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May 9, 2025

To whom it may concern:

Company name: AIRPORT FACILITIES CO., LTD. (AFC)
Representative: Shigeo Tamura, President & CEO
（Code: 8864, Prime Market, Tokyo Stock Exchange）
Contact: Osamu Sasaoka,
Director and Senior Executive Officer
（Tel 03-3747-0251）

Notice Regarding the Revision of the Medium- to Long-Term Management Plan (FY2022-FY2028) and the Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Airport Facilities Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on May 9, 2025, the Company revised “FY2022-FY2028 Airport Facilities Group Medium- to Long- Term Management Plan” disclosed on May 13, 2022 and updated “the Action to Implement Management that is Conscious of Cost of Capital and Stock Price” as described below.

1. Revision of the Medium- to Long-Term Management Plan (FY2022-FY2028)

(1) Outline

Three years have passed since the announcement of the medium- to long-term management plan. Supported by the recovery of aviation demand and other factors, and as a result of the promotion of various initiatives for growth, the Company’s business plan has been progressing steadily, with the earnings forecast for FY2025 reflecting the early achievement of certain numerical targets initially set for FY2028.

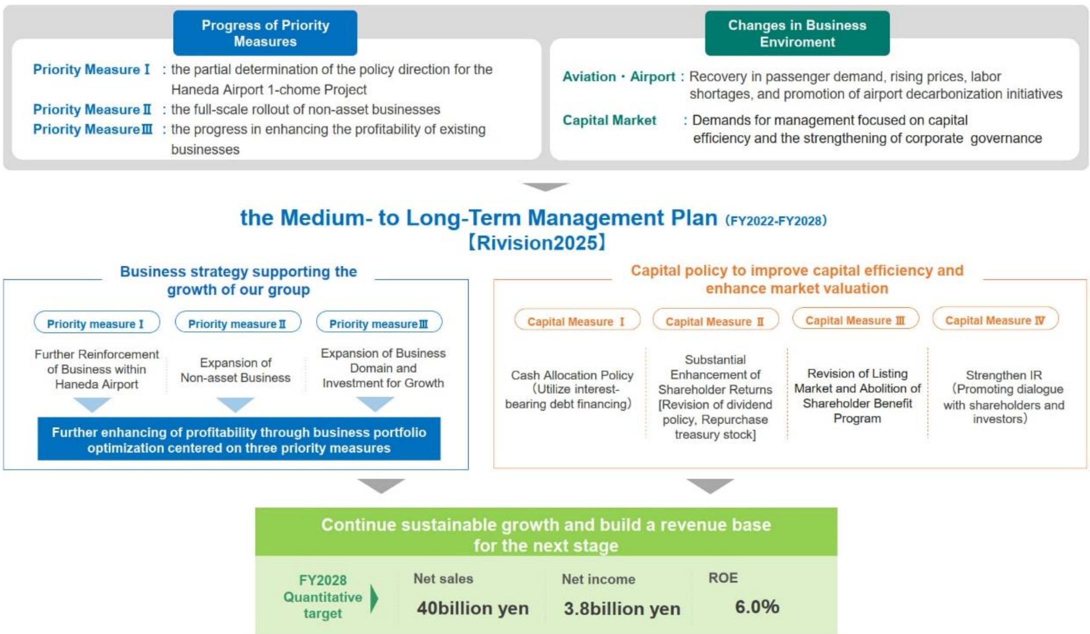
On the other hand, with respect to the "Haneda Airport 1-chome Project," one of the priority measures set forth in the medium- to long-term management plan, the Company has been working on restructuring the project in view to the impact of rising construction costs and other relevant factors. At the same time, in response to demands from the capital markets, the Company has been implementing initiatives such as investor relations and shareholder returns with the aim of enhancing corporate value. While addressing these challenges, the Company has continued to make steady progress on the plan and has been working to strengthen its earnings base.

In light of the significant changes in the business environment surrounding the Company since the launch of the plan three years ago, the Company has decided to revise the medium- to long-term management plan in order to reassess business strategy, including the progress of priority measures, and to realize management that is conscious of capital cost and stock price based on the Company's characteristics.

- **Restructuring of Business Strategy**
  Reorganization of priority measures following the partial determination of the policy direction of the Haneda Airport 1- chome Project
- **Strengthen Capital Policy**
  Strengthen capital policies to improve capital efficiency and market valuation
- **FY2028 Numerical Targets**
  Revised upward based on the revised plan（Changed some numerical targets)

By steadily advancing both the business strategies and capital policies, the Company aims to enhance profitability in each business segment, strengthen its management foundation to achieve sustained growth, and build a solid earnings base for the next stage.

【Outline of This Revision】



(2) Business Strategy (Reorganization of priority measures)

Based on the progress of the three priority measures set forth in the medium- to long-term management plan (the partial determination of the policy direction for the Haneda Airport 1-chome Project, the full-scale rollout of non-asset businesses, and the progress in enhancing the profitability of existing businesses) as well as changes in the business environment surrounding the Company, the Company will reorganize its priority measures and aim to further enhance profitability through the optimization of its business portfolio.

【Priority Measure I: Further Reinforcement of Business within Haneda Airport】

Haneda Airport 1-chome Project will be integrated with the utilization and value enhancement of facilities in the new maintenance area, and the Company will strengthen its efforts as a whole within Haneda Airport.

Project: Reorganization of Haneda 1-chome area (aircraft-related facilities, etc.), relocation of functions from 1-chome to the new maintenance area, and consideration of multi-leveling of domestic cargo area.

【Priority Measure II: Expansion of Non-asset Business】

With respect to the acquisition and sale of real estate for sale, the Company has completed the initial accumulation of properties over the first three years since the start of the business, and has sold two properties to date. Going forward, the Company will transition into the property turnover stage. In parallel, efforts toward the establishment of a private real estate fund will also be advanced.

