costs (repair expenses, etc.).
- The money received from the sales will be allocated to investment on growth, etc., to achieve growth as the entire group.

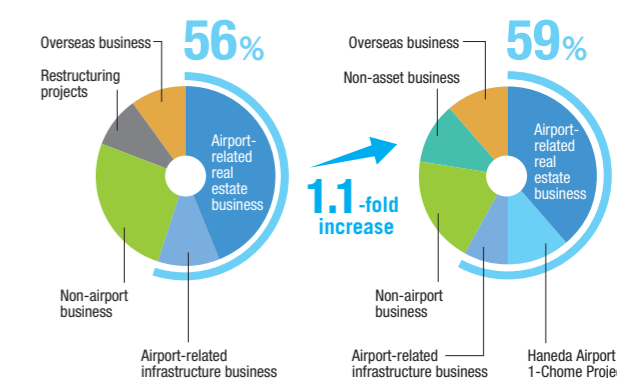
»» Business portfolio and financial strategies

While the real estate business was mainly focusing on the style of management to own real estate for a long term, there had been problems in that the current business model will take time to recover the invested capital, decreasing the capital efficiency. We will improve the efficiency by promoting non-asset business. At the same time, we will start reorganizing the properties that have problems with profitability and growth.

Asset mix

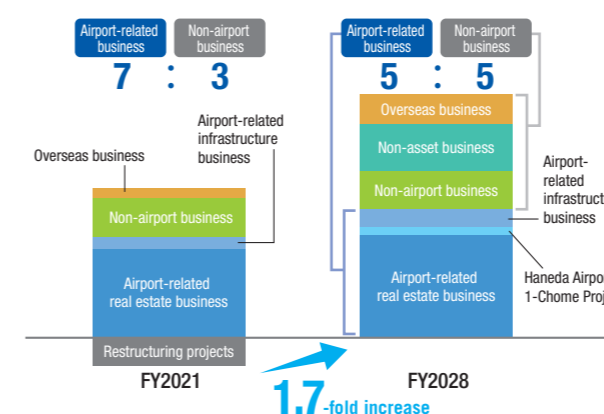
- We will aim to increase assets by 1.1 times in seven years.
- The ratio of assets within airports is increasing from 56% to 59%. This includes increase by investments related to Haneda Airport 1-Chome Project.
- Among assets within airports, about 40% are assets within Haneda Airport.
- The ratio of assets for this business increased significantly with the promotion of non-asset business. Because this business is a rotary-model business where capital gain is obtained by selling properties after increasing their values, assets are constantly being replaced.
- We will reorganize properties with problems until we have no properties where reorganization is necessary.

End of FY2021 vs End of FY2028 (including non-asset business)



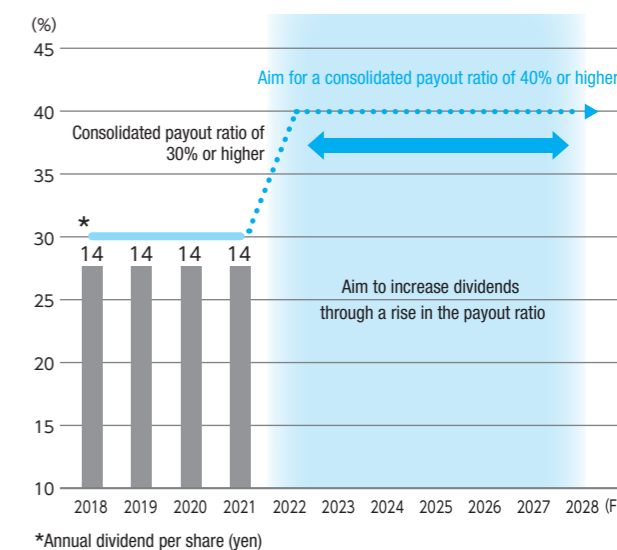
Targets for business profit growth and business mix

- We will aim to increase business profit by 1.7 times in seven years.
- By securely promoting non-asset business and overseas business, we are planning to shift the ratio of business profit, which had been 7:3 for within airports and outside airports to 5:5 in seven years and evolve our business portfolio.
- Because Haneda Airport 1-Chome Project, which is one of the priority measures of real estate business within airports, is a long-term project covering a period of ten years, the ratio of the increase of profit to the increase of assets is not so large at the time of the final year of the plan (FY2028). We expect the project to start fully contributing a little after this plan.
- We will streamline properties with problems until we have no properties where reorganization is necessary.



Payout ratio of 40% or higher

- We pay stable dividends while maintaining the right balance among preparation for future investment to achieve sustainable growth, maintenance of financial soundness and return of profits to shareholders.
- While offering stable and continuous return of profits to our shareholders and implementing dividend increase linked to business performance improvement, we will raise the targeted payout ratio from "30% or higher" to "40% or higher."





Strengthening of the business foundation

Human resource and organization development strategy

We will aim to become a company providing competitive and highly specialized value by improving the capacities of individuals and as the organization as a whole.

Human resource development

- We will enhance the development of professional human resources necessary for promoting the business of our companies through the improvement of education and training and the buildup of skills based on career plan support, investment in human resources, etc.

Optimization of the business structure

- Strengthen the sales promotion system by reforming the organizational structure and making use of human resources in a way better suited to implement business operations.
- In order to securely promote non-asset business, a subsidiary (AFC Asset Management Co., Ltd.) exclusively engaged in business such as the expansion of revolving business of real estate outside airports and the development of a real estate fund in the future was established. The subsidiary started operation in June 2022.

Work-life balance

- We aim to provide an environment where each of the employees can continue working without worries in a healthy condition both physically and mentally, so that they can fully exert their characteristics and abilities.

Promotion of health-oriented management

- We make public the annual schedule of measures related to health maintenance and improvement.
- We regular interview all employees regarding mental health.
- We provide care by an industrial physician after routine medical checkups and comprehensive medical examinations.

Enhancement of employee engagement

- We promote diversity and inclusion (through the empowerment of women, employment of disabled persons, and efforts to prevent harassment).

Efficiency improvement using IT

We will seek the utilization of IT not only for administrative work but also in other business areas, such as for improving customer service and productivity.

Use of IT in real estate management

- We aim to improve labor productivity and real estate management quality through the introduction of real estate management utilizing digital tools such as AI and RPA.

Improvement of customer service and cost reduction

- By digitalizing invoices and orders, which we had been issuing and receiving on paper, we will aim to provide them instantly to customers, reduce the use of paper, and reduce cost.

Further strengthening of information security

- We will implement continuous training of and investment in people and things, while understanding the trends of security measures and take necessary measures as needed.

Strengthening of corporate governance

We ensure sound, transparent, and fair management that places importance on compliance.

Strengthening of the board of directors' functions

- We will further improve the efficiency and speed of the execution of operation based on the policy decided by the board of directors, by uniformly reviewing the system of the board and executive directors.

Prompt and appropriate information dissemination

- We transmit information promptly and adequately to meet disclosure requirements for Prime Division companies (information disclosure complying with TCFD recommendation, etc.)

Message from the representative

Develop a high-efficiency business portfolio that is resilient to risks

Katsuhiko Yamaguchi, Executive Vice President



What was prioritized upon the formulation of the Medium- to Long-Term Management Plan

The business environment surrounding our company is changing greatly. In such environment, we have newly upheld "AFC VISION: Toward creating unique value within and outside airports" as the vision we aim to realize. We have been repeating discussions under the theme of developing a high-efficiency business portfolio that is resilient to risks, and formulated this plan.

Key points of the business portfolio strategy

In order for a company to achieve sustainable growth, it is essential to allocate limited management resources adequately and efficiently. In the Medium- to Long-Term Management Plan, we divide the business of our company into five categories, namely "airport-related real estate business," "airport-related infrastructure business," "non-airport business," "overseas business," and "restructuring projects," in order to take on challenges in the new area while also capitalizing on the advantages we have been developing.

Regarding the airport-related real estate business, we aim to further reinforce our business assets within Haneda Airport through efforts such as Haneda Airport 1-Chome Project, and also to improve revenue

diversification and risk tolerance. On the other hand, regarding the non-airport business, we will start rotary-model business targeting medium- and small-sized buildings abundant in the market and improve their value, promote the development of a real estate fund using properties we had been engaged in as the underlying asset, and aim to upgrade our fee business. For this purpose, we established AFC Asset Management Co., Ltd. in May 2022.

In order to promote such efforts, we are aiming to change the ratio of business profits within airports and outside airports, which is currently 7:3 to 5:5 by FY2028, and to raise ROA (return on assets) by 1.5 times to 5.0%.

Enthusiasm for promoting the Medium- to Long-Term Management Plan

Because this plan extends over seven years, investment discipline and timely progress management is important. Therefore, we would like to put our utmost effort towards achieving our goals by adequately implementing the PDCA cycle and flexibly rolling out the plan.

We established the Innovation Promotion Office within the company in April 2022. We are willing to stay ahead of the times, respond to various environmental changes, and take on challenges to capture opportunities for new business, including the introduction of next-generation technology and ESG investment.

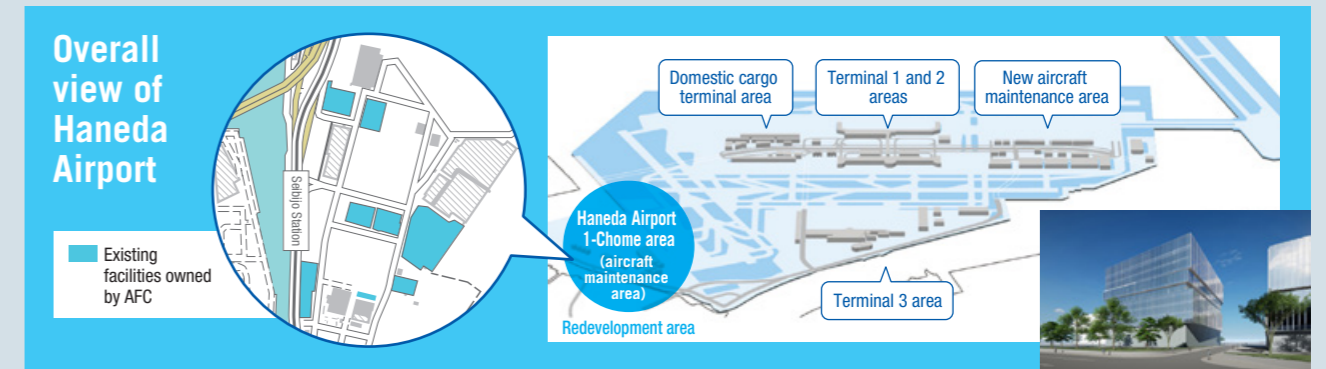
Haneda Airport 1-Chome Project

Haneda Airport 1-Chome area: place of AFC's founding

Haneda Airport has been serving the role of the base for air transportation of Japan since before World War II. It had been repeatedly expanded according to a significant increase in aviation demand and the progress of internationalization in Japan after the war until the current form was completed.

Our company was founded in 1970 in Haneda Airport 1-Chome area as a company owning and providing offices and other facilities related to aviation and airport works and hangars. Since then, based in Haneda Airport 1-Chome, we have been developing and providing various types of facilities in the Haneda Airport offshore land reclamation area and in major airports throughout Japan.

Haneda Airport 1-Chome area is the place where our company was founded, and was the starting point for our development.



»» Reinforcement of disaster prevention functions in Haneda Airport 1-Chome area

The national government (Ministry of Land, Infrastructure, Transport and Tourism) is trying to reinforce the disaster prevention function of the area in the period of about 10 years from now, by elevating the ground of the area in preparation against flood damages such as high tide water.

»» Aim of Haneda Airport 1-Chome Project

Our company currently owns eight facilities, including hangars, maintenance plants, and in-flight meal factories within the area. These are essential functions for the operation of Haneda Airport and aircraft, and it is impossible to cease the provision of the services that these facilities are in charge of. Therefore, our company consolidates and reorganizes the functions that are dispersed among these eight facilities in response to the regrading work implemented by the national government, to develop facilities that are able to provide functions of even higher quality. We consider this as a rare business opportunity and will promote this project of the largest scale since the Haneda Airport offshore land reclamation project by setting the following three aims and paying close attention to responding to our clients' needs.

Improvement of profitability

We will adequately understand clients' needs and make a plan for facilities comfortable to use for a long time. Further, efficiency will be improved for the facilities as well as the business with the consolidation.

Consideration for the environment

In addition to measures taken for individual buildings, such as the realization of ZEB through the improvement of energy use efficiency, we are also thinking of providing heat sources, such as hot and chilled water and steam for facilities including those other than of our company, in order to realize a sustainable society and the reduction of CO₂ emission.

Assurance of safety and security

As for the facilities after consolidation and reorganization upon the regrading, the risk of high tide water will be reduced. In addition, utilities and telecommunications infrastructures will be renewed, while the responses to various problems including power failure will be improved, and the disaster prevention level in the area will increase dramatically.

»» Phasing

Upon the consolidation and reorganization of the company's facilities, it is necessary to proceed with the construction work in the following order: regrading, new construction, and the removal of old facilities. Also, with construction works for a wide variety of business overlapped during the period of ten years, the administration of process flow is highly important. Exerting the experience and know-how that our company has been developing in and out of airports, we will ensure adequate process flow management.



»» Future of Haneda Airport 1-Chome area

In line with the reorganization of Haneda Airport 1-Chome area, an arrangement to build a pedestrian bridge over Ebitori River is currently under way. Also, the grand opening of HiCity (Haneda Innovation City), a large-scale complex being developed in the adjacent area with our company's participation, is scheduled for 2023, and the development of a city planning park by Ota Ward is also being planned nearby. When these projects are completed, Haneda area, Haneda Airport 1-Chome area, HiCity and the city planning park will be connected, invigorating the flow of people. It is expected that the town will be activated with various visitors, including those related to the aviation/airport industry.

