

INTEGRATED REPORT 2024





We think about the sky more than anyone else, and always reflect the sky in our mind.

In our business, we do not fly.

Through the construction and management of facilities necessary for flying, such as multipurpose general buildings, hangars, maintenance plants, and provision of heat, communication, electricity, water and sewage, in twelve major domestic airports including Haneda Airport and two overseas airports, we are supporting aviation from the ground.

From the ground, we have been always thinking about the sky, and have been offering support so that all the air travelers and those engaged in aviation can always use the airport comfortably and safely, and that aircraft can fly soundly in the sky over Japan and the world.

With the history of half a century from the foundation, we are still thinking about the sky every day, as a company essential for flying.

Even if we do not fly, the sky is always reflected in our mind, more vividly than anyone else.



Passing the value to the sky, to the city, to the people, and towards the future.

We think not only about the sky.

We would like to use our knowledge and technology, which have been accumulated for flying, towards the future.

We will keep on thinking about the people, the city, and the Earth, with our strength that has been supporting air travel 24 hours a day, 365 days a year, so that people can spend their time more comfortably and safely.

From now on, we will also be creating a new business outside airports, and outside Japan, responding to the needs of the time.

We will contribute to realizing a sustainable society with the utmost consideration for the environment and respect for the abundant nature of the Earth.

We will draw a straight line towards the future of the sky, the city, and the Earth, just like the vivid white contrail in the clear, blue sky.

Creating value for aviation and metropolis with trust

We adequately respond to customers' needs and the requirements of society within and outside airports, try to expand our business base, develop our business actively, and promote the growth of the company, while also aiming to contribute to realizing an affluent society.

Our Mission

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

Toward creating unique value within and outside airports

Our Value

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.

CONTENTS

Chapter 1 Message from the President 7



Chapter 3 Sustainability

Basic Policy for Sustainability/ Materiality	23
Environment	25
Society	27
Governance	30



Chapter 2 Story of value creation

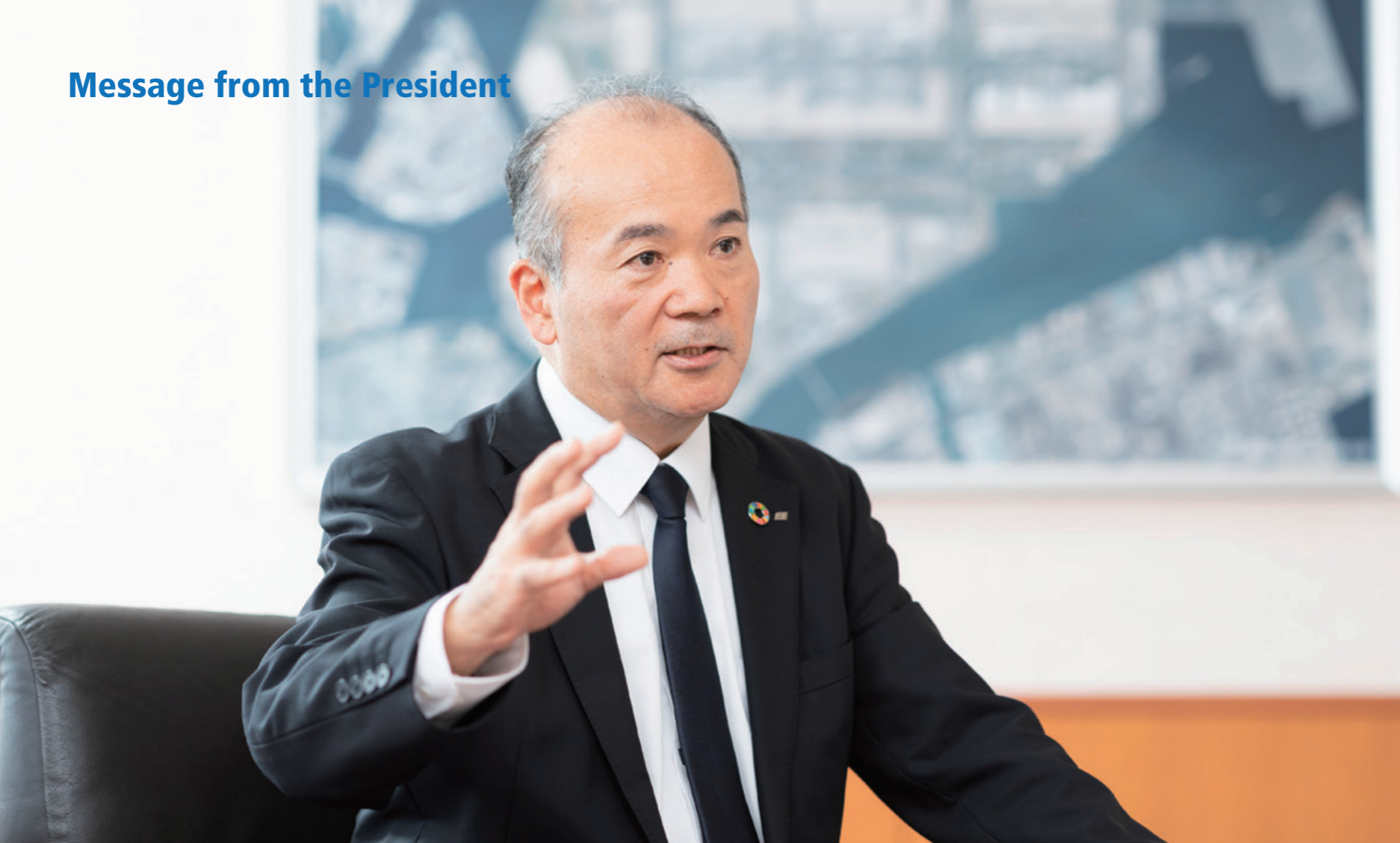
Value creation process	11
Strategy by business	13
Medium- to Long- Term Management Plan	15
Progress and development of the Medium- to Long-Term Management Plan	17
Human resource and organization development strategy	19
Utilization of IT	22



Chapter 4 Corporate data

Financial information	35
Corporate profile / Stock information	37





"Bravely venture into new business domains by never forgetting our responsibility and mission to support the operation of airports in the long term"

President and CEO

Shigeo Tamura

Expanding business domains by utilizing the experience and advantage of high-level expertise also outside airports

Japan is an island nation, so aviation service fulfills the important role of bringing the world closer by realizing rapid movement of people and goods. The aviation industry has been advancing notably together with the growth of the Japanese economy. Our forerunners who had built the history of this company had repeatedly had detailed discussions with various stakeholders in order to contribute to the development of the aviation industry, and had been providing ground facilities necessary for the operation of flights, and infrastructure service necessary for the operation of airports from a long-term perspective, which are still utilized now.

We are ever-mindful of the fact that facilities and services our company provide are acting as the backbone of the operation of aircraft and airports, and we are engaged in our work with strong senses of responsibility and mission. Facilities and services our company is providing/managing range widely, each of

them requiring expertise in order to ensure stable operation. Thus, they cannot be realized without the support of many stakeholders, including not only the understanding of aviation administration and users, but also the cooperation of construction-related companies and manufacturers. We will continuously contribute to the further development of the aviation industry with awareness that the smooth operation of airports and safe operation of aircraft are realized through team play.

We have also been expanding our business domain outside airports. By utilizing our abundant experiences and advantages obtained in businesses within airports, we will aim to establish a business portfolio unique to our company and improve the corporate value.

Activating non-asset businesses and overseas businesses together with the establishment of eco-friendly and disaster-resistant facilities

The core of our business strategy is to continuously support the airport function in a stable manner, through infrastructure business, which is one of the important functions of airports, as well as facilities such as hangars, maintenance plants, and aircraft sewage treatment facilities.

We also recognize that an airport as an important aviation infrastructure can also be an area resistant to disasters and friendly to the environment, and emphasize the development together with business operators within the airport.

We believe that the reduction of CO₂ emissions, which is also becoming a social issue, represents a timing for the facility to accept a significant change in its style, and is also an opportunity for business.

Regarding proposals according to such needs of the times, we would like to actively take on environmental investment considering the stability and cost, which are most important for airports.

We understand that it will become difficult to increase profit only within airports in the future, and will also make strong efforts in businesses outside airports and in overseas businesses from now on.

One of our efforts is the expansion of non-asset businesses. In addition to know-how for the real estate business we have developed within airports, we have also been acquiring know-how for the operation of real estate in cities by owning some properties in Tokyo. We have established an asset management company by gathering specialized human resources in line with the business model, and the company has already acquired five medium-scale buildings. We will develop the asset management business, which raises a profit with the frequent turnover of such properties.

In Singapore, where environment investment is actively implemented, our company has newly installed solar power generation facilities in the simulator facility we are providing.

Further reinforcement of the management base with strategies on human resources/organization and the utilization of IT

Our company upholds "strategies on human resources/organization," "improvement of governance," and "utilization of IT" as measures for the further reinforcement of the management base. With regard to strategies on human resources/organization, a team led by Executive Vice President Nishio is advancing a project, which is already showing some achievements in terms of changes in the awareness of leaders and employees.

The number of employees of our Group is about 120. We are covering a wide variety of businesses by also utilizing the technologies and know-how of partner companies. It is characteristic that there are many departments in proportion to the number of employees, because we are engaged in many fields of business. Thus, our company is always aware of making a culture where there are no walls built between departments, allowing a smooth sharing of information. If you know the characteristics and advantages

of people in different departments, you can consolidate such information to work on resolving any troubles occurred.

As for the utilization of IT, we have been actively promoting the idea these past few years, and the digitalization and the reduction of the use of paper for clerical work and approval procedure progressed to a certain level. We will also promote real estate management utilizing digital tools, such as AI and RPA. Toward the future, we will be promoting further sharing of information with the introduction of IT.

Facilities are monitored remotely from the Central Monitoring Room.

We aim to ensure stable management system and improve the human technological capability, by promoting digital transformation utilizing these information technologies to reduce the burden on humans and to detect defects at an early stage.

Contribute to reducing environmental burdens and realizing sustainability by utilizing the know-how and experiences in Airport Infrastructure Business

Our company is contributing to the sustainability of airports and society by reducing environmental burdens through the airport-related infrastructure business. As for heating and cooling service in Haneda Airport, we aim to reduce CO₂ emission through replacement with high-efficiency equipment and the introduction of renewable energy. We contribute to the reduction of environmental burdens by purifying the sewage generated within aircraft at the aircraft sewage treatment facility (SD plant), and effluents of washing aircraft at aircraft washing facilities. Improvement of fuel efficiency by washing the aircraft is also leading to the reduction of CO₂ emissions.

