Japan Airport Terminal Co., Ltd.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2027

August 10, 2026

Event Summary

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[Participants]		
[Number of Speakers]	3	
	Kazuhito Tanaka	President
	Isamu Jinguji	Director, Senior Managing Executive Officer
	Takeshi Fujino	Director, Senior Managing Executive Officer
[Analyst Names]*	Takuya Osaka	Morgan Stanley MUFG Securities
	Koki Ozawa	SBI Securities

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Moderator: It is now the scheduled time, so we will begin the Q1 financial results briefing for the fiscal year ending March 2027 for Japan Airport Terminal Co., Ltd. Thank you very much for taking the time to attend today despite your busy schedules.

To begin, I would like to introduce today's attendees from the Company. President Kazuhito Tanaka.

Tanaka: My name is Tanaka. Thank you.

Moderator: Director, Senior Managing Executive Officer Isamu Jinguji.

Jinguji: This is Jinguji. Thank you.

Moderator: Director, Senior Managing Executive Officer Takeshi Fujino.

Fujino: I am Fujino. Thank you.

Moderator: These are the attendees.

Continuing, we will explain today's materials. The presentation materials and other documents are available on our website. Those watching the live webcast will be able to download the presentation materials from the explainer and materials tabs on the screen you are watching. Please utilize them.

Next, I would like to introduce today's agenda briefly. To begin with, the Company will give a presentation lasting approximately 30 minutes, based on the presentation materials. We will then answer any questions you may have via phone. Please note that we cannot accept questions via the web.

Let us now begin the presentation. President Tanaka.

Tanaka: I am Tanaka, President. We want to express our sincere gratitude to all of you for your continued understanding and support of our business operations. Today, Jinguji will first report on our consolidated financial results for Q1 FY2026, and then I will discuss the key topics for this fiscal year and the current external environment.

First, I would like to discuss the factors behind our strong performance in Q1, as well as our outlook for the full year.

In Q1, driven by an increase in passenger traffic and higher sales at Haneda Airport's duty-free stores, both operating revenue and operating profit exceeded our targets, setting new quarterly records for both operating revenue and operating profit.

However, in light of delays in the timing of certain expenses and uncertainties in the external environment, we are maintaining our full-year earnings forecast at this time.

Consolidated Results for the First Quarter of FY2026

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Passenger Traffic

- **Haneda's domestic and international passenger traffic exceeded both the previous year and our forecast, with steady growth continuing.**
- **International passenger traffic at regional airports, including Kansai International Airport and Chubu International Airport, tended to remain below the previous year's level due to reduced travel from China to Japan.**

Airport	FY2026 1Q	FY2025 1Q	Rate of change (%)	Initial forecast 1Q	Rate of Achievement (%)
Haneda – Domestic	1,574	1,544	2.0	1,545	101.9
Haneda – International	626	601	4.1	610	102.7
Total Haneda	2,200	2,145	2.6	2,155	101.6
Narita	853	846	0.8	858	99.4
Kansai	596	690	△13.6	650	91.8
Chubu Centrair	121	136	△10.5	130	93.3

＊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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Jinguji: I will now explain the details of the financial results.

Please see page four. First, here is an overview of passenger traffic, which forms the basis for our financial projections.

Passenger traffic at Haneda Airport remained strong, with both domestic and international passenger traffic increasing compared to the previous year.

Although domestic flights were affected by a typhoon in June, they performed well thanks to the favorable timing of the Golden Week holidays and solid leisure demand. Although the number of Chinese passengers on international flights is trending downward, the number of inbound non-Chinese passengers is increasing, and both international and domestic flights are outperforming expectations.

Aside from Haneda Airport, passenger numbers at Narita Airport remained on par with the previous year. At the same time, Kansai and Chubu International Airports saw a significant decline due to the drop in Chinese passengers, resulting in figures below the previous year’s levels.

Consolidated Results for the First Quarter of FY2026

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Consolidated Overview

- **Duty-free sales increased significantly, driven by the impact of phased price revisions implemented since the previous year and the weaker yen.**
- **Operating profit increased by double digits year on year, progressing ahead of our forecast.**

(100 million yen)	FY2026 1Q	FY2025 1Q	Change	Change of Rate(%)
Operating revenues	741	689	51	7.4
Facilities management	301	276	25	9.0
Merchandise sales	394	370	24	6.5
Food and beverage	45	42	2	5.1
Operating profit	143	102	41	40.7
Ordinary profit	135	98	36	36.9
Net profit attributable to owners of parent	84	62	21	34.4

Note: Figures shown are rounded down to the nearest 100 million yen.

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See page five. Our consolidated financial results for Q1 are as shown in the red box in the materials.

Operating revenues were JPY74.1 billion, operating profit was JPY14.3 billion, ordinary profit was JPY13.5 billion, and quarterly net profit was JPY8.4 billion, marking an increase in both revenue and profit.

Revenue increased overall, as each segment performed strongly against the backdrop of rising passenger traffic.