In such trend, we expect that the value of the area will further increase. Our company serves as the core of such movement and will make necessary arrangements so as to provide high-quality facilities to the aviation/airport industry and to continuously work as the base for the profit earned from airport-related business.

Message from the representative

Haneda Airport 1-Chome area, which is the place of our company's founding, has been providing functions and services indispensable for the smooth operation of Haneda Airport for a long time. The regrading project by the national government is to reinforce the disaster prevention function of the area as a part of initiatives to improve the resilience of national land, and our company is willing to provide full support.

In this occasion, we will develop facilities to respond to the needs of the society and users in terms of environment, disaster prevention, and the ease of work, and will seamlessly provide high-quality services to our customers. Because arrangements must be made with various stakeholders, a company-wide system is established for the project.

Preparation for the project is being made speedily, aiming for a completion in about ten years. We will promote the project so that Haneda Airport 1-Chome area will be the base of our company "toward creating unique value within and outside airports."

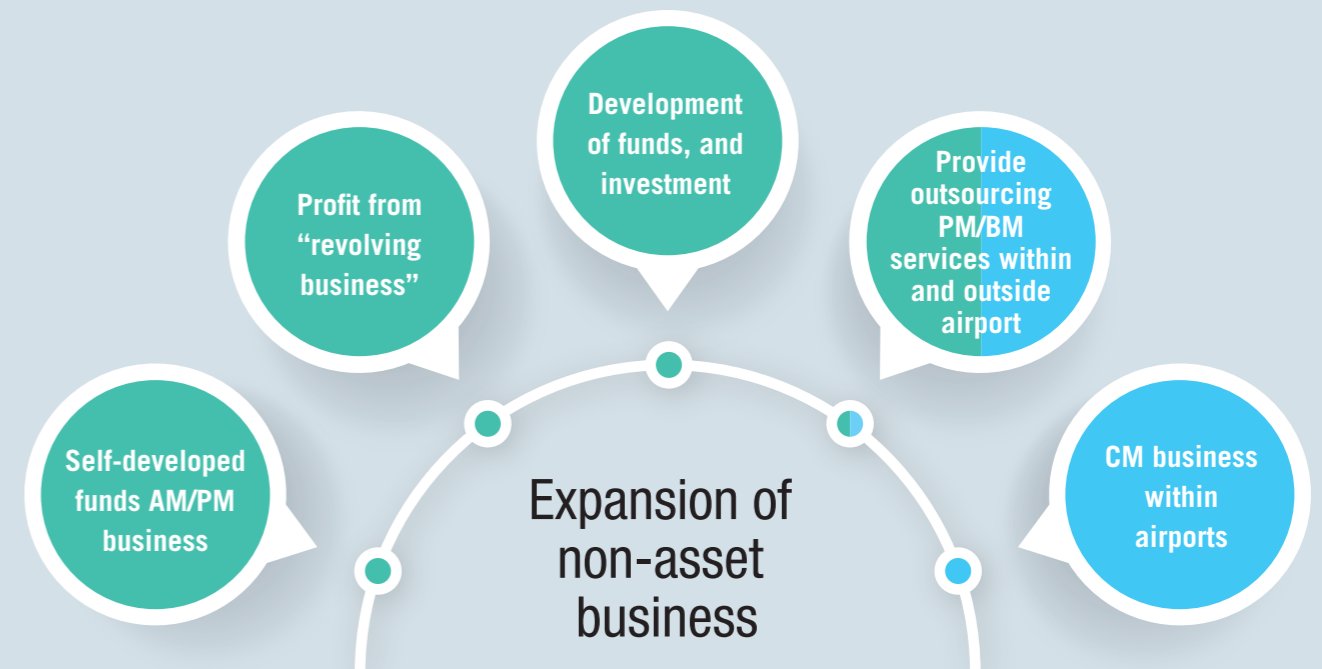
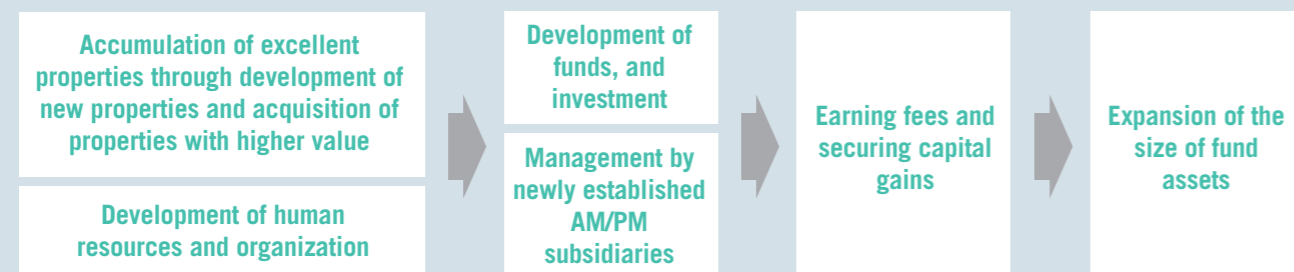
Mitsuhiko Okada, Managing Executive Officer



Promotion of non-asset business

In the Medium- to Long-Term Management Plan, the development and expansion of non-asset business is set forth as an important measure to take a step towards new business domains, while utilizing the knowledge and know-how of our company.

The domain of the non-asset business that our group is targeting is shown in the diagram below. It includes know-how on facility planning and operation, and the provision of services within and outside airports, projects for obtaining sale gains through the revolving-model real estate business outside airports, and the development of a real estate fund in the future for obtaining management fees.



»» Major theme (1) Development of real estate revolving-model business

The basic business model of our group had been to secure income gain through leasing business based on the long-term possession of real estate. However, from now on, we will also be engaged in strategic investment according to the characteristics of each asset, such as obtaining medium- and small-sized buildings abundant in the investment market and obtaining capital gain by improving their value and selling them to investors.

»» Major theme (2) Development and management of a real estate fund

We will accumulate good properties through inhouse development and acquisition from the investment market, and aim to develop a real estate fund that also utilizes the capital of other organizations.

In addition to making its own investment in the real estate fund, the group will also aim to earn fee income through the management of the fund by a group subsidiary.

Establishment of an asset management subsidiary

Towards the stable promotion of the Medium- to Long-Term Management Plan, we have established a subsidiary exclusively engaged in business such as the expansion of the revolving business of real estate outside airports and the development of a real estate fund in the future.

Staff members with abundant experience in real-estate transactions and value-improving business of the company will be engaged in the promotion of the non-asset business mentioned in the Medium- to Long-Term Management Plan, together with Airport Facilities Co., Ltd.

Company Name: AFC Asset Management Co., Ltd.
Description of Business: Real estate consulting business/
Real estate fund business
Established: May 26, 2022
Shareholders: Airport Facilities Co., Ltd. (100.0%)

»» Major theme (3) Expansion of CM business within airports and the development of PM and BM

Utilizing the know-how on facility development and networks, which are the strong points of our company being engaged in the construction of various facilities with particular functions within airports, we will aim to increase the commission of construction management (CM) business for facilities within airports, such as hangars. As for the construction management business, we will proceed with the project from the standpoint of an orderer, by ensuring transparency and accountability regarding the vast amount of liaison and management work.

We will also develop property management (PM) and building management (BM) services, and aim to provide them not only in Haneda Airport but also in regional airports and outside airports.

Message from the representative

In order to powerfully and promptly promote the non-asset business mentioned in the Medium- to Long-Term Management Plan of Airport Facilities Co., Ltd., our company (AFC Asset Management Co., Ltd.) gathered staff members with abundant experience in real-estate transactions, and started business on June 1, 2022, as a member of the AFC Group.

Among the small- and medium-sized office buildings located in the Tokyo Metropolitan Area and other regions outside airports, there are properties with problems in terms of vacancies and refurbishment. In the first phase of the plan, our company will promote business by increasing the values of such properties, together with Airport Facilities Co., Ltd..

In the second phase, we will develop a fund as a guarantee for the accumulation of good properties.

By reactivating properties for profit that are buried in the market and making them sustainable, we would like to contribute to the promotion of our group's business and society in the future.

Hiroki Osawa, President, AFC Asset Management Co., Ltd.



Efforts towards realizing sustainability

Concept of sustainable management

AFC will continue to create value by contributing to the economy and society and by resolving various challenges, including environmental problems, by taking advantage of its strengths in real estate and other business.



Message from the representative

As for the promotion of sustainability, our company formulated the Basic Policy for Sustainability in December 2021. We are currently developing a system for sustainability promotion, setting up targeted items and key performance indicators (KPI) to be achieved during the period of the Medium- to Long-Term Management Plan, and are working from the perspectives of both risk and business opportunity.

In terms of environmental efforts, we are aiming to reduce CO₂ emissions by 46% in FY2030 compared to FY2013. Measures such as the introduction of LED in facilities and renewal of high-efficiency equipment are being carried forth.

Regarding social contribution, we implemented training based on the development of BCP, and held an in-house lecture on the promotion of diversity and inclusion inviting consultants from outside the company.

In terms of governance, we are taking necessary measures through committees on compliance and risk management for ensuring sound, transparent, and fair management.

We will continuously respond sincerely to requests from our shareholders, investors, and various other stakeholders, identify important issues, and implement the PDCA cycle for solutions to improve our corporate value.



Fuminori Tsuboi,
Managing Executive Officer

»» Basic Policy for Sustainability

Our company is being engaged in business under OUR MISSION (CORPORATE PHILOSOPHY) of “contributing to the advancement of aviation and the creation of attractive communities.”

Currently, our company is developing facilities in Haneda Airport and other major airports throughout Japan, including cargo terminals, training facilities for the crew, hangars, maintenance plants, in-flight meal factories, and multipurpose buildings, as well as supporting the functions of airports through the provision of area heating and cooling facilities, water supply and drainage services, and shared communication services. In addition, we are currently leasing hotels near airports and residents for those who work at airports, an international student dormitory, office buildings in urban central areas, as well as developing business in Singapore and Canada, to expand our field of business.

Our company will utilize different kinds of capital (financial capital, human capital) and networks (clients, society), and it aims to contribute to the socioeconomy by providing facilities that continuously respond to various needs in business in areas such as real estate business, which is the strong point of our company, as well as to tackle issues including environmental problems to continuously create value.

»» Sustainability Promotion Council and its role

We established the Sustainability Promotion Council on January 1, 2022, chaired by the president and consisting of full-time directors, in order to further promote sustainable management.

The Sustainability Promotion Council will discuss the themes and direction to be aimed at in the medium- to long-term, and consider measures such as important issues (matters of materiality), KPIs, preparation against environment risks, creation of business opportunities, and responses to the Task Force on Climate-related Financial Disclosures (TCFD).

The existing four committees, namely Environment Committee, Disaster Countermeasures Committee, Safety Promotion Committee, and Improvement Promotion Committee are positioned as the subordinate organization of the Sustainability Promotion Council, and these organizations will cooperate to promote sustainable management.



»» Efforts on sustainability (ESG) during the period of the Medium- to Long-Term Management Plan

Our company addresses social issues that will also lead to contribution to the achievement of SDGs (Sustainable Development Goals) through our corporate activities, and promotes the resolving of such issues.

The SDGs were adopted by the United Nations in 2015 for the realization of sustainable society. They are made of 17 goals and 169 targets towards 2030 regarding global issues in terms of environment, discrimination, poverty, human rights, etc. Examples are “Take urgent action to combat climate change and its impacts,” “Achieve gender equality and empower all women and girls,” and “Make cities inclusive, safe, resilient and sustainable.”

Our company will sincerely face requirements in society, identify materiality, and set KPI (key performance indicators) to be achieved in the Medium- to Long-Term Management Plan.



»» Process of identifying materiality

Our company studied trends in domestic and international social issues, prioritized those issues, identified matters of materiality through repeated discussions among the management, and set KPI (key performance indicators) for the period covered by the Medium- to Long-Term Management Plan.

We regularly implement progress management, discuss the causes and measures for lack of progress with initiatives, and work for the achievement of KPI in terms of both risks and business opportunities. Initiatives that are achieved during the period are announced on the company's website.



