Japan Airport Terminal Co., Ltd.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2027

November 10, 2026

Event Summary

[Company Name]	Japan Airport Terminal Co., Ltd.
[Company ID]	9706-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending March 2027
[Fiscal Period]	FY2027 Q2
[Date]	November 10, 2026
[Number of Pages]	26
[Time]	14:00 – 14:50 (Total: 50 minutes, Presentation: 26 minutes, Q&A: 24 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	3
	Kazuhito Tanaka — President
	Takeshi Fujino — Director, Senior Managing Executive Officer
	Isamu Jinguji — Director, Senior Managing Executive Officer
[Analyst Names]*	Takuya Osaka — Morgan Stanley MUFG Securities
	Kouki Ozawa — SBI SECURITIES
	Kuni Kanamori — SMBC Nikko Securities

Presentation

Moderator: It is now the scheduled time, so we will begin the Q2 financial results briefing for the fiscal year ending March 2027 for Japan Airport Terminal Co., Ltd. Thank you all for attending today despite your busy schedules.

First, let me introduce today's attendees. President Kazuhito Tanaka.

Tanaka: My name is Tanaka. Thank you.

Moderator: Director and Senior Managing Executive Officer, Isamu Jinguji.

Jinguji: My name is Jinguji. Thank you.

Moderator: Director and Senior Managing Executive Officer, Takeshi Fujino.

Fujino: My name is Fujino. Thank you.

Moderator: These are the attendees.

Next, I will provide an overview of today's materials. The presentation materials and other documents are posted on our company 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 make use of them.

Next, I will explain today's agenda. To begin with, the Company will give a presentation lasting approximately 30 minutes, based on the presentation materials. After that, we will accept questions from you via phone. Please note that we cannot accept questions through the web.

Let us now begin the presentation. President Tanaka, please go ahead.

Tanaka: I am Kazuhito 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 results for H1 and the full-year consolidated performance forecast, and then I will provide an explanation regarding our capital policy.



First, I will discuss the status of H1 results and the rationale behind the full-year outlook.

During H1, while international passenger traffic remained robust, we steadily increased profits primarily through duty-free sales at Haneda Airport, achieving record-high figures for both revenue and operating profit on a semi-annual basis.

In particular, at Haneda's duty-free stores, despite the challenging business environment caused by a weaker yen, adjustments to the product mix focusing on high-value items, proactive event planning, and the strengthening of brand-specific sales areas all contributed to these positive results.

On the profit side, however, this includes a boost resulting from certain expenses being carried over to H2.

Based on these H1 results and the current situation, we have revised our full-year performance forecast, projecting revenue of JPY300 billion and operating profit exceeding JPY50 billion for the first time.

1. Financial Results for the Second Quarter (Interim Period) of FY2026

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(1) Passenger Traffic Results

- **Domestic passenger traffic remained broadly flat year on year, supported by solid leisure demand despite typhoon-related flight reductions during peak travel periods.**
- **Improved load factors drove international passenger traffic above both the prior-year level and the forecast despite reduced China route frequencies.**

(Unit : 10,000 passengers)

Airport	FY2026 1st Half	FY2025 1st Half	Rate of change	Initial forecast 1st Half	Rate of change
Haneda – Domestic	3,316	3,337	-0.6%	3,308	100.2%
Haneda – International	1,250	1,216	2.8%	1,231	101.5%
Total Haneda	4,566	4,553	0.3%	4,539	100.6%
Narita	1,724	1,715	0.5%	1,739	99.1%
Kansai	1,195	1,385	-13.7%	1,314	90.9%
Chubu Centrair	241	268	-10.1%	260	92.8%

※ 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.

Japan Airport Terminal Co., Ltd. 3

Jinguji: Now, Jinguji will begin by explaining H1 results.

Please refer to page three. We will now explain the passenger traffic in H1.

Passenger traffic at Haneda Airport remained steady for both domestic and international routes. Domestic passenger traffic remained broadly flat YoY, supported by solid leisure demand despite numerous flight cancellations due to typhoons. International passenger traffic increased by 3% YoY due to improved load factors despite the impact of reduced China route frequencies. Compared to forecasts, both domestic and international passenger traffic exceeded expectations.

Apart from Haneda Airport, Narita Airport maintained levels similar to the previous year. However, at Kansai and Chubu Centrair airports, the decline in Chinese travelers had a relatively significant impact, resulting in figures below those of the previous year.

1. Financial Results for the Second Quarter (Interim Period) of FY2026

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(2) Consolidated Overview

- **YoY : Operating profit increased by approximately 30% YoY, driven by solid passenger traffic, favorable exchange rates, and the benefits of price increases implemented in the previous fiscal year**
- **Vs. Initial Forecast : Operating profit exceeded the initial forecast by more than 20%, supported by yen weakness and the underutilization of certain expenses**

(Unit : 100 million yen)

(100 million yen)	FY2026 1st Half	FY2025 1st Half	Change	Change of Rate(%)	Initial forecast 1st Half	Change	Change of Rate(%)
Operating revenues	1,486	1,415	70	5.0%	1,450	36	102.5%
Facilities management	610	578	32	5.6%	610	0	100.2%
Merchandise sales	781	748	32	4.3%	750	31	104.1%
Food and beverage	94	88	5	6.5%	90	4	104.6%
Operating profit	277	214	62	29.2%	233	44	119.0%
Ordinary profit	263	203	59	29.2%	238	25	110.6%
Net profit attributable to owners of parent *	141	134	7	5.9%	150	△ 8	94.6%

*Net income attributable to owners of the parent came below the initial forecast as the Company recorded tax expenses in the interim period given the increased likelihood of offsetting losses carried forward at a consolidated subsidiary.

※ Figures are rounded down to the nearest 100 million yen.

