



Japan Airport Terminal Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2025

November 14, 2024

Event Summary

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[Venue]	Webcast	
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[Participants]		
[Number of Speakers]	5	
	Isao Takashiro	Chairman and CEO
	Nobuaki Yokota	President and COO
	Hiroshi Onishi	Executive Vice President
	Kazuhito Tanaka	Executive Vice President
	Masatoshi Akahori	President and CEO

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Presentation

Moderator: Now that the time has arrived, we will now begin the presentation of the financial results for the Q2 of the fiscal year ending March 31, 2025 of Japan Airport Terminal Co., Ltd. Thank you all for taking time out of your very busy schedules to attend today's meeting.

I would now like to introduce today's attendees. Chairman and CEO, Mr. Isao Takashiro.

Takashiro: My name is Takashiro. I am pleased to meet you all today.

Moderator: Mr. Nobuaki Yokota, President and COO.

Yokota: My name is Yokota. I am glad to have this opportunity today.

Moderator: Mr. Hiroshi Onishi, Executive Vice President.

Onishi: My name is Onishi. I am glad to have this opportunity today.

Moderator: Mr. Kazuhito Tanaka, Executive Vice President.

Tanaka: My name is Tanaka. I am glad to have this opportunity today.

Moderator: Mr. Masatoshi Akahori, President and CEO of Tokyo International Air Terminal Corporation.

Akahori: My name is Akahori. I am glad to have this opportunity today.

Moderator: Those are all present.

Moving on, I will explain about today's materials. Presentation material and other documents are available on the Company's website. Those watching the live webcast can download the presentation material from the web screen you are viewing, under the explainer material tab. Please take advantage of it.

Next, I will explain today's proceedings. First, President Yokota will give a 30-minute presentation using the presentation material. We will then answer your questions asked via phone. Please note that we cannot accept questions via the web.

Now, we shall begin the presentation.

President Yokota, please proceed.

Yokota: This is Yokota, President and Representative Director.

Thank you very much for your continued understanding and support for our business.

Today, in this presentation of the financial results for the Q2 of the fiscal year ending March 31, 2025, I would like to present a summary of our consolidated financial results for H1, our consolidated earnings forecast for the current fiscal year, and the progress of our medium-term management plan.

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(1) Business Environment and Number of Passengers

Business Environment

- Prices continued to increase due to the historic depreciation of the yen and concerns over supply capacity caused by labor shortage.
- The Japanese economy maintained its gradual recovery, and business performance of the travel industry, department stores, etc. has been strong in general.
- The number of foreigners visiting Japan continued to be at record high levels, even as the yen began appreciating from summer.

Number of Passengers (Haneda Airport)

- The number of passengers on domestic flights exceeded the same period in the previous fiscal year but fell short of the initial forecast by about 5% owing to the impact of typhoons, earthquakes, etc.
- The number of passengers on international flights grew more than 20% from the same period of the previous fiscal year given the increasing number of foreign tourists visiting Japan, and exceeded the initial forecast by 5%. (It increased to 87% of the assumed number of passengers [target] after the expansion of flight slots.)

Airport	FY24/1H (10 thousands)	FY23/1H (10 thousands)	Rate of change (%)	Initial forecast (10 thousands)	Rate of change (%)	(Reference)		Target Number (10 thousands)	Rate of change (%)
						FY25/1H forecast (10 thousands)	Rate of change (%)		
Haneda – Domestic	3,108	3,093	0.5	3,280	- 5.2	3,390	- 8.3	3,490	-10.9
Haneda – International	1,116	904	23.3	1,059	5.3	1,175	- 5.0	1,280	-12.8
Total Haneda	4,225	3,998	5.7	4,339	- 2.6	4,565	- 7.4	4,770	-11.4
Narita	1,601	1,266	26.5	1,502	6.6				
Kansai	1,194	839	42.3	1,077	10.9				
Chubu Centrair	230	128	79.4	256	-10.1				

*The FY25/1H forecast is as of May 2024.

The target figures are the assumed number of passengers drawn up before COVID-19.

(The target for domestic flights is for the calendar year 2019, while that for international flights is the figure after the expansion of slots for international flights.)

Note: Haneda Airport passenger volume is based on aggregate statistics of airport usage within the jurisdiction of the East Japan Civil Aviation Bureau (monthly version), available on the website of the East Japan Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

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First, see page two. I would like to explain the situation in H1.

In the business environment, prices continued to rise, partly due to the historically low level of the yen. The domestic economy continued to recover moderately and the number of foreign visitors to Japan reached a record high. Under such circumstances, passenger volume at Haneda Airport fell about 5% short of the initial forecast, partly due to the impact of typhoons, although its domestic passenger volume exceeded the previous year's level.

On the other hand, its international passengers exceeded the previous period by 20% thanks to inbound volume continued to be strong, thus surpassing the initial forecast by about 5%.

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(2) Consolidated Financial Results

Overview

- Operating revenues exceeded the same period in the previous fiscal year driven primarily by an increase in passengers of international flights
- Sales at duty-free stores were strong in the first quarter due to the impact of the yen's depreciation. Sales considerably exceeded the initial forecast and the financial forecast was revised upwards
- In the second quarter, sales at duty-free stores slowed down as the yen began strengthening from summer, and the result was below the forecast made in the first quarter

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	1H Results	LY Results	Change amount	Rate of change (%)	Initial forecast *1	Difference	1Q forecast *2	Difference
Operating revenues	131.7	100.1	31.6	31.6	124.3	7.4	135.0	-3.2
Facilities management	51.2	43.6	7.5	17.2	49.0	2.2	50.3	0.9
Merchandise sales	72.3	49.4	22.8	46.2	67.1	5.2	76.5	-4.1
Food and beverage	8.1	6.9	1.2	17.2	8.2	0.0	8.2	0.0
Operating profit	21.0	13.5	7.5	56.1	15.4	5.6	21.7	-0.6
Ordinary profit	20.3	12.4	7.8	62.9	14.2	6.1	20.9	-0.5
Net profit attributable to owners of parent	11.9	8.2	3.7	45.6	8.7	3.2	12.1	-0.1

*1 Financial forecast announced in May 2024

*2 Financial forecast announced in Aug 2024

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See page three. Under such business environment, consolidated results for H1 of the fiscal year were driven mainly by an increase in international passengers, and sales were higher than in the previous year in all segments.