List of matters of materiality

	Important issues	Items to be addressed	KPI during the Medium- to Long-Term Management Plan period	Relation with the SDGs
ENVIRONMENT 	<ul style="list-style-type: none"> - Reduction of energy consumption/CO₂ emissions - Utilization of renewable energy - Waste reduction - Promotion of reuse and recycling 	Target to reduce CO ₂ emissions by 46% in FY2030 compared to FY2013 based on government policy - Reduction of water use - Purifying sewage - Waste reduction - Promotion of reuse and recycling	<ul style="list-style-type: none"> - 100% replacement of the lights in major facilities with LEDs (scheduled to be completed in FY2023) - Replacement with high-efficiency equipment and devices (scheduled to be completed in FY2027) - Realization of ZEB in new facilities and the introduction of the latest energy-saving equipment - Further development of renewable energy, including solar light power generation - Considering environmental business utilizing next-generation technologies (introduction of EVs and FCVs for forklifts, etc.) - Achieving a 100% ratio of eco-friendly cars and installing recharging facilities for electric vehicles in major facilities - Promotion of installing water-saving facilities - Maintaining mandatory water quality standards - Sorting waste at each business establishment of our group - Reducing the use of paper through the further promotion of IT digitalization 	
SOCIETY 	<ul style="list-style-type: none"> - Sustainable capacity building and growth - Realizing a society where everyone can work free of discrimination - Realizing a workplace where everyone can work healthily - Building facilities resilient against disasters - Crisis management and thorough implementation of countermeasures against emergency - Harmony with and invigoration of the community 	Human resource development	<ul style="list-style-type: none"> - Holding training on harassment and sessions by external lecturers - Career development training, training sessions for different purposes (compliance, etc.), promotion of qualification acquisition 	
		Promotion of work-life balance and D&I	<ul style="list-style-type: none"> - Reduction of overtime work, promotion of taking leave, promoting reinstatement - Promoting the appointment of female managers - Achieving the mandatory employment rate of disabled persons 	
		Promotion of health management	<ul style="list-style-type: none"> - Aiming to achieve zero industrial accidents and fatal accidents - Workplace inspections by industrial physicians - Implement mental health interviews to all employees 	
		Preparing in advance against disasters	<ul style="list-style-type: none"> - Strengthening the earthquake resistance of buildings and securing stockpiles against disasters 	
GOVERNANCE 	Ensuring sound, transparent, and fair management	Thorough corporate governance	<ul style="list-style-type: none"> - Evaluation of the effectiveness of the Board of Directors - Record of attendance at board meetings - Board comprising of various directors 	
		Ensuring compliance, implementing appropriate risk management	<ul style="list-style-type: none"> - Holding the meetings of Risk Management Committee and Compliance Committee - Thoroughly identifying risks and reducing risks by taking measures according to each risk 	
		Securing communication with stakeholders	<ul style="list-style-type: none"> - Uploading information on results briefing, facilities observation tour for shareholders, and IR materials on the corporate website 	

ENVIRONMENT



Our ideas

In modern society, where various environmental problems including global warming are becoming severer, measures taken against environmental problems are becoming a critical social issue. We consider that working to resolve environmental problems through our business is an important management issue.

We will raise the awareness of the entire group on environmental issues, and consider what kind of impact the different processes of corporate activities have on the environment, and what we can do to reduce environmental burden. Also, we will not make do only with measures against risks, but will also seek new business opportunities regarding these environmental issues.

Our group recognizes that our corporate activities and lifestyles are based on a global environment with abundant nature, and in order to pass this rich environment on to the next generation and to realize a sustainable society, we have set the goal of “Achieving carbon neutrality by 2050 and aiming to reduce CO₂ emissions by 46% in FY2030 compared to FY2013 based on government policy.”

Also, in addition to the reduction of CO₂ emissions, we also make efforts to conserve water resources, reduce waste, and promote recycling, in order to contribute to the realization of a sustainable society.



Reduction of CO₂ emissions, increasing the efficiency of energy use

Changes in CO₂ emissions and reduction target

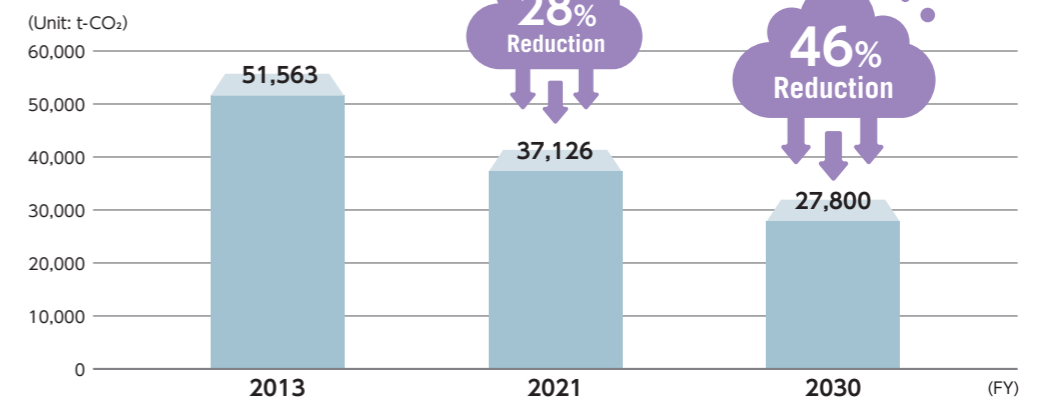
Our group has been engaged in the reduction of CO₂ emissions in terms of both saving and creating energy. We are replacing freezers used in the area heating and cooling business and introducing LEDs for lighting used in facilities to reduce CO₂ emissions. We are also creating energy by promoting solar light power generation. Solar panels are installed on the rooftop of the facilities of our and other companies and on idle suburban land.

Although the achievement of the reduction goal for CO₂ emissions is a big challenge, we strive to reduce CO₂ emissions by 46% in FY2030 by considering various methods and technologies in addition to solar power generation and other forms of renewable energy.

The CO₂ emissions of our group have been steadily decreasing since FY2013.

We will continuously work towards the achievement of our goal in FY2030 by reducing CO₂ emissions and improving the efficiency of energy use, through measures to optimize the environment within the building and improve the operational efficiency of equipment, such as the introduction of LED lights and high-efficiency equipment, and the introduction of a BEMS (building energy management system) in the new facilities in Haneda Airport 1-Chome Project.

Changes in the CO₂ emissions and goals of our group



»» Improvement of efficiency and reduction of energy use

Promotion of energy saving in owned facilities

We are introducing LED lightings in office buildings, maintenance facilities, and the buildings of cargo facilities we own. We are also selecting equipment with higher energy efficiency for air conditioning to reduce energy use.



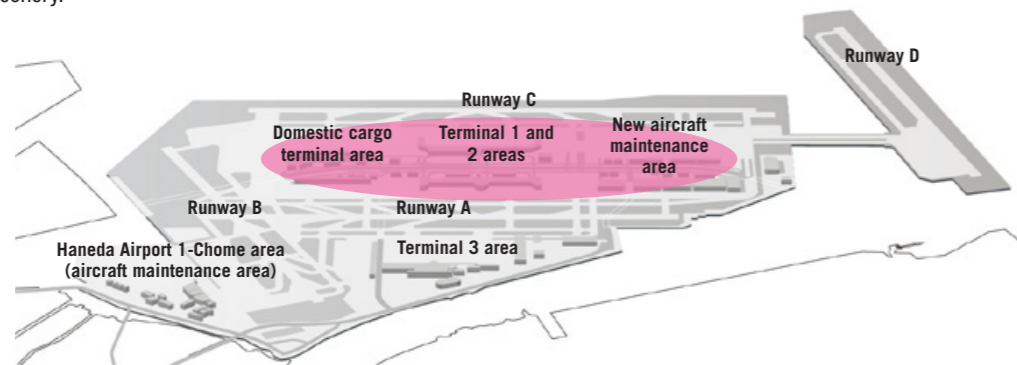
Rinku International Logistics Center

»» Improvement of the efficiency of energy use in the area heating and cooling business

Tokyo Airport Heating & Cooling Co., Ltd. of our group is engaged in area heating and cooling business that covers the most part of Haneda Airport. The company is contributing to increasing the efficiency of energy use and the reduction of CO₂ emissions by creating heat sources, such as chilled water and steam at the base plant. These heat sources are not only used for area heating and cooling but also for special purposes in maintenance plants and in-flight meal factories.

The measure is also generating benefits in terms of both the economy and environment, because it can significantly reduce heat source generating devices and receiving and transforming facilities, and it contributes to the efficient use of limited land at airports and spaces within the building or conserving the scenery.

Area covered by area-wide air conditioning system at Haneda Airport (area shown in red)



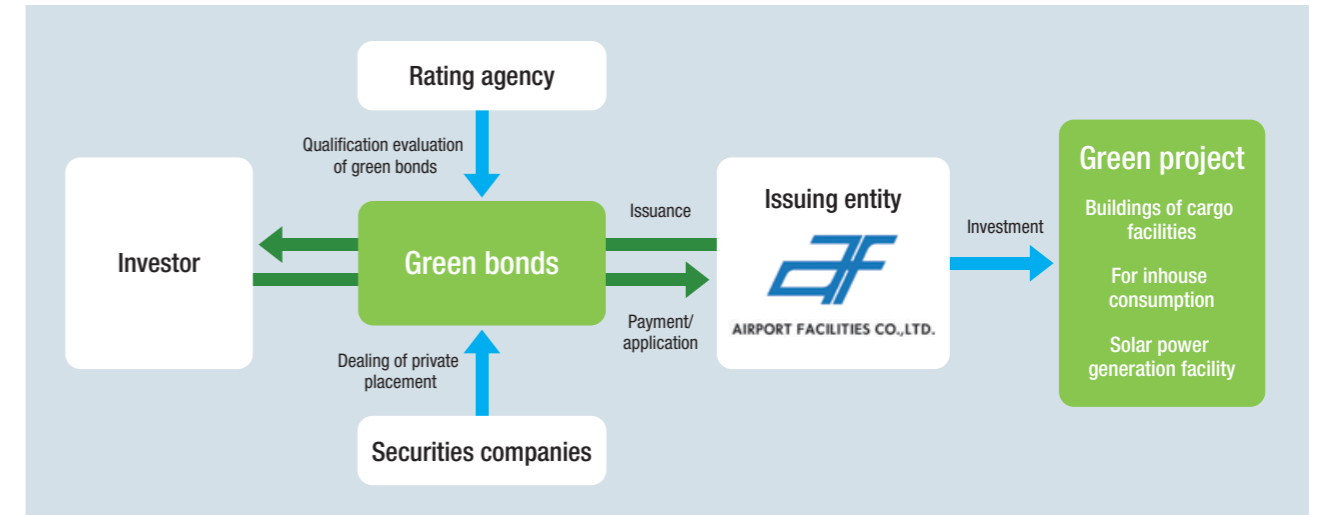
»» Measures for diffusing eco-friendly cars and making them more convenient

Recharging facilities for electric vehicles (EV) and plug-in hybrid electric vehicles (PHEV) are provided in the parking space of HANEDA INNOVATION CITY, which our company is operating. We are also introducing eco-friendly cars for some of the company vehicles used for the business of our group. We will further promote the introduction of eco-friendly cars in the head office, business establishments (Osaka, ARC Building, Chitose, Tokyo Airport Heating & Cooling Co., Ltd., and Aqua Techno Service Co., Ltd.)



»» The first issuance of green bonds for investment in domestic airports

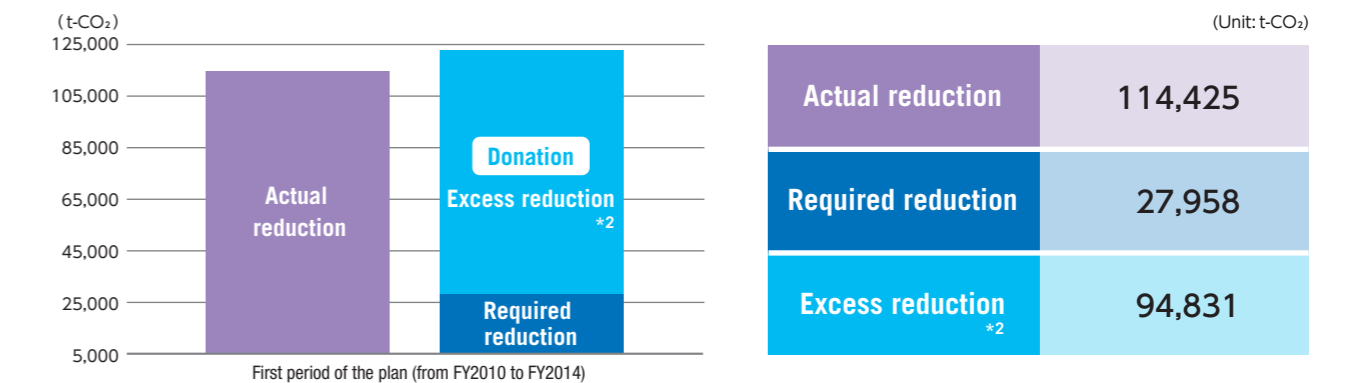
Our group had procured some funds for installing solar power generation facilities in the domestic cargo terminal within Haneda Airport, aimed to utilize renewable energy, by issuing private placement bonds utilizing the system of green bonds. This was the first case in a domestic airport. A green bond is a bond issued to procure funds necessary for business that contributes to resolving environmental problems. The initiative was evaluated as Green 1, which is the highest rank, by the Japan Credit Rating Agency.



»» Donation of credits (excess reduction of CO₂ emissions) to Tokyo Metropolitan Government

Our group agreed to cooperate in the efforts of Tokyo Metropolitan Government's initiative "Zero Emission Tokyo," which aims to realize a sustainable city that does not emit CO₂, and donated 94,831t of excess reduction as credits based on the Cap-and-Trade Program (*) to the Tokyo Metropolitan Government on March 31, 2020. Our company and the group company Tokyo Airport Heating & Cooling Co., Ltd., received a letter of gratitude from the Tokyo Metropolitan Government in January 2021 for being a large-scale business donating 10,000t or more. We also reported the achievement of reductions exceeding the mandatory reduction of greenhouse gas emissions in the second period of the plan (from FY2015 to FY2019) set by the Tokyo Metropolitan Government.