However, such new technologies for the reduction of environmental burdens must be introduced by considering the balance with profitability. We must seriously judge whether the technology should be introduced at an early

stage to obtain know-how, or will become unnecessary through technological innovation in the mid- to long-term, before deciding on its introduction. The strongest advantage of our company is that we have the know-how and knowledge, and are able to determine what is most sustainable and efficient.

As for renewable energy, we are actively working on the realization of carbon neutrality and carbon offset on a continuous basis. Currently in Haneda Airport, solar panels for self consumption are installed on the rooftop of the domestic cargo terminal to utilize renewable energy.

As for the next step, we are considering the replacement of forklifts with electric vehicles by installing recharging stations, where the generated electricity is stored, as well as the formation of hydrogen, establishment of a hydrogen station, and the introduction of fuel cell forklifts.

Starting a fresh challenge in Japan and abroad as the professional of airports and real estate

Aviation demand will definitely continue to grow with globalization, and market size is expected to increase.

On the other hand, measures for the reduction of CO₂ emission, such as the replacement of fossil fuel currently used, are considered as an issue with increase in aviation demand, and the development of new facilities and added values to cope with such issues will be required.

Our company will accurately meet such needs and actively make proposals.

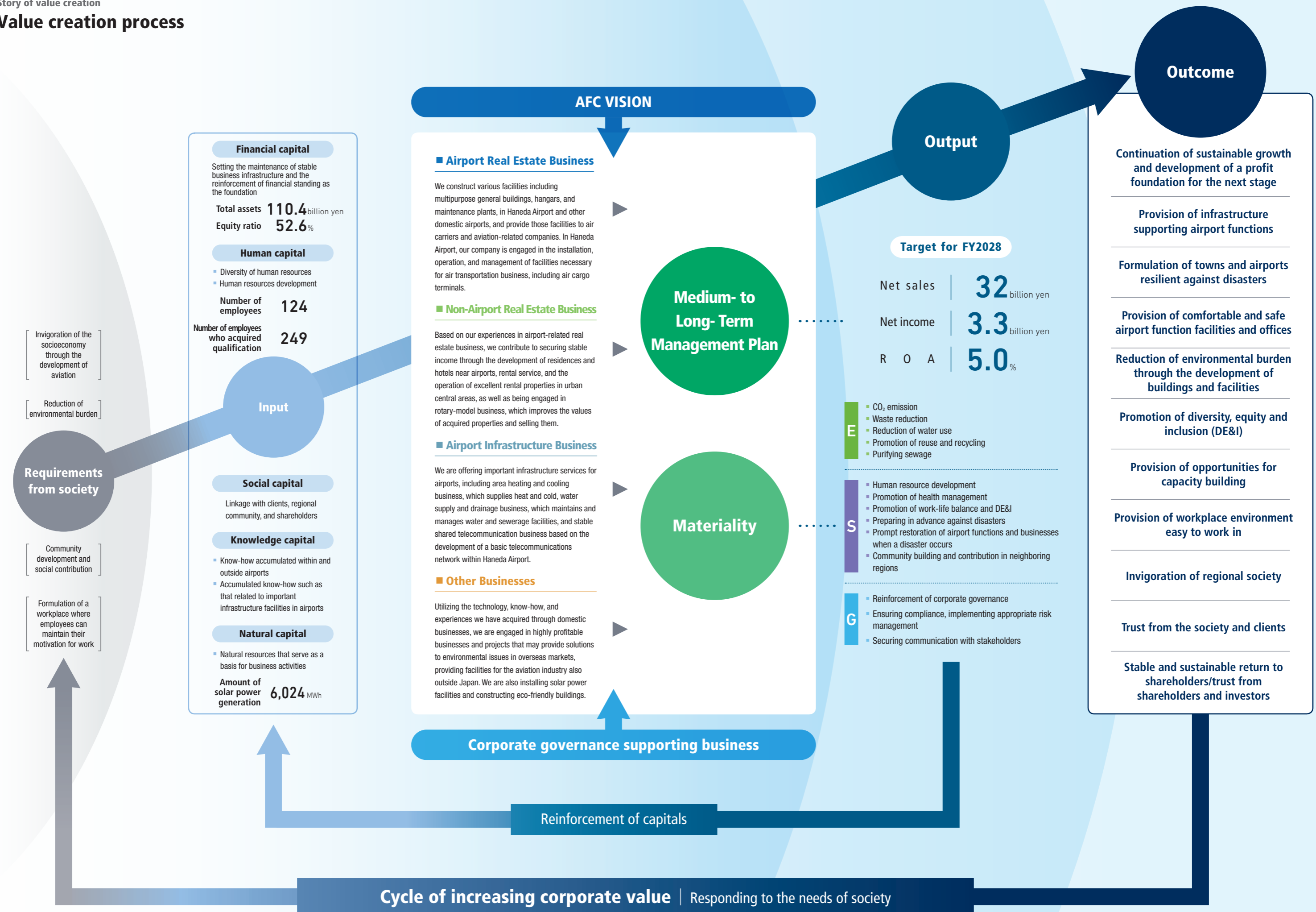
The advantage of our company is that we have been engaged in the development of various facilities, centering around the Airport Infrastructure Business for the long term with a wide variety of partner companies within the aviation industry. The know-how and experience obtained through such occasions should be useful also for contribution to business areas outside airports.

By always remembering the responsibility and pride of taking part in the operation of airports, which is one of the most important social infrastructures of the country, we are also willing to live up to the expectations of investors as a listed company. As the professional of airports and real estate, we will further make a bold challenge in new business domains in Japan and abroad, and make progress step by step together with the stakeholders.

"By seizing the opportunity generated with change, build a business portfolio that is unique to our company"



Value creation process



Contribute to the development of aviation industry.

Mission of the Business Department

Airport Real Estate Business is mainly engaged in providing specialized facilities essential for air carriers and airports, such as hangars, maintenance facilities, and the buildings of cargo facilities, as rented properties. While integrating and promoting marketing functions within airports, offered in Haneda Airport and other domestic airports, we will contribute to securing the safety of airports and aviation as well as the stable operation thereof, and to ensuring sales.

Where the business is heading towards

This is the fundamental business of our company since its foundation. In the long-span cycle of constructing, owning, and maintaining properties for rent over a few decades, clients are able to be free from the management of specialized facilities and level the cost. We aim to create a virtuous cycle of being selected by clients, providing highly satisfying real estate service, and contribute to the development of the aviation industry in Japan.

Issues and aspirations

Owning properties for rent is a business that is also easily influenced by economic changes, but we believe that occasions of being able to make proposals to our clients will also increase in such situation. While owning many properties for rent in twelve airports throughout Japan and establishing a strong foundation, we are willing to further improve our business by paying attention to the trend of aviation and airports in Japan, so that we are able to continuously implement business welcomed by our customers.

Providing stable service 365 days a year.

Mission of the Business Department

Area heating and cooling business creates heat and cold sources used for air conditioning and hot water supply, and provides them through regional piping throughout the airport. Simply put, water supply and drainage business and shared telecommunication business are like water and sewerage corporation and telephone exchange station specializing in operation in airports. Because airports are operated 24 hours a day, the most important mission is the provision of stable service 365 days a year for all businesses.

Where the business is heading towards

Area heating and cooling business is seeking further evolution for coping with the environment, such as upgrading to highly efficient refrigerating machines. Water supply and drainage business requires labor-saving and efficiency improvement for the maintenance of facilities and equipment. Regarding the shared telecommunication business, although the demand for airport phones is decreasing, it is considered that demand in the field of IT will increase with the progress of digital transformation and the introduction of IoT in society.

Issues and aspirations

Securing human resources is becoming difficult due to the declining birthrate and aging population, not only for Airport Infrastructure Business. Securing and developing competent human resources is an important issue. Because technological capability for infrastructure business cannot be accumulated without long-term experiences, establishing a workplace easy to work in and the continuous employment of the elderly will also be important measures for resolving the issue.

Airport Real Estate Business



Director of Airport Marketing Division, Airport Business Department

Non-Airport Real Estate Business



Senior Executive Officer and General Manager of Real Estate Business Department

Key Person Message

Airport Infrastructure Business



Executive Officer and General Manager of Airport Infrastructure Business Department

Other Businesses



Director of Planning Division, Overseas Business Department

Contribute in ensuring stable profits and improving capital efficiency.

Mission of the Business Department

Non-Airport Real Estate Business contributes to securing stable income through the development of residences and hotels near airports, rental service, and the operation of excellent rental properties in urban central areas. The business also contributes to the improvement of capital efficiency through the promotion of rotary-model business aiming to improve the values of properties acquired and obtain profit from the sales of such properties.

Where the business is heading towards

We will be actively engaged in development projects to respond to facilities demand near Haneda Airport and other airports, and work on reinforcing the management towards maximizing the profit from existing properties. Regarding the rotary-model business, we will obtain sales profit and accumulate good properties, and also move forward the plan for developing a real estate fund.

Issues and aspirations

We will closely monitor the recent increase of price, including construction costs, and financial conditions, to promote efforts while judging the impact of changes in external environment. At the same time, with competition in real estate sales market becoming fiercer, we will work on the formulation of appropriate projects though the expansion and improvement of pipelines and holding discussions speedily.

Actively penetrate into markets with higher potential for growth.

Mission of the Business Department

Utilizing the technology, know-how, and experiences we have acquired through domestic businesses, we will take part in the sustainable development of the company by contributing to the development of aviation industry overseas. We are also putting forward the business so as to be the driving force for increasing the profitability of the entire AFC Group, through engagement in highly profitable businesses and projects that may provide solutions to environmental issues in the burgeoning overseas market.

Where the business is heading towards

Continuously based on the stable existing business, we are willing to securely establish a base for overseas business. In addition, by actively penetrating into markets with higher potential for growth, we are aiming to obtain projects with higher profitability capitalizing on the advantages of our company. Further, we would like to contribute to the development of aviation industry by also being engaged in businesses on the asset management of engines, etc.