Duty-free sales were extremely strong in Q1 due to the weak yen and other factors, far exceeding our initial forecast, and we have revised our earnings forecast upward. However, duty-free sales slowed down due to the sharp appreciation of the yen since the summer, and the H1 results fell short of the revised forecast. As a result, sales were JPY131.7 billion, operating income was JPY21 billion, ordinary income was JPY20.3 billion, and net income for the interim period was JPY11.9 billion, as shown in the red box in the material.

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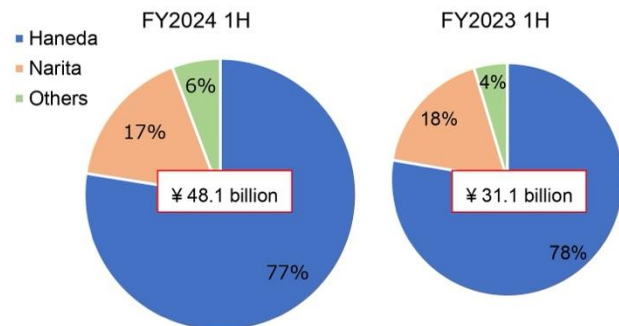
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(3) Sales at Duty-Free Stores (Haneda Airport) 1

◆ Breakdown of international terminal store sales by location

- In the first half, sales at international terminal stores in the merchandise sales segment were 48.1 billion yen* (up 54.7% from the same period of the previous fiscal year)
- By location, stores at Haneda Airport accounted for about 80% and those at Narita Airport and others around 20%. Sales at the Ginza duty-free store have also been recovering.



*Sales at international terminal stores (above diagram) are recognized in net after subtracting purchase costs from revenues from consignment buying, etc.

◆ Purchase rate and per-unit purchases at duty-free stores in Haneda Airport

- Sales at duty-free stores grew at a pace exceeding the increase in the number of the passengers compared with the same period of the previous fiscal year and reached a record high for the half year.
- Per-unit purchases and the purchase rate rose significantly in the first quarter on the back of the yen's depreciation but stagnated in the second quarter
- For the first half as a whole, these figures increased from the same period of the previous fiscal year partly owing to the effects of various measures including normalization of business hours of stores, changes to layout and increasing POS cashiers to reduce waiting time, and a review of the product range.

	FY2024 1Q	FY2024 2Q	FY2024 1H	FY2023 1H	Rate of change
Sales of Haneda duty-free stores (yen)*	29.90 billion	26.40 billion	56.4 billion	35.40 billion	59%
Number of passengers of Haneda international flights	5.43 million	5.72 million	11.16 million	9.04 million	23%
Number of customers	1.68 million	1.65 million	3.33 million	2.37 million	41%
Per-unit purchases (yen)	17,700	16,000	16,900	14,900	13%
Purchase rate	31%	29%	30%	26%	+ 4pt

*Sales at duty-free stores (above table) shows the transaction volume before calculation of the net amount.

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See page four. Here I will explain the impact of duty-free sales, which had a large impact on the H1 results.

Of the international flight stores in the merchandise sales business, approximately 80% of sales are at Haneda Airport. Sales at duty-free stores at Haneda Airport were approximately 1.6 times higher YoY, reaching a record high.

The growth in the number of purchasing customers exceeded the growth in the number of passengers, and in addition to an increase in the purchasing rate, the purchase unit price, which means sales per purchasing customer, also increased.

Our understanding of such increases is that while we had still been suffering from the impact of labor shortages in the previous fiscal year, the effects of various measures, such as expansion of store operating hours, layout changes, and addition of POS cash registers to eliminate waiting lines at cash registers, and a review of the product mix, as well as the impact of yen depreciation, took effect in this fiscal year. However, since the summer, we have seen a slowdown in sales growth, and we will aim to increase sales through further measures in the future.

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(4) Sales at Duty-Free Stores (Haneda Airport) 2

◆ Haneda duty-free store per-unit purchases by nationality and share by product category

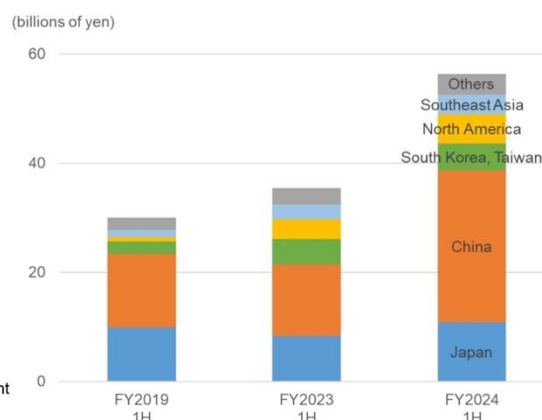
Per-unit purchases (yen)	FY2024 1H	FY2023 1H	Rate of change
Japan	11,400	11,500	- 1%
China (including Hong Kong)	27,500	25,100	10%
Taiwan	21,800	21,600	1%
South Korea	12,800	12,500	2%
North America	13,500	11,900	13%
Southeast Asia	14,100	13,000	8%
Europe and others	8,700	8,800	- 1%
Overall	16,900	14,900	13%

Share by category	FY2024 1H	FY2023 1H	change
Apparel, jewelry, watches, etc.	43%	41%	+ 2pt
Perfumes and cosmetics	25%	24%	+ 1pt
Alcohol and cigarettes	14%	14%	-
Food	14%	15%	- 1pt
Others	4%	5%	- 1pt
	100%	100%	

*Sales at duty-free stores shows the transaction volume before calculation of the net amount
 *Nationalities include estimates by the Japan Airport Terminal

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- The increase in the number of Chinese passengers had a strong impact on the increase in sales, with almost half of the sales at duty-free stores in Haneda Airport being made to passengers from China (including Hong Kong).
- The share for Japan has declined compared with the pre-COVID-19 level (about 30% ⇒ about 20%) partly due to the delay in the recovery of Japanese tourists traveling outside the country
- In terms of spending by nationality, the share for China rose further, which in turn boosted per-unit purchases in general
- By product category, luxury brand products accounted for about 40%, continuing to maintain this strong performance



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See page five.