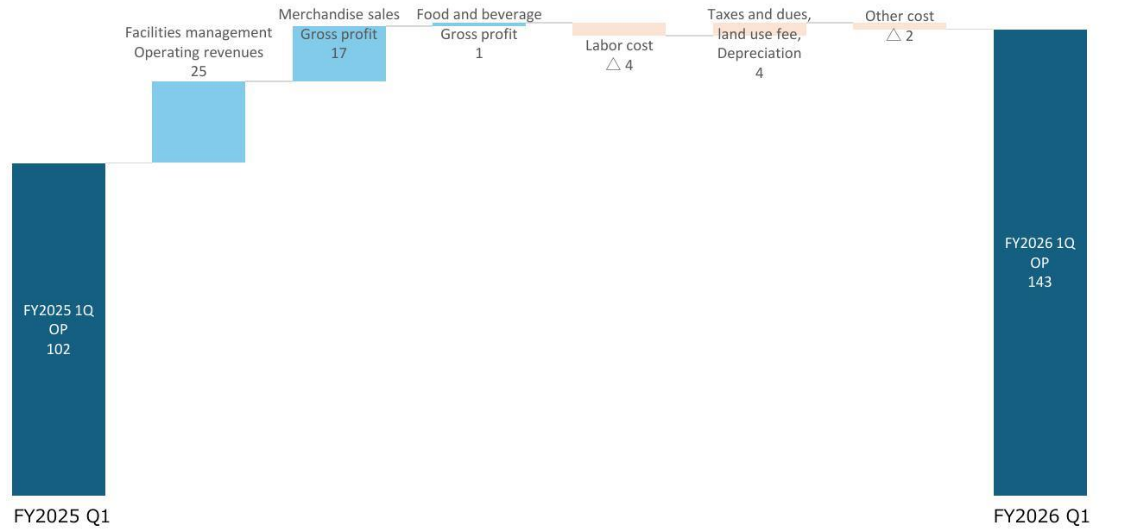
Operating profit rose significantly due to higher revenue, combined with a limited increase in SG&A expenses.

As a result, operating revenues exceeded forecasts by JPY2.8 billion, and operating profit exceeded forecasts by approximately JPY2.6 billion.

Consolidated Results for the First Quarter of FY2026

Operating Profit Breakdown

- **Phased price revisions implemented since the previous year and higher gross profit driven by strong sales contributed significantly to the increase in profit.**
- **Although personnel expenses and other costs increased, SG&A expenses were contained due to lower depreciation expenses.**



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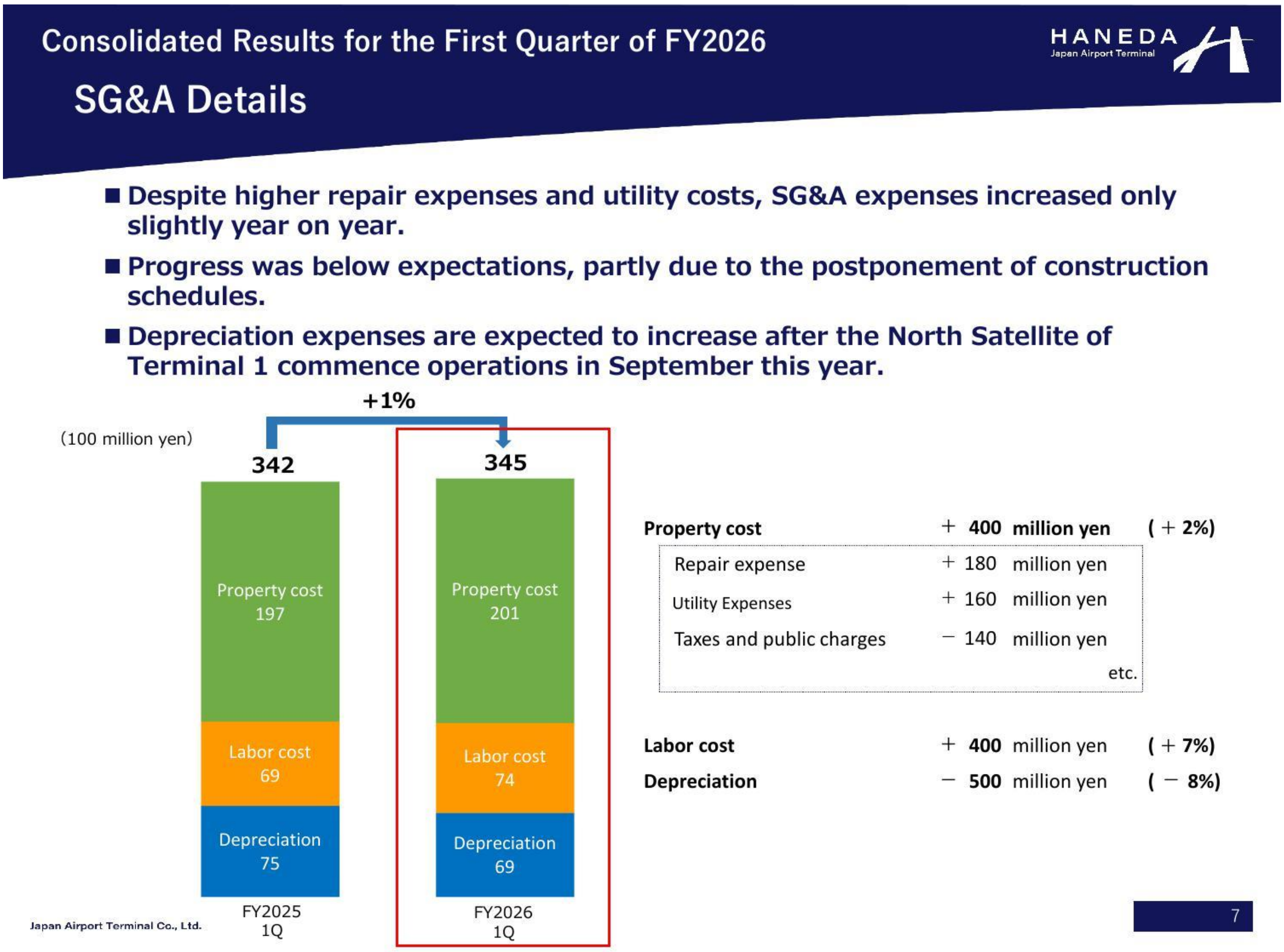
See page six. This section outlines the factors contributing to the increase or decrease in operating profit compared to the previous fiscal year.