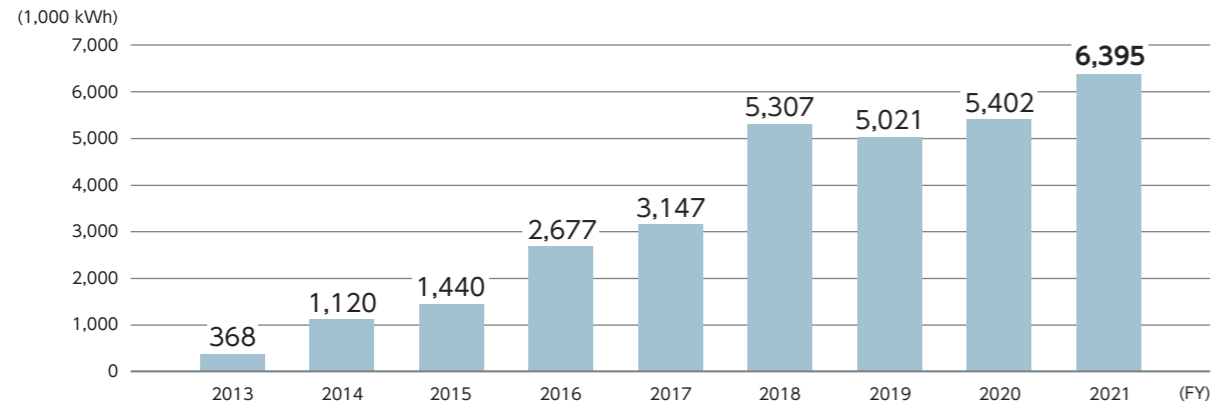
■ Reduction of CO₂ emissions and our donation



*1: An initiative to make it mandatory for large-scale facilities in Tokyo to reduce their CO₂ emissions, and credit the reduction in emissions achieved over the required level for trade among business.
 *2: As for excessive reduction during the first period, the total of the required reduction and the excess reduction is larger than the actual reduction because the emission factor was reviewed due to the occurrence of the Great East Japan Earthquake. (Refer to the "Guidelines on the Operation of Emission Trading in Mandatory Reduction Targets and Emission Trade System")

Utilization of renewable energy

Change of the amount of renewable (solar) energy power generation



Renewable energy

We are working on the reduction of CO₂ emissions through power generation using renewable (solar) energy (for FIT and inhouse consumption) by installing solar panels on the rooftop of facilities owned by our company and in idle lands. TRC Distribution B Building Rooftop Solar Power Plant, which started power generation in 2018, is one of the largest solar power generation facilities within the 23 wards of Tokyo (at that time). It generates 6.3 million kWh/year in total by the five operating facilities, which is equivalent to the annual consumption of 1,400 average households.

*Calculated by assuming the annual electricity consumption per household as 4,397kWh (reference: Ministry of the Environment)



TRC Distribution B Building Rooftop Solar Power Plant



Solar power generation facility utilizing the idle land (Honsanrizuka)

At the domestic cargo terminal of Haneda Airport, power generated with the solar panels installed on the rooftop of the building is self-consumed by facilities within the area to reduce the use of power generated with fossil fuels. Also, in some of the facilities managed and operated by our company, we implement hybrid power generation using renewable energy, such as solar and wind. Generated power is charged to install freestanding lights used at night and in emergencies.



A solar power generation facility for inhouse use in Haneda Airport domestic cargo terminal (left)
A hybrid freestanding light (right)

Responding to recommendations by the TCFD

In addition to efforts to fight climate change, our group recognizes the importance of the disclosure of climate-related financial information, and expressed our endorsement of the TCFD (Task Force on Climate-related Financial Disclosures) in June 2022. We are discussing and taking measures regarding the disclosed items recommended by the TCFD (governance, strategy, risk management, indicator/target), and disclosed information on the corporate website. We will continue to disclose such information.

For detailed information, see AFC's website. <https://www.afc.jp/csr/tcf.html>

Governance

Our company recognizes dealing with climate change as an important issue for management, and established a governance system centering around supervision by the Board of Directors and the Sustainability Promotion Council (chaired by Toshiaki Norita, President and Executive Officer).

The Sustainability Promotion Council will discuss the progress made in management of key performance indicators (KPIs) during the period of the Medium- to Long-Term Management Plan and the policy and strategy for minimizing climate change risks and seizing opportunities, and report to the Board of Directors for their supervision once a year or more.

Strategy

We are discussing the strategy by analyzing the impact of risks and opportunities on the company's business through the 2°C-scenario recommended by the TCFD, with the aim of achieving continuous growth while making efforts to mitigate and adapt to climate change through our business activities.

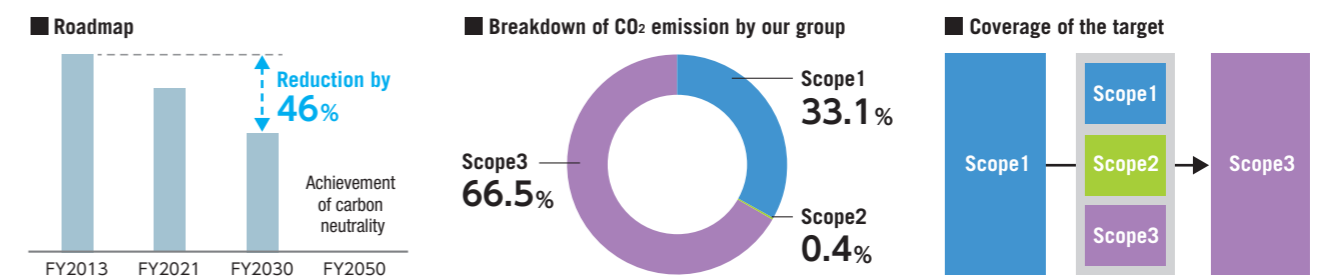
Risks/opportunities	Details
Transition risks	<ul style="list-style-type: none"> - Increase in construction cost with the rise of the prices of construction materials and increase in the production cost of heat sources due to the energy price surge - Increase of taxation burden on CO₂ emissions - Increase in construction cost with the introduction of ZEB and additional capital investment accompanied by the tightening of national standards - Increase of the vacancy rates and the decrease of contracts for buildings that are delaying taking environmental measures
Physical risks	<ul style="list-style-type: none"> - Increase in capital investment for increasing the capacity of air conditioning facilities due to extreme heat - Increase in repair expenses due to increased occurrence of large-scale typhoons and concentrated heavy rains - Increase in flood damage due to sea surface elevation
Opportunities	<ul style="list-style-type: none"> - Increase of competitiveness by owning environmental-friendly properties - Cost reduction by introducing high-efficiency equipment - Increase in asset values by preparing environmental-friendly properties - Reduction of CO₂ emission and the increase of the competitiveness of properties with the further development of solar power generation for self-consumption

Risk management

Sustainability Promotion Council will discuss the impact of climate change and measures taken against it, and promotes measures such as formulating policies and strategies for minimizing identified risks and reflecting them in plans, budget, and goals.

Indicators and targets

Our company aims to reduce CO₂ emissions by 46% in FY2030 compared to FY2013 based on the governmental policy, in order to achieve carbon neutrality by 2050.



Conservation of water resources

Changes in water use in Haneda Airport

	FY2018	FY2019	FY2020	FY2021
Number of properties	212	199	200	186
Water use (thousand m ³)	2,014	1,946	1,138	1,233
Recycled water use (m ³)	6,788	6,849	4,869	5,049

Promotion of water saving in owned facilities

We are promoting the introduction of water-saving faucets and toilets in office buildings, maintenance facilities, and the building of cargo facilities we own to reduce the waste of running water and to improve water saving function.

Utilization of recycled water

We are implementing the efficient use of water resources by using recycled water for flushing toilets in the Utility Center Building in Haneda Airport.

Sewage treatment

In addition to the facilities given above, we comply with the relevant laws regarding water contamination, etc. in facilities owned, managed, and operated by our group, and appropriately treat sewage as necessary before discharging to public waters.

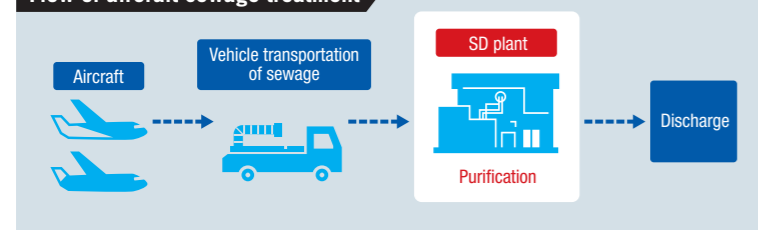
Prevention of water contamination

SD plant (aircraft sewage treatment facility)

Unlike the general domestic wastewater and human waste, sewage discharged from aircraft contains various chemicals particularly used for toilets in aircraft to prevent infection. Therefore, there is a high bar for its treatment. We have considered the treatment of aircraft sewage as an important issue since the company's foundation, and acquired a patent on the sewage treatment method through research and development. We started the operation of the sanitary disposal plant (SD plant) in 1980 in Haneda Airport, and the same kind of facility is now being operated in eight airports throughout Japan. This SD plant is provided as an infrastructure that can be jointly used by different air carriers and ground-handling companies. Sewage brought in will be treated by utilizing microorganisms to comply with the effluent standards of municipalities. The facilities contribute to the conservation of water quality in rivers and oceans by preventing water contamination from sewage generated from the aircraft operation.



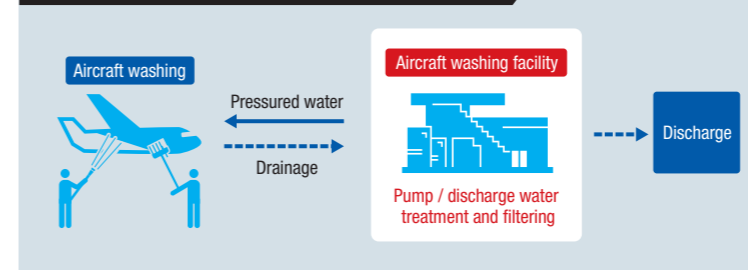
Flow of aircraft sewage treatment



Large-sized aircraft washing facility

In Haneda Airport, we are providing large-sized aircraft washing facilities that can be used jointly by different air carriers. A large-sized aircraft washing facility is a facility to wash stains off aircraft for preventing corrosion, improving fuel efficiency, and for aesthetic purposes, and comprises an aircraft parking space for washing and a facility that treats the wastewater used for washing. Water discharged after washing includes chemicals, oil, sludge, and heavy metals. Therefore, we treat the water until it reaches the standard that can be discharged to the sewerage system to prevent the contamination of water resources. Also, it is expected that washing the aircraft will lead to improved fuel efficiency. We are also indirectly contributing to the environmental upgrading of air transportation, which is a part of our daily life, through this aircraft washing facility.

Flow of aircraft washing and drainage treatment



Large-sized aircraft washing facility

Promotion of waste reduction and reuse / recycling

Waste discharge amount and the state of recycling

Unit: ton

	FY2018	FY2019	FY2020	FY2021
Waste discharge amount	2,281	1,615	1,518	1,419
Reuse	376	156	202	304
Disposal Amount	1,904	1,458	1,315	1,115
Recycling rate	16.5%	9.7%	13.3%	21.4%

Major efforts

Separate collection of waste

In properties operated and managed by our company, separated collection of waste is promoted under cooperation with the tenant companies, etc.

Recycling of recyclable wastes

In properties operated and managed by our company, separated collection of waste is implemented and recyclable waste is recycled under cooperation with the tenant companies, etc.

Promotion of the reduction of the use of paper

In order to reduce the amount of paper resources used by our company, we are promoting the digitalization of materials used in the company, and using recycled paper.

Reduction of plastic waste

Considering the ocean pollution and negative impact on marine life caused by disposable plastic waste, we abolished the use of plastic straws in restaurants of our group companies, replaced plastic cups used in the company with paper cups and promote the use of one's own cup to reduce the amount of plastic waste.

| SOCIETY |



Our ideas

Our company is developing real estate business throughout Japan and abroad, in addition to the business of owning and operating facilities to support airports, which are part of social infrastructure. Real estate is closely related to people's everyday life, and we consider it as an asset that has a significant social impact. We will strive to develop and operate facilities that make the customers using our facilities or airports and aircraft, as well as all other people in the regional community, feel safe and secure.

Further, in order for our group to achieve sustainable growth and maintain business activities, it is necessary to realize an environment where all the employees and officials of our group can be engaged with their work in a healthy, happy, and satisfied fashion both physically and mentally, and be able to fully exert their characteristics and abilities. Therefore, we will further push forward workstyle improvement and reinforce the development of human resources, while fostering a free-spirited corporate culture respecting the characteristics of individuals and diversity, to promote human resources strategy towards achieving sustainable growth.

Promotion of work-life balance and D&I

Policy

Our group considers that one of the important management resources to realize business continuity and sustainable growth is employees. Thus, we aim to provide an environment where each of the employees can continue working without worry in a healthy condition both physically and mentally, so that they can fully exert their characteristics and abilities.

Promotion of work-life balance

Major efforts

We are creating an environment allowing flexible workstyles where employees can take leave easily, in order to improve the productivity of employees and to balance their work and private life.

»» Flex time system

A flex time system, where employees can decide when to arrive at and leave from work flexibly within a certain time range, is being introduced from April 2021 so that employees can promote their independence and keep the balance between their work and private life.

We are trying to design a system through dialogue with users, for instance by changing the core time based on the results of questionnaires and interviews to employees after test trials.

»» System for working from home

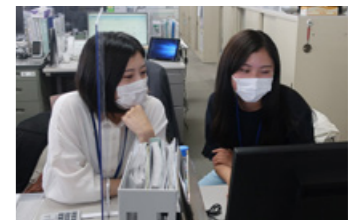
We introduced the system for working from home in April 2021 to reduce the time for commuting and improve work efficiency.

Since April 2022, we have been adding changes accordingly, such as allowing employees to go out for business purposes including visiting clients, so that the system will be more useful to employees.