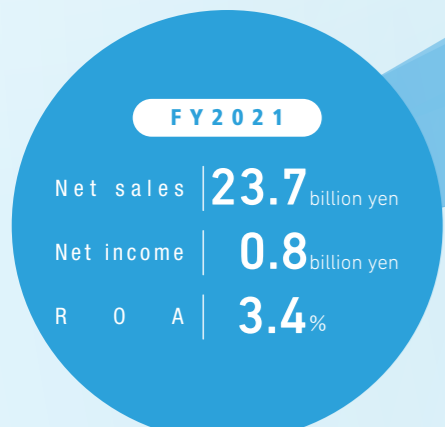
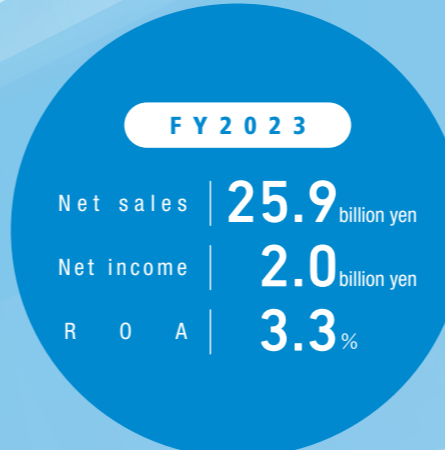
Issues and aspirations

We believe there is still much room for the business of our company to expand by taking a wide view towards overseas markets. We are willing to expand the foreign business of the company in consideration of the environment and sustainable growth. On the other hand, if we can act to return the pioneering efforts overseas to domestic businesses, the business of the AFC Group will become even more interesting.

Medium- to Long- Term Management Plan — Toward creating unique value within and outside airports —

Our company established the Medium- to Long-Term Management Plan (FY2022 - FY2028) in May 2022, and is currently engaged in priority measures such as (1) Haneda Airport 1-Chome Project, (2) expansion of non-asset businesses, and (3) increasing the revenue from the existing businesses.

Through these measures, we will improve the earning power of businesses within airports, which is the foundation business of our company. At the same time, we will aim to develop a capital efficiency-conscious business portfolio that is resilient to risks, and to establish revenue base towards the next stage, by diversifying profit sources and increasing profits through efforts in non-asset businesses.



Medium- to Long- Term Management Plan

Optimizing the business portfolio based on three priority measures

- Haneda Airport 1-Chome project
- Expansion of non-asset businesses
- Improvement of the profitability of existing businesses

→ P.17

Further strengthening of the business foundation

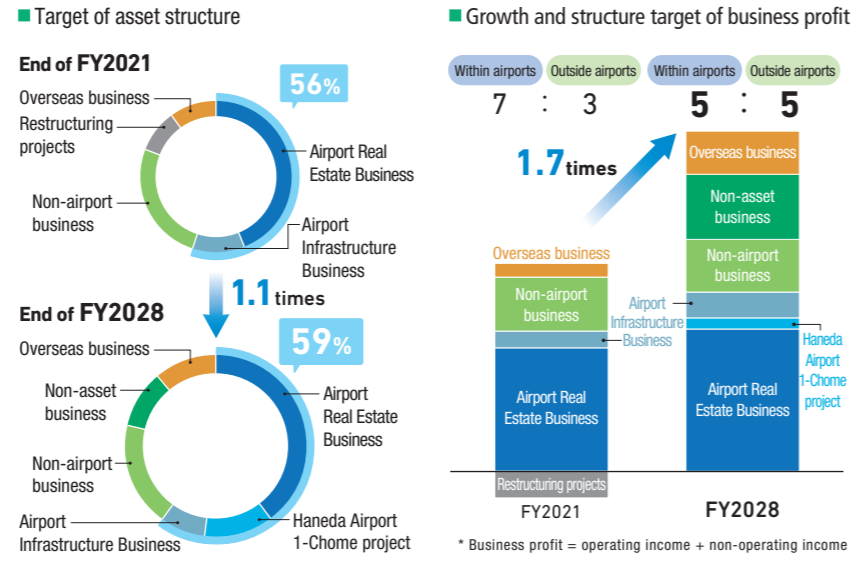
- Human resource and organization development strategy
- Enhancement of governance
- Utilization of IT

→ P.19

→ P.30

→ P.22

Work with businesses with high capital efficiency while also securing the stable business base.



*ROA (return on assets) = business profit (operating income + non-operating income) ÷ total assets

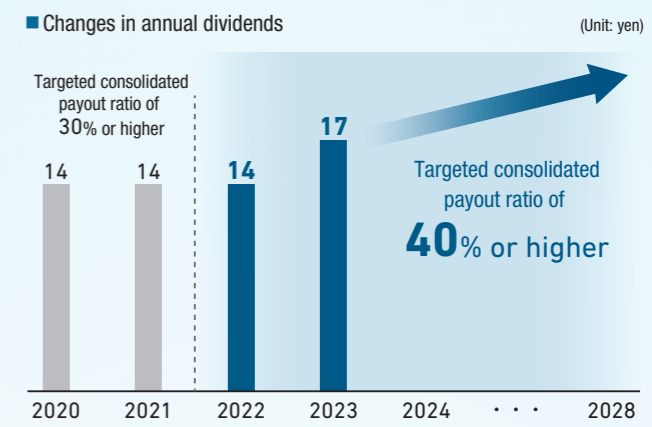
Financial strategy

[Shareholder returns]

As for the basic policy of shareholder returns, our company will offer stable and continuous return of profits to our shareholders and implement dividend increase linked to business performance improvement, and raise the targeted payout ratio to 40% or higher in the Medium- to Long-Term Management Plan. We will continuously 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.

[Towards the improvement of ROE/PBR]

PBR of our company is 0.52, and ROE is 3.5% (FY2023). While the business model to recover invested capitals in the long term is stable, we also recognize the necessity of further improving capital efficiency, considering recent requirements. Our company is currently working on the Medium- to Long-Term Management Plan, and is aiming to improve ROE and PBR through its target of ROA 5%, based on the recognition of the issues of our companies and requirements from the Tokyo Stock Exchange.



Change in business segments reported (effective April 1, 2024)

Old segment		New segment	
Segment	Main business	Segment	Main business
Real Estate Business	Real estate leasing, etc. within/ outside airports	Airport Real Estate Business	Real estate leasing, etc. within airports
	Non-asset business	Non-Airport Real Estate Business	Real estate leasing, etc. outside airports
	Overseas business		Non-asset business
Area heating & cooling business	Supply of area heating and cooling service	Airport Infrastructure Business	Supply of area heating and cooling service Water Supply & Drainage Business Shared Telecommunication Business
Water Supply & Drainage Business and Other Businesses	Operation of water supply and drainage service, shared telecommunication Solar power generation	Other Businesses	Overseas business Solar power generation

Progress and development of the Medium- to Long-Term Management Plan

In this fiscal year, we will continue our engagement in the formulation of the investment plan for Haneda Airport 1-Chome Project, improvement of the occupancy rate of existing properties, and efforts regarding restructuring projects. At the same time, we will also push forward our challenges in the innovation of the business portfolio through priority measures expected to contribute to the business of the company in the future. This will be the third year of our Medium- to Long-Term Management Plan, and we would like to also consider a review of the plan according to the progress and changes in the business environment as needed.

Priority measure (1) Haneda Airport 1-Chome project

Reorganization to high-quality facilities to improve earning power

We will aim to expand assets within airports and improve our earning power by reorganizing and reconstructing the existing facilities of our company in Haneda 1-Chome area, which is the birth place of our company, into high-quality facilities that meet the needs of clients, according to the area's disaster risk management measures. Discussions with stakeholders are now being held, and the details of facilities and the scale of the projects will be decided hereafter.



Priority measure (2) Expansion of non-asset businesses

Promoting with a pace faster than originally planned

As an engine to move forward towards the diversification of profit sources, profit increase, and improvement of capital efficiency, we are accelerating efforts on the acquisition of real estate for sales outside airports and on overseas investment.

■ Acquisition of real estate for sales outside airports

The acquisition of a fifth building is completed, and the pace is faster than that assumed in the plan. We will maximize the profit by increasing the values of acquired properties, as well as accumulating good properties, aiming to start the rotary-model business, privately-placed fund, and REIT business, by keeping watch on the real estate market conditions.

■ Construction management

We are also putting effort into construction management business, as a part of the non-asset businesses utilizing the knowledge of our company. From May 2024, we are working on the plan to develop aircraft parking spaces in Shizuoka Airport. We will continuously support the business of our customers and provide values unique to our company, having abundant knowledge on the particularity of facilities in airports.

Acquired in FY2023



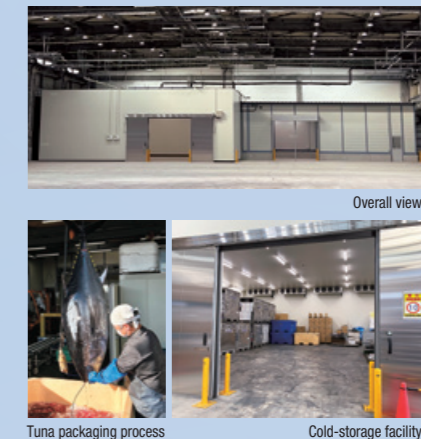
Priority measure (3) Improvement of the profitability of existing businesses

Revising rent and reviewing the pricing structure to enhance added value

In addition to continuing efforts for maximizing profits through measures such as the improvement of the occupancy rate in properties for rent, we are also putting forward initiatives on the premise of recent rising prices and soaring energy prices. In this fiscal year, we have been reviewing the leasing conditions for existing properties regarding the Airport Real Estate Business, and reviewing the fee structure linked to raw material expenses for area heating and cooling business of the Airport Infrastructure Business in order to cope with future changes in energy price, to ensure stable supply. We will realize the improvement of the earning power with the continuous effort to promote such reviews, and through the promotion of the reorganization of facilities with problems.

■ A fresh products center starts full operation

In March 2024, construction was completed on a fresh products center within the domestic cargo terminal area of Haneda Airport, maintained and operated by the company. This is a specialized facility mainly handling fresh food products such as seafood products and vegetables, and flowers, among others. The center is expected to improve the efficiency of the delivery and receipt of cargo by consolidating locations of the tenants handling fresh products, and also expected to improve safety by reducing traffic flow in the area. In addition to contributing to improving the quality of handling air cargo, we will work to enhance our stable business foundation within the airport.