Compared to the previous period’s operating profit of JPY10.2 billion, revenue growth in the facilities management segment contributed JPY2.5 billion, and an increase in gross profit from the merchandise sales and food and beverage segments contributed JPY1.9 billion.

Although labor costs and other costs increased, fixed costs, such as depreciation and rent, decreased, resulting in an operating profit of JPY14.3 billion for the current period.



I will explain SG&A expenses on the next page. Please see page seven.

SG&A expenses rose by only JPY300 million, from JPY34.2 billion in the previous fiscal year to JPY34.5 billion this fiscal year.

Operating expenses increased by JPY400 million, primarily due to repair expenses, utilities, and taxes and public charges. Labor costs increased by JPY400 million due to factors such as an increase in headcount and base pay raises. At the same time, depreciation expenses decreased by JPY500 million due to an increase in the number of assets that have been in use for several years.

Although costs are on the rise due to longer delivery times for materials and labor shortages, a portion of outsourcing and repair expenses has been deferred to Q2 and beyond. As a result, total SG&A expenses came in approximately JPY1.1 billion below expectations. Please note that we expect the expenses, whose timing has been delayed, to be incurred during the current fiscal year. In addition, since the North Satellite of Terminal 1 is scheduled to begin operations in September, depreciation expenses are also expected to increase.

Consolidated Results for the First Quarter of FY2026

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Consolidated Financial Details

Items	FY2026 1Q	Ratio	FY2025 1Q	Ratio	Change	Rate of Change
	Millions of yen		Millions of yen		Millions of yen	%
Operating revenues	**74,126**	100.0	68,997	100.0	5,128	7.4
Facilities management	30,196	40.7	27,691	40.1	2,504	9.0
Merchandise sales	39,412	53.2	37,006	53.6	2,406	6.5
Food and beverage	4,516	6.1	4,299	6.2	217	5.1
Cost of sales	**25,194**	34.0	24,504	35.5	690	2.8
Cost of sales of merchandise	22,756	30.7	22,132	32.1	623	2.8
(Ratio*1)	(57.7%)	-	(59.8%)	0.0	(-2.1P)	0.0
Cost of sales of food and beverage	2,438	3.3	2,371	3.4	67	2.8
(Ratio*2)	(54.0%)	-	(55.2%)	0.0	(-1.2P)	0.0
Gross profit	**48,931**	66.0	44,493	64.5	4,438	10.0
SG&A	34,568	46.6	34,288	49.7	280	0.8
Operating profit	**14,362**	19.4	10,204	14.8	4,157	40.7
Non-operating income/loss	-809	-1.1	-307	-0.4	-502	164
Ordinary profit	**13,552**	18.3	9,897	14.3	3,654	36.9
Extraordinary income/loss	-3	0.0	16	0.0	-19	-122
Income taxes – current	2,472	3.3	1,714	2.5	758	44.2
Net profit to NCI	2,657	3.6	1,934	2.8	722	37.4
Net profit to Parent	**8,418**	11.4	6,264	9.1	2,154	34.4

*1 Ratio: Cost of sales of merchandise / Operating revenues of merchandise
*2 Ratio: Cost of sales of food and beverage / Operating revenues of food and beverage

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Please see page eight. Here, we will provide an overview of the factors contributing to the increase in revenue and profit in our consolidated financial results.

Operating revenues increased by 7% compared to the previous period, driven by an increase in passenger traffic, the effects of various fare adjustments, and growth in duty-free sales against the backdrop of a weaker yen.

Although the growth in reported operating revenues has been moderated compared to actual in-store sales due to an increase in the proportion of transactions processed through distribution channels, gross profit improved as a result of a lower cost-of-sales ratio. As a result, the Company offset the increase in SG&A expenses, and operating profit rose by 41%. In non-operating income and loss, interest expense increased, and expenses related to the issuance of corporate bonds were incurred.