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4

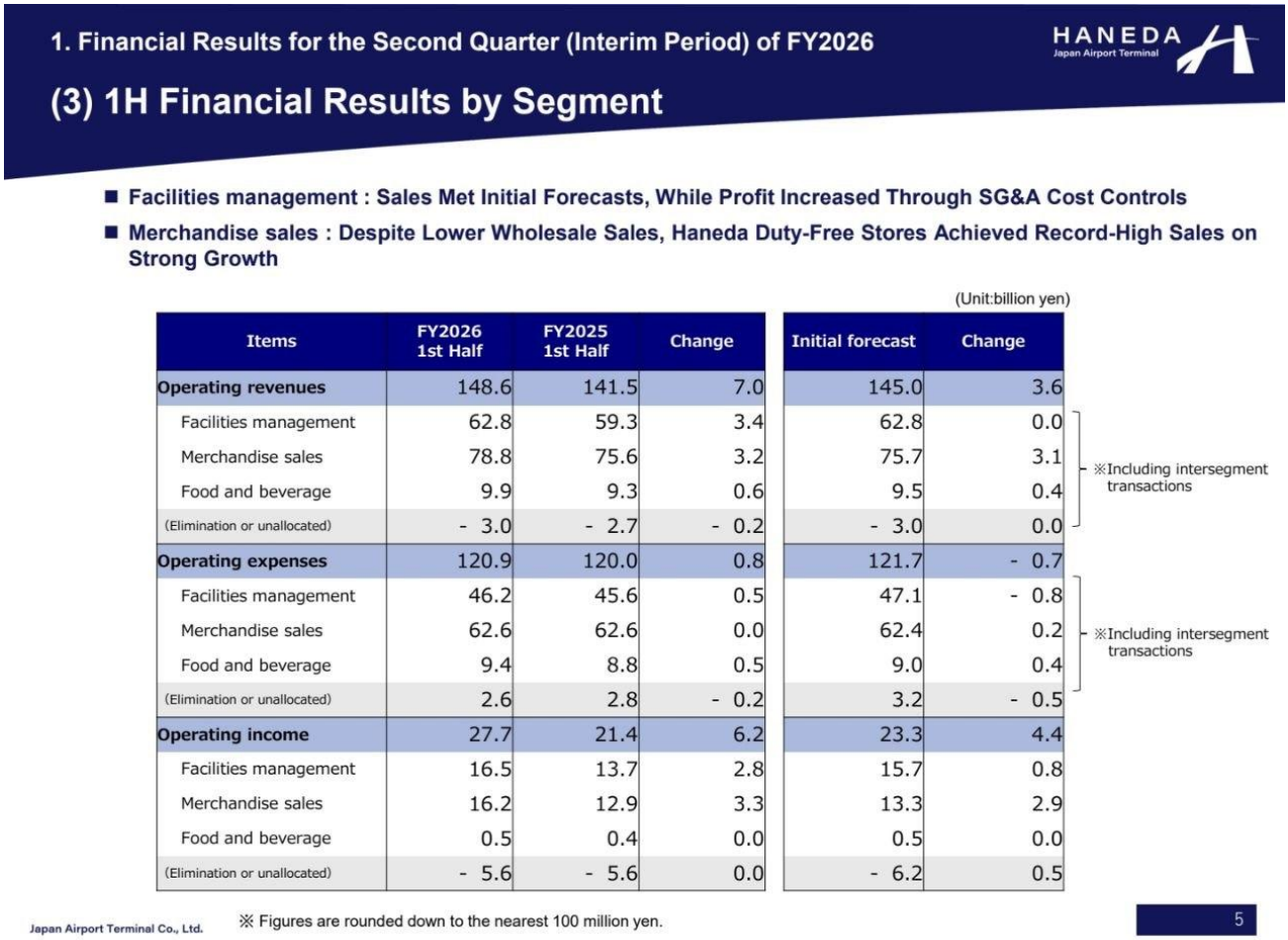
Please refer to page four. These are the consolidated results for the interim period.

This is indicated in the red box in the material. Revenue amounted to JPY148.6 billion, operating profit was JPY27.7 billion, ordinary profit reached JPY26.3 billion, and the interim net profit attributable to owners of the parent was JPY14.1 billion.

Revenue increased overall, as all segments performed steadily against the backdrop of a rise in passenger traffic.

Operating profit saw a significant increase, driven not only by the revenue growth effect but also because the rise in SG&A expenses was limited. As a result, both revenue and profits reached record highs for H1.

While revenue exceeded the initial forecast by JPY3.6 billion and operating profit by JPY4.4 billion, the interim net profit attributable to owners of the parent fell short of the JPY800 million forecast. This was because the Company recorded tax expenses in H1, which were earlier than initially planned, given the increased likelihood of offsetting tax-related losses carried forward at some consolidated subsidiaries.



Please turn to page five. We will now explain H1 results by segment.

In the facilities management segment, sales revenue and profits increased thanks to a rise in passenger traffic, the continued impact of price adjustments from the previous year, and cost-control measures.

In the merchandise sales segment, although wholesale sales to other domestic airports declined, the Haneda duty-free store's strong performance led to increased sales revenue and profits.

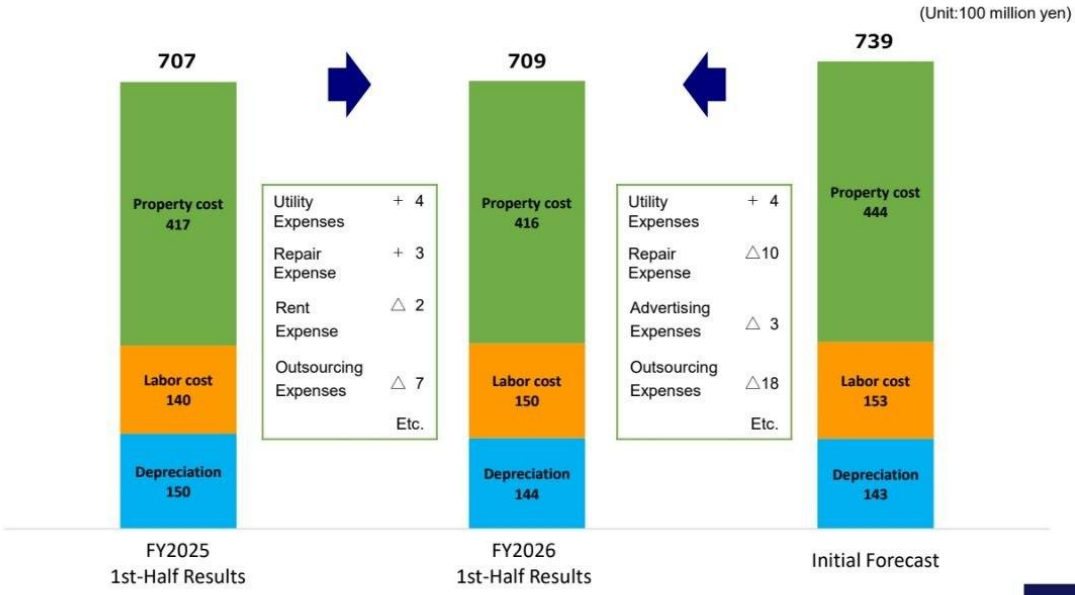
In the food and beverage segment, sales revenue and profits rose due to increased passenger traffic and the effects of price adjustments implemented in H2 of the previous year for in-flight meals.

Compared to initial forecasts, sales revenue in the facilities management segment was largely in line with expectations. Meanwhile, although wholesale sales in the merchandise sales segment faced challenges, sales on domestic and international routes both surpassed forecasts. The food and beverage segment also recorded higher-than-expected sales. I will show you the details of the Haneda Airport duty-free store, which has a significant impact on the performance of the merchandise sales segment, on pages seven and eight later.

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(4) SG&A Details

- **YoY : SG&A expenses increased only slightly, as lower outsourcing expenses largely offset higher repair and maintenance costs and utility expenses**
- **vs. Initial Forecast : SG&A expenses came in approximately ¥3.0 billion below the initial forecast, reflecting lower advertising expenses and the postponement of certain construction projects**



Now, please turn to page six. SG&A expenses in H1 increased only slightly compared to the previous year. Labor costs rose by JPY1 billion, but depreciation expenses decreased by JPY600 million as amortization progressed. Although utility costs and repair expenses increased, costs related to outsourcing and rental fees declined.

Compared to the initial forecast, SG&A expenses were JPY3 billion lower than the initial estimate. Although utility expenses rose, this was offset by reduced advertising expenses, in addition to some repair work and maintenance tasks being postponed to H2 due to labor shortages and extended material delivery times.

1. Financial Results for the Second Quarter (Interim Period) of FY2026

(5) Sales at Duty-Free Stores 1

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- **Haneda: Sales increased 20% year on year to a record high for the first half, supported by favorable market conditions and successful sales initiatives.**
- **Narita: Sales decreased due to temporary store closures for renovations but remained in line with the initial forecast.**

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

(millions of yen)	FY2026 1st Half	FY2025 1st Half	Rate of Change
Sales of Haneda duty-free stores	61,142	51,012	20%
Number of passengers of Haneda international flights	12,500	12,160	3%
FX (¥/$)	159	148	8%
Narita *	6,113	7,638	-20%
Ginza **	3,293	3,393	-3%

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

**Ginza: Closed on September 23, 2026

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



※ Sales are presented on a gross transaction value basis and therefore differ from the revenue amounts recognized in the income statement.

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Please turn to page seven. We will now provide an overview of the duty-free store's situation.