»» Mentor system

Young employees with a career in the company of up to about five years will each become a mentor to a new employee to hear about their worries in everyday work and the workplace, and provide mental support.

This system intends to promote the smooth transition of new employee's from student to working adult in terms of awareness, as well as to improve the mentor employees' communication ability and ability to listen to others and verbalize their ideas.



»» Application for annual leave in advance and setting days recommended to take paid leave

Our company asks employees to submit their schedule of annual leave for the following fiscal year in March through the in-house system, and by obtaining the approval from their supervisor beforehand, promotes the establishment of a proactive work schedule and efficient leave.

We are also trying to provide an environment in which it is easy for employees to take long-term leave, by setting days recommended for taking paid leave at the year-end and holidays with an interval of only one or two work days in between.

»» Preparation of consultation desk and handbook on childcare leave

Recently, there have been frequent legal revisions on childbirth and childcare aiming to support the balance between work and family life, and abundant relevant information is being transmitted. However, the contents of such revisions and other information is tending to become more complex.

In April 2022, we opened an in-house consultation desk on childcare leave, and established a system to explain and support employees who are expecting childbirth or whose spouse is expecting. This counter has both male and female consultants to ensure that employees feel comfortable making inquiries.

Also, we prepared a handbook on marriage, childbirth and childcare that provides a brief explanation on the system, initiatives, and procedures in an easy-to-understand fashion to ensure information transmission and promote understanding within the company.



Promotion of D&I

»» Holding D&I events and promotion within the company

Based on the concept that a workplace where various types of human resources are always empowered will lead to the sustainable growth of the company, we are promoting diversity and inclusion (D&I) in our company.

As a part of such efforts, in February 2022, we held an event to further deepen our understanding and recognition of D&I and consider what form of D&I is suitable for the AFC group. In the panel discussion by the external lecturer and four directors of our company, how to seek the future of our company was discussed. The discussion was also shared within the company. D&I training for different job grades was implemented in the same month for managers and general employees.



»» Promotion of the empowerment of women

Recently, the number of female employees joining the company as a new graduate or in mid-career is increasing as a result of active recruitment. In the last five years, the ratio of female employees increased from 17% to 28%. At the same time, we have been reviewing the current system and improving the working environment.

We formulated the Action Plan by General Employers on the Breakthrough of the Empowerment of Women in April 2022. During the planned period (four years), we have been promoting the establishment of an environment and opportunity where women can exert various capabilities and willingness to take on challenges, under the major themes of the increase of the female ratio among managers and the promotion of autonomous career and human resources development by employees.

In addition, we will also review the Action Plan by General Employees on Measures to Support the Development of Next-Generation Human Resources to work on realizing flexible workstyles also based on the perspective of supporting the balance between work and childcare.

»» Measures taken against harassment

Before the revision and the enforcement of Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives (Power Harassment Prevention Act) in June 2020, which required companies to take measures to prevent power harassment, our group set forth the Power Harassment Prevention Rules, clarified the definition of harassment, and clearly stated the establishment of consultation desks.

Further, aiming to understand the diversification of recognition in society, study actual cases, and raise awareness among employees, we hold regular training sessions. The content of training programs differs between managers and general employees, to encourage fostering a workplace environment based on a mutual understanding that it is easy to work.

Human resource development

Policy We promote strategy and the improvement of workstyles uniformly towards the achievement of the Medium- to Long-Term Management Plan, and efforts linking the plan in each division and MBO (management by objectives) system will be implemented. Further, in order to capitalize on the strong points of our company and create added value, we will keep establishing a system for the capacity building of employees and promoting human resources development.

Major efforts

»» OJT (On the Job Training)

We adopt an MBO system. Four issues/goals on individuals' own work are set at the beginning of the fiscal year, and after interviews with supervisors, adjustment will be made in terms of links with the plans in each division, the adequacy of details set, and the way to implement the plan. Employees will work on their everyday work by taking on-the-job training, and they will make interim reports and confirm the progress through interviews with supervisors after half of the fiscal year had passed in September and on other occasions. Thereafter, an annual summary and review will be made at the end of the fiscal year in March, and after measuring the achievement level, a new goal will be set. That is the basic process of human resources development.

»» Training for different job grades and on different themes

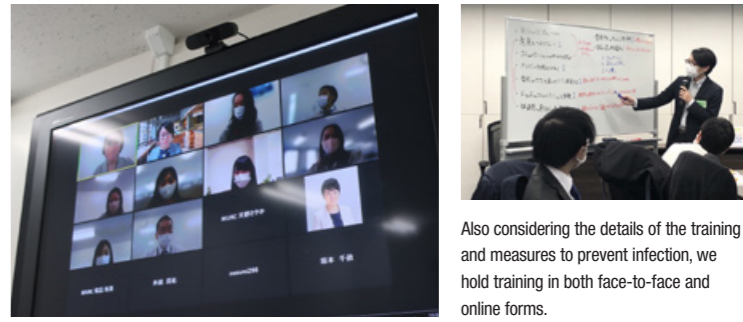
Training for different job grades is held according to career length and career stage, in order for employees to understand their roles and build their capacity, and to support their growth. Also, training sessions are held on different themes as needed for upgrading the knowledge of employees.

Examples of training for different job grades

- Training for new employees
- Training for managers
- Training for leaders
- etc.

Training on different themes

- Training on cultural refinement for young employees
- Harassment prevention Training
- Training on the basics of real estate
- Mentor training
- Lectures for fire and disaster prevention administrators
- etc.



Also considering the details of the training and measures to prevent infection, we hold training in both face-to-face and online forms.

»» Support for qualification acquisition

Our company has a system to subsidize employees expenses regarding the acquisition of qualifications that are useful for their work, in order to support their willingness to improve their work-related knowledge and their skills. Also, for some of the qualifications, we are offering monetary gifts for the acquisition to reward the employee's efforts.

We are also adding qualifications covered by the subsidy system, considering the recent diversification and changes in the details of work.

Number of employees who acquired qualification (including those who passed the examination)

- Real estate transaction agent: 29
- Labor and social security attorney: 4
- Certified Building Administrator: 4
- First-class registered architect: 5
- Second/third-class chief electricity engineer: 18
- Qualified person for energy management: 7
- Certified construction manager of Japan: 3

*As of March 31, 2022



Those who passed the examination for real estate transaction agent in FY2021

Promotion of health management

Policy

We announce the annual schedule of measures related to health maintenance and improvement every April and promote the implementation of planned measures so that employees can work with vitality both physically and mentally. We also hold a meeting on the promotion of safety and sanitation every two months to transmit information on the prevention of heat stroke and infectious diseases, and raise awareness about industrial accidents.

Major efforts

»» Implementation of regular interview by physicians specializing in mental health

We encourage to employees to notice stress and we implement regular interviews by specialist physicians for mental health care. We are ensuring proactive prevention and privacy protection by implementing the interviews for all employees.

»» Care by industrial physician after routine medical checkups and comprehensive medical examinations

We provide care by industrial physicians through interviews and e-mails for employees who had certain findings in the results of routine medical checkups and comprehensive medical examinations.

By providing notification of re-inspection and other procedures promptly after the results are received, we try to improve the lifestyle habit of employees or prevent their physical deconditioning, and to realize an environment where people can work healthily.



Disaster prevention

Policy

Our group is trying to develop and operate facilities that make the customers using our facilities or airports and aircraft, as well as all other people in the regional community, feel safe and secure. At the time of disaster, we aim for the early restoration of the business of our group and the functions of airports while ensuring the safety of tenants, employees, and the region, and prevent secondary disasters.

Preparation against disaster

»» Fire defense organization for self-protection

We established a fire defense organization for self-protection within the company to improve awareness of disaster prevention and make preparations to minimize human and physical damage at the time of emergency.

We also participate in the disaster drill examination meeting of Japan Self-Defense Forces hosted by Kamata Fire Station, to confirm the achievements of training in our relationship with the local community.



»» Holding basic life-saving certification training

Our group holds basic life-saving certification training for employees and promotes certification on life-saving skills, with an aim to encourage them to acquire skills to provide first-aid treatment whenever a person suffers an injury or contracts a disease, and to prepare against emergency.

Basic life-saving certification training enable employees to acquire first-aid skills, such as CPR, use of AED devices, and treat injuries, which are skills useful at the time of emergency.



»» Installing AED devices

We are installing AED devices at the entrance, security office, etc. of the facilities we own, post a sign showing the existence of the AED device there, and provide an AED device when there is a person suffering cardiopulmonary arrest within the facility or nearby.



»» Building for evacuation from tsunami

We designate many of the facilities we own in Haneda Airport as a building for use in evacuation from tsunami, show signs for them, and accept the evacuation of people staying nearby when advisories and warnings on tsunami are issued.

»» Securing stockpiles against disasters

Our company has enough stockpiles for three days in preparation for disasters, assuming that employees will temporarily stay within the facilities we own at the time of large-scale disaster. Also, considering the possibility that elevators will stop and that rescue will take time in a disaster, we are also installing a cabinet containing drinking water and a portable toilet inside elevators in preparation for disaster. Further, some of the residences for those who work at airports are equipped with manhole toilets that can be used at the time of disaster and stretcher benches with a seating surface that can also be used as a stretcher.

Supporting disaster prevention and safety at Haneda Airport

»» Conducting comprehensive disaster drills within Haneda Airport

Our company is serving as a secretariat for disaster prevention cooperation association in the aircraft maintenance area, new aircraft maintenance area, and the domestic cargo terminal area in Haneda Airport, and is conducting comprehensive disaster drills in cooperation with Kamata Fire Station every year. The drills offer evacuation training, firefighting training using fire extinguishers, first-aid training using an AED device, and experience in earthquake simulation vehicles, and try to maintain and improve the awareness of disaster prevention and crisis management not only among the employees of our company but also those who work at tenants and within the area and the regional residents.

*The drill was not held in FY2020 and FY2021 due to the impact of COVID-19.



»» Supporting the rescue system of the airport

As the business operator with an important role of supporting the operation of airports, we have assigned our employees as the cooperation member for a firefighting and rescue team, in order to cooperate with the national disaster relief actions at the time of emergency, such as the occurrence of aircraft accidents. These employees participate in firefighting and rescue drills assuming aircraft accidents and tsunami evacuation drills held by the Ministry of Land, Infrastructure, Transport and Tourism in Haneda Airport to prepare against emergency.

»» Provision of airport infrastructure

We provide important infrastructure services, such as area heating and cooling service, water supply and drainage service, and local area communication network service in Haneda Airport.

Area heating and cooling business we are being engaged in Haneda Airport 1-Chome from the foundation of our company was transferred to Tokyo Airport Heating & Cooling Co., Ltd., our group company, in 1993. The company continues to stably provide heating and cooling services to passenger terminal buildings, maintenance plants, and government buildings.

We have been engaged in the water supply and drainage business in Haneda Airport since shortly after the foundation of the company. The know-how and achievements accumulated through the long-term service are trusted by many of our clients, and make the users of Haneda Airport feel safe and secure.

Local area communication networks business started in 1993 when the second phase of the Haneda Airport offshore land reclamation project started. This business lays optical cables between the buildings in Haneda Airport, excluding some of the areas, provides a basic telecommunications network that can be jointly used by airport-related organizations such as air carriers, passenger terminal building companies, and public offices, and allows the reduction of cost through joint use and offers a smooth means of mutual communication among relevant parties. The network is built to ensure stable communication also at the time of disaster.



Area heating and cooling system



Local area communication

Development of BCP

»» Business Continuity Plan (BCP)

In order to respond flexibly and adequately whenever a major natural disaster such as an earthquake occurs, our group formulates a business continuity plan (BCP) aiming for the early restoration of the business of our group and the functions of the airport, and implements training and maintains the system.

The BCP of our group is also aligned with the Airport Advanced Business Continuity Planning (A2-BCP) formulated by the East Japan Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism, and incorporates plans to maintain the functions of the entire airport and to aim for the early restoration thereof as the relevant organization.

When a disaster occurs, we first take initial response, such as ensuring the security of tenants and employees and preventing secondary disasters, and then organize a BCP team to implement activities.

Through regular training on BCP, our group is raising the disaster prevention awareness among group employees, streamlining issues that are found out through training, and preparing a manual based on such findings.



Scene from the A2-BCP gathering training

Community building and contribution in neighboring regions

Policy

Our group promotes social contribution activities as the entire group in order to exercise our social responsibility as a company. We place importance on connection with society and the region, encourage each employee from the entire organization to actively participate in the community, and will make a continuous contribution towards resolving social issues and realizing sustainable and affluent future society.

Major efforts

»» Donating the monument to honor the former three towns

The place where Haneda Innovation City, for which our company participates as a business, is located was a town where many people lived before World War II (former three towns, namely Haneda-Suzuki Cho, Haneda-Anamori Cho, Haneda-Edomi Cho). After the war, more than 3,000 people who lived in the former three towns were forced to leave within 48 hours, due to the condemnation of the land.

In order to convey such important history, culture, and people's lives in Haneda in the past to the future, we created the monument to honor the former three towns together with other aviation-related companies and groups, and donated the monument to Ota Ward in March 2022.



Monument to honor the former three towns

»» Reducing food loss and supporting food supplies

Our company is constantly stockpiling necessary foods and water from the perspective of securing the safety of employees and officials, and allowing the early restoration of facilities and ensuring business continuity at the time of emergency, and renewing the stockpiles at regular intervals.

We provided the stockpiles to be renewed to the Ota Ward Welfare Department and the Social Welfare Council of Ota Ward in June 2022 for effective utilization, to contribute to the reduction of food loss and to provide the supplies to those who are in need of food support.