The bar graph in the lower right-hand corner shows that the increase in Chinese passengers has had a significant impact, with nearly half of our sales coming from Chinese. On the other hand, while the scale of sales from Japanese did not change significantly from the pre-COVID-19 level, the percentage of sales from Japanese declined from 30% to 20%, partly due to the slow recovery of overseas travel.

Regarding the unit purchase price in the upper left table, the overall unit price increased due to an increase in the ratio of Chinese with high unit prices. In addition, while there was no significant change in product categories shown in the table at the bottom left from the previous period, luxury brands continued to be strong at approximately 40% of the total, a factor that pushed up the unit purchase price.

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(1) Business Environment and Number of Passengers

Business Environment

- The Japanese economy is expected to continue its gradual recovery and prices are also likely to continue to rise gradually.
- While the growth in business demand is expected to be sluggish, travel demand is strong and Japanese tourists' demand for overseas travel is likely to recover gradually.
- Inbound tourism demand has been strong, but concerns include the volatile global situation and the slowdown in the Chinese economy.

Number of Passengers (Haneda Airport)

- The number of passengers on domestic flights is expected to be steady like in the first half and remain stable, exceeding the level of the previous fiscal year
- The number of passengers on international flights is expected to continue to grow strongly, exceeding the previous fiscal year's level by about 20%
(This is likely to increase to 89% of the assumed number of passengers [target] after the expansion of flight slots.)

(Reference)

Airport	Revised forecasts (10 thousands)	FY23 Results (10 thousands)	Rate of change (%)	Initial forecast (10 thousands)	Rate of change (%)	FY25 forecast (10 thousands)	Rate of change (%)	Target Number (10 thousands)	Rate of change (%)
Haneda – Domestic	6,283	6,184	1.6	6,564	- 4.3	6,700	- 6.2	6,900	- 8.9
Haneda – International	2,272	1,909	19.0	2,148	5.8	2,350	- 3.3	2,560	-11.2
Total Haneda	8,555	8,094	5.7	8,713	- 1.8	9,050	- 5.5	9,460	- 9.6
Narita	3,211	2,744	17.0	3,019	6.4				
Kansai	2,357	1,906	23.6	2,157	9.2				
Chubu Centrair	489	322	51.8	555	-11.9				

*The forecast for FY2025 was as of May 2024

The target figures are the assumed number of passengers drawn up before COVID-19.

(The target for domestic flights is for the calendar year 2019, while that for international flights is the figure after the expansion of slots for international flights.)

See page six. I would like to explain our full-year earnings forecast.

In terms of the business environment, we expect the domestic economy to continue to recover moderately, and price increases will also continue to be moderate. Although business demand is sluggish, travel demand is strong, and outbound demand is expected to gradually recover. Inbound travel is strong but instability in world affairs and the slowdown of the Chinese economy are causes for concern.

We assume that the domestic passenger volume at Haneda Airport will remain firm and stable as in H1, exceeding the level of the previous year. On the other hand, the international passenger volume continues to grow strongly and is expected to exceed the previous year's level by approximately 20%.

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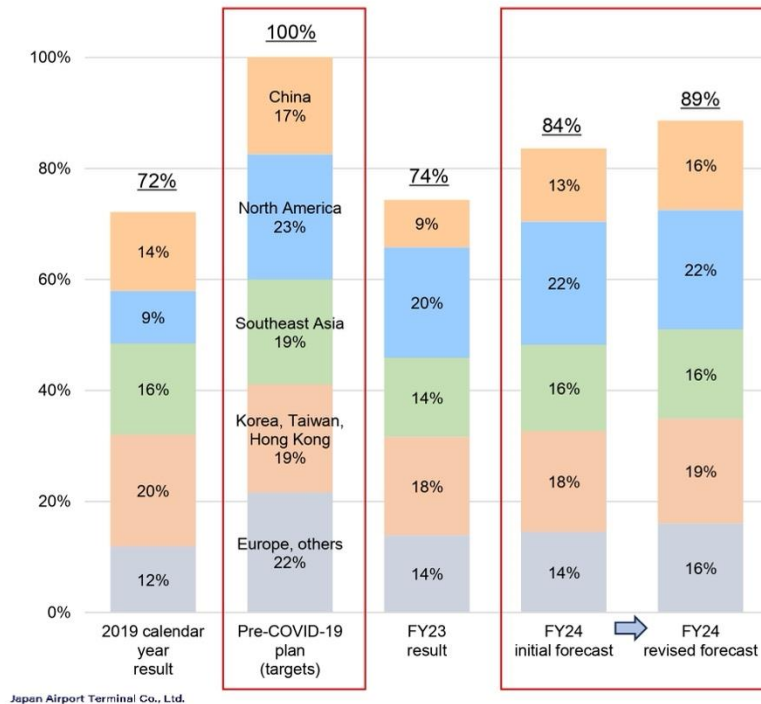
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2. Consolidated Financial Forecast for FY2024

(2) Breakdown of the Number of Passengers of International Flights by Destination (Haneda Airport)



Percentage of passengers by destination
(Compared with the pre-COVID-19 plan)



Overview

- The number of passengers traveling to China, whose recovery had been delayed, has recovered to a level exceeding the pre-COVID-19 level in the first half. For the full year, this is expected to increase further given the increase in the number of flights in September.
- Going forward, the number of flights is expected to increase one after another also for European flights, which are still affected by airlines avoiding flying over Russia, and the number of passengers is likely to continue rising.