To help you better understand the actual situation, we present the sales figures using the gross transaction value, calculated based on retail prices at the stores. Therefore, please note that the sales revenue on the P&L, which is subject to the revenue recognition accounting standards, differs from this figure.

In terms of gross transaction value by location, sales at Haneda Airport duty-free stores increased by 20% YoY and set a new record high, surpassing both the growth rate of passenger traffic and exchange rate changes. This was driven by an increase in passenger traffic, a weaker yen, and the effectiveness of sales promotion activities.

In contrast, sales at Narita Airport duty-free stores decreased by about 20% YoY due to closures related to renovations at some stores. However, the results were largely in line with the initial forecast. Furthermore, the Ginza city-center duty-free store, which has already announced its closure, maintained sales levels similar to the previous year.

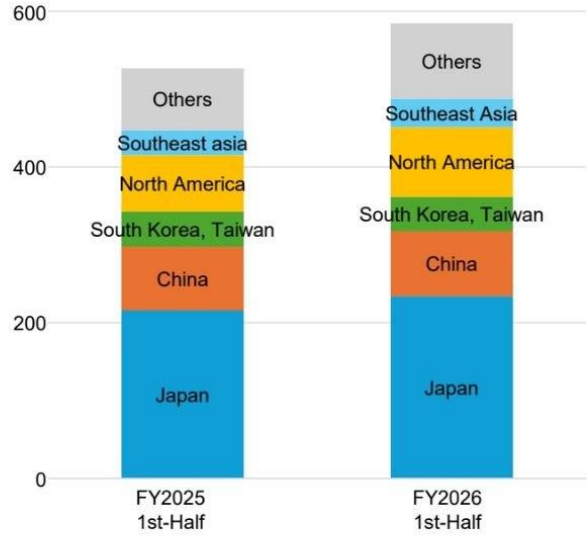
The table on the right shows the quarterly trends in sales, average spend per purchase, and purchase rate at Haneda Airport duty-free stores. Average spending per purchase increased further compared to the strong Q1, but the purchase rate declined slightly due to seasonal factors.

1. Financial Results for the Second Quarter (Interim Period) of FY2026

(6) Sales at Duty-Free Stores 2

- **Sales increased across all nationalities at Haneda, led by strong growth from Chinese, North American, and Japanese customers.**
- **A richer product mix, including fragrances, cosmetics, and high-end products, drove higher spending per purchasing customer.**

◆ **Sales by nationality**



◆ Per-unit purchases (yen)	FY2026 1H	FY2025 1H	Rate of Change
Japan	13,700	12,400	10%
China (including Hong Kong)	26,700	22,500	19%
Taiwan	22,900	20,300	13%
South Korea	13,800	12,300	12%
North America	13,000	11,400	14%
Southeast Asia	15,300	14,200	8%
Europe and others	9,400	7,600	24%
Overall	16,500	14,500	14%

◆ Share by category	FY2026 1H	FY2025 1H	Rate of Change
Apparel, jewelry, watches, etc.	40%	37%	3 pt
Perfumes and cosmetics	27%	26%	1 pt
Alcohol and cigarettes	15%	16%	△ 1 pt
Food	13%	15%	△ 3 pt
Others	4%	5%	△ 1 pt
	100%	100%	

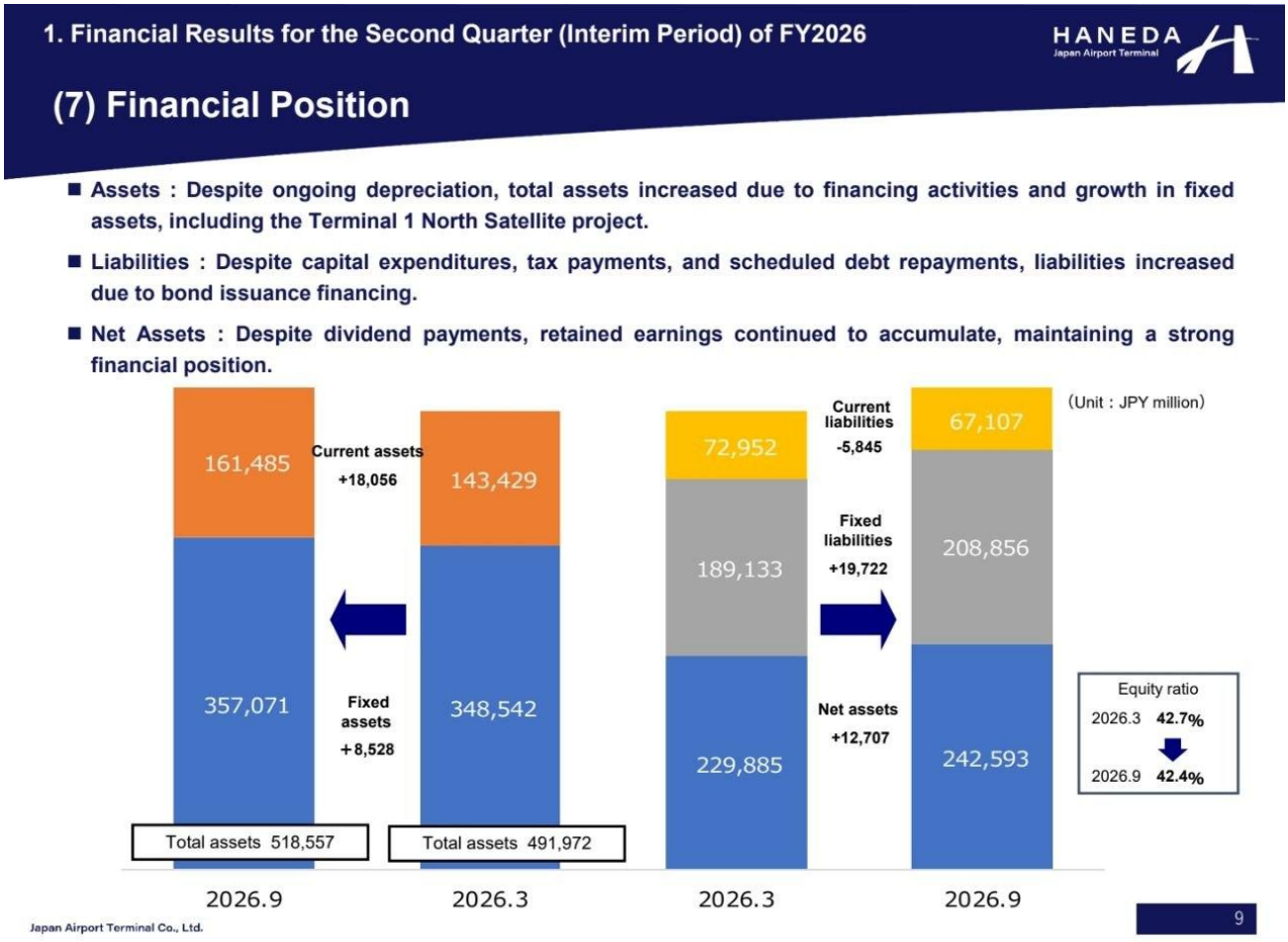
Japan Airport Terminal Co., Ltd. ※ Sales are presented on a gross transaction value basis and therefore differ from the revenue amounts recognized in the income statement. Sales by nationality include estimates made by the Company.

8

Please refer to page eight. Sales by nationality and region at Haneda Airport duty-free stores exceeded the previous year's figures in all regions, just as in Q1. The number of purchasing customers increased in all regions except China, and the average purchase value rose in all regions, including China.

Please refer to the table on the right for the share of sales by product category. Sales of apparel, jewelry, watches, etc. rose from 37% to 40% of total sales last year, and strong demand for high-priced items contributed to the increase in average spend per purchase.