Consolidated Results for the First Quarter of FY2026

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a. Facilities management

- Rent revenues increased, driven by higher variable rent resulting from strong tenant store sales and revised contract terms.
- Facility user charges revenues increased, partly due to the impact of the PSFC for domestic flight price revision implemented in April of the previous year.

Items	FY2026 1Q	Ratio	FY2025 1Q	Ratio	Change	Rate of Change
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%
Rent revenues	**6,007**	19.4	5,380	19.0	627	11.7
Facility user charges revenues	**17,158**	55.3	15,975	56.4	1,182	7.4
Other revenues	**7,031**	22.7	6,335	22.4	695	11.0
Subtotal	**30,196**	97.4	27,691	97.8	2,504	9.0
Intersegment sales	818	2.6	621	2.2	197	31.8
Total	31,015	100.0	28,312	100.0	2,702	9.5
Operating expenses	**22,344**	72.0	22,157	78.3	186	0.8
Operating profit	**8,670**	28.0	6,155	21.7	2,515	40.9

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Starting on the next page, I will explain the financial results for each segment.

Please see page nine—first, the facilities management segment.

Rent revenues increased due to revised office contract terms in light of rising costs and an increase in variable rent resulting from higher store sales.

Facility usage charge revenue increased due to a rise in passenger traffic, as well as the full-year impact of the domestic flight price revision implemented last April. Since Q1 of the previous year included some passengers who traveled under the old price structure, the impact of the price revision is more clearly evident this quarter.

In terms of other revenue, in addition to the increase in passenger traffic and the effects of the parking fee revisions implemented in stages starting in August of the previous year, the commencement of our contract to handle a portion of security screening operations at Haneda International Airport also contributed to the revenue increase.

Consolidated Results for the First Quarter of FY2026

b. Merchandise sales

- **Sales at Haneda-operated stores outpaced passenger traffic growth, while international duty-free store sales increased significantly, benefiting from the weaker yen.**
- **Other sales（wholesale etc.）declined slightly year on year, reflecting the decline in Chinese passenger traffic.**

Items	FY2026 1Q	Ratio	FY2025 1Q	Ratio	Change	Rate of Change
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%
Domestic terminal stores	**3,776**	9.5	3,629	9.7	146	4.0
International terminal stores	**25,500**	64.1	23,154	61.9	2,345	10.1
Other sales	**10,135**	25.5	10,221	27.3	-86	-0.8
Subtotal	**39,412**	99.1	37,006	99.0	2,406	6.5
Intersegment sales	375	0.9	377	1.0	-2	-0.6
Total	39,788	100.0	37,383	100.0	2,404	6.4
Operating expenses	**31,549**	79.3	30,749	82.3	799	2.6
Operating profit	**8,238**	20.7	6,634	17.7	1,604	24.2

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Please see page 10. Next is the merchandise sales segment.

Revenue at domestic terminal stores increased at a rate exceeding the growth in passenger traffic, driven by changes in the product lineup and events related to the Soccer World Cup.

Sales at international duty-free stores, particularly those at Haneda Airport, saw significant growth against the backdrop of the yen's continued depreciation.

On the other hand, other sales fell slightly below the previous year’s level due to a decline in wholesale sales resulting from a decrease in Chinese passengers at other airports.

In the merchandise sales segment as a whole, sales at Haneda Airport’s duty-free stores contributed significantly to the increase in revenue. I will provide a detailed explanation of the situation regarding duty-free stores on pages 12 and 13.

Consolidated Results for the First Quarter of FY2026

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c. Food and beverage

- **Restaurant sales grew on the back of strong passenger demand, while inflight catering revenue increased, benefiting from the pricing revisions implemented in the previous year.**
- **In addition to revenue growth, segment-wide initiatives to reduce food costs contributed to improved profit margins.**

Items	FY2026 1Q	Ratio	FY2025 1Q	Ratio	Change	Rate of Change
Sales to external customers	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sales from restaurants	**2,142**	44.7	2,067	45.5	75	3.6
Sales from in-flight meals	**2,037**	42.5	1,862	41.0	175	9.4
Other sales	**336**	7.0	370	8.2	-33	-9.0
Subtotal	**4,516**	94.3	4,299	94.7	217	5.1
Intersegment sales	271	5.7	239	5.3	32	13.4
Total	4,788	100.0	4,539	100.0	249	5.5
Operating expenses	**4,523**	94.5	4,340	95.6	182	4.2
Operating profit	**265**	5.5	198	4.4	67	33.8

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Please see page 11. This is the food and beverage segment.

Sales from restaurants increased on strong passenger demand.

Sales from in-flight meals was driven by price adjustments implemented in H2 of the previous fiscal year, as well as an increase in load factors at our suppliers.

Other sales declined due to factors such as the closure of some stores that sell in-flight meals.

In terms of profitability, although SG&A expenses increased, the cost-to-sales ratio improved due to factors such as joint purchasing across the Group, leading to an improvement in profit margins.