Comment from the staff in charge

Although we had been unable to effectively utilize stockpiles for disaster prevention that are nearing expiration, we recently donated them to the Ota Ward Welfare Department and the Social Welfare Council of Ota Ward to contribute to the reduction of food loss and food support. We also heard that many people are in need of food supplies from those who work at Ota Ward Welfare Department. We are willing to continue with this activity.



Donating stockpiles for disaster prevention to the Ota Ward Welfare Department

CORPORATE GOVERNANCE

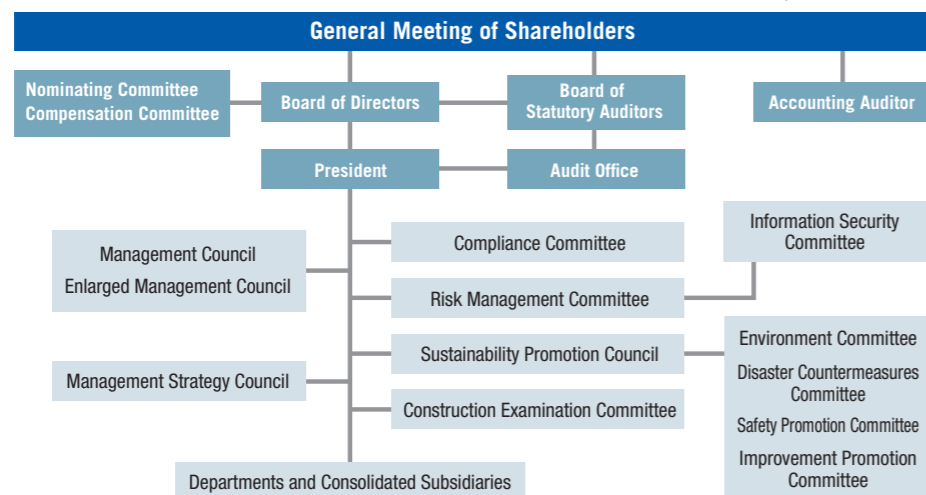


Our ideas

AFC's basic policy on corporate governance is to strive to improve and enforce governance in order to secure and increase AFC Group's enterprise value and shareholders' collective interests in light of the group's corporate philosophy while being fully aware of the accountability of management vested with a mandate from shareholders and AFC's social responsibilities as a company whose foundation lies in airport-related business.

Corporate Governance System

(As of June 29, 2022)



»» Role of the Boards of Directors and Statutory Auditors

(As of June 29, 2022)

Board of Directors	9 Directors 4 Corporate Auditors	Ratio of external directors and auditors 38.5%	The Board of Directors makes judgments and decisions concerning matters prescribed by laws and public regulations or by the internal regulations that govern the Board and other important matters, thereby exercising the supervisory function over management affairs in general. The Board is convened on a monthly basis in principle. In fiscal year 2021, it was convened 14 times. The Board of Directors is comprised of nine directors (including three external directors) and four statutory auditors (including two external auditors). It is chaired by Kenya Inada, AFC's representative director and chairman. The Board includes one female director (the female proportion on the Board is 11.1%).
Board of Statutory Auditors	4 Statutory Auditors	Ratio of external auditors 50%	The Board of Statutory Auditors is convened on a monthly basis in principle in order to determine audit policy and prepare an auditors' report, among other activities. In fiscal year 2021, the Board was convened 13 times. It is chaired by Kazuhiko Muraishi, who is a full-time corporate auditor.
Nominating Committee	7 members	Ratio of external directors 71.4%	When nominating candidates for directors and statutory auditors, AFC convenes the Nominating Committee as an advisory body to the Board of Directors in order to strengthen the independence, objectivity and accountability of the Board, which is responsible for reviewing and selecting candidates. The Committee is convened at least once every year. It is comprised of three independent external directors, two independent external members of the Board of Statutory Auditors, and two internal directors, and is chaired by Takehiko Murayama, who is an independent external director.
Compensation Committee	7 members	Ratio of external directors 71.4%	When determining compensation for directors, AFC convenes the Compensation Committee as an advisory body to the board of directors in order to ensure the objectivity, transparency, and validity of the compensation. The Committee is convened at least once every year. It is comprised of three independent external directors, two independent external members of the Board of Statutory Auditors, and two internal directors, and is chaired by Takehiko Murayama, who is an independent external director.

Members of the Board of Director, Board of Statutory Auditors, and each Committee

The Board of Directors, Board of Statutory Auditors, Nominating Committee, and Compensation Committee are comprised of the following members.

(As of June 29, 2022)

Name	Title	Board of Directors	Board of Statutory Auditors	Nominating Committee	Compensation Committee
Kenya Inada	Chairman and Executive Officer	◎		○	○
Toshiaki Norita	President and Executive Officer	○		○	○
Katsuhiko Yamaguchi	Executive Vice President	○			
Keisuke Komatsu	Managing Executive Officer	○			
Shigeo Tamura	Managing Executive Officer	○			
Fuminori Tsuboi	Managing Executive Officer	○			
Takehiko Sugiyama	External Director / Independent Director	○		◎	◎
Kayo Aoyama	External Director / Independent Director	○		○	○
Toshikatsu Ogura	External Director / Independent Director	○		○	○
Kazuhiko Muraishi	Full-time Statutory Auditor		◎		
Masaaki Komiya	Full-time Statutory Auditor		○		
Akihiko Shiba	Statutory Auditor / Independent Director		○	○	○
Shigeto Kubo	Statutory Auditor / Independent Director		○	○	○

* "◎" shows the chair.



Directors and Statutory Auditors (As of June 29, 2022)

Directors



Statutory Auditors



1 Chairman and Executive Officer
Kenya Inada

April 2019 Member of the Board, Executive Vice President of ALL NIPPON AIRWAYS CO., LTD.
April 2020 Advisor to ANA HOLDINGS INC.
June 2020 Executive Vice President of AFC
June 2021 Chairman and Representative Director of AFC
June 2022 Representative Director, Chairman and Executive Officer of AFC (Current post)

2 President and Executive Officer
Toshiaki Norita

June 2013 External Director of AFC
April 2017 Director of Japan Airlines Co., Ltd.
April 2017 Executive Vice President of AFC
June 2021 President and CEO of AFC
June 2022 Representative Director, President and Executive Officer of AFC (Current post)

3 Executive Vice President
Katsuhiko Yamaguchi

August 2012 Executive Officer of NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.
July 2016 Director General of East Japan Civil Aviation Bureau, Ministry of Land, Infrastructure, Transport and Tourism
June 2020 Director of AFC
June 2021 Executive Vice President of AFC
June 2022 Representative Director, Executive Vice President and Executive Officer of AFC (Current post)

4 Managing Executive Officer
Keisuke Komatsu

June 2006 Executive Officer and General Manager of Operations Department of AFC
June 2009 Senior Executive Officer and General Manager of Operations Department of AFC
June 2011 Managing Director, Senior Executive Officer, and General Manager of Operations Department of AFC
June 2017 Managing Director of AFC
June 2022 Director, Managing Executive Officer of AFC (Current post)

5 Managing Executive Officer
Shigeo Tamura

April 2014 Deputy Manager of AFC, attached to General Affairs Department
June 2016 Executive Officer of AFC, attached to General Affairs Department (In charge of Special Missions)
June 2017 Director, Senior Executive Officer and Chief of Facilities Management Center of AFC
June 2020 Managing Director of AFC
June 2022 Director, Managing Executive Officer of AFC (Current post)

6 Managing Executive Officer
Fuminori Tsuboi

July 2018 Director-General of Administration Department, Japan Meteorological Agency
July 2019 Director-General, Chubu District Transport Bureau, Ministry of Land, Infrastructure and Transport
January 2021 Deputy Director-General, Japan meteorological Agency
April 2022 Adviser of AFC
June 2022 Director, Managing Executive Officer of AFC (Current post)

7 Directors External Independent
Takehiko Sugiyama

December 2004 President of Hitotsubashi University
April 2011 Vice Chairman of Japan Transport Policy Research Institute, Chief of Transport Policy Research Center
June 2015 External Director of AFC (Current post)
June 2017 External Managing Director of Tokyo Metro Co., Ltd. (Current post)

8 Directors External Independent
Kayo Aoyama

April 1985 Freelance Announcer (Up to the present)
February 2001 Member of Council for Transport Policy, Ministry of Land, Infrastructure, Transport and Tourism
July 2014 President of the National Agency of Vehicle Inspection (Part-time)
June 2015 External Director of AFC (Current post)
June 2016 Member of National Public Service Ethics Board (Current post)

9 Directors External Independent
Toshikatsu Ogura

July 2013 Senior Executive Vice President and Senior Executive Manager of Marketing Headquarters, NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION
July 2015 President and Representative Director, NTT BUSINESS ASSOCIE Corporation
June 2018 Chairman, Japan Telecommunications Welfare Association
June 2020 Chairman, Information & Telecommunication Equipment Constructor's Association
June 2020 Outside Director, Haseko Corporation (Current post)
June 2022 External Director of AFC (Current post)

10 Full-time Statutory Auditors
Kazuhiko Muraishi

June 2008 Executive Officer and General Manager of Accounting Department of AFC
June 2010 Senior Executive Officer and General Manager of Accounting Department of AFC
June 2011 Director, Senior Executive Officer, and General Manager of Accounting Department of AFC
June 2016 Full-time Statutory Auditor of AFC (Current post)

11 Full-time Statutory Auditors
Masaaki Komiya

June 2012 Member of the Board of Directors, Managing Executive Officer, Development Bank of Japan Inc.
June 2015 Executive Director of the Research Institute of Capital Formation, Development Bank of Japan Inc.
June 2016 Vice Director-General, The Tokyo Organizing Committee of the Olympic and Paralympic Games (TOCOG)
June 2021 Outside Director, Solaseed Air Inc.
June 2021 Outside Director, AIRDO Co., Ltd.
June 2022 Full-time Statutory Auditor of AFC (Current post)

12 Statutory Auditors External Independent
Akihiko Shiba

October 2004 Registration in Daini Tokyo Bar Association
Joining T. Kunihiro & Co. Attorneys-at-Law
April 2010 Established Shiba Management Law Office (Current: Shiba & Tanaka Law Offices)
June 2010 Outside Statutory Auditor of Prince Hotels, Inc.
June 2013 External Statutory Auditor of AFC (Current post)
June 2015 Audit & Supervisory Board Member of NH Foods Ltd. (Current post)

11 Full-time Statutory Auditors
Masaaki Komiya

June 2012 Member of the Board of Directors, Managing Executive Officer, Development Bank of Japan Inc.
June 2015 Executive Director of the Research Institute of Capital Formation, Development Bank of Japan Inc.
June 2016 Vice Director-General, The Tokyo Organizing Committee of the Olympic and Paralympic Games (TOCOG)
June 2021 Outside Director, Solaseed Air Inc.
June 2021 Outside Director, AIRDO Co., Ltd.
June 2022 Full-time Statutory Auditor of AFC (Current post)

12 Statutory Auditors External Independent
Akihiko Shiba

October 2004 Registration in Daini Tokyo Bar Association
Joining T. Kunihiro & Co. Attorneys-at-Law
April 2010 Established Shiba Management Law Office (Current: Shiba & Tanaka Law Offices)
June 2010 Outside Statutory Auditor of Prince Hotels, Inc.
June 2013 External Statutory Auditor of AFC (Current post)
June 2015 Audit & Supervisory Board Member of NH Foods Ltd. (Current post)

13 Statutory Auditors External Independent
Shigeto Kubo

August 2013 Commissioner, Japan Tourism Agency
June 2019 Outside Director of Kyoritsu Maintenance Co., Ltd. (Current Post)
June 2020 Senior Managing Director, Airport Transport Service Co., Ltd.
April 2022 Representative Director, Chairman and Executive Officer, TOBU TOP TOURS CO., LTD. (Current post)
June 2022 External Statutory Auditor of AFC (Current post)



Skill Matrix of Directors

Shown below is a skill matrix that indicates the professional skills held by each of AFC's directors.

Name	Title	Management and organization administration	Legal affairs, risk management, financial affairs, and accounting	Governmental and public affairs	Aviation, airport operation, and infrastructure	Marketing and public relations	Global affairs
Kenya Inada	Chairman and Executive Officer	○	○		○	○	○
Toshiaki Norita	President and Executive Officer	○	○		○	○	○
Katsuhiro Yamaguchi	Executive Vice President	○	○	○	○		○
Keisuke Komatsu	Managing Executive Officer	○				○	
Shigeo Tamura	Managing Executive Officer	○			○		
Fuminori Tsuboi	Managing Executive Officer	○	○	○	○		
Takehiko Sugiyama	External Director / Independent Director	○		○			
Kayo Aoyama	External Director / Independent Director			○		○	
Toshikatsu Ogura	External Director / Independent Director	○	○			○	

Appointment of External Directors and Statutory Auditors

External directors and auditors are selected based on criteria such as being capable of contributing to AFC's sustainable growth and an increase in its enterprise value in the medium to long term by providing advice and recommendations to management from a position of independence, as well as the independence criteria prescribed by the Tokyo Stock Exchange.