Through initiatives such as replacing perfume and cosmetics brands, reorganizing store layouts, renovating sales counters, and hosting events featuring popular jewelry and watch brands to attract more customers and stimulate purchasing demand, efforts to boost sales led to these favorable results.



Please refer to page nine. The financial position as of the end of September is presented here.

Although total assets decreased due to depreciation, they increased due to increased fixed assets resulting from fundraising activities and the completed construction of Terminal 1 North Satellite.

Liabilities increased despite payments for capital expenditures, tax payments, and scheduled debt repayments, due to the issuance of JPY30 billion in corporate bonds.

Although dividends were paid, fixed assets increased by accumulating retained earnings. The equity ratio remained around 42%, maintaining a solid financial foundation.

2. Consolidated Financial Forecast for FY2026

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(1) Forecast for Number of Passengers

- **Domestic : Reflects strong travel demand and route adjustments toward higher-demand services in the winter schedule.**
- **International : Reflects solid load factors and announced plans for increased European flight capacity and aircraft upsizing.**

(Unit : 10,000 persons)

	2nd Half					Full Year				
Airport	Revised forecasts	Previous Year	Year-on-Year	Initial forecast	Change Rate	Revised forecasts	Previous Year	Year-on-Year	Initial forecast	Change Rate
Haneda – Domestic	3,455	3,438	0.5%	3,407	1.4%	6,771	6,775	0.0%	6,716	0.8%
Haneda – International	1,300	1,241	4.7%	1,262	3.0%	2,550	2,457	3.8%	2,493	2.3%
Total Haneda	4,755	4,679	1.6%	4,670	1.8%	9,322	9,232	1.0%	9,210	1.2%
Narita	1,859	1,823	2.0%	1,859	0.0%	3,583	3,539	1.3%	3,598	-0.4%
Kansai	1,202	1,323	-9.1%	1,406	-14.5%	2,398	2,708	-11.5%	2,720	-11.9%
Chubu Centrair	242	267	-9.2%	294	-17.6%	484	536	-9.6%	555	-12.8%

Please refer to page 10. We will now explain the full-year forecast.

Regarding the business environment, while uncertainties such as the situation in the Middle East persist, we expect them to remain largely unchanged from H1.

Based on H1 performance, the forecasted number of passenger traffic at Haneda Airport has been revised upward for both domestic and international routes compared to the initial estimate.

For domestic routes, the forecast reflects adjustments made by major airlines to shift capacity to high-demand routes during the winter schedule, as well as strong travel demand.

For international routes, the forecast considers solid load factors and planned increases in flights and larger aircraft on European routes that have been announced. As a result, we expect 67 million passengers on domestic flights, 25 million on international flights, and a total of 93 million passengers at Haneda Airport. For airports other than Haneda, we have also adjusted based on the above situation.

2. Consolidated Financial Forecast for FY2026

(2) Consolidated Financial Forecast

- YoY : All segments are expected to achieve revenue growth, supported by continued resilient passenger demand and the effects of price revisions.
- vs. Initial Forecast : The forecast has been revised upward based on first-half performance trends, with second-half operating profit now expected to grow year on year.
- Full-Year Forecast : Operating profit and ordinary profit are expected to reach new record highs.

(Unit: 100 million yen)

Items	2nd Half					Full year				
	FY26	FY25	Change	Initial forecast	Change	FY26	FY25	Change	Initial forecast	Change
Operating revenues	1,560	1,482	78	1,517	43	3,047	2,898	148	2,967	80
Facilities management	656	599	56	644	12	1,267	1,177	89	1,254	13
Merchandise sales	807	792	15	778	29	1,589	1,540	48	1,528	61
Food and beverage	96	91	5	95	1	191	180	10	185	6
Operating profit	237	235	1	223	14	515	450	64	456	59
Ordinary profit	228	233	-4	220	8	492	437	54	458	34
Net profit attributable to owners of parent	116	157	-41	92	24	258	291	-33	242	16
Capital expenditures						510	322		590	
Depreciation expenses						312	297		310	
EBITDA						827	747		766	
Dividend						95	95		95	
Payout ratio						34.3%	30.4%		36.6%	

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*The forecast does not incorporate the impact of share repurchases.
*Figures are rounded down to the nearest 100 million yen.

11

Please refer to page 11. Taking these business conditions into account, we have revised our full-year earnings forecast upward.

We anticipate sales of JPY304.7 billion, operating profit of JPY51.5 billion, and ordinary profit of JPY49.2 billion. Sales are expected to exceed JPY300 billion for the first time, reflecting strong performance in duty-free stores. Operating profit is also projected to surpass JPY50 billion for the first time, setting a new record high.

Meanwhile, for H2, we expect an increase in operating expenses and depreciation expenses due to the expansion of terminal facilities, as well as repair costs carried over from H1. As a result, while H2's operating profit is expected to remain at roughly the same level as the same period last year, we have revised our forecast from a decline to an increase.

Additionally, net income attributable to owners of parent is estimated at JPY25.8 billion, taking into account higher tax expenses in certain consolidated subsidiaries.

In line with previous practices, the annual dividend will remain unchanged at JPY95 per share.

2. Consolidated Financial Forecast for FY2026

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(3) 2H Financial Forecast by Segment

- **Facilities management : Revenue Growth Accelerated by Price Revisions; Profit Flat Year on Year Due to Higher Costs**
- **Merchandise sales : Forecast Revised from Revenue and Profit Decline to Growth Following Strong First-Half Performance**

(Unit: billion yen)

Items	FY2026 2nd Half revised forecast	FY2025 2H result	Change	Initial forecast	Change	
Operating revenues	156.0	148.2	7.8	151.7	4.3	
Facilities management	67.5	61.8	5.7	66.7	0.8	※Including intersegment transactions
Merchandise sales	81.4	79.9	1.4	78.5	2.9	
Food and beverage	10.3	9.6	0.6	10.0	0.3	
(Elimination or unallocated)	- 3.2	- 3.1	0.0	- 3.5	0.2	
Operating expenses	132.2	124.6	7.6	129.4	2.8	
Facilities management	53.1	47.2	5.9	52.6	0.5	※Including intersegment transactions
Merchandise sales	65.8	65.4	0.4	64.8	1.0	
Food and beverage	9.4	8.9	0.4	9.3	0.1	
(Elimination or unallocated)	3.7	3.0	0.7	2.7	1.0	
Operating income	23.7	23.5	0.1	22.3	1.4	
Facilities management	14.4	14.6	- 0.1	14.1	0.3	
Merchandise sales	15.5	14.5	1.0	13.7	1.8	
Food and beverage	0.8	0.6	0.1	0.7	0.1	
(Elimination or unallocated)	- 7.0	- 6.2	- 0.8	- 6.2	- 0.8	

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*Figures are rounded down to the nearest 100 million yen.