Information on future flight increases

- All Nippon Airways

Dec. 3	Milan	3 flights a week (up 3)
Jan. 9	Bangkok	7 flights a week (up 7)
Jan. 31	Stockholm	3 flights a week (up 3)
Feb. 12	Istanbul	3 flights a week (up 3)
- Malaysia Airlines

Feb. 24	Kota Kinabalu	2 flights a week (up 2)
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Information on future flight decreases

- Virgin Australia Airlines

Feb. 24	Cairns	Suspension (down 7)
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See page seven. This section shows a breakdown of international passenger volume by destination.

The number of passengers by destination is shown as a percentage for each fiscal year, with the target number of passengers after the expansion of the arrival/departure slots in 2020 set at 100%. Passenger volume to China, which had been slow to recover, recovered to a level exceeding the pre-COVID-19 level in H1 of this fiscal year. With the increase in flights in September, we expect a further increase for the full year.

In addition, we expect the number of passengers to the Europe region to continue to increase, even though the region is still affected by flight avoidance over Russia, as more flights are scheduled to be added consecutively.

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2. Consolidated Financial Forecast for FY2024

(3) Consolidated Financial Forecast

Overview

- Operating revenues are expected to increase in all segments thanks primarily to increased revenue from the growth in the number of international passengers
- While expenses are expected to increase due to the expansion of terminal operations, etc., income is likely to rise owing to higher operating revenues
- Operating income and ordinary income are expected to reach record highs for two consecutive years, achieving the targets for the medium-term plan ahead of schedule.

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

Items	FY 24 1H			FY24 2H			FY24			Initial forecast *1	Difference	1Q forecast *2	Difference
	Results	FY23 1H results	Change	Revised forecasts	FY23 2H results	Change	Revised forecasts	FY23 results	Change				
Operating revenues	131.7	100.1	31.6	135.5	117.4	18.1	267.3	217.5	49.7	253.8	13.5	264.5	2.8
Facilities management	51.2	43.6	7.5	53.5	48.0	5.5	104.8	91.7	13.0	99.5	5.3	100.8	4.0
Merchandise sales	72.3	49.4	22.8	73.8	61.6	12.1	146.2	111.1	35.0	138.0	8.2	147.4	-1.2
Food and beverage	8.1	6.9	1.2	8.1	7.6	0.4	16.3	14.6	1.6	16.3	0.0	16.3	0.0
Operating profit	21.0	13.5	7.5	13.5	16.0	-2.5	34.6	29.5	5.0	27.1	7.5	33.4	1.2
Ordinary profit	20.3	12.4	7.8	11.5	14.7	-3.1	31.9	27.2	4.6	24.3	7.6	31.0	0.9
Net profit attributable to owners of parent	11.9	8.2	3.7	7.3	11.0	-3.7	19.3	19.2	0.0	15.5	3.8	18.9	0.4
Capital expenditures	4.4	2.1		29.0	29.6		33.5	31.7		34.3			
Depreciation expenses	13.8	13.9		14.4	14.2		28.3	28.1		28.6			
EBITDA	34.9	27.4		27.9	30.2		62.9	57.6		55.7			
Dividend	¥35.0	¥25.0		¥35.0	¥42.0		¥70.0	¥67.0		¥62.0			
Payout ratio	27.2%	28.3%		44.6%	35.5%		33.8%	32.4%		37.3%			

*1 Financial forecast announced in May 2024
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*2 Financial forecast announced in Aug 2024

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See page eight. For the full year, we forecast sales of JPY267.3 billion, operating income of JPY34.6 billion, ordinary income of JPY31.9 billion, and net income of JPY19.3 billion, as indicated in the red frame.

Sales are expected to increase in all segments, mainly due to an increase in international passenger volume.

Although there will be an increase in expenses due to the expansion of terminal operations and other factors, we expect the increase in income will outweigh it, resulting in higher revenue.

Operating income and ordinary income are record highs for the second year in a row, and net income is a record high if we exclude the one-time extraordinary gains and losses in FY2018. We expect to achieve the medium-term target for operating income one year ahead of schedule but we would like to present a new forecast for the next fiscal year after carefully examining various factors.

In light of our basic policy for returning profits to shareholders, which is to maintain stable dividends and target a dividend payout ratio of 30% or more, we have decided to increase the dividend. We plan to pay an interim dividend of JPY35 per share and a year-end dividend of JPY35 per share, for a total annual dividend of JPY70 per share.

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(4) Financial Forecast by Segment

Note: Figures shown are rounded down to the nearest 100 million yen. (Billions of yen)