Overall view
Tuna packaging process
Cold-storage facility

Other Promotion of overseas businesses

■ Installation of solar power generation facilities

Solar panels are installed on the rooftop of the engine maintenance plant in Seletar Airport, Singapore, and the operation has started. This is the first case of installing solar panels for the overseas business of our company. In

Singapore, where there is an engine maintenance plant of our company, the development of renewable energy is being promoted mainly by the government. We consider this situation as a business opportunity, and made a proposal to Vector, which is the tenant of the maintenance plant, and concluded a contract to install the panels.



■ Participation in an aircraft leasing fund

In July 2022, our company signed an investment contract for "MACH I," an aircraft fund, as a major investor. It is the first aircraft fund for domestic investors after the occurrence of the COVID-19 pandemic. As of April 2024, the fund owns three aircraft. We will continue our challenges into a new business domain with speed.





Realizing the Medium- to Long-Term Management Plan by employees with pride and willingness serving the major role

Leader of the Human Resource Development and Awareness Raising Project Team
Representative Director, Executive Vice President and Executive Officer

Tadao Nishio

» The central player for implementing and realizing the Medium- to Long-Term Management Plan is each employee

In the situation where the business model centered on airports is changing greatly, the current Medium- to Long-Term Management Plan is set with an aim of establishing revenue base towards the next stage, through the improvement of our earning power and the reinforcement of the management base.

In order to implement and realize such plan, it not only takes the strong will of the top management, but we must also unite the individual efforts of employees to achieve the goal. The central player for implementing and realizing the Medium- to Long-Term Management Plan is definitely the employee, and we believe their power is essential. It is becoming difficult for a company to survive the coming era just by simply and honestly implementing what the top management has decided. It will be necessary for each and every employee to look ahead, make judgments, and open a new pathway in their own circumstances.

The common answer to the question "For whom does a company exist?" will probably be shareholders, customers, stakeholders, and so on. However, what came into my mind at the time of starting this project team was the idea that "a company exists for its employees," which is another axis. That is, as long as the activities of a company are being implemented by employees, I thought that the keystone for the Medium- to Long-Term Management Plan is that the employees feel pride and willingness with their job, leading to the improvement of their engagement.

I wanted the employees to consider the Medium- to Long-Term Management Plan as their "own business," and feel that they are the major player in implementing the plan.

Based on such awareness, we have formed the Human Resource Development and Awareness Raising Project Team to work on activities related to human resource development and awareness-raising.

» Developing an environment where employees feel pride and willingness in their job, and improve their engagement

The largest key is to let employees feel pride and willingness in their job, and improve their engagement. We must aim to realize an organization where each employee can autonomously think, take action, achieve growth and realize personal fulfillment. The highest-priority issue now is to change the awareness of all employees, developing human resources, and establishing an environment in order to realize such organization.

Our project team targeted having active communication with the employees, visualizing the management issues of the company such as the "direction the company is heading towards," "environment of the industry," and "challenges that the company must overcome from now on," and sharing them with all employees. First, we ask all the employees to confirm their own position, with a view towards the future, from the same perspective as the management team. I expect the employees to consider the Medium- to Long-Term Management Plan as their "own business," and have an awareness that they are the major player in implementing this plan. We will steadily implement measures therefor.

Our goal is to create a workplace environment and corporate culture where employees have strong vision on how they want to be in the future or what kind of future they want to realize, actively challenge themselves toward something new, realize that such experiences are relevant to the growth of oneself and the company, and the feeling of achievement can be felt by everyone.

» "Visualize" the evaluation system and realize a workplace environment where diverse human resources can work in their own style

As a concrete measure, we will open up an evaluation system mechanism and visualize the evaluation of individual employees, in order to convey to the employees what the company is expecting from them and what aspects of them are evaluated in what way. We will regularly hold results briefings and town hall meetings to win understanding among employees on how their work and opinions are related to the sales of the company.

In addition, we will create a corporate culture of accepting various values of employees and allow all employees to continuously work actively. Opportunities will be opened up for willing employees through external job assignment and job posting systems. Alternatives for working style will also be expanded based on career plans according to the life stage of employees. Regarding the shortage of human resources, we will promote the acquisition of human resources through the diversification of recruitment source, after closely identifying the needs at the actual workplace, steadily promoting the technical tradition, and operating a career system where skills for the current job are maintained and improved.

What is most important for changing the company is to show that the leaders are seriously taking action themselves. Therefore, first, we asked all the managers to undergo a leaders' training session, in order to create a workplace culture where executive managers demonstrate leadership and set an example.

The leaders must first think by themselves, and take actions with utmost effort. With the rotation of the engine-starter of the organization, which is the leaders, employees will also start working together, which leads to the large movement of the motor of the company. We will first focus on making steady progress one by one.

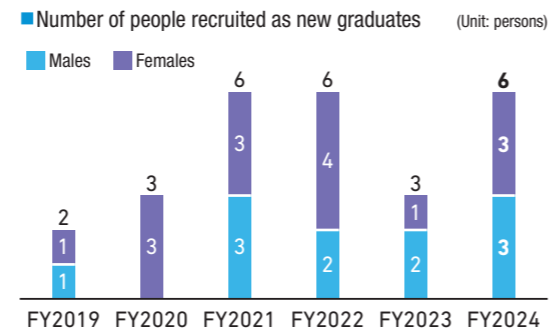
Recruitment

Our company formulated the new Corporate Philosophy and Guiding Principles on October 2022, and is promoting human resources and organization strategies under the mission of "contributing to develop the future of aviation and attractive towns through providing valuable facilities and services."

Recruiting new graduates and experienced employees

We are looking for people who understand our corporate philosophy and guiding principles, so that we can work together for the long term and forge relationships, regardless of the category of recruitment.

We also expect to work together with people who can think positively in the ever-changing environment, have flexible ideas, and make efforts to that end with a responsible manner.



Our company is introducing various systems so that employees can deepen their understanding on our company, work autonomously and flexibly without worries, improve the work-life balance, and work healthily.

Work style

Flex time and working from home

There is a flex time system, where employees can decide the time of arriving at and leaving office flexibly within a certain period of time, and a system for working from home, which reduces the time for commuting and improves work efficiency.

Recommendation of casual wear for work

The company allows not wearing a tie throughout the year, or wearing polo shirts and sneakers for work (test operation), to allow working in flexible clothes, considering the time, place and occasion.

Mental health interview

Interview by specialist physicians is implemented for all employees as a mental health check to prevent mental disorders.

Employees development

Issues and goals of each employee in their own work will be set by linking the annual goal of each sector and MBO (management by objectives). The fundamentals of the human resource development in our company is to acquire skills through on-the-job training in everyday work, make a review by communicating with supervisors as needed, and to improve oneself.

Mentor

A young employee with a career in the company of about three to five years is appointed as a mentor to each of the newly joined employees. The mentor has the role of giving the new employees counsel in everyday work and in the workplace, and supporting them mentally.

Various trainings

Our company implements trainings for different job grades, and trainings for new or young employees (on business manner, awareness raising, knowledge on real estate, etc.).

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.



Real estate management utilizing digital tools

Our company is promoting the utilization of digital tools such as cloud, AI, and RPA, and is trying to improve the efficiency and reduce the efforts of real estate management work and back-office work.

Also, by evaluating and horizontally developing the introduced tools actively to other sectors and subsidiaries, real estate management is improved throughout the group.

Pursuit of work efficiency with IT

We are also promoting the efficiency improvement and going paperless for routine tasks through digitalization in order to promote new working styles such as flex time and working from home.

Also, digitalization of business process is being promoted through the enhancement of coordination between tools and systems and the automation of processes.

Annual overtime work hours per user of core system



Strengthening of information security

We are reinforcing our security measures against cyber attacks that are becoming more sophisticated. In addition to development in terms of hardware, such as the introduction and operation of security tools, our company also regularly implements e-learning and drills against e-mail attacks as efforts in terms of software to improve the literacy of employees. At the same time, information on cyber threats is shared and diffused through the Information Security Committee.

Total working hours of employees (excluding managers)



Future development

In order to realize the further improvement of work efficiency and going paperless, while also improving information security, discussion was held on how the back office work should be with the relevant sectors of the company, and the result was announced as a policy. From now on, efforts will be promoted according to the policy, centering on the pillars such as the innovation of the core system, the realization of a new working style of employees, and the strengthening of information security

In addition, digital shift of business will be promoted on the premise that the diversification of working style and human resource will develop further in the future, to promote measures contributing to human resources and organization strategies from the perspective of IT, and to strengthen the business base through further utilization of data.

- Improvement of customer services and consideration of the introduction of digital tools conducive to productivity improvement that can be used by both our company and tenants
- Promotion of the innovation of work process and the core system to realize working at any time and place and ensuring security
- Further utilization of data by introducing work management/forecasting tools



Deputy Director of Information Technology
Promotion Division, Management Planning Department

Basic Policy for Sustainability





















The AFC Group engages in business under the corporate philosophy of "contributing to developing the future of aviation and attractive towns."

Currently, our company is developing facilities in Haneda Airport and other major airports throughout Japan, including cargo terminals, training facilities for crew, hangars, maintenance plants, in-flight meal factories, and multipurpose general 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 telecommunication. In addition, we are currently leasing hotels and residents for those who work at airports, an international student dormitory, office buildings in urban central areas, as well as developing businesses in Singapore and Canada, to expand our field of business.

The AFC Group 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 businesses 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.

Thus, we will be promoting efforts on ESG mentioned below, which is also related to the achievement of SDGs, for the improvement of corporate value in the long term and to realize a sustainable society.