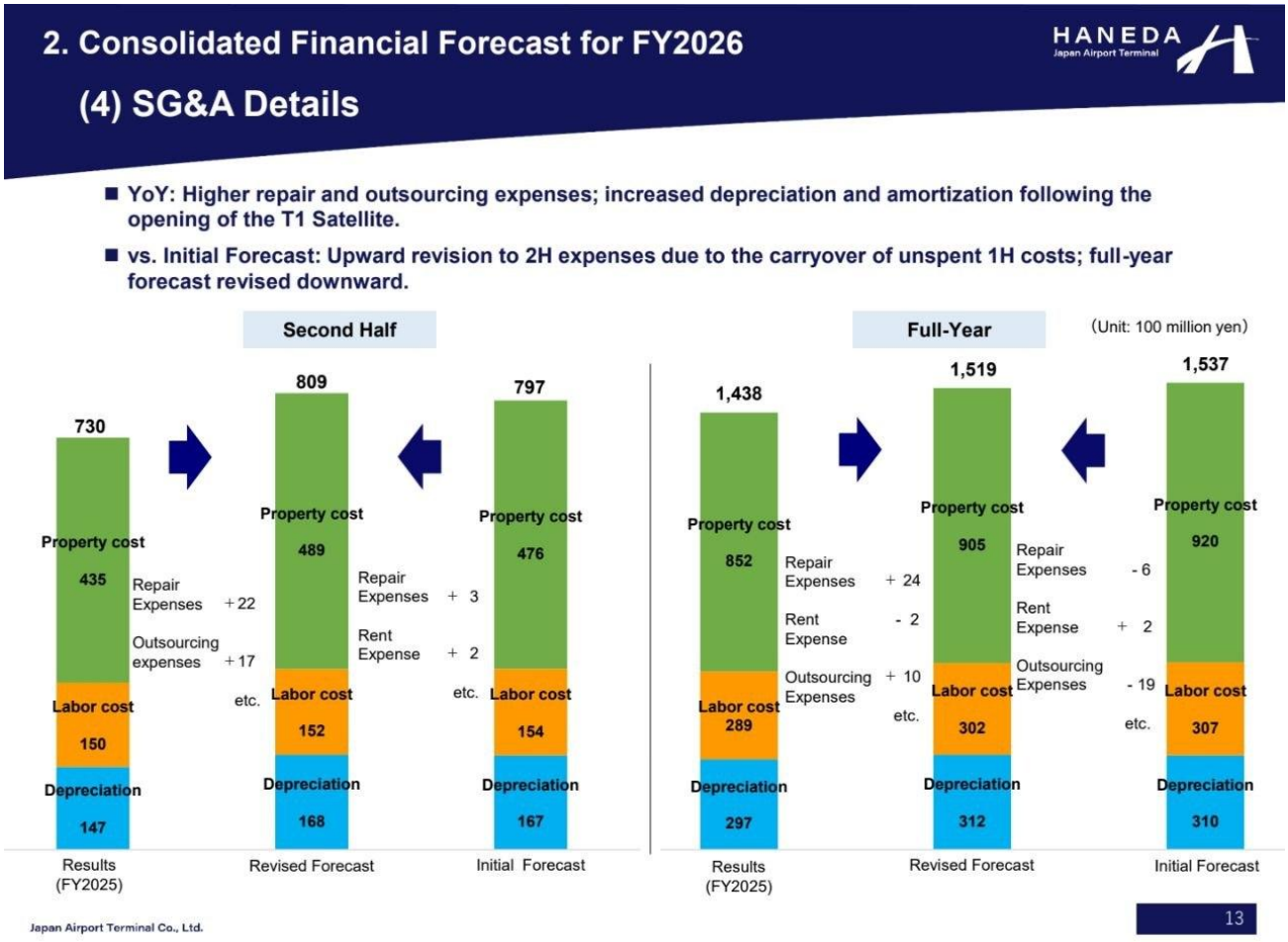
12

Please refer to page 12. Here is the H2 financial forecast by segment.

In the facilities management segment, revenue growth has expanded due to the price adjustment effect of PSFC following the opening of the North Satellite building at Terminal 1. However, since costs also rise with terminal expansion, H2 results are expected to be on par with the previous year.

In contrast, the merchandise sales segment, benefiting from strong performance in H1, has shifted from a forecast of declining revenue and profit to one of rising revenue and profit.

The food and beverage segment has been slightly revised upward, reflecting its strong performance in H1.



Please refer to page 13. This section outlines the SG&A expenses for H2 and the full year.

SG&A expenses for H2 are projected to increase by JPY7.9 billion, from JPY73 billion in the previous period to JPY80.9 billion.

While labor costs will see only a slight increase, depreciation expenses are expected to rise by JPY2.1 billion due to the opening of the North Satellite building at Terminal 1.

Property costs are expected to increase by JPY5.4 billion due to rising costs associated with terminal expansion, including repair expenses and outsourcing expenses.

Compared to initial forecasts, SG&A expenses for H2 have increased by JPY1.2 billion, partly due to costs carried over from H1. Although some expenses planned for H1 are expected to occur in H2, there are also costs that will not be incurred within the fiscal year. Thus, full-year SG&A expenses are projected to fall JPY1.8 billion below initial forecasts.

2. Consolidated Financial Forecast for FY2026

(5) Haneda Duty-Free Sales Forecast

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- **Weaker yen assumption reflected; sales forecast revised upward to exceed 1H levels based on recent performance.**
- **Sales expansion targeted through brand replacements and the capture of substitute demand from the closed Ginza downtown duty-free store.**

◆ **Haneda Airport Duty-Free Shops**

	1H Initial Forecast	**1H Results**	2H Initial Forecast	**2H Revised Forecast**	**Change**
Gross Sales	JPY 56.0 billion	**JPY 61.1 billion**	JPY 57.9 billion	**JPY 63.3 billion**	**+ JPY 5.4 billion**
Average Spending per Purchasing Customer	JPY 15,300	**JPY 16,500**	JPY 15,300	**JPY 16,800**	**+ JPY 1,500**
Purchase Rate	30 %	**30 %**	30 %	**29 %**	**- 1pt**
Exchange Rate	152 ¥/$	**159 ¥/$**	152 ¥/$	**158 ¥/$**	**+ JPY 6**

※ Purchase Rate = Purchasing Customers ／ International Passenger Traffic

Sales temporarily softened during the yen appreciation in September; additional initiatives will be pursued to mitigate foreign exchange risk.

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14

Please refer to page 14. Next, we will explain the H2 sales forecast for Haneda Airport's duty-free stores.

Based on H1 results and current sales trends, we have revised the projected gross sales at stores upward by JPY5.4 billion, from JPY57.9 billion to JPY63.3 billion. While updating the exchange rate assumption from JPY152 to JPY158, we have also raised the average spending per purchasing customer from JPY15,300 to JPY16,800. On the other hand, we conservatively estimate the purchase rate at 29%.

In H2, we aim to further expand sales through brand replacements, enhancements to product offerings, and measures to capture demand previously generated by the closure of the Ginza downtown duty-free store into airport duty-free stores.

It should be noted that during the period of temporary yen appreciation in September, sales of certain products were affected. We continue to view exchange rate fluctuations as a risk and will strengthen our promotional and sales initiatives.

2. Consolidated Financial Forecast for FY2026

(6) Revision of the Duty-Free Shopping Tax Exemption System

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■ **Tax-Free Shopping System to Shift to a Refund-Based Scheme from November**



- **Launch of "Self Tax Refund," a consumption tax refund service for international visitors, at Haneda, Narita, and Naha airports from November 1, 2026**
- **Promotional initiatives to leverage synergies between cash tax refunds and airport duty-free shops.**

STEP 1
Purchase at a Participating Tax-Free Shop

Purchase eligible items at a participating tax-free shop and choose a cash refund.

⚠ **Required Procedure**

STEP 2
Tax-Free Eligibility Verification at the Airport (Before Security Screening)

Before checking in their baggage, complete the tax-free eligibility verification at the customs Kiosk located in the departure area.

★Scope of This Service

STEP 3
Receive Refund (After Immigration)

At the Consumption self-service refund machine located in the post-departure area, scan their passport and review the refund details. Receive their refund in Japanese yen.