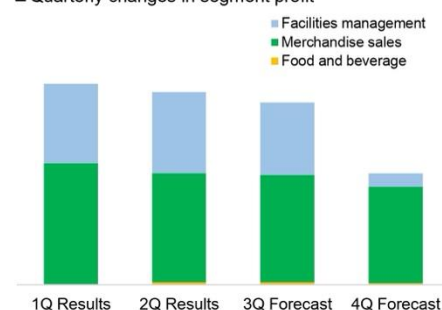
Items	1H Result	2H Forecast	FY24 forecasts	FY23 results	Change
Operating revenues	131.7	135.5	267.3	217.5	49.7
Facilities management	52.8	55.7	108.6	94.8	13.7
Merchandise sales	73.2	74.6	147.9	112.7	35.1
Food and beverage	8.6	8.5	17.2	15.3	1.8
(Elimination or unallocated)	- 2.9	- 3.4	- 6.4	- 5.4	- 0.9
Operating expenses	110.6	122.0	232.7	188.0	44.6
Facilities management	42.1	50.1	92.3	76.9	15.3
Merchandise sales	57.9	61.1	119.1	91.6	27.4
Food and beverage	8.4	8.2	16.7	15.3	1.3
(Elimination or unallocated)	2.0	2.5	4.6	4.0	0.5
Operating income	21.0	13.5	34.6	29.5	5.0
Facilities management	10.6	5.6	16.3	17.8	- 1.5
Merchandise sales	15.2	13.5	28.8	21.0	7.7
Food and beverage	0.1	0.3	0.5	0.0	0.4
(Elimination or unallocated)	- 5.0	- 5.9	- 11.0	- 9.5	- 1.4

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Overview

- In the facilities management business, full-year income is expected to fall compared with the previous fiscal year, as expenses are likely to increase, especially in the fourth quarter, due to construction work to be completed at the end of the fiscal year, etc.
- In the merchandise sales business, both sales and income are expected to exceed the previous fiscal year's levels markedly, reflecting an increase in the number of passengers on international flights and the impact of various measures, while both purchase rates and per-unit purchases are likely to settle down especially for duty-free stores compared with the first quarter

■ Quarterly changes in segment profit



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See page nine. This section shows earnings forecasts by segment.

Comparing H1 and H2, we expect sales to increase in line with the increase in passenger volume but operating income is expected to decrease.

The facility management and operation business is expected to see a decrease in profit YoY due to increase in terminal maintenance and management costs, especially in Q4 when costs are expected to increase significantly due to various construction projects to be completed at the end of the fiscal year.

On the other hand, in the merchandise sales business, although duty-free sales will be lower than in Q1, inbound demand will continue to be strong due to the increase in the number of international passengers and the effects of various measures, and both sales and profits are expected to significantly exceed YoY.

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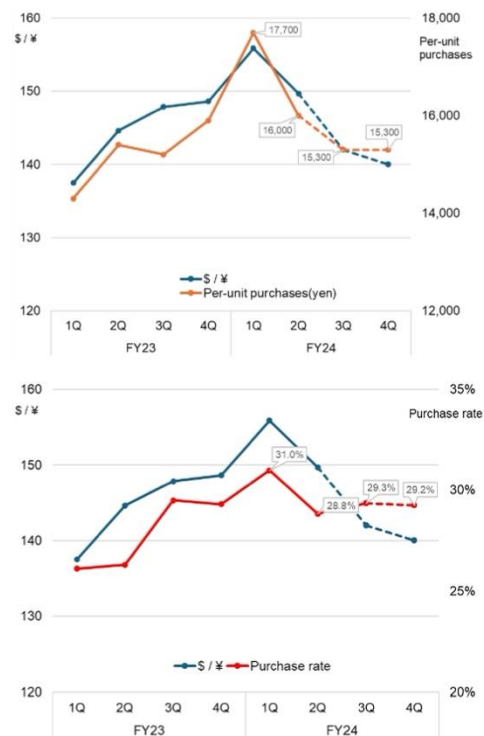
(5) Outlook for Exchange Rates and Duty-free Sales (Haneda Airport)

◆ Overview

- We expect the foreign exchange market to move towards a stronger yen (assuming \$1 = ¥142 in the third quarter and \$1 = ¥140 in the fourth quarter) as the difference between domestic and foreign interest rates narrows.
- Per-unit purchases rose significantly in the first quarter but then fell in a reactionary manner in the second quarter, and we are expecting them to settle at a level similar to the previous fiscal year.
- The purchase rate is expected to trend at a higher level compared with the previous fiscal year due to the contribution of various sales measures

◆ Impact on duty-free sales

- While a certain degree of correlation exists between exchange rates and duty-free sales, they are also the result of a combination of factors.
- A weak yen will create a price advantage temporarily, but global brands will adjust their selling prices as needed to standardize the price. So, the price advantage will not last long and will be eliminated.
- It is necessary to keep track of the purchasing trends of Chinese passengers given the sluggish sales of luxury brands overseas and the slowdown in the Chinese economy.
- General duty-free stores tend to be less affected by foreign exchange fluctuations than brand boutiques



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See page 10. This section explains the outlook concerning the exchange rate and sales from duty-free stores.

Although the yen has been weakening against the US dollar at the moment, we expected the yen to appreciate in the future. Unit purchase prices rose sharply in Q1, but reactionary declined in Q2, and are expected to settle at the same level as the previous year in H2.

On the other hand, the purchase rate is expected to remain stable at a level higher than that of the previous year, thanks to the success of various sales measures. While duty-free sales have a certain degree of correlation with exchange rates, they are also the result of a combination of various factors.

Although the depreciation of the yen creates a temporary price advantage for our duty-free stores, this advantage will not last long and will dissipate as global brands adjust their selling prices accordingly to the exchange rate level to equalize their prices on a global scale. We believe this had an impact on our H1 results.

In addition, there are reports of stagnant sales of luxury brands overseas and a slowdown in the Chinese economy, so we are more cautious than in Q1 about future purchasing trends among Chinese passengers.

In addition, general duty-free stores selling food, sundries, liquor, cigarettes, etc. tend to be relatively less affected by foreign exchange rates because the unit price of products handled in such stores is lower than that of products handled in brand boutique stores.