Consolidated Results for the First Quarter of FY2026

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Duty-Free Store Sales ①

- **The yen remained weaker than the assumed exchange rate of JPY152/USD, driving Haneda Airport duty-free store sales well above the initial forecast.**
- **Sales at Narita Airport declined year on year due to the temporary closure of certain stores for renovations.**

◆ **Duty-free stores sales by location**

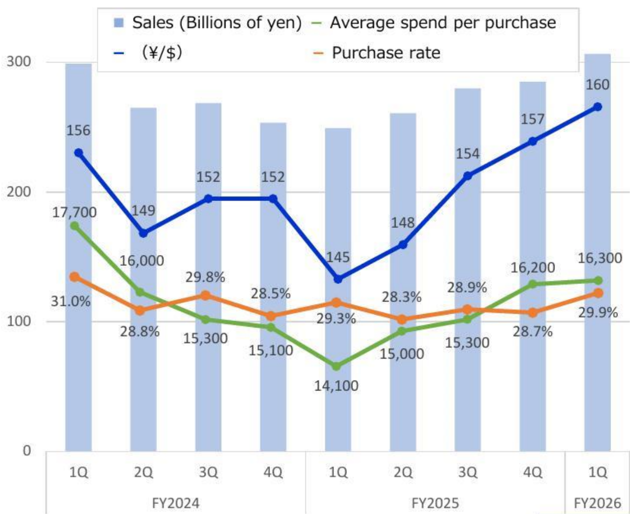
(Millions of yen)	FY2026 1Q	FY2025 1Q	Rate of Change
Haneda	30,647	24,928	23%
Narita*	3,181	3,742	-16%
Ginza**	1,687	1,606	5%

*Narita : Some stores are temporarily closed due to renovations. (Scheduled for April 2026 to January 2027)

**Ginza : Scheduled to close on September 23, 2026

*Sales are based on total transactions and are different from the amounts recorded on income statement.

◆ **Haneda Duty-free store (Results)**



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Please see page 12.

Next, I will explain the current situation regarding duty-free stores. Please note that, to help you better understand our actual business performance, we use total sales volume—calculated by aggregating in-store sales—as our sales figure. Therefore, this differs from the revenue reported on the P&L.

In terms of total sales by location, sales at Haneda Airport's duty-free stores increased by about 20%. In contrast, sales at Narita Airport's duty-free stores decreased compared to the previous period due to the temporary closure of some stores for renovations.

At Haneda Airport's duty-free stores, against the backdrop of a weak yen, we secured inventory of popular brands and intensified sales of high-priced items. As a result, aided by the launch of pop-up stores, both the average transaction value and the purchase rate increased compared to the previous quarter, and quarterly sales reached a record high.

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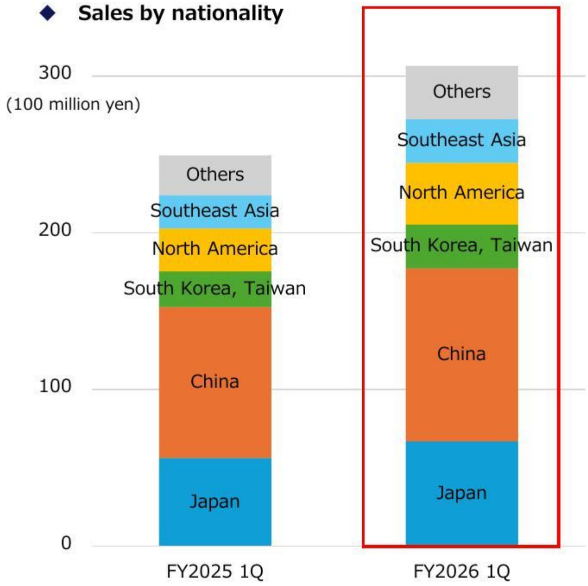
Haneda Duty-Free Store Sales ②

- **Sales growth was driven by North America, China, and Japan, with sales increasing year on year across all nationalities.**
- **The sales mix of brand boutiques increased, driven by accelerating duty-free demand amid the weaker yen and renovations implemented in the previous fiscal year.**

◆ **Sales by nationality**



◆ Per-unit purchases (yen)	FY2026 1Q	FY2025 1Q	Rate of Change
Japan	13,800	12,100	14%
China (including Hong Kong)	27,000	22,200	22%
Taiwan	23,100	19,300	20%
South Korea	13,600	12,100	12%
North America	13,000	11,300	15%
Southeast Asia	15,600	14,200	10%
Europe and others	8,300	7,200	15%
Overall	16,300	14,100	16%

◆ Shared by category	FY2026 1Q	FY2025 1Q	Rate of Change
Apparel, jewelry, watches, etc.	41%	35%	5 pt
Perfumes and cosmetics	26%	26%	- pt
Alcohol and cigarettes	15%	16%	△ 1 pt
Food	13%	17%	△ 3 pt
Others	5%	5%	- pt
	100%	100%	