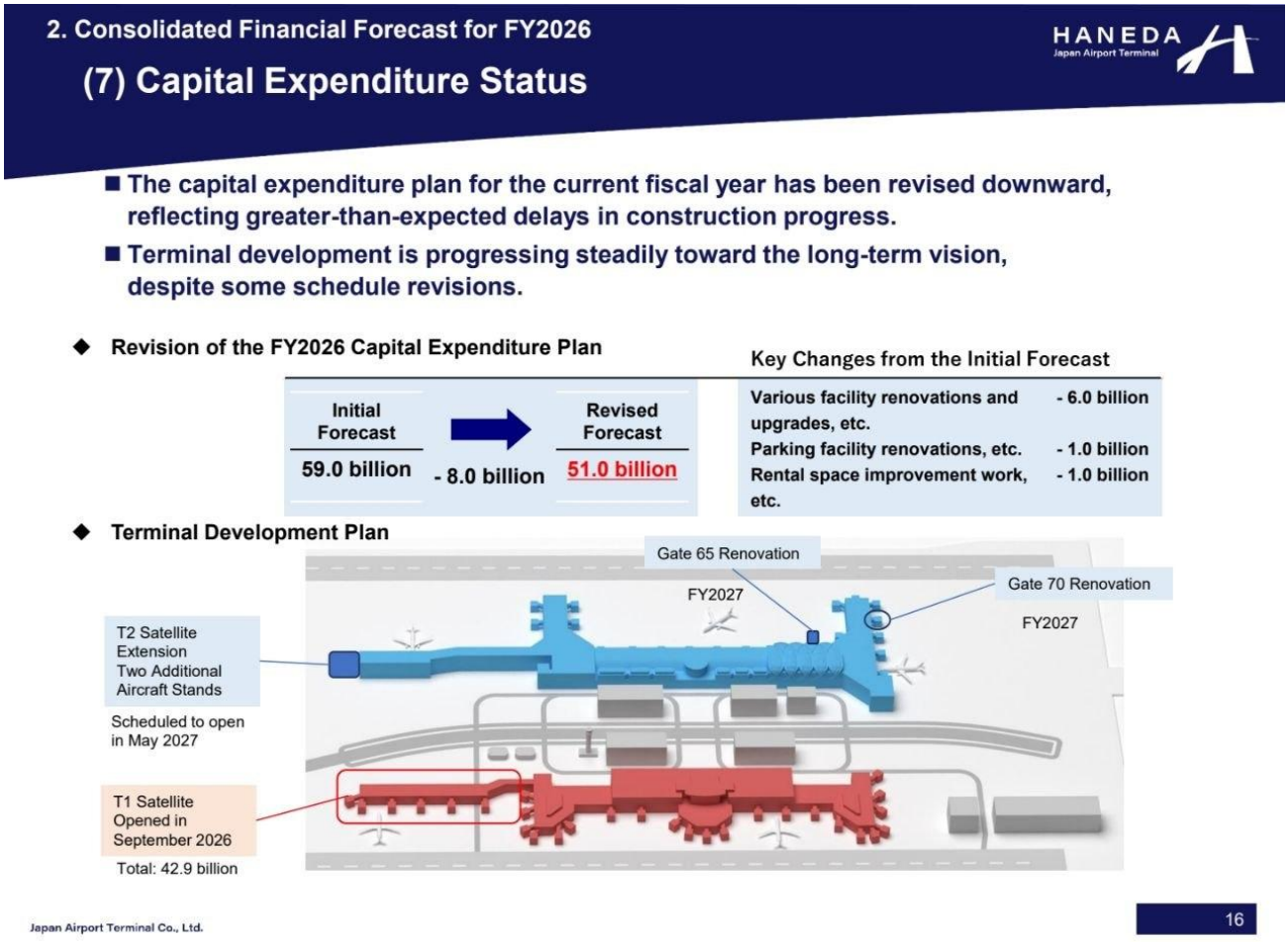
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15

Please refer to page 15. Starting November 1 this year, the consumption tax exemption system for foreign tourists visiting Japan was changed from the instant-exemption method to the refund-based system. In response, we have begun offering cash refund services at three airports: Haneda, Narita, and Naha.

The process for travelers is that they first specify the refund method when making purchases. Afterwards, they undergo a tax-free eligibility verification at the customs Kiosk located in the departure area at the airport. Those opting for cash refunds will receive their money at the consumption self-service refund machine.

Although it is expected that travelers receiving cash refunds may engage in additional shopping activities within the airport, we have not yet incorporated this effect into our financial forecast. Moving forward, we will implement promotions combining refund services with airport duty-free stores to generate new purchasing demand.



Please refer to page 16. This section presents an overview of our capital investment status.

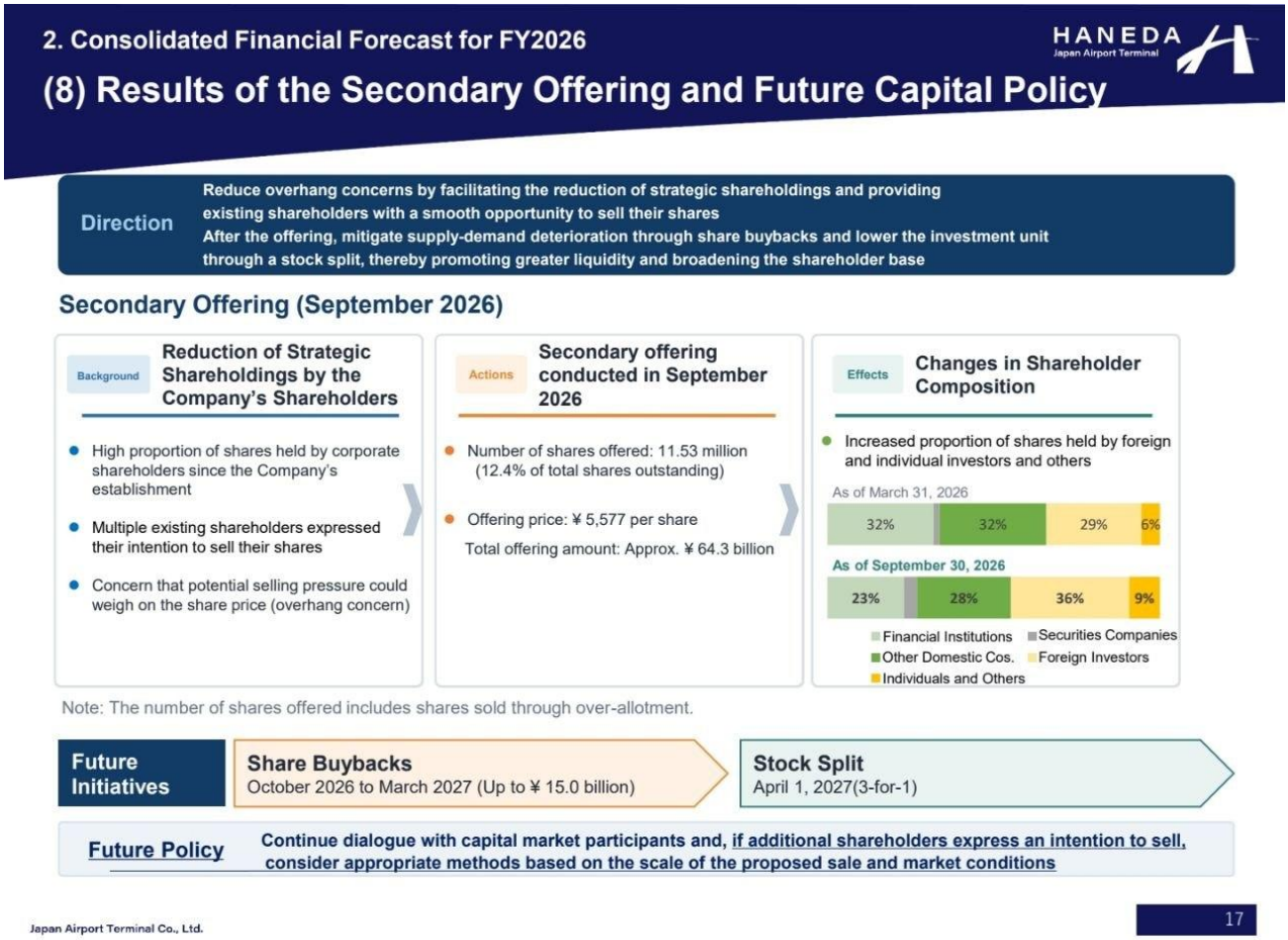
The planned capital expenditure for this fiscal year was initially set at JPY59 billion based on the initial budget. However, considering the delays in construction progress during H1, we revised our plans for H2, resulting in a reduction of JPY8 billion and an adjusted total of JPY51 billion for the full year. Regarding some of the equipment renovation and replacement projects scheduled for this period, such as conveyors and air conditioning systems, we have reviewed their content, including postponing them to the next fiscal year or re-evaluating the plans.