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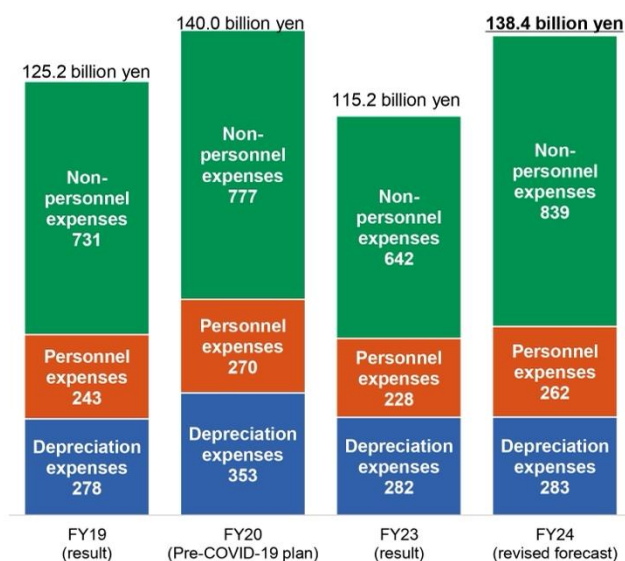
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(6) Status of Selling, General and Administrative Expenses

◆ Overview

- Selling, general and administrative expenses were generally in line with the plan in the first half.
- We expect increases in variable expenses due to increases in passenger volume and operating revenues as well as increases in miscellaneous expenses due to rising prices.
- In the current fiscal year, as we will be operating the entirety of terminal facilities for the full year, the costs for facility maintenance and management will considerably increase from the previous fiscal year, when some of the facilities were not in use.
- Repair expenses will increase considerably due to replacement of aged facilities and equipment, construction work for energy saving and safety measures, etc.
- Rent will increase for the performance-linked portion of international flights.
- Utilities expenses are expected to increase, partly due to the expansion of terminal operations.
- We have added employees according to the plan and have more or less solved personnel shortages. Labor costs will increase partly because of improvements in compensation

Changes in selling, general and administrative expenses



Japan Airport Terminal Co., Ltd.

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See page 11. This section describes the status of SG&A expenses.

Although there were some fluctuations in each expense category in H1, overall progress was generally in line with the plan.

For the full year, in addition to the increase in variable costs due to the increase in passenger volume and sales, and the increase in various expenses due to rising prices, there will be a significant rise in facility maintenance and management costs from the previous year during which some facilities were suspended, since in this fiscal year, the entire terminal facilities will be operated year-round. Furthermore, repair expenses are expected to increase significantly due to the planned replacement of facilities and equipment that have been installed for a number of years, energy-saving measures such as installation of LED lighting, and safety measures such as renovation in preparation for major disasters and installation of backflow prevention gates at the arrival exits.

Although the number of personnel will be increased as planned and the manpower shortage has been almost completely resolved, personnel expenses are expected to increase due in part to improved compensation.

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(1) Our Goals and Key Initiatives

Our goals for 2030		Our goals for 2025			Key initiatives in FY2024
Create a model recognized as the best for airports A human-and-eco-friendly advanced airport ➤ The best hospitality in the world ➤ A safe and secure airport ➤ Comfortable travel that is stress free ➤ Eco-airport	Facilities management	To achieve both high quality and profitability, we are reviewing terminal operations and promoting the functional strengthening of airport infrastructure toward increasing the number of non-Japanese visitors to Japan in 2030, while striving to reduce maintenance and management costs and increase revenues such as rents.			- Establish high-quality and high-efficiency operations and optimize maintenance and management costs through full-scale introduction of customer service technology, robots, etc. - Start renewal of commercial facilities. Plan to increase rent and other revenues by leasing vacant rooms - Complete T2 satellite; start T1 satellite construction
	Merchandise sales Food and beverage	While reviewing the product range, services, operations, cost rates, etc., we will uncover customer needs where consumption trends have changed by taking advantage of digital marketing, and aim for operating revenues from merchandise sales of 143 billion yen (previous standard: 219 billion yen) and operating revenues from food and beverage sales of 17 billion yen (previous standard: 21 billion yen)			- Steadily implement store renewal in T3 duty-free area, T1 marketplace, etc. - Expanded development of original products and high-priced products to enhance the uniqueness of our stores - Expand services by strengthening one-to-one marketing and increasing the number of HANEDA members
	New business Expertise business	These businesses are expected to be part of the earnings base in 2030. By utilizing Haneda's value and networks, and airport operational expertise, and through acquiring management resources we currently do not have, we aim to generate operating revenues of 10 billion yen in 2025.			- Renovate website for e-commerce and improve warehouses, etc. - Expand business alliances with secondary agencies and sales agencies in the sales agency business - Promote overseas airport consulting - Promote co-creation research at terminal.0 in HICity
JAT Group's Goals An airport terminal company trusted by all stakeholders ➤ Sustainability permeates throughout management and business promotion ➤ Establish operational excellence ➤ Establish airport functions with a vision for future increases in airline demand ➤ Establish a stable revenue source and financial base ➤ Further enhance organizational strength and governance	Management base	Digital transformation strategy	Organization, personnel, and governance	Financial strategy	● Digital transformation strategy - Continue operation optimization measures based on strengthening of the dissemination of congestion information and demand forecasts - Promote robotic warehousing, RFID inventory management, etc. ● Organization, personnel, governance - Continue to promote women's participation in the workforce and employment of people with disabilities - Continue to implement and expand industry-industry and industry-academia collaboration - Continue to implement Plus One Promotion ● Financial strategy - Consider and prepare for implementation of ESG financing
		- Using technology with a focus on digital and AI - Digital integration of information and data - Evolution into a Smart Airport	- Recruitment of outside human resources, strengthening of exchanges with outside personnel - Ensure expertise and diversity of personnel - Cultivate a corporate culture of "think and take on challenges yourself"	- Rapid restoration of financial soundness - Establish a sophisticated business evaluation and management system - Appropriate investment in new business opportunities	

Japan Airport Terminal Co., Ltd.

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See page 12. This section shows the vision of our group in 2030, the vision of each business in 2025, and the main initiatives for FY2024.