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*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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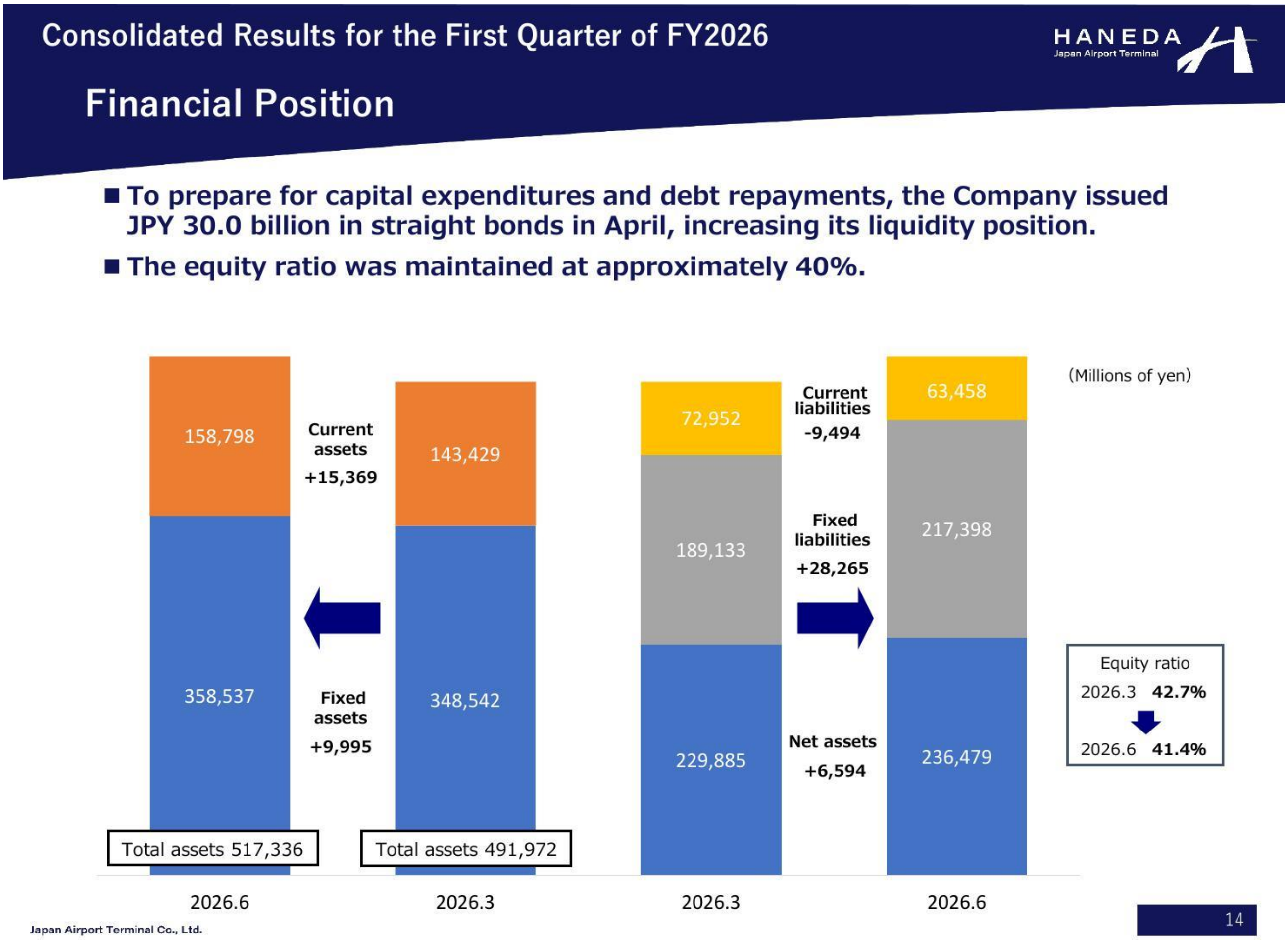
Please turn to page 13. In terms of sales by country and region, all regions, including China, exceeded the previous period's figures. Although the number of customers in China has declined, sales have increased due to a rise in per-unit purchases. In other regions, both the number of customers and per-unit purchases are on the rise.

By product category, apparel, jewelry, and watches have seen significant growth, accounting for more than 40% of the product share. In the perfume and cosmetics category as well, we increased sales by approximately 20% through store layout reorganization, brand rotations, and various other initiatives, thereby maintaining product share.



Please see page 14. This section presents our financial position as of the end of June.

Total assets increased due to factors such as an increase in working capital and a rise in tangible fixed assets resulting from the completion of construction on the North Satellite of Terminal 1, despite depreciation.

Liabilities included payments for capital expenditures, tax expenses, and scheduled debt repayments. On the other hand, because the Company raised JPY30 billion through the issuance of straight bonds in April, the total amount increased.

Net assets increased due to the recognition of net profit for the current period, despite the payment of dividends.

As a result of the above, the equity ratio decreased slightly from the previous fiscal year to 41%.

Tanaka: That concludes the overview of Q1. Next, I will explain the main topics for this fiscal year and the current business environment.

See page 15. In terms of facilities, the North Satellite of Terminal 1, on which construction began in 2024, was completed this past May.

This facility was constructed as a replacement for a spot that was closed due to the government's apron seismic retrofitting project. From a sustainability and environmental perspective, this building features Haneda Airport's first hybrid steel-and-timber structure.