On the other hand, terminal development is proceeding steadily, with partial adjustments made to the implementation schedule to achieve our long-term vision. Although the North Satellite of Terminal 1 began operations in September this year, we will also introduce the initiatives underway at Terminal 2.

First, let us discuss the extension project to add two aircraft stand at the North Satellite of Terminal 2. By extending the terminal to accommodate two domestic aircraft stands on the north side, we will create space for converting areas on the south side into international aircraft stands. Construction is underway with the goal of commencing operations in May next year. On the south side, Gates 65 and 70 will be renovated next fiscal year to increase the number of available international aircraft stands.

Going forward, we will continue to communicate with stakeholders while advancing terminal development with a view toward long-term changes.

This concludes my explanation of the consolidated results for H1 and the full-year performance forecast.



Tanaka: Now I will provide an explanation.

Please turn to page 17. I will explain the share offering conducted in September and our future capital policies.

The purpose of this offering was that, amid a nationwide trend of reducing strategic shareholdings, multiple existing shareholders expressed their intention to sell their shares. Additionally, due to past circumstances, our shares are held by many financial institutions and corporate entities. Against this backdrop of shareholder composition, we recognized the possibility that concern over supply-demand imbalances caused by future share sales, so-called overhang concerns, could hinder the proper valuation of our shares.

Therefore, to provide existing shareholders with a smooth selling opportunity while alleviating overhang concerns and reducing downward pressure on the stock price, we carried out this share offering.

As a result of the offering, the shareholder composition has changed, with the ownership ratios of institutional and individual investors increasing. While there are still corporate shareholders holding our shares, we will consider appropriate methods based on market size and trends when deciding on future actions.

Regarding the share buyback, to mitigate the impact on share supply and demand while enhancing shareholder returns, we announced, together with the offering, that we would conduct a share buyback of up to JPY15 billion during H2, and cancel all acquired shares.

Furthermore, to improve stock liquidity by lowering the investment unit, we have decided to implement a 3-for-1 stock split effective April 1, 2027.

To address the long-standing challenge of increasing the number of individual shareholders, we will continue working to expand our investor base and raise our visibility through initiatives such as holding briefing sessions for individual investors and considering enhancements to the shareholder benefit program.

Moving forward, while striving to enhance business value through efficiency, added value, and co-creation, we also aim to foster constructive dialogue with the capital market, encourage investors to recognize our corporate value, and increase the number of shareholders who will hold our shares over the medium to long term.

We kindly ask for your understanding and support in these efforts.

This concludes our presentation. Thank you.

Question & Answer

Moderator [M]: Now, we would like to accept questions from everyone. Please submit your questions via audio during the conference call. After entering your request to ask a question, please remain on the line while waiting. Once it's your turn, I will call you by your name.

We are now ready to receive your questions. Your name will be called out, so when called, please state your company name and your name, and then ask your question. Mr. Osaka from Morgan Stanley MUFG Securities, please go ahead.

Osaka [Q]: This is Osaka from Morgan Stanley. Thank you very much for today's briefing. I have three questions.

First, regarding the unit price of duty-free sales at Haneda Airport. It was JPY16,700 in Q2, and although the exchange rate remained stable QoQ, the unit price increased compared to Q1. You might have mentioned it briefly in your explanation, but we would appreciate it if you could explain the background behind this. Additionally, the exchange rate assumption for H2 is JPY158, which is a slightly stronger yen, but you still anticipate the unit price to rise to JPY16,800. Please also explain the background behind this. Looking ahead to next fiscal year, if the yen strengthens further, what direction should we expect the duty-free unit price to take? If there is a forecast available, please share it. This covers the first question.

The second question relates to the changes in the duty-free system that took effect in November. Currently, these changes are not reflected in the earnings forecast. However, given the potential for increased sales at duty-free stores under the refund-based business model, could you provide any numerical comments or insights on the expected impact on earnings? In particular, are there any internal initiatives your company is planning to boost duty-free sales? This covers the second question.

Finally, the third question pertains to the medium-term plan. While profits have exceeded targets starting from the first year, and cash flow has also come in above expectations on a single-year basis, how do you intend to utilize this surplus cash? Moreover, the target for operating profit in FY2030 is JPY55 billion, which represents a JPY10 billion increase over the JPY45 billion achieved in the previous period. Since the current figure has already surpassed JPY50 billion, and the medium-term plan originally projected a JPY10 billion increase, should you consider setting an even higher target than JPY55 billion? We would appreciate your clarification on this. These are the three questions.

Fujino [A]: Yes, thank you for your questions.

Let me explain regarding the first question about the duty-free unit price. In H1, the unit price was JPY16,500, and has been gradually increasing. The background to this is the measure we implemented based on our mid-term plan for this period to raise the unit price per customer by 15%. Specifically, we have increased the individual prices of products. For example, Grand Seiko from Japan, a very luxurious brand, has launched models with higher price ranges compared to previous watches, and these have seen a significant increase YoY.

Looking at recent trends, even in October, we achieved record-high sales. Therefore, just like H1, the start of H2 is also progressing smoothly. Consequently, we expect the unit price in H2 to reach JPY16,800.

What we will do in H2 is a pop-up event for PRADA, a French brand, this November. Since there are very luxurious lines of products, we believe this will help push up the unit price. This concludes our explanation regarding the duty-free unit price.

Next, I will explain the tax refund service that started this month. It began on Sunday, November 1, but the actual figures have not yet been compiled.

The reason for this is that inbound customers first go through customs procedures. After receiving a green or red status, those who receive a green status can receive a refund. Customers are supposed to receive this green status before departure, but many inbound customers often undergo departure inspection without first obtaining this status, so they are still unaware of this process. Therefore, we will be able to report these numbers in the next IR if inbound customers become aware of it.

On the other hand, as a strategy to boost sales, while we refund the amount in cash, we plan to include introductions to our duty-free store on the back of the receipt used for the refund. For instance, at Haneda Airport, our duty-free store is right in front, so we hope customers will visit there immediately and use the refunded cash to make purchases. We intend to gradually roll out such initiatives. This concludes our explanation regarding the tax refund service.

Tanaka [A]: I will answer the third question.

Thanks to everyone's efforts, we were able to get off to a smooth start during H1 of the initial year of this medium-term plan. We believe this is the result of the various sales-boosting measures implemented across the facilities management segment, merchandise sales segment, and food and beverage segment.

On the other hand, as mentioned in the explanation regarding costs, price adjustments in the facilities management segment are part of a policy aimed at preparing for future increases in investment and maintenance costs. However, issues such as material procurement and labor shortages are making it difficult to proceed according to plan.

Regarding the operating profit of JPY51.5 billion and the medium-term plan's final target of JPY55 billion, we intend to review these figures while considering future investment conditions and construction progress.