External Directors	Takehiko Sugiyama	Sugiyama has taught as a university professor and been in charge of university management as the president of a national university. In addition, he has an abundance of knowledge and experience in the field of transportation and traffic. AFC has appointed him as an external director as it expects him to contribute to its sustainable growth and an increase in its enterprise value in the medium to long term by helping to ensure appropriate execution of business operations from his position of independence as an outsider.
	Kayo Aoyama	Aoyama is a freelance announcer and has an abundance of knowledge and experience gained from sitting on various government committees, including those in the field of transportation and traffic. AFC has appointed her as an external director as it expects her to contribute to its sustainable growth and an increase in its enterprise value in the medium to long term by helping to ensure appropriate execution of business operations from her position of independence as an outsider.
	Toshikatsu Ogura	Ogura has an abundance of experience and superior knowledge as a senior manager in the telecommunications industry. AFC has appointed him as an external director as it expects him to contribute to its sustainable growth and an increase in its enterprise value in the medium to long term by helping to ensure appropriate execution of business operations from his position of independence as an outsider.
External Auditors	Akihiko Shiba	AFC has appointed Shiba as an external director as it expects him to provide high-level legal advice to the Board of Statutory Auditors and the Board of Directors, considering his ability to conduct audits from an objective standpoint based on his specialized insight as lawyer.
	Shigeto Kubo	Kubo has many years of experience and an abundance of knowledge in the transportation sector and also has the experience of serving as an external director at a real estate service company. AFC has appointed him as an external auditor as it expects him to take advantage of his experience and knowledge to contribute to the auditing of AFC.

Evaluation of the Board of Director's Effectiveness

The Board of Directors conducts self-evaluation and analysis in order to strengthen its own functions, thereby contributing to an increase in AFC's enterprise value.

In fiscal year 2021, all directors and statutory auditors were asked to respond to a questionnaire survey in January-February 2022. Based on the survey results, analysis and evaluation was conducted at a meeting of the Board in February 2022. The survey results indicate generally favorable evaluation with respect to matters such as: increases in the number of matters referred to the Board and in the time for deliberations after the Board started to be convened on a monthly basis in fiscal year 2021; institutional support for sufficient deliberations; and invigoration of discussions by the Board.

On the other hand, opinions were expressed and problems were recognized and shared with respect to the composition of the Board, including the number of Board members and the ratio of independent external members of the Board of Statutory Auditors to external directors. In light of the survey results, AFC will promptly respond to the abovementioned problems after conducting a sufficient study and make continuous efforts to enhance the functions of the Board.

Compensation System

1. Compensation system

(1) The compensation amount for AFC's directors is determined within the range decided upon a resolution at a general shareholders' meeting.

Compensation for the directors (full-time directors), excluding external directors, is comprised of fixed-amount basic compensation and variable compensation linked to business performance (bonuses and restricted stock grants). Generally speaking, the fixed-amount compensation accounts for around 70% of the total amount of compensation, and the performance-linked compensation makes up around 30%.

Compensation for external directors is comprised entirely of fixed-amount basic compensation the amount of which is determined within the range decided upon a resolution at a general shareholders' meeting.

(2) Basic compensation for full-time directors is calculated according to the prescribed rules that take into consideration the specifics of their respective director responsibilities, among other factors. Performance-linked compensation is calculated in light of the corporate earnings compared with the earnings forecasts. Of performance-linked compensation, the restricted stock grant is intended to provide an incentive for the directors to strive for the sustainable growth of AFC's enterprise value and also to promote the sharing of values with shareholders.

2. Procedures for determining the compensation amount

The Board of Directors conducts deliberations on a compensation proposal based on the policy on compensation and refers the proposal to the Compensation Committee, which advises the Board. Following the Compensation Committee's deliberations and findings on the compensation proposal, the proposal is deliberated once again at a Board meeting. Upon a resolution at the Board meeting, the annual compensation amount is determined and paid.

The Compensation Committee is comprised of independent external directors, independent external members of the Board of Statutory Auditors and internal directors in order to ensure the objectivity, transparency and validity of compensation and is chaired by an independent external director. It is convened at least once every year.

Executive compensation in FY2021 is as follows:

(Unit: Million yen)

Category of Position	Compensation Amounts	Compensation Amounts by Classification			Number of Directors and Statutory Auditors
		Basic Compensation	Performance-linked Compensation, etc.		
			Monetary Compensation	Non-monetary Compensation	
Directors (External Directors)	280 (10)	190 (10)	68	21	12 (2)
Statutory Auditors (External Auditors)	49 (10)	49 (10)	-	-	4 (2)
Total	329	239	68	21	16

(Note) 1. The abovementioned directors include one who retired from directorship at the end of the 52nd general shareholders' meeting, which was held on June 29, 2021.

2. The two sitting external directors and the external director who retired from directorship at the end of the 52nd general shareholders' meeting on June 29, 2021, were not included in the number of directors indicated above because they received no compensation.



»» Status of development of the internal control system

Under the basic policy on the internal control system, in order to ensure compliance with the Companies Act and the Regulations for Enforcement of the Companies Act on a group-wide basis, AFC strives to develop the internal control system, for example by developing various regulations and establishing committees related to compliance and risk management. With respect to compliance problems, including legal violations, AFC has created whistleblowing contact points through which employees can consult with or report to the company so that the problems can be promptly addressed. AFC Group deals with anti-social forces firmly based on its corporate philosophy and basic policy on the internal control system. When it has received undue demands from anti-social forces, AFC Group, under the Compliance Committee's leadership, engages in close cooperation with its legal advisors and police. AFC Group routinely ensures that executives and employees are aware of its corporate philosophy and basic policy on the internal control system and eliminates any relationship with anti-social forces on a group-wide basis through day-to-day business activities and audit activities. The Board of Directors constantly checks whether the internal control system is functioning appropriately and reforms the system as necessary in order to continuously make improvements.

Compliance

»» Basic Policy on Compliance

While various rules are being strengthened throughout the world, companies are required to have an even stronger awareness of compliance. Our group organizes the Compliance Committee comprised of all representative directors and full-time auditors in order to maintain and enhance compliance awareness.

The Compliance Committee conducts deliberations on important matters essential to ensuring compliance with laws and public regulations, the articles of incorporation, and internal regulations by executives and employees in their performance of job duties and strives to keep business operations appropriate and improve them, prevent non-compliance and otherwise avoid and reduce legal risks on a group-wide basis. The Compliance Committee is convened twice every year. It is chaired by Toshiaki Norita, who is AFC's representative director, president and executive officer.

The activity policy of the committee in FY2021 is to ensure compliance in each division, complying with the corporate governance code, appropriate management and storage of aviation and security information, protection of whistleblowers, measures taken regarding mental health, and instructions on safety and sanitation in the cargo area. The committee identifies risks and reviews the state of compliance in each division, and confirms the impact of law amendments on each business, in order to implement the PDCA cycle for compliance management.

»» Whistleblowing System

AFC has established a whistleblowing system in order to handle consultations and reports from executives and employees regarding illegal acts. Reports are received through internal contact points, including the General Affairs Department under the General Affairs Headquarters and the statutory auditors as well as through an external contact point in the form of an outside law firm. When reports have been received, investigations are conducted as necessary, and correctional measures are taken if illegal acts have been found.

»» Development of guidelines titled "OUR VALUE"

In October 2022, we formulated "OUR VALUE" to show the basic policy and attitude toward action that each of our officers and employees should value, based on the Corporate Philosophy. With "OUR VALUE," all employees are reviewing their own behavior and work processes, and raising awareness about compliance.

Risk management

»» Risk Management Policy

Since AFC Group builds, operates and manages facilities and functions necessary for airports, it is responsible for supporting the safe operation of airports and the flight services of airlines. Therefore, in order to prevent AFC Group's business risks from causing disruptions to the operation of airports and flight services, the group strives to develop and improve its integrated risk management system. AFC Group has established the Risk Management Committee, which is comprised of directors, heads of business divisions, and representatives of subsidiaries, in order to identify risks and ensure appropriate operation and improvement of the risk management system. The Risk Management Committee is convened twice every year. It is chaired by Kenya Inada, who is AFC's representative director, chairman and executive officer.

»» Business risks and measures taken against each risk

Risk of relying on a limited number of clients

Major clients of our group are air carriers and aviation-related companies. Therefore, it is assumed that our business is affected by the decrease of aviation demand. By utilizing the knowledge we had been developing for a long time, we are trying to steadily grasp various needs, including aviation demands and to reduce the impact on risks.

Risks regarding the measures taken by the national government

It is expected that our group is affected by changes in airport plans and operational policies of the national government, which is the administrator of the establishment of airports, and of administrative authorities and air carriers, in terms of our business plan and management and financial states. We are trying to disperse the risk by closely watching the trends of the national government and administration, and by developing new business within and outside airports and abroad.

Disaster risks

When natural disasters and fire occurs, it is assumed that our business plan and management and financial states are affected. Our group conducts seismic diagnosis for all facilities and is taking measures regarding reinforcement work. We are also insuring our properties against fire, etc. Also, assuming the occurrence of disasters, we are trying to improve the communication and information gathering mechanisms and systems to restore functions promptly.

Risks regarding the impact of natural environment

The water supply and drainage business and area heating and cooling business tend to have an impact on our management and financial conditions with seasonal factors such as temperature rise.

Risks of overseas business

Business development abroad may have an impact on our business performance with exchange rate fluctuation and contingency situations caused due to the political, economic, and social situation of the country. We are gathering information on country risks through our business contractors, and trying to reduce such risks.

Risks of the impairment loss of non-current assets

When there is a notable deterioration of the profitability of invested non-current assets and the decline of market values, impairment loss may be recorded due to accounting for the impairment of assets, which may affect the management results and financial state.

Risks regarding the realizability of deferred tax assets

We have been judging the realizability of deferred tax assets based on the forecast and assumption on taxable income in the future. However, if it is decided that some or all of deferred tax assets cannot be realized, the amount of deferred tax assets is reduced, which may affect the management results and financial state.

Fluctuation risks of other business environments, etc.

Our group also faces other risks due to the fluctuation of business environments arising from various causes, including COVID-19, which may affect the management results and financial conditions.



»» Key consolidated financial information for the period of eleven years

(Note) Amounts are shown by rounding down the amount below one million yen.

	FY2011	FY2012	FY2013
Trends in business performance			
Net sales [million yen]	20,805	21,067	20,971
Amount for each segment			
Real estate business	13,528	14,354	14,857
Area heating & cooling business	4,357	4,244	3,720
Water Supply & Drainage Service and Other Business	2,919	2,468	2,393
Operating income(loss) [million yen]	2,770	3,362	3,498
Amount for each segment			
Real estate business	1,472	2,345	2,577
Area heating & cooling business	1,125	839	634
Water Supply & Drainage Service and Other Business	172	177	286
Ordinary income [million yen]	2,711	3,490	3,090
Profit (loss) attributable to owners of parent [million yen]	1,728	1,781	1,092
Trends in financial conditions			
Net assets [million yen]	47,273	47,026	47,998
Total assets [million yen]	74,864	73,316	77,621
Interest-bearing liabilities [million yen]	18,093	15,920	16,746
Business investment in plant and equipment [million yen]	7,177	3,166	7,541
Depreciation expense [million yen]	3,382	3,222	3,093
Information per share			
Net assets per share (BPS) [yen]	889.58	882.80	900.07
Profit (loss) per share (EPS) [yen]	33.46	34.48	21.15
Dividend per share [yen]	12	12	12
Information on cash flow			
Cash flows from operating activities [million yen]	2,860	5,521	3,897
Cash flows from investing activities [million yen]	(4,699)	(3,832)	(4,418)
Cash flows from financing activities [million yen]	3,116	(3,515)	14
Management indicators			
Rate of ordinary income to the amount of total assets (ROA) [%]	3.6	4.8	4.1
Return on equity (ROE) [%]	3.7	3.9	2.3
Debt to equity [Times]	0.394	0.349	0.360
EBITDA + recovery [million yen]	4,688	5,341	5,443
Equity ratio [%]	61.4	62.2	59.9
Price-to-earnings ratio [Times]	11.60	18.10	36.03
Payout ratio [%]	35.9	34.8	56.7

(Note) Price-to-earnings ratio and payout ratio are not shown for FY2020 due to current loss attributable to owners of parent, etc.