We are currently working on the installation of the terminal's connection points, and we plan to begin service in September of this year after completing operational checks and proficiency training.

In addition, in conjunction with the start of operations, we will be revising the passenger service facilities charge for domestic flights. This revision takes into account factors such as the development of facilities other than this one and rising costs.

See page 16. On the retail front, the revision of the tax-free shopping system for international visitors to Japan is scheduled to take effect this November. We view this as a business opportunity.

Under this new system, when travelers purchase goods at duty-free stores in the city, they first pay the consumption tax and then receive a refund equal to the amount of the tax after passing through customs upon departure. However, since the process involves a certain amount of effort, a handling fee will be deducted from the refund, and the amount the traveler receives will be less than the consumption tax paid. For this reason, we believe that duty-free stores at airports not affected by the revision may see their relative competitive advantage increase. In addition, additional spending at the airport by travelers who have received cash tax refunds is also expected.

In response to this cash refund initiative, we plan to jointly develop equipment with Glory Ltd., a manufacturer of currency processing machines, and install it at airports.

Since it is difficult to assess the impact of these revisions on our business performance at this time, we are taking a conservative approach in our estimates. However, we will continue to work to capture demand at airport duty-free stores while closely monitoring future changes in consumer trends.

See page 17. Although our Q1 results exceeded our targets, we are maintaining our full-year earnings forecast at this time.

Currently, while the weak yen is driving up duty-free sales, the external environment, including the outlook for exchange rates and the situation in the Middle East, remains fraught with uncertainty. Passenger flights to the Middle East are showing signs of recovery. While some flights to China continue to be canceled, we believe the impact on our company's performance will be limited.

Furthermore, while travel demand this summer has shown some signs of weakness in certain areas, we expect it to remain firm overall for H1 of the year, as demand is also being spread out over events such as the long weekend in September.

Going forward, we will continue to closely monitor the impact of external factors and natural disasters, assess demand and cost trends in Q2, and consider revising our full-year earnings forecast when we announce our H1 results.

Finally, regarding the new medium-term business plan announced in May, we are working to ensure its implementation across Group companies while also moving forward with the development of specific measures within each department.

In addition, to ensure that all decision-making is thoroughly grounded in return on investment, we have established an investment and financing committee. We are working to improve investment efficiency and capital efficiency.

Moving forward, we will continue to drive corporate transformation as a unified group, striving to enhance airport value while simultaneously strengthening profitability and improving capital efficiency, to achieve sustainable growth in corporate value. We would greatly appreciate your continued understanding and support.

That concludes today's presentation. Thank you very much.

Moderator: Thank you very much.

Question & Answer

Moderator [M]: Now, we'd like to take questions from the audience. Please ask your questions verbally during the conference call. Please register for the Q&A session and wait in line while you're in the queue. When it's your turn, we'll call on you.

We are now ready to take questions. We will call your name. When you are called on, please state your company name, followed by your name, and ask your question. Now, Mr. Osaka of Morgan Stanley MUFG Securities, please begin.

Osaka [Q]: I'm Osaka from Morgan Stanley. Thank you very much for today's briefing.

I have two questions. First, you mentioned that the Q1 results—JPY2.8 billion in operating revenue and JPY2.6 billion in operating profit—exceeded projections. How does this break down by segment? Also, I think there might be some timing discrepancies with the expenses. Since SG&A expenses also fell short by JPY1.1 billion, please provide a breakdown by segment showing the actual figures after adjusting for all timing differences in expenses. This is the first question.

Second, while Q1 international passenger traffic was up 4% YoY, how did passenger traffic change, whether they were Japanese or foreign? How did the numbers vary by foreign nationality? If you have any figures to share, please let me know. That's all.

Jinguji [A]: First, regarding the factors behind the better-than-expected revenue and profit: In this quarter, after deducting the cost of goods sold, gross profit exceeded expectations by approximately JPY1.5 billion. As you pointed out earlier, SG&A expenses came in about JPY1.1 billion below projections. Consequently, operating profit exceeded expectations by approximately JPY2.6 billion.

Looking at the results by segment, the facilities management segment saw an increase in profit of approximately JPY800 million, and the merchandise sales segment exceeded its projected operating profit by JPY1.6 billion. Meanwhile, the food and beverage segment fell short by JPY100 million, and head office expenses were about JPY100 million below the projected figure.

As for expenses by segment, these include operating expenses and SG&A expenses for the facilities management segment. This figure is approximately JPY450 million below SG&A expenses, with repair expenses accounting for about JPY250 million of that shortfall. A portion of this amount, approximately JPY150 million, has been deferred. It is about JPY350 million below the outsourcing costs. Meanwhile, utility costs have increased by about JPY200 million.

For the merchandise sales segment, SG&A expenses are about JPY700 million lower than expected. Labor costs, outsourcing costs, and repair expenses are each about JPY100 million below budget, and e-commerce-related advertising and promotional expenses are also about JPY200 million below budget.

In addition, regarding the head offices' shared expenses, outsourcing costs of approximately JPY100 million have been deferred due to timing differences, bringing the total amount of deferred SG&A expenses to about JPY250 million.