We have set what each of our businesses aims to become by 2025, in order to achieve our goal for 2030, which means establishing an advanced airport that is friendly to both people and the environment, and becoming an airport terminal company that is trusted by all stakeholders.

And while responding flexibly to the circumstances of the moment, we are steadily implementing each policy toward the vision we aim to achieve by 2025.

From the next page, we will explain our main initiatives for this fiscal year by business segment.

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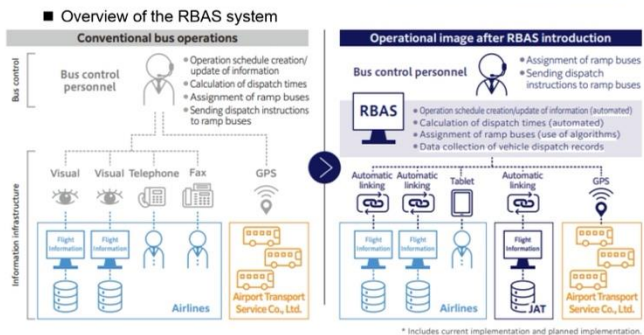
(2) Facilities Management

◆ Establishment of high quality and high efficiency; optimization of maintenance and management costs

- Demonstration experiment of human flow analysis and demand forecasting
- Optimization of operation and maintenance costs through introduction of security robots, etc.
- Introduction of a Ramp Bus Allocation System (RBAS)
- Swing operations at Terminal 2 to respond to the increase in international flights
- Replacement of aged facilities and equipment, construction for safety measures
- Promotion of facility improvement for the future
 - Construction work for connecting the satellite building on the north side of Terminal 2 with the main terminal
 - Construction of the satellite building on the north side of Terminal 1

◆ Revitalization of the commercial area and development of the office rental area

- Steady development of rental areas in Terminal 1
- Rebuilding and reorganization of the entire commercial area
- Development of the office area rental zone and increase in the area for rental (to respond to an increase in demand for office space from airline companies, etc.)
- Study of appropriate rent levels



Japan Airport Terminal Co., Ltd.

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See page 13. In the facility management and operation business, we are working to establish high-quality and highly efficient operations and to optimize maintenance and management costs.

We are planning to install more infrared cameras and other equipment to monitor the flow of people in the building, in order to verify and improve the accuracy of demand forecasting, and to distribute congestion information via the official Haneda Airport application.

At the same time, we will work to find more effective and efficient personnel allocation by promoting collaboration between humans and robots through introduction of security robots and other means. In addition, with the intention of optimizing operations at the airport as a whole, we have begun working with airlines and other stakeholders to share information.

In April of this year, we introduced RBAS, a ramp bus dispatch system for the apron side. We aim to improve customer convenience and the airline's on-time flight rate by streamlining the ramp bus operation on the apron, which is operated by Airport Transport Service Co., Ltd., by coordinating data such as the number of passengers on airplane, flight operation status and the number of ramp busses in operation, and improving efficiency through automatic bus allocation using algorithm.

As for improvement of profitability, we have been sequentially improving the compartment in Terminal 1, which has been shared for 30 years, and we are reorganizing and improving the entire commercial area to attract attractive tenants. Also, to meet the increasing demand for office space by airlines, we are improving the office area loan compartment to increase the area for loan.

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(3) Merchandise Sales and Food and Beverage

◆ Responses to increasing and diversifying passenger demand

- Easing congestion at cash registers (increase in POS cash registers, change of layout, etc.)
- Enhanced lineup of made-in-Japan products to promote souvenir demand
- Offering original products developed in tie-ups with luxury brands, etc.
- Reorganization of duty-free stores in Terminal 3
- Opening of restaurants with a vegan menu (Japanese cuisine and pizza)
- Launch of Boucheron's first airport tax-free shop in Narita Airport
- Renovation of directly managed stores in Terminal 1 (store selling selected Japanese confectionaries, PLAZA, etc.)
- Multilingual version of Haneda Airport official app

■ Chaya Vegan
Friendly Tokyo (T3)



■ Diversity Diner HND (T3)

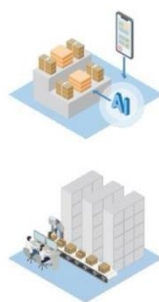


■ PLAZA renovation (T1)



◆ Improvement of operational efficiency

- Introduction of RFID-compatible cash registers
- Introduction of robotic warehouses
- Maintenance of appropriate inventory



1. Introduction of RFID*-compatible cash registers

Faster product identification

- RFID tags affixed to target products
- Improved cash register turnover through instant product identification

2. Introduction of digital signage

Provides information, facilitates smooth confirmation of boarding passes

- Installed in front of cash registers to encourage the preparation of boarding passes in multiple languages, ensuring smooth checkout.

3. Rapid payments with credit card terminals

Facilitates rapid terminal operation

- Introduced high-speed terminals to facilitate rapid payments

4. Information management using RFID

- Streamlines and simplifies store and warehouse inventories
- Automatically records warehouse entry and exit data, reducing workloads

5. Introduction of warehouse robotics

- Workloads are reduced through the use of high-density storage and an accelerated selection process

Japan Airport Terminal Co., Ltd.

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See page 14. In the merchandise sales and food and beverage businesses, we are working to respond to the increasing and diversifying demand for travel.

For international flights, we are taking measures to reduce the waiting time at the cash registers, such as changing the store layout to reduce congestion at the duty-free stores during busy periods. In addition to increasing the handling of domestic products that promote sales business, we are also developing MD to match the trends and attributes of departing customers by introducing new brands and developing original products in tie-up with the brands.

At the same time, we are reallocating duty-free stores in Terminal 3 and opening a vegan restaurant to meet diverse needs and improve the attractiveness of the duty-free shopping area.