Materiality

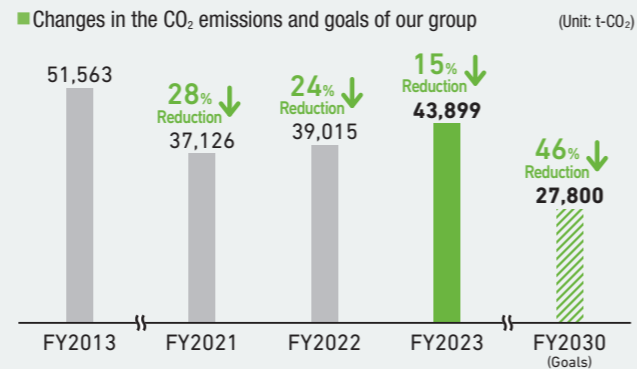
	Materiality (priority issues)	Items to be addressed	KPI during the Medium- to Long-Term Management Plan period	Progress (FY2023)	Relation with the SDGs
 Environment	<ul style="list-style-type: none"> ▶ Reduction of energy consumption/CO₂ emissions ▶ Utilization of renewable energy, waste reduction ▶ Promotion of reuse and recycling 	<ul style="list-style-type: none"> ■ Target to reduce CO₂ emissions by 46% in FY2030 compared to FY2013 based on government policy 	<ol style="list-style-type: none"> 100% replacement of the lights in major facilities with LEDs (scheduled to be completed in FY2023) Further development of renewable energy, including solar power generation Considering environmental business utilizing next-generation technologies Achieving a 100% ratio of eco-friendly cars and installing recharging facilities for electric vehicles in major facilities Introduction of high-efficiency and energy-saving equipment 	<ol style="list-style-type: none"> Engine Maintenance Building South Wing and Corporate Maintenance Building completed in FY2023 It is scheduled to be installed in Engine Maintenance Building South Wing and Corporate Maintenance Building Implementation of project for supporting fuel cell forklift matching and introduction by the Tokyo Metropolitan Government in the domestic cargo terminal area 18/27 units (67%), replaced with hybrid vehicles at the time of purchasing new cars Replacement to high-efficiency turbo refrigerating machines was implemented by Tokyo Airport Heating & Cooling Co., Ltd., which came into full operation in August FY2023 	       
		<ul style="list-style-type: none"> ■ Reduction of water use ■ Purifying sewage 	<ol style="list-style-type: none"> Promotion of installing water-saving facilities Maintaining mandatory water quality standards 	<ol style="list-style-type: none"> Tokyo Airport Heating & Cooling Co., Ltd. recycles the effluent from cooling towers to medium-quality water and reuses as water for toilets in the Utility Center Building (5,445 m³ in FY2023) Lowering the effluent standards for the aircraft sewage treatment facility and aircraft washing facility (no problem) 	
		<ul style="list-style-type: none"> ■ Waste reduction ■ Promotion of reuse and recycling 	<ol style="list-style-type: none"> Sorting waste at each office of our group Reducing the use of paper through the further promotion of IT digitalization 	<ol style="list-style-type: none"> Garbage boxes for sorting are installed in each office Digitalization of invoices 	
 Social	<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 	<ul style="list-style-type: none"> ■ Human resource development 	<ol 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 	<ol style="list-style-type: none"> Training sessions implemented for general employees Abundant OJT and the development of OJT trainers (Implement training for the mentors of new graduates. Provide training to also include employees who are expected to become mentors in the future.) 	      
		<ul style="list-style-type: none"> ■ Promotion of work-life balance and DE&I 	<ol 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 	<ol style="list-style-type: none"> Briefing of childcare leave system at the time of delivery (childcare leave for fathers) to those who expect to take the leave this fiscal year Aim for 8% or more by the end of FY2025 and 10% or more by the end of FY2028 One person is currently being recruited 	
		<ul style="list-style-type: none"> ■ Promotion of health management 	<ol 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 	<ol style="list-style-type: none"> Holding a study session by the Safety and Health Promotion Committee Guidance and advice from industrial physicians on safety and health Implemented to general employees, new employees, and those who are interested 	
		<ul style="list-style-type: none"> ■ Preparing in advance against disasters 	<ol style="list-style-type: none"> Strengthening the earthquake resistance of buildings and securing stockpiles against disasters 	<ol style="list-style-type: none"> Stockpiles against disasters including foods are secured based on the Ordinance of Tokyo on Measures Regarding Those Who Become Unable to Return Home at the Time of Disaster 	
		<ul style="list-style-type: none"> ■ Prompt restoration of airport functions and businesses when a disaster occurs 	<ol style="list-style-type: none"> Implementing practices based on our business continuity plan (BCP) and reviewing its contents Scheduling and implementing various disaster drills, and holding first-aid lectures 	<ol style="list-style-type: none"> A2-BCP training (CAB training on initial response) is implemented Comprehensive disaster drill is implemented in each area 	
		<ul style="list-style-type: none"> ■ Community building and contribution in neighboring regions 	<ol style="list-style-type: none"> Participating in and supporting regional events 	<ol style="list-style-type: none"> Providing stockpiles against disasters to the municipalities of Hokkaido, Tokyo, and Osaka, and cleaning activity (picking up litter) near the HANEDA INNOVATION CITY 	
 Governance	<ul style="list-style-type: none"> ▶ Ensuring sound, transparent, and fair management 	<ul style="list-style-type: none"> ■ Enhancement of corporate governance 	<ol style="list-style-type: none"> Evaluation of the board of director's effectiveness Record of attendance at board meetings Board comprising of various directors 	<ol style="list-style-type: none"> Implement functionality evaluation at a certain interval and utilize the result to the further activation of the board of directors Participation rate in FY2023 was 100% Three independent outside directors (37.5%) and two female directors (16.6%) 	 
		<ul style="list-style-type: none"> ■ Ensuring compliance, implementing appropriate risk management 	<ol 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 	<ol style="list-style-type: none"> Holding the meetings of Risk Management Committee and Compliance Committee twice each Identify risks at the Risk Management Committee and report details on responses taken against such risks 	
		<ul style="list-style-type: none"> ■ Securing communication with stakeholders 	<ol style="list-style-type: none"> Uploading information on results briefing, facilities observation tour for shareholders, and IR materials on the corporate website 	<ol style="list-style-type: none"> Holding the results briefing twice a year <ul style="list-style-type: none"> * Implementing meetings with investors * IR materials are uploaded on website as needed (reference materials for results briefing, AFC Report) 	

Conservation of global environment

Important indicators

CO₂ emissions

43,899 t-CO₂

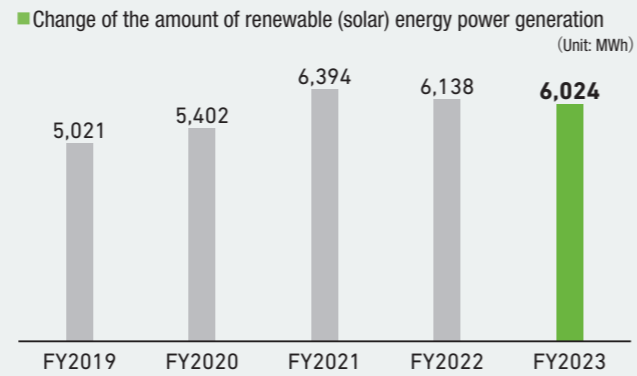


The AFC Group has been working on the reduction of CO₂ emissions. We are replacing freezers used in area heating and cooling business and introducing LED for lighting used in facilities to reduce CO₂ emission. We are also creating energies by promoting solar light power generation, and installing solar panels on the facilities of our company and in idle lands. We will make further efforts in the reduction of CO₂ emissions by considering various methods and technologies.

Important indicators

Amount of renewable (solar) energy power generation

6,024 MWh



We are working on the reduction of CO₂ emissions through power generation using renewable (solar) energy (for FIT and in-house consumption) by installing solar panels on the rooftop of facilities owned by our company and in idle lands. 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.

Efforts ① Fuel-cell forklifts

At the domestic cargo terminal area of Haneda Airport, we implemented a trial use of fuel-cell forklifts using hydrogen as fuel after being adopted as a trial company through public bidding with the city of Tokyo.

Since fuel-cell forklifts produce zero CO₂ during operations and can be charged in around three minutes with hydrogen, they offer both better environmental performance and convenience than traditional type forklifts.



Efforts ② Introduction of electric turbo refrigerating machines

Our group company Tokyo Airport Heating & Cooling Co., Ltd. is upgrading refrigeration machines that were due for upgrades.

This machines have become able to use non-chlorofluorocarbon gas as a refrigerant with an extremely low environmental burden, and efficient operational adjustments in response to the environmental burden have also become possible. As such, we expect up to a 60% efficiency improvement on an individual refrigerator unit level.

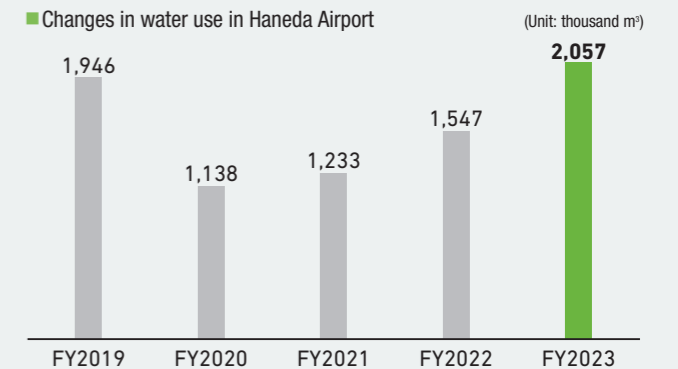


Conservation of water resources

Important indicators

Tap water consumption

2,057 thousand m³



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. 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.

Waste reduction

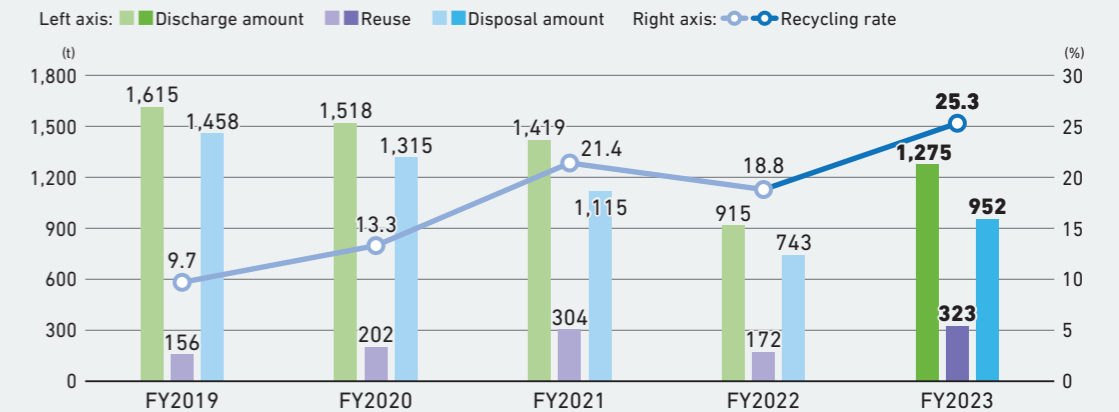
Important indicators

Recycling rate

25.3 %

	FY2019	FY2020	FY2021	FY2022	FY2023
Discharge amount (t)	1,615	1,518	1,419	915	1,275
Reuse (t)	156	202	304	172	323
Disposal amount (t)	1,458	1,315	1,115	743	952
Recycling rate (%)	9.7	13.3	21.4	18.8	25.3

Waste discharge amount and the state of recycling



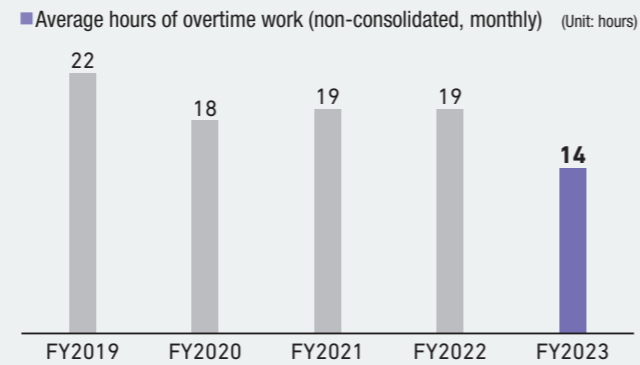
Considering the large impact on the natural environment and our daily life, including the problem of marine debris, we are engaged in the effective utilization of resources and reducing environmental burdens. We are also working on reducing and recycling wastes generated from our business activities. We will promote our efforts towards realizing a sustainable society.