Fujino [A]: Regarding international passenger traffic, while we don't have precise figures broken down by nationality, based on the situation at our stores, Japanese passengers accounted for about 25% in Q1. Other than Japanese passengers, the rest consist of foreign nationals. Therefore, we currently expect this trend to remain unchanged for the time being.

Osaka [Q]: I understand. Thank you.

Regarding the first question, what was the total estimated amount of the timing difference in SG&A expenses?

Jinguji [A]: It's about JPY250 million compared to the budget. That includes both the repair expenses and outsourcing costs.

Osaka [M]: I understand. Thank you.

Moderator [M]: Thank you for your question. Now, Mr. Ozawa of SBI Securities, please go ahead.

Ozawa [Q]: This is Ozawa from SBI Securities. I have two questions.

The first question concerns the financial results. On page nine, it mentions rent revenue and revised contract terms for the facilities management segment. The medium-term plan originally included a proposal to raise rents. While I specialize in real estate, generally speaking, and this applies to office buildings as well, rents for street-level stores are currently on the rise. My first question is whether the measures you have taken to ask tenants at your airport facilities to raise rent are beginning to show results.

Second, I think a few events are coming up in H2 of the fiscal year—or rather, starting in September—that are likely to lead to increased revenue and profit. For example, regarding the topic discussed earlier on page 15—the increase in passenger service facilities charge for domestic flights—this is a second increase. Although there are figures listed here, if we do a rough calculation—even though it's broken down into two stages—should we understand this to mean that, focusing primarily on adults, it will result in an annual increase in revenue and profit of about JPY8 billion, with the profit increase being roughly equivalent to that figure?

One more question, about the refund method mentioned on page 16. In this case as well, since the percentage of Chinese tourists, or rather, resellers, who actually shop at the airport is increasing, there's a trend of people thinking, "Let's buy it here instead of at Don Quijote." While I don't have the exact figures, is this likely to have a significant positive impact on duty-free sales, or could you share any insights? Thank you.

Tanaka [A]: Now, regarding the first question on rent, we have been implementing various measures since last fiscal year concerning rent adjustments and price revisions for the facilities management segment. Last fiscal year, we first revised the maintenance fees, followed by the lounge and parking lot. In addition, at a more granular level, we are making various price adjustments within our facilities management segment, such as raising the unit price for trash collection.

This fiscal year, we have also been adjusting some rents for our international terminal. Rather than adjusting rents to reflect increased value, we are currently undertaking various initiatives to restore them to appropriate levels. In particular, we implemented some price adjustments for general office spaces. For merchandise sales and food and beverage tenant stores, we worked to increase variable rent and took other similar measures. As a result, these efforts have yielded significant results in the facilities management segment.

Next, I'll answer your second question. Starting this September, the price of PSFC has been raised to JPY580, as indicated on page 15. Although this effect has been factored in since the initial budget, we estimate that it will result in an increase in revenue of just under JPY4 billion on an annual basis.

Regarding the tax refund program on page 16, we are currently working with Glory to implement cash refunds and are taking various other measures. However, we cannot yet fully predict the extent to which foreign customers will shift from shopping within the city to tax-free shopping, so we have not factored that aspect in very much in our current financial results.

However, there will be several changes starting in November. Sales at Haneda's duty-free stores remained very strong during Q1 as well.

As Mr. Osaka mentioned earlier, while we don't have a detailed breakdown of passenger traffic, given that the number of Chinese passengers has decreased by about 15% while passengers of other nationalities—as well as Japanese passengers—are increasing, rather than replacing the brands themselves, we are focusing strongly on how to develop products that match customer needs, demographics, and nationalities for each category—such as alcohol, perfume, and cosmetics. Given that these measures are proving effective, we plan to carefully assess consumer trends from November onward and implement various measures accordingly. That's all.

Ozawa [Q]: Thank you. I want to ask a follow-up to the second question. For example, by encouraging people who would normally shop in the city to make their purchases at the airport—as you briefly mentioned just now—are there any plans to adjust the product lineup accordingly, such as stocking items that convey the message, "You don't have to buy this at Don Quijote?"

Fujino [A]: I will answer your question. Since this program is designed for foreign nationals, based on current trends among foreign nationals, they tend to prefer purchasing Japanese products. Starting this month, we have started selling Grand Seiko watches at Haneda Airport. Therefore, since we believe our store has an advantage over shops in the city—for example, because we don't charge consumption tax—we are considering gradually shifting our product lineup to cater more to foreign customers. That's all.

Ozawa [M]: I understand. Thank you.

Moderator [M]: Thank you for your question. Well then, are there any other questions? Since there is still some time left before the session ends, please feel free to ask any questions you may have.

Thank you all for your questions. Although there is still some time remaining before the end of the briefing, since it appears there are no further questions, we will conclude the Q&A session here. If you have any further questions, please get in touch with the IR section of the corporate planning division.

With that, we will now conclude the Q1 financial results briefing for the fiscal year ending March 2027 for Japan Airport Terminal. Thank you very much for participating today.

Tanaka [M]: Thank you very much.

[END]

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