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
21,111	20,697	21,662	22,791	24,213	24,855	24,155	23,777
15,568	15,311	16,131	16,950	18,116	18,727	18,940	18,845
3,192	3,166	3,200	3,208	3,242	3,274	3,379	2,957
2,350	2,219	2,330	2,632	2,854	2,853	1,834	1,974
3,165	2,944	3,825	4,103	4,129	4,186	3,831	3,280
2,345	2,021	2,560	2,919	3,105	3,086	2,922	2,862
605	830	1,143	1,034	787	849	1,097	452
214	92	122	148	237	250	(188)	(33)
3,164	3,173	3,492	3,726	3,338	3,802	3,617	2,962
1,505	1,935	2,151	2,219	2,104	2,227	(933)	821
50,715	51,644	53,415	54,482	55,740	56,333	54,964	55,306
84,270	85,214	87,580	87,961	101,384	104,483	100,429	102,468
22,112	24,003	23,994	23,159	33,703	36,045	34,712	30,756
1,980	2,973	3,048	4,504	13,611	7,153	2,569	1,899
3,434	3,551	3,503	3,547	4,033	4,011	4,263	4,135
951.16	965.69	995.53	1,050.69	1,072.90	1,080.48	1,049.44	1,055.28
29.14	37.46	41.63	43.36	42.28	44.72	(18.71)	16.45
12	12	13	14	14	14	14	14
3,478	809	3,024	7,147	5,176	6,900	4,758	8,467
(4,771)	(2,453)	(3,048)	(5,383)	(13,490)	(8,217)	(2,704)	(449)
4,500	1,731	(137)	(2,909)	9,524	1,958	(1,907)	(5,117)
3.9	3.7	4.0	4.3	3.5	3.6	3.5	2.9
3.1	3.9	4.2	4.2	3.9	4.1	(1.7)	1.5
0.450	0.481	0.466	0.443	0.519	0.669	0.663	0.584
5,367	5,176	6,161	6,737	7,501	7,835	7,619	7,464
58.3	58.5	58.7	59.4	52.6	51.5	52.1	51.4
23.13	13.59	13.52	14.60	13.07	8.98	-	32.94
41.2	32.0	31.2	32.3	33.1	31.2	-	85.1

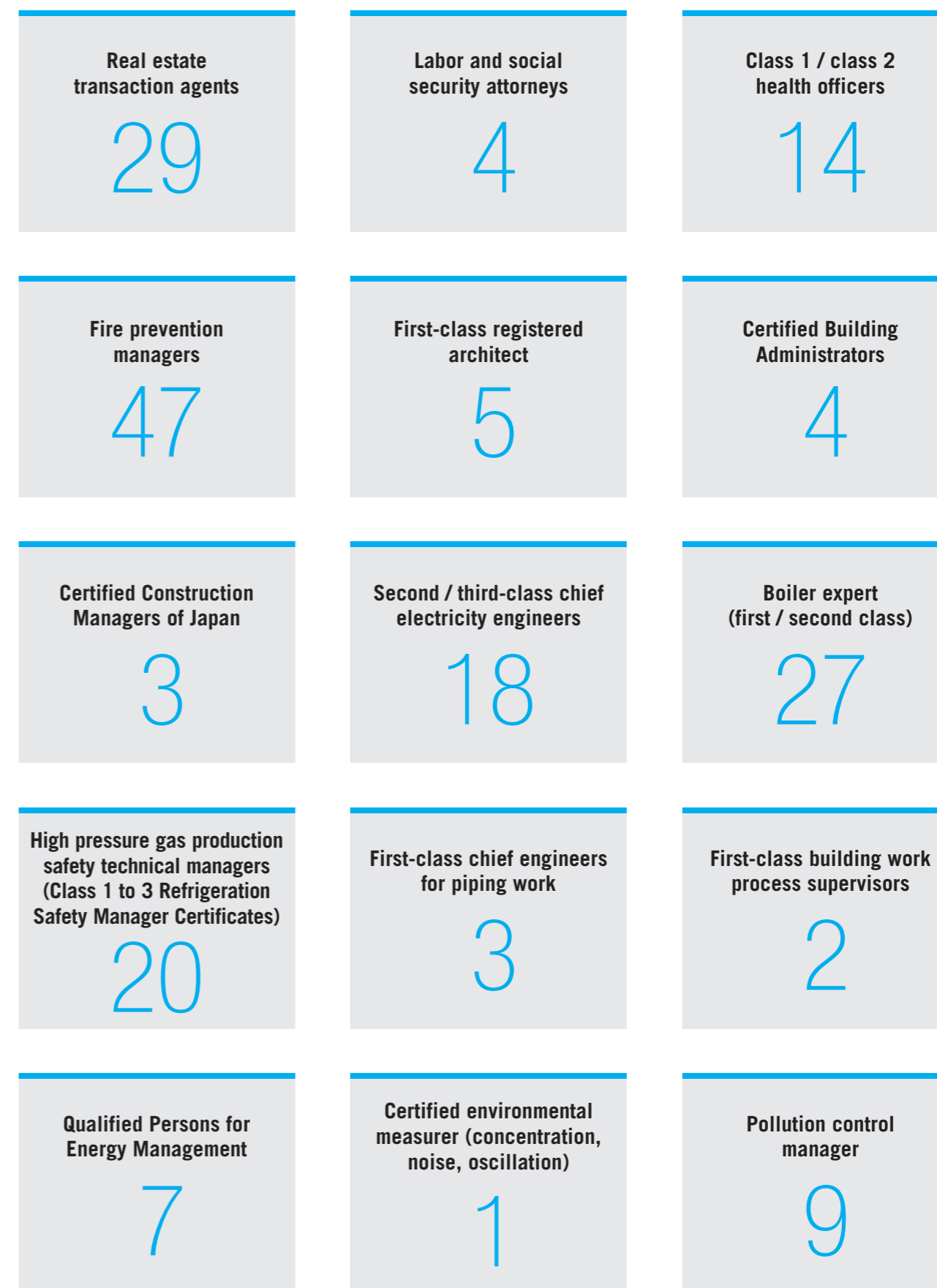


»» Non-financial information highlights

	FY2019	FY2020	FY2021
Personnel affairs			
Number of employees in the company	109	110	116
Number of employees in the group	116	115	122
Average hours of overtime work (in the company, monthly)	21 hours	17 hours	15 hours
Average years of continuous employment (in the company)	13 years and 6 months	14 years and 6 months	14 years and a month
Ratio of female employees (in the company)	20.2%	24.5%	28.4%
Ratio of those in the manager positions among female employees (in the company)	0%	0%	7.0%
Consultation rate of medical checkups (including comprehensive medical examinations)	100%	100%	100%
Average days of paid leave taken (average for the fiscal year)	12 days	12 days	12 days
Number of those newly employed (in the company) (number of women newly employed) *Including mid-career recruitments	3 (1)	6 (4)	8 (4)
Environment			
CO ₂ emission (consolidated; t-CO ₂)	42,152	37,944	37,126
Amount of renewable (solar) energy power generation (thousand kWh)	5,021	5,402	6,395
Water use (thousand m ³)	1,946	1,138	1,233
Waste discharge amount (ton)	1,615	1,518	1,419
Ratio of recycling to the amount of discharged waste (%)	9.7	13.3	21.4

»» Qualifications (including those who passed the examination)

(As of March 31, 2022)





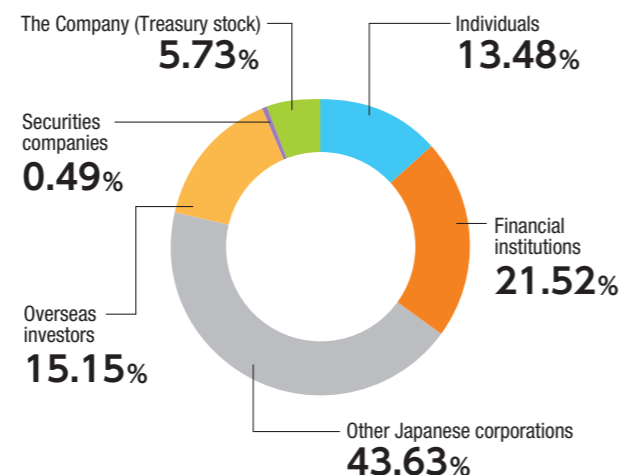
Stock information

(As of March 31, 2022)

Securities code	8864
Stock Listings	Prime Market of the Tokyo Stock Exchange (TSE) (from April 4, 2022)
Total number of shares authorized (share)	124,800,000
Total number of shares issued	52,979,350
Number of shareholders	7,549
Share unit number	100

Composition of shareholders

(As of March 31, 2022)



Major shareholders (top 10)

(As of March 31, 2022)

Shareholder	Number of Shares Owned (thousands)	Ratio of Shareholding (%)
Japan Airlines Co., Ltd.	10,521	21.06
ANA HOLDINGS INC.	10,521	21.06
Development Bank of Japan Inc.	6,920	13.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,549	5.10
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1,637	3.27
BNYM AS AGT/CLTS NON TREATY JASDEC	1,231	2.46
BNYM AS AGT/CLTS TREATY JASDEC	881	1.76
Resona Bank, Limited.	800	1.60
Custody Bank of Japan, Ltd. (account in trust)	658	1.31
Tomio Banno	636	1.27

(Note) 1. Our company holds 3,038,541 treasury shares but is excluded from the above major shareholders.
2. Ratio of shareholding is calculated by excluding the treasury shares.

Corporate profile

Corporate name: AIRPORT FACILITIES CO., LTD. (AFC)

Established: February 1970

Representative: Toshiaki Norita, President & Executive Officer

Capital: 6,826.10 million yen

Employees: 122 (consolidated)
116 (Non-consolidated) (As of March 31, 2022)

Location: Head Office
No. 5, Sogo Building 1-6-5 Haneda Airport, Ota-ku, Tokyo 144-0041
Tel.: +81-3-3747-0251 (Main)

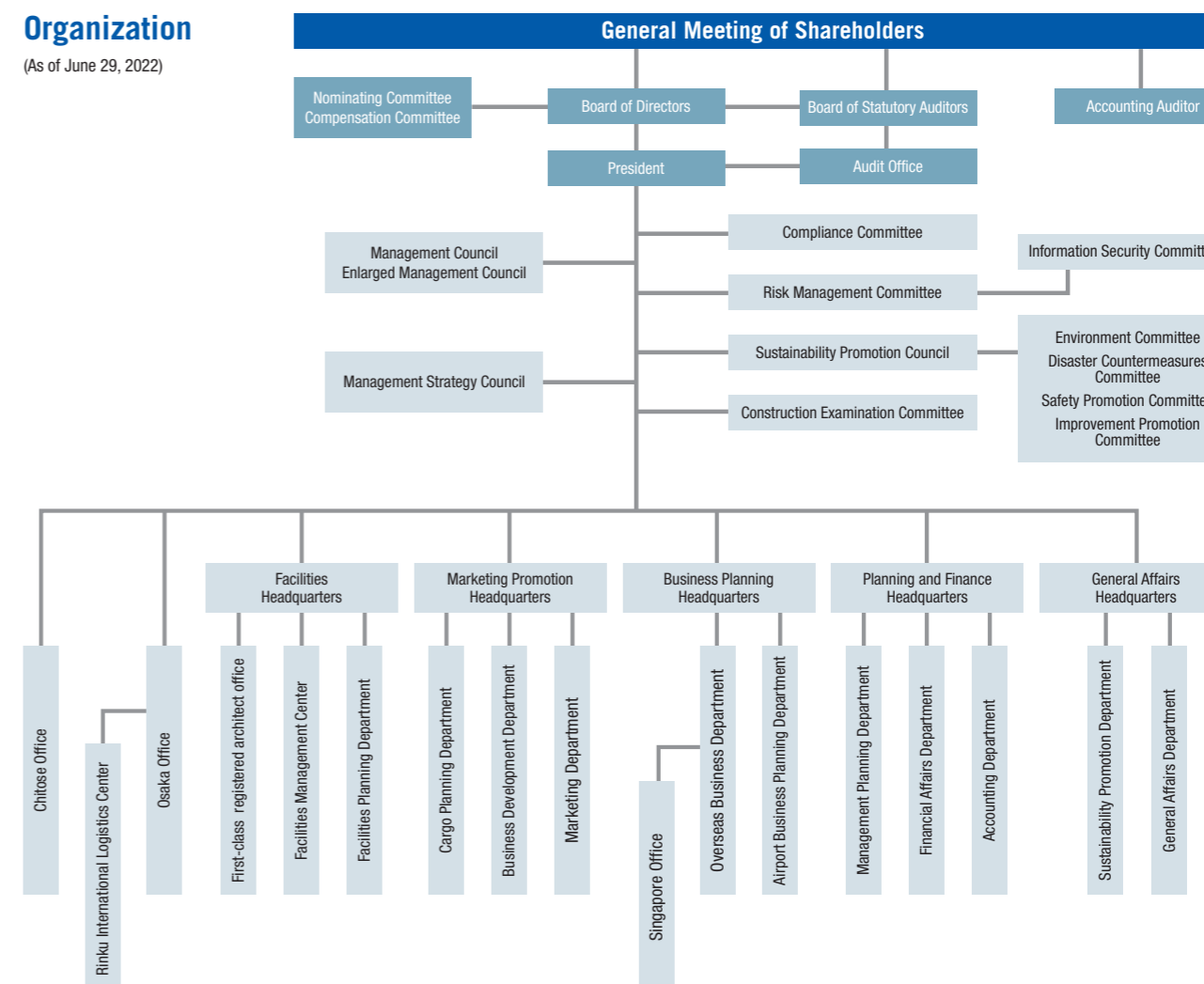
Group Companies

(As of June 29, 2022)

Company Name	Location	Capital	Description of Business
Tokyo Airport Heating & Cooling Co., Ltd.	Haneda Airport, Ota-ku, Tokyo	2,900 million yen	Supplying air conditioning to various facilities at Tokyo International Airport
AFC Asset Management Co., Ltd.	Haneda Airport, Ota-ku, Tokyo	50 million yen	Real estate consulting business / Real estate fund business
AFC TRADING Co., LTD.	Haneda Airport, Ota-ku, Tokyo	30 million yen	Merchandising business at Haneda Airport
Aqua Techno Service Co., Ltd.	Haneda Airport, Ota-ku, Tokyo	30 million yen	Operating and managing plumbing / facilities, real estate management at Haneda Airport
Blue Corner Co., Ltd.	Haneda Airport, Ota-ku, Tokyo	20 million yen	Restaurant and concession stand business at Haneda Airport
S Cube Co., Ltd.	Heiwa, Chitose-shi, Hokkaido	10 million yen	Operating and managing plumbing / facilities at New Chitose Airport, real estate management
AIRPORT FACILITIES ASIA PTE. LTD.	Singapore	23.7 million SGD / 18.9 million USD	Construction, acquisition and leasing business of aviation-related facilities in Seletar Airport
AFS PROPERTIES PTE. LTD.	Singapore	28.4 million USD	Financing flight simulators in Seletar Airport
AFN PROPERTIES LTD.	Vancouver/Canada	5.5 million CAD	Construction, acquisition and leasing business of aviation-related facilities in Langley Regional Airport

Organization

(As of June 29, 2022)





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