Work-life Balance

Important indicators

Overtime work

14 hours a month in average



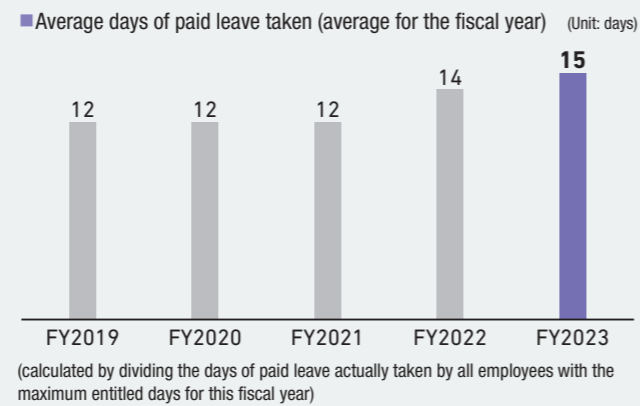
In order to promote the improvement of work-life balance, we have introduced a flex time system, where employees can decide the time of arriving at and leaving the office flexibly within a certain period of time, and a system for working from home, which reduces the time for commuting and improves work efficiency. Each business segment's manager monitors working hours within the department and reduces overtime work by assigning responsibilities and adjusting workloads according to each employee.

Paid leave

Important indicators

Ratio of paid leave actually taken

80 %
(calculated based on the maximum entitled days for this fiscal year)



We are trying to provide an environment easy for employees to take long-term leave, by setting a day recommended to take paid leave in year-end and holidays with an interval of only one or two work days in between. In addition, our company asks our employees for their schedule of taking annual leave in the next fiscal year in March through the in-house system, and by obtaining the approval from their supervisor beforehand, promotes establishment of a proactive work schedule and efficient leave.

Health management

Important indicators

Consultation rate of medical checkups, comprehensive medical examination, and regular interviews on mental health

100 %



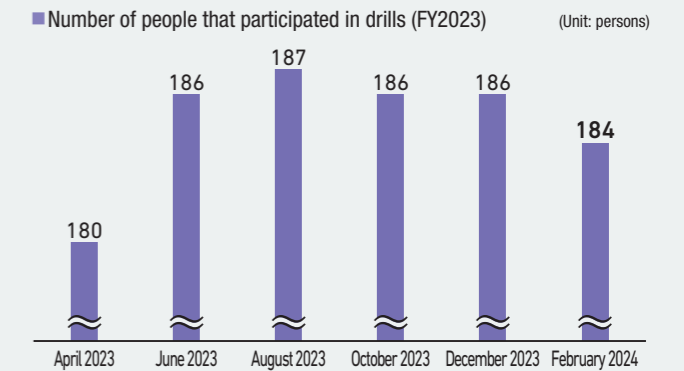
We promote all employees including those of group companies to go through medical checkups and comprehensive medical examinations, and provide care by industrial physicians through interviews and e-mails for employees who had some findings in the results. In addition, we offer regular interviews by mental health physicians to all employees with an aim of raising awareness on stress and promoting self-care and implement regular stress checks, to support employees from both physical and mental aspects and to provide an environment where they can work healthily.

Disaster prevention

Important indicators

Number of people that participated in drills

1,109 in total
(FY2023)



Our company is engaged in the business of owning and operating facilities to support airports, which are part of social infrastructure, and is in charge of providing an environment where the users of all airports and aircraft can feel safe and assured. AFC Group, with its business foundation based on highly public businesses in airports and supporting the safe operation of airports and the operation of air carriers, establishes a system in preparation of disasters as a part of the business continuity plan (BCP) against a large-scale disaster in airports.

Also, 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. At the time of a disaster, we aim for the early restoration of the businesses of our group and the functions of airports while ensuring the safety of tenants, employees, and the region, and prevention of secondary disasters.

Conducting comprehensive disaster drills

The AFC Group 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. The drills offer evacuation training, firefighting training using fire extinguishers, first-aid training using an AED device, 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.



Firefighting training

Supporting the rescue system of the airport

As the business operator with an important role of supporting the operation of airports, we are assigning 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.

Securing stockpiles against disasters

Our company stockpiles against disasters for three days, assuming that directors and employees will temporarily stay within the facilities we own at the time of disaster. Also, considering the possibility that elevators will stop and that rescue will take time in a disaster, we are also installing a cabinet in preparation for disaster inside elevators, which contains drinking water and a portable toilet. Stockpiles necessary are also reviewed as needed.



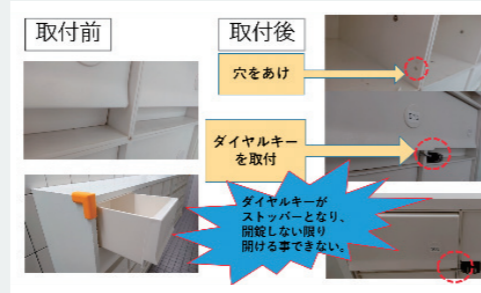
Cabinet in preparation for disaster inside elevators

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.

Improvement activities

Our company is calling for improvement ideas from all workplaces and all directors and employees every year, with an aim to improve our business and quality through their ingenuity, while also stimulating incentives for work and implementing improvement activities on a continuous basis. Improvement ideas submitted go through the first and second selections, while awards are decided and granted to all ideas.



Examples of improvements

Improvement Activities Reporting Session

Improvement Activities Reporting Session is held once a year to convey the aim of improvement activities in order to promote the activities, and to use the information in improvement activities in the future. We will share and develop the case examples of improvements to encourage people noticing issues in their work and come up with hints for solutions, as well as to promote the creation of corporate culture where people give praise to each other. In FY2023, selection was made and the reporter was decided under the main themes of (i) the improvement of workstyle, (ii) customers' perspective, (iii) safety measures, and (iv) cost reduction.



Improvement Activities Reporting Session

Community

Donating stockpiles against disasters

AFC Group is constantly stockpiling and renewing necessary supplies 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. Stockpiles against disasters (foods) that are nearing expiration were donated to the municipalities of Hokkaido, Tokyo, and Osaka. The supplies were provided to those who are in need of support, contributing to food support and reducing food loss.



Cleaning activities

Aiming for cleaning up and improved understanding of nearby areas by relevant business operators, AFC Group also participated in the cleaning-up activities in HANEDA INNOVATION CITY and area near Tama River. Also, the AFC Group implemented cleaning-up activities near the facilities of our company in May and June, on the occasion of the "waste reduction and recycling promotion week" and the "environment month." We will be continuously engaged in cleaning-up activities and try to make an even better surrounding environment.

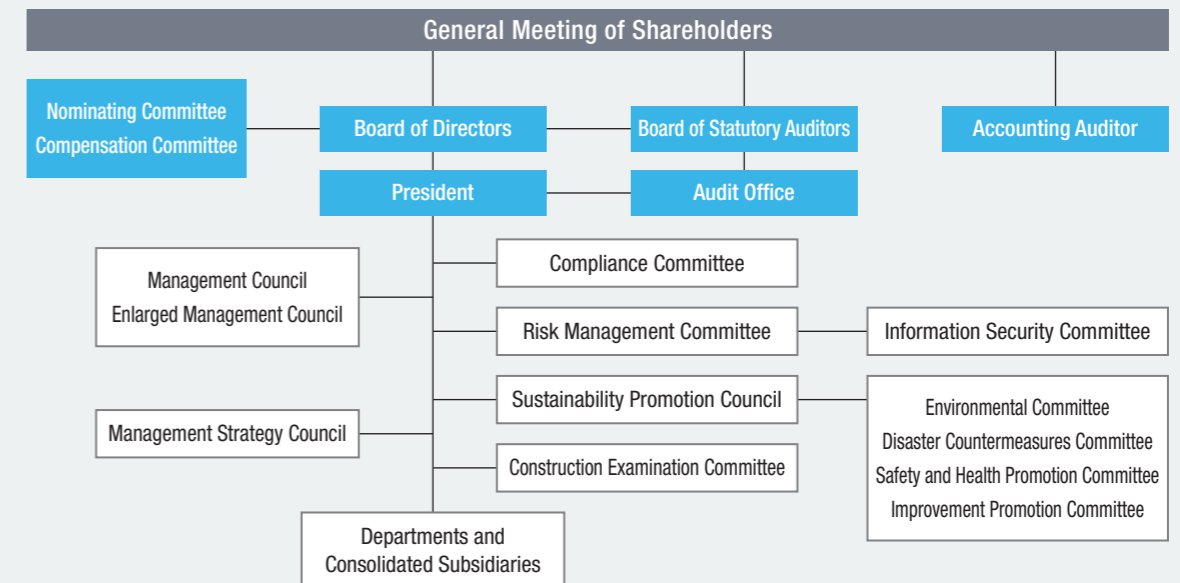


Corporate Governance System

(As of June 27, 2024)

Our ideas

Our company's basic idea on the corporate governance is to fully recognize the responsibility of a corporate manager being relegated the business from shareholders and social responsibility as a company based on businesses in airports, and to strive to develop and operate corporate governance according to the corporate philosophy of AFC Group and in order to secure and improve the corporate value of the group and the profit shared with shareholders.