On the other hand, for domestic flights, we have reviewed our product mix and are actively holding promotions and events of popular products, and are renovating directly managed stores in conjunction with the development of Terminal 1.

In addition, we are working to increase the number of touchpoints with customers by, for example, promoting multilingualization of the official Haneda Airport application. Furthermore, we are preparing to introduce RFID-compatible cash registers and robot warehouses in the next fiscal year to further improve the efficiency of store operations and logistics operations.

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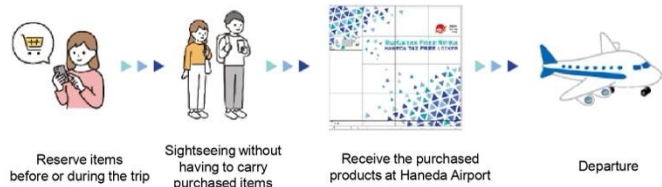
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(4) New Business and Expertise Business

◆ Expansion of the earnings base

- Relaunch of Haneda Shopping, an official online shopping website
- Preparation for setting up a counter for collecting reserved goods
- Opened the Haneda Airport Tax-free Shopping Online Reservation Station in WeChat, a super-app used by Chinese
- Started the Haneda Tax-Free Locker service, which completely digitizes the (unmanned) consumption tax exemption procedure
- Expansion of sales of Radi-Cool, a radiant cooling material



◆ Initiatives by terminal.0 Haneda

A research and development center for solving issues faced by the airport through the collaboration of different industries

- Conducting demonstration experiments of various robots
- Reducing stress at security checkpoints
- Creating an uplifting atmosphere (sense of excitement)



Japan Airport Terminal Co., Ltd.

■ Some of the airports in Japan that have introduced Radi-Cool



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See page 15. As for the new business and know-how business, we are in the process of expanding our revenue base.

To strengthen our e-commerce business, we have renewed our official online shopping website and launched a new service that allows customers to purchase specialty products from various regions of Japan, in addition to Haneda Airport exclusive products.

Also, we are strengthening cooperation with real stores and have opened the Haneda Airport Tax Free Reservation Station on WeChat, an application widely used by Chinese people, and launched the Haneda Tax Free Locker Service, in order to allow inbound passengers to comfortably enjoy sightseeing without carrying purchased items, thus improving their convenience.

In the distributor business, we are developing a network of distributors and building a track record of selling radiant cooling material called Radi-Cool and various robots to regional airports and other locations.

On the other hand, we have established a research and development base called "terminal.0 HANEDA" in Haneda Innovation City adjacent to Haneda Airport, and are working on business co-creation through cross-industrial collaboration with participating companies and organizations. We are conducting experiments to verify and confirm the introduction of various robots and to reduce stress at security checkpoints, and some of them have already progressed to trials in the airport terminal.

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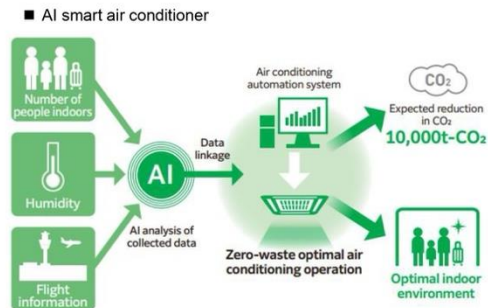
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(5) Sustainability

◆ Initiatives for reduction of environmental impact

- Terminal 1 north satellite: Obtained ZEB Oriented certification for the design phase
- Fitting of LED lights and replacement of air conditioners (AI smart air conditioner, etc.)
- We were selected as an implementation entity for the Study of the Establishment of a Hydrogen Supply System Using Pipelines, etc., in the Waterfront Area of the Airport publicly solicited by the Tokyo Metropolitan Government.
- Promoting bottle-to-bottle recycling of plastic bottles
- Charging of fees for shopping bags at duty-free stores

*ZEB Oriented is a certification for buildings with lower energy consumption.



◆ Promotion of DE&I and fair business activities

- Ensuring compliance
- Promotion of supply chain management
- Corporate culture reform and development of a workplace addressing DE&I
- Participation in the UN Global Compact

*DE&I is an abbreviation for diversity, equity, and inclusion.

WE SUPPORT



See page 16. This section describes our sustainability initiatives.

In an effort to reduce environmental impact, the Terminal 1 North Satellite Facility, currently under construction, has acquired the ZEB Oriented certification, a certification for buildings with low energy consumption, at the design stage. On the other hand, we are progressing with energy-saving work in the existing terminals, such as the use of LED lighting and the replacement of air conditioners.

As for near-at-hands things, we have introduced a fee for duty-free shopping bags, established a recycling system for plastic bottles collected in terminals to achieve bottle-to-bottle recycling, and are considering the introduction of products that use caps as recycled materials.

We are also working to ensure compliance in order to realize fair business activities and are cooperating with our suppliers to identify problems in the supply chain. Furthermore, through the Plus One Promotion, we are working to reform our corporate culture to create a work environment based on diversity and fairness for each employee, aiming to create a comfortable workplace where employees can work in cooperation and respect each other.

We have also expressed our support for the International Global Compact proposed by the United Nations and became an official participant in August, and we will continue to further strengthen our human rights, environmental, labor, and anti-corruption initiatives to promote sustainable development and enhance our corporate value.

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Last but not least, the number of foreign visitors to Japan has remained at a record high level while the foreign exchange market has fluctuated widely from time to time.

On the other hand, the airline industry faces challenges such as labor and fuel shortages, and in terms of taxation, a change to a refundable consumption tax exemption system is expected.

In this environment, we will respond to various changes in the business environment and ensure that necessary policies will be implemented with our long-term goals in mind, so as to achieve successful business results.

We appreciate your continued understanding and support.

That is all for my explanation. Thank you very much.

Moderator: Thank you very much.

[END]

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