Project: Acquisition of real estate for sale, investment in private funds, etc.

【Priority Measure III: Expansion of Business Domain and Investment for Growth】

While the Company has made steady progress in enhancing the profitability of existing businesses and will continue these efforts, the Company will also move forward with investments aimed at expanding business domains and fostering growth by leveraging the knowledge gained from its existing businesses.

Project: Introduction of hydrogen energy at Haneda Airport, expansion of solar power generation facilities, and consideration of expansion of existing facilities, etc.

(3) Strengthen Capital Policy

In respond to the demands of the capital markets, the Company recognizes the need to enhance its capital policies aimed at improving both capital efficiency and market valuation. Accordingly, the Company will introduce and steadily implement four new capital measures.

【Capital Measure I: Cash Allocation Policy】

In order to achieve sustainable growth, the Company plans to invest 33 billion yen in growth from FY2025 to FY2028 after the revision of this plan (of which 3 billion yen will be allocated for strategic investments), while substantially enhancing shareholder returns. In addition to operating cash flow, the Company will utilize interest-bearing debt financing to enhance capital efficiency.

【Capital Measure II: Substantial Enhancement of Shareholder Returns】

Based on the characteristics of our business, the Company will raise the dividend payout ratio to 60% and introduce a new dividend guideline index, the "Dividend on Equity (DOE) Ratio of 3.0%," starting from the fiscal year ending March 31, 2026, in order to achieve "stable and continuous profit distribution" and "dividend increases linked to business performance improvement."

In addition, the Company will repurchase treasury stock with consideration for the ratio of shares in circulation, aiming to improve capital efficiency through a review of the balance sheet composition.

at first	**After this Revision**
Consolidated dividend payout ratio of 40% or more	・Implement stable and continuous dividends, using the higher of a consolidated dividend payout ratio of 60% or a DOE of 3.0% as a guideline. ・Repurchase of treasury stock (amount and details to be reviewed as needed).

【Capital Measure III: Revision of Listing Market and Abolition of Shareholder Benefit Program】

In revising this plan, the Company has been considering the most appropriate listing market for achieving our vision (AFC VISION) while implementing various measures.

In revising this plan, the Company aims to enhance its medium- to long-term corporate value by improving capital efficiency and market valuation through the strengthening of its capital policy. As a specific measure, the Company is planning to implement a repurchase of treasury stock; however, in implementing this plan, it will be necessary to ensure continued compliance with the criteria for maintaining a stable listing, taking into account the current shareholder structure and other relevant factors.

While the Company currently satisfies all listing requirements for the Prime Market, in order to maintain stable compliance with such criteria while also enabling flexible execution of capital policy measures such as treasury stock repurchases, and to better allocate limited management resources toward business strategies aimed at sustainable corporate value enhancement, the Company has decided to change its market classification from the Prime Market to the Standard Market, in line with the concept of the respective market segments. The Company will proceed with the transition according to the schedule below.

≪Schedule≫ Resolution of the Board of Directors and application for change of market classification: October 2025 (planned)

For details on the abolition of the shareholder benefit program, please refer to the "Notice Regarding the Abolition of Shareholder Benefit Program" announced today.

【Capital Measure IV: Strengthen IR】

The Company will actively engage in dialogue with shareholders and investors to promote understanding of its business, share feedback with management and the Board of Directors, and continuously refine the medium- to long-term management plans, with the aim of further improving its PER and reducing shareholder capital costs.

(4) Quantitative Target

In light of the steady progress in business performance driven by the advancement of the medium- to long-term management plan, the Company will revise its profitability indicator upward. In addition, based on the policy of utilizing interest-bearing debt financing, a new financial stability indicator will be introduced as a financial discipline. Furthermore, the efficiency indicator will be changed from ROA to ROE, which reflects financial leverage.

	FY2024 (actual results)	FY2028	
		at first	**After this Revision**
Net sales	31.1 billion yen	32.0 billion yen	**40 billion yen**
Operating income	4.4 billion yen	5 billion yen	**5.9 billion yen**
Net income	2.5 billion yen	3.3 billion yen	**3.8 billion yen**
EBITDA + recoveries	9.2 billion yen	10 billion yen	**-**
Net Debt / EBITDA multiple *1	1.9 times	-	**Within 5 times** **(As a financial discipline)**
ROA*2	4.6%	5.0%	**-**
ROE	4.3%	-	**6.0%**

*1: EBITDA includes recoveries.

*2: ROA = business profit (operating income + non-operating income) / total assets

2. Action to Implement Management that is Conscious of Cost of Capital and Stock Price (update)

As the Company recognizes the current situation, its PBR is hovering around 0.5 times, while PER is generally maintained at a level comparable to the industry average. The low PBR is primarily due to a low ROE. The recent decline in ROE is attributed to a temporary decrease in earnings caused by the COVID-19 pandemic, as well as the recognition of asset retirement obligations (recorded from FY2022 onward) related to Reorganization of Haneda 1-chome area.

On the other hand, the Company recognizes that its shareholder capital costs, based on the CAPM calculation, are approximately in the range of 5% to 6%. Due to the factors mentioned above, the recent ROE (FY2024: 4.3%) is currently below the shareholder capital costs.

By implementing the priority measures and capital measures in the revised plan, the Company has set a target ROE of 6% by the end of the plan period. Furthermore, through continued growth investments and the ongoing implementation of capital measures, the Company aims to further improve capital efficiency beyond the plan period.

《Reference》

For details, please refer to the "FY2022-FY2028 Airport Facilities Group Medium- to Long-Term Management Plan (Revision 2025)" released today on our website.