Role of the Boards of Directors and Statutory Auditors

(As of June 27, 2024)

Name of the meeting	Composition	Ratio of outside directors	Roles
Board of Directors	Directors: 8 Statutory auditors: 4	Ratio of outside directors: 41%	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 FY2023, it was convened 14 times. The Board of Directors is comprised of eight directors (including three outside directors) and four statutory auditors (including two external auditors). It is chaired by Shigeo Tamura, AFC's president and executive officer. The Board includes one female director (the female proportion on the Board is 12.5%).
Board of Statutory Auditors	Statutory auditors: 4	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 FY2023, the Board was convened 13 times. It is chaired by Masaaki Komiya, who is a full-time statutory auditor.
Nominating Committee	Number of members: 6	Ratio of outside directors: 83%	When nominating candidates for directors and statutory auditors, AFC convenes the non-mandatory 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. The Committee is comprised of three independent outside directors, two independent external members of the Board of Statutory Auditors and one representative director/president and executive officer.
Compensation Committee	Number of members: 6	Ratio of outside directors: 83%	When determining compensation for directors, AFC convenes the non-mandatory 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. The Committee is comprised of three independent outside directors, two independent external members of the Board of Statutory Auditors and one representative director/president and executive officer.

Directors



Shigeo Tamura
Representative Director, President and Executive Officer

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
June 2023 Representative Director, President and Executive Officer of AFC (current post)



Hideo Miyake
Representative Director, Executive Vice President and Executive Officer

April 2020 Member of the Board, Executive Vice President of ALL NIPPON AIRWAYS CO., LTD.
April 2022 Senior Executive Officer of ANA HOLDINGS INC.
April 2023 Counselor of ANA HOLDINGS INC.
June 2023 Representative Director, Executive Vice President and Executive Officer of AFC (current post)



Tadao Nishio
Representative Director, Executive Vice President and Executive Officer

April 2017 Managing Executive Officer and Senior Vice President of Corporate Strategy and Planning, Japan Airlines Co., Ltd.
April 2021 Managing Executive Officer and Senior Vice President of Managing Division Passenger Sales, Japan Airlines Co., Ltd. President and CEO of JAL SALES Co., Ltd.
April 2022 Representative Director and Chairman of JALPAK Co., Ltd.
June 2023 Representative Director, Executive Vice President and Executive Officer of AFC (current post)



Osamu Sasaoka
Director and Senior Executive Officer

October 2019 Deputy General Manager of Marketing Division I, Marketing Department, Marketing Promotion Headquarters and Airport Business Planning Division, Airport Business Planning Department, Business Planning Headquarters, AFC
July 2021 Manager of Management Planning Department, AFC
June 2022 Manager of Management Planning Department, Planning and Finance Headquarters, ACF
June 2023 Director and executive officer of AFC
June 2024 Director and Senior Executive Officer of AFC (current post)



Satoru Watanabe
Director and Senior Executive Officer

October 2019 Manager of Facilities Department of AFC
June 2022 Executive Officer of AFC, General Manager of Planning Department of Facilities Headquarters
June 2023 Senior Executive Officer of AFC, General Manager of Technical Headquarters
April 2024 Senior Executive Officer of AFC
June 2024 Director and Senior Executive Officer of AFC (current post)



Takehiko Sugiyama
Director

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



Kayo Aoyama
Director

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 Outside Director of AFC (current post)
June 2016 Member of National Public Service Ethics Board



Yasuo Miki
Director

April 1977 Joined NEC Corporation (NEC)
April 2004 Manager of Process/CPG Solution Business Department of NEC
October 2005 Representative Director and President of VMware K.K.
March 2015 Representative Director and Chairperson of VMware K.K.
October 2018 Chief Technology Innovation Officer of Tokyo Organising Committee of the Olympic and Paralympic Games
June 2022 Outside Director (Audit and Supervisory Committee Member) of SCSK Corporation (Current post)
June 2024 Outside Director of AFC (current post)



Statutory auditors



Masaaki Komiya
Full-time Statutory Auditor

June 2012 Director and Managing Executive Officer of 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)



Takahiro Hama
Full-time Statutory Auditor

June 2016 Manager of Accounting Department, AFC
June 2018 Executive Officer and Manager of Accounting Department, AFC
June 2022 Executive Officer and Manager of Accounting Department, Planning and Finance Headquarters, AFC
June 2023 Full-time Statutory Auditor of AFC (current post)



Sawako Ueno
Statutory Auditor

September 2019 Director of Deloitte Touche Tohmatsu LLC
January 2021 Investigator of Securities and Exchange Surveillance Commission, Financial Services Agency
April 2023 The Head of Ueno Sawako Certified Public Accounting Office (current post)
June 2023 Outside Statutory Auditor of AFC (current post)
Outside Auditor of Morinaga & Co., Ltd. (current post)
Outside Director of SUMIDA CORPORATION (Current post)
March 2024



Hirotomo Suzuki
Statutory Auditor

February 1994 Registered as Certified Public Accountant
April 2002 Joins Suzuki Certified Public Tax Accountant Office (up to the present)
March 2003 Registered as Certified Public Tax Accountant
April 2023 Outside Statutory Auditor of AFC (Resigned as of June 29, 2023)
July 2023 Outside Statutory Auditor of AFC (current post)



Member of the Nominating Committee Member of Compensation Committee

Skill Matrix of Directors

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

	Management and organization administration	Legal affairs, compliance, risk management	Finance, accounting	Sustainability, ESG	Global, innovation, IT/DX	Planning, sales, marketing	Airport-related infrastructure	Technology, safety, supervising
Shigeo Tamura	●	●					●	●
Hideo Miyake	●				●	●		
Tadao Nishio	●			●		●		
Osamu Sasaoka			●		●	●	●	
Satoru Watanabe			●				●	●
Takehiko Sugiyama	●	●		●				
Kayo Aoyama	●	●		●				
Yasuo Miki	●				●			

Remarks: Among the skills held by each person, those that are highly relevant to the business of our company are listed.

Evaluation of the board of director's effectiveness

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

In FY2023, we conducted a questionnaire survey as follows, and analyzed and evaluated the results in the meeting of the board of directors held in February 2024.

Period	From January to February, 2024	Major opinions and issues for the future <ul style="list-style-type: none"> The evaluation was generally positive, mainly on the composition of the board of directors and the operation. With regard to the governance problem related to the appointment of directors in the past, although we have already started efforts to prevent recurrence such as the revision of the director nomination policy, follow-up in the future will be important. etc.
Targets	All directors and auditors, 12 in total	
Questions	<ul style="list-style-type: none"> Composition of the board of directors Operation of the board of directors Agenda and discussion at the board of directors System to support the directors and auditors Self evaluation of the duty of individual directors and auditors 	

Executive compensation

1 Compensation system

- 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 outside 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 outside 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.
- Basic compensation for full-time directors is calculated according to the prescribed rules that take into consideration the title of the executive director and 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 non-monetary 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 further sharing of value 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 outside directors, independent external members of the Board of Statutory Auditors, and the representative director, president, and executive officer, in order to ensure the objectivity, transparency and validity of compensation and is chaired by an independent outside director. It is convened at least once every year.

Executive compensation in FY2023 is as follows:

(Unit: million yen)

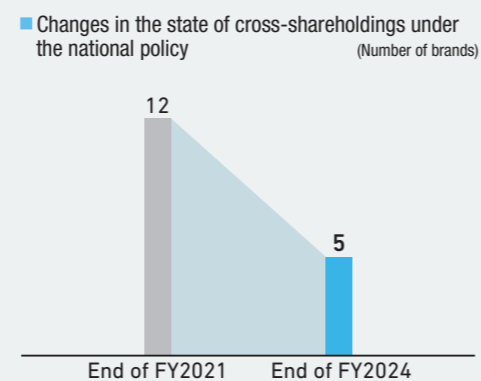
Category of Position	Compensation Amounts	Compensation Amounts by Classification			Number of Directors and Statutory Auditors
		Basic Compensation	Performance-linked Compensation, etc.		
			Monetary Compensation	Non-monetary Compensation	
Directors (Outside Directors)	152 (15)	101 (15)	24	26	13 (3)
Statutory Auditors (External Auditors)	50 (10)	50 (10)	—	—	7 (4)
Total	202	151	24	26	20

(Note) 1. The number of people above includes five directors and three auditors who resigned in FY2023.
2. The salaries of the employees who are also directors are not included in the total amount of directors' compensation.

Cross-shareholdings under the national policy

As for listed shares cross-held under the national policy other than for the purpose of investment, our policy is to hold shares only when it is judged as rational from a quantitative and qualitative perspective, by individually considering the necessity regarding business activities, such as business cooperation, maintenance of transactions, and enhancement of transactions. The state of cross-shareholdings under the national policy is reported once a year at the meeting of the board of directors, and the board of directors considers selling stocks that are deemed to have lost their significance in light of the cross-holding policy.

According to the policy above, we are currently selling stocks that are deemed to have lost their significance. Our company sold seven stocks (522 million yen in total) in the three years up to FY2023. We will continuously sell stocks that are deemed to have lost their significance actively, at an adequate timing.



Compliance

Compliance Committee

Our company organizes the Compliance Committee, chaired by Shigeo Tamura, the representative director, president and executive officer, and comprised of all representative directors and full-time auditors. 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.

Contact for whistleblowing

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.

In FY2023, there were three cases of whistleblowing, which were all responded to appropriately.

Risk management

Risk Management Committee

Since the AFC 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 the AFC 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. 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. Risk Management Committee is convened twice every year and is chaired by Shigeo Tamura, the president.

Business risks and measures taken against each risk

Major risks recognized to have the possibility of affecting our company seriously are as follows.

- Risk of relying on a limited number of clients
- Risks regarding the measures taken by the national government
- Disaster risks
- Risks regarding the impact of natural environment
- Risks of foreign business
- Risks of the impairment loss of non-current assets
- Risks regarding the realizability of deferred tax assets

Communication with shareholders and investors

In order to promote sound communication with our shareholders and investors, our company is holding results briefings participated in by the representative director, president and executive officer twice a year (full-year business results and the results of the second quarter), and a facilities observation tour (for shareholders) once a year. We are also holding IR meetings targeted to institutional investors and analysts on a regular basis. AFC Report, a journal for shareholders, is issued and sent to shareholders twice a year. These IR materials are also uploaded on our company website as needed.



Facilities observation tour



Reference materials for results briefings



AFC Report

Financial information

Key consolidated financial information for the period of eleven years

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

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Trends in business performance												
Net sales	Million yen	20,971	21,111	20,697	21,662	22,791	24,213	24,855	24,155	23,777	25,516	25,950
Amount for each segment												
Real estate business	Million yen	14,857	15,568	15,311	16,131	16,950	18,116	18,727	18,940	18,845	19,730	19,489
Area heating & cooling business	Million yen	3,720	3,192	3,166	3,200	3,208	3,242	3,274	3,379	2,957	3,412	3,461
Water Supply & Drainage Service and Other Business	Million yen	2,393	2,350	2,219	2,330	2,632	2,854	2,853	1,834	1,974	2,373	3,000
Operating income (loss)	Million yen	3,498	3,165	2,944	3,825	4,103	4,129	4,186	3,831	3,280	2,503	3,183
Amount for each segment												
Real estate business	Million yen	2,577	2,345	2,021	2,560	2,919	3,105	3,086	2,922	2,862	2,172	2,321
Area heating & cooling business	Million yen	634	605	830	1,143	1,034	787	849	1,097	452	225	527
Water Supply & Drainage Service and Other Business	Million yen	286	214	92	122	148	237	250	(188)	(33)	106	334
Ordinary income	Million yen	3,090	3,164	3,173	3,492	3,726	3,338	3,802	3,617	2,962	2,121	3,175
Profit (loss) attributable to owners of parent	Million yen	1,092	1,505	1,935	2,151	2,219	2,104	2,227	(933)	821	1,564	2,020
Trends in financial conditions												
Net assets	Million yen	47,998	50,715	51,644	53,415	54,482	55,740	56,333	54,964	55,306	57,368	60,765
Total assets	Million yen	77,621	84,270	85,214	87,580	87,961	101,384	104,483	100,429	102,468	100,403	110,461
Interest-bearing liabilities	Million yen	16,746	22,112	24,003	23,994	23,159	33,703	36,045	34,712	30,756	27,301	32,143
Business investment in plant and equipment	Million yen	7,541	1,980	2,973	3,048	4,504	13,611	7,153	2,569	1,899	1,545	3,594
Depreciation expense	Million yen	3,093	3,434	3,551	3,503	3,547	4,033	4,011	4,263	4,135	4,822	4,819
Information per share												
Net assets per share (BPS)	Yen	900.07	951.16	965.69	995.53	1,050.69	1,072.90	1,080.48	1,049.44	1,055.28	1,095.16	1,157.84
Profit (loss) per share (EPS)	Yen	21.15	29.14	37.46	41.63	43.36	42.28	44.72	(18.71)	16.45	31.28	40.27
Dividend per share	Yen	12	12	12	13	14	14	14	14	14	14	17
Information on cash flow												
Cash flows from operating activities	Million yen	3,897	3,478	809	3,024	7,147	5,176	6,900	4,758	8,467	2,017	784
Cash flows from investing activities	Million yen	(4,418)	(4,771)	(2,453)	(3,048)	(5,383)	(13,490)	(8,217)	(2,704)	(449)	1,198	(3,831)
Cash flows from financing activities	Million yen	14	4,500	1,731	(137)	(2,909)	9,524	1,958	(1,907)	(5,117)	(4,460)	5,101
Management indicators												
Rate of ordinary income to the amount of total assets (ROA)	%	4.1	3.9	3.7	4.0	4.3	3.5	3.6	3.5	2.9	2.0	3.0
Return on equity (ROE)	%	2.3	3.1	3.9	4.2	4.2	3.9	4.1	(1.7)	1.5	2.9	3.5
Debt to equity	Times	0.360	0.450	0.481	0.466	0.443	0.519	0.669	0.663	0.584	0.498	0.553
EBITDA + recovery	Million yen	5,443	5,367	5,176	6,161	6,737	7,501	7,835	7,619	7,464	7,535	7,901
Equity ratio	%	59.9	58.3	58.5	58.7	59.4	52.6	51.5	52.1	51.4	54.5	52.6
Price-to-earnings ratio (PER)	Times	36.03	23.13	13.59	13.52	14.60	13.07	8.98	-	32.94	17.55	15.07
Payout ratio	%	56.7	41.2	32.0	31.2	32.3	33.1	31.2	-	85.1	44.7	42.2

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

Corporate profile / Stock information

Corporate profile

Corporate Name	AIRPORT FACILITIES CO., LTD. (AFC)	Employees	124 (consolidated) 106 (non-consolidated) (As of March 31, 2024)
Established:	February 1970	Location	Head Office 144-0041 No. 5 Sogo Building, 1-6-5 Haneda Airport, Ota-ku, Tokyo Tel +81-3-3747-0251 (Main)
Representative	President and CEO Shigeo Tamura		
Capital	6,826.10 million yen		

Group Companies

(As of March 31, 2024)

Company Name	Description of Business
Tokyo Airport Heating & Cooling Co., Ltd.	Supplying air conditioning to various facilities at Haneda Airport
AFC Asset Management Co., Ltd.	Real estate consulting business / Real estate fund business
AFC TRADING Co., LTD.	Merchandising business at Haneda Airport
Aqua Techno Service Co., Ltd.	Operating and managing plumbing/facilities, real estate management at Haneda Airport
Blue Corner Co., Ltd.	Restaurant and concession stand business at Haneda Airport
S Cube Co., Ltd.	Operating and managing plumbing/facilities, real estate management at New Chitose Airport
AIRPORT FACILITIES ASIA PTE. LTD.	Construction, acquisition and leasing business of aviation-related facilities in Seletar Airport
AFS PROPERTIES PTE. LTD.	Financing flight simulators in Seletar Airport
AFN PROPERTIES LTD.	Construction, acquisition and leasing business of aviation-related facilities in Langley Regional Airport

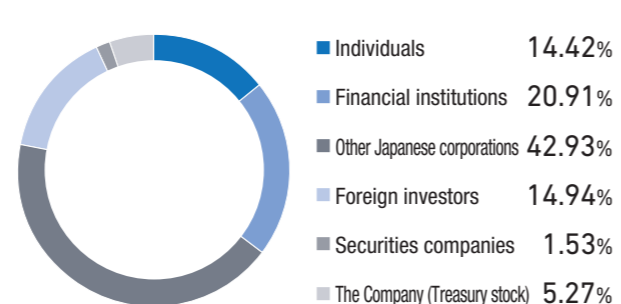
Stock information

(As of March 31, 2024)

Securities code	8864
Stock Listings	Prime Market of the Tokyo Stock Exchange
Total number of shares authorized	124,800,000
Total number of shares issued	52,979,350
Number of shareholders	17,817
Share unit number	100

Composition of shareholders

(As of March 31, 2024)



Major shareholders (top 10)

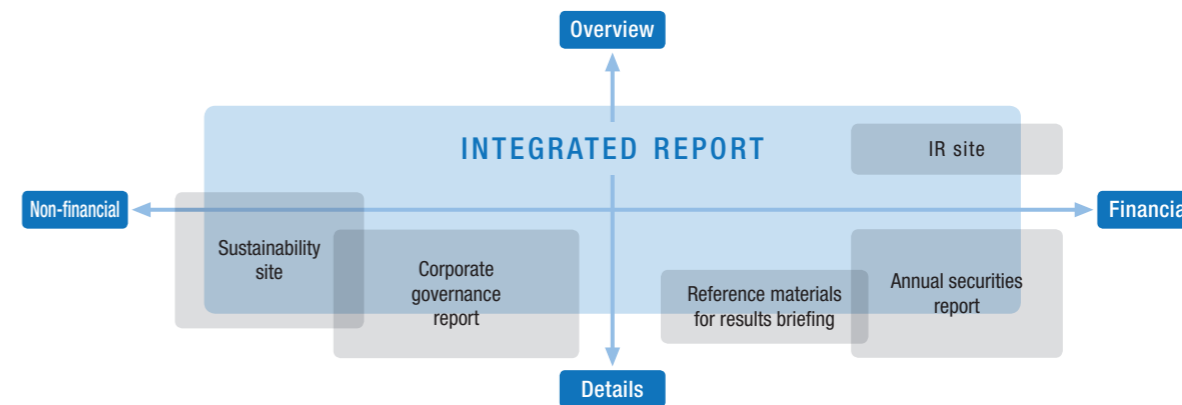
(As of March 31, 2024)

Shareholder	Number of Shares Owned (thousands)	Ratio of Shareholding (%)
Japan Airlines Co., Ltd	10,521	20.96
ANA HOLDINGS INC.	10,521	20.96
Development Bank of Japan Inc.	6,920	13.78
The Master Trust Bank of Japan ,Ltd. (trust account)	2,902	5.78
NORTHERN TRUST CO. (AVFC) RE IEDP AIF CLIENTS NON TREATY ACCOUNT	1,600	3.18
BNYM AS AGT/CLTS NON TREATY JASDEC	1,305	2.60
BNYM AS AGT/CLTS TREATY JASDEC	889	1.77
Custody Bank of Japan, Ltd. (Trust account)	825	1.64
J.P. MORGAN SE – LUXEMBOURG BRANCH 381639	568	1.13
Keikyu Corporation	549	1.09

(Note) 1. Our company holds 2,791,683 treasury shares but is excluded from the above major shareholders.
2. Ratio of shareholding is calculated by excluding the treasury shares.

About this Report

The image diagram showing the relation with other reports is as follows.



Company website

Information on our company other than this Report is as follows.

Corporate website <https://www.afc.jp/english/>



Recruitment website <https://recruit.afc.jp/>



IR pages <https://www.afc.jp/english/ir/>



Sustainability pages <https://www.afc.jp/english/csr/>



Editorial policy

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 confirm the details of each effort from the corporate website and other sources.

Period covered by this Report

From April 1, 2023, to March 31, 2024.
(Some of the efforts after April 1, 2024, are also included.)

Organization covered by this Report

Airport Facilities Co. Group

Cautions on the future forecast

Future forecasts included in this Report are based on information that was available at the time of the issuance of this report, as well as certain premises deemed as reasonable. The outcome of the actual business performance may differ from such forecasts. Important factors that may have impact on the actual business performance include domestic and international economic conditions surrounding the business domains of our company, trend of demands for the services of our company, and the trends of foreign exchange and stock markets. Factors that may have impacts on business performance are not limited to the above.



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

<https://www.afc.jp/english/>