Originally, this medium-term plan involves an investment scale of JPY220 billion, and further investments toward international expansion are anticipated for the period after 2030. We expect these initiatives to gradually take shape during the medium-term plan period. As for the cash available for such investments and their allocation, we plan to consider these matters carefully, along with shareholder returns. That concludes my explanation.

Osaka [M]: Thank you very much.

Moderator [M]: Thank you for your question. Now, I will call the next person. Mr. Ozawa from SBI Securities, please go ahead.

Ozawa [Q]: I'm Ozawa from SBI Securities. I also have two questions.

The first question relates to the question and answer regarding the airport refund that was just discussed. I want to ask for a few additional details on some specifics.

For example, in the case of airport refunds, you mentioned in a press release that Glory will provide the machines. I even got a chance to see those machines lined up nearby last week. Since it was your announcement, I wondered if using those machines generates any additional revenue for your company beyond the direct payments, or if it's merely a matter of renting out space. In other words, are there any extra benefits apart from the direct financial gains?

Also, regarding people who leave before going through the green verification, perhaps they are wealthy and don't need to pay consumption tax, or maybe they simply didn't know about it. If the verification becomes widely known, it might lead to longer waiting times for airport refunds, and as a result, customers might choose to arrive at the airport earlier. Since check-in for domestic flights also currently requires earlier arrival, the customer may choose to stay at the airport a bit longer. If so, could this create another source of revenue for your company? I am sorry, but if there are any additional benefits beyond the main aspects, I would like to know what you expect to gain from them. This is the first question.

Regarding the second question, there might be a one-page discrepancy between the materials shown on the projected screen and the printed version of the materials, but on page 16 of the printed material, there is a diagram of the terminal that was explained earlier. According to the current schedule, this includes the expansion of the Hokkaido-bound area of Terminal 1 and the satellite facilities in June, as well as Terminal 2 that was mentioned earlier. In the diagram, the southern side on the right appears to represent potential space for expansion of international aircraft stands. How much actual room for expansion exists currently? I recall seeing a figure from the Ministry of Land, Infrastructure, Transport and Tourism stating something about five or nine aircraft stands at Terminal 2.

In addition to such numbers, take Terminal 1, for instance. Currently, flights to remote areas in Hokkaido often get rerouted via bus services, which takes about 10 minutes extra. If JAL faces difficulties with domestic flights, they may want to increase the number of international flights. To make that happen, coordination with JAL would be necessary based on current figures. Can we expect further expansion within Terminal 1 in the future? I assume that many details are still undecided, but I would like to know about the potential of the southern area. We cannot tell by looking at the diagram, but is it possible to expand the building further, or is it already too crowded to allow for more construction? Within the scope of what you can share, I'd appreciate hearing about the potential for expanding aircraft stands and facilities on the southern side. Thank you.

Fujino [A]: Thank you for your questions. I will explain our tax refund business.

One strategy is to guide customers who received cash earlier to duty-free stores. Additionally, we are jointly operating a business involving machines that refund this cash, together with Glory. Therefore, we operate a business that earns fee income from processing these tax refunds. In summary, there are two main aspects to this. These include the revenue generated from guiding customers to duty-free stores and the business of earning fees from processing these refunds.

Currently, customers are not yet fully aware of this service. I saw this myself this morning, and some customers were still unsure about it. To address this, the government has assigned guides to assist them in navigating the lobby. We anticipate that the utilization rate will gradually increase as a result.

Tanaka [A]: Let me now answer the second question regarding the capital investment page.

First, the extension of Satellite 2 at Terminal 2 building involves Gates 65 and 70 on the south side. Although Gate 65 is currently used for domestic flights, we are planning to convert it so that it can be used for both international and domestic flights. This renovation is scheduled for completion next year.

As you know, the south side of Terminal 2 is heavily utilized for international operations. However, not all ANA flights have yet been moved to Building 2 and remain segregated. Thus, increasing the number of aircraft stands at Building 2 is the first step in this process.

I briefly mentioned these investments after 2030 earlier, but the government plans to connect Buildings 1 and 2 on the south side by constructing an artificial platform. Furthermore, the possibility of internationalizing Terminal 1 is also being considered. Although we expanded the satellite on the north side of Terminal 1 starting this September, originally as part of apron ground improvement, once completed, it is expected to

provide sufficient aircraft stands for domestic flights even if international flights are added. As the plan will be materialized in 2030 and onward, we are working closely with the government to develop this to maximize the air passenger traffic through strategic capital investments.

Additionally, as Mr. Ozawa pointed out regarding the tax refund service, it's challenging for business travelers, especially those riding domestic flights, to arrive early, as they are accustomed to boarding planes quickly. While punctuality has deteriorated, we aim to improve this through overall airport management, so that we can extend the time passengers spend at the airport and provide better services. This is a key goal during this medium-term plan, applicable not only to tax refund customers but also to domestic flight passengers. That is all.

Ozawa [M]: Yes, I understood clearly. Thank you.

Moderator [M]: Thank you for your question. Now, I would like to call the next questioner. Could you please state your company name and your name?

Kanamori [Q]: Yes, I'm Kanamori from SMBC Nikko Securities. I have two questions regarding changes to the duty-free system.

First, regarding the first point: I believe you mentioned earlier something about a change in the system and users' lack of awareness. Which part is it that they're not aware of? The fact that the system has changed is probably made known when making purchases at duty-free stores in the city. As for the procedures at the airport, I assume people generally know about them. Is it that aspect that is lacking? Or is it that they don't know where to carry out these procedures at the airport and end up going outside? From your previous response, it seemed to me that customers might not realize they need to complete these procedures before departing and instead think they can do them after leaving the country, thus getting lost in the process. Could you please tell us which part lacks awareness and what your company needs to do to address this, or who should take responsibility for it?

Secondly, when making purchases at duty-free stores in the city, customers might get used to the procedures if they remember them. However, the number of procedures will increase compared to before. If awareness of this increases, will there be a tendency for people to prefer buying at duty-free stores within the airport because the procedures are smoother? Or are those who already know about it already showing such tendencies? I would appreciate it if you could share your thoughts on this. Thank you.

Fujino [A]: Yes, thank you for your questions. To answer the question of where users lack awareness, at Haneda Airport, there is a customs green-red screening machine in the departure lobby on the third floor. Many inbound foreign travelers undergo immigration checks without using this machine. Therefore, we believe raising awareness about this so-called customs green-red screening process is the top priority.

So, as for whoever handles this, it ultimately falls under the judgment of customs officials. In other words, the government is responsible for dealing with it. As I mentioned earlier, there were guides on duty today as well, and those guides were also arranged by the government.

We provide a service where customers who have received a customs verification can use the cash refund machine after departure screening. Our guides are also there to assist them in obtaining their cash refunds.

I assume that your other question was that, as this becomes more widely known, airport stores will become more advantageous since they offer tax-free shopping. We are aware of this as well, and we aim to promote the use of airport duty-free stores among pre-travel and in-travel customers by spreading the message via SNS and other channels that using airport stores is more beneficial, thereby increasing the utilization of duty-free stores within the airport. That concludes my explanation.

Kanamori [Q]: Thank you. So, I assume that at present, you are in a stage prior to making people aware that airport duty-free shopping is more advantageous. You need to get them to understand the change in the system itself.

Fujino [A]: That is correct. Thank you for your question. I believe it is as you pointed out. Since this system only started on November 1, foreigners also don't yet know how much will be refunded to them after paying the 10% consumption tax. Under these circumstances, if the refunded amount is small, they should assume that using our airport duty-free stores would be more advantageous, so we expect usage to increase.

Kanamori [M]: Understood. Thank you.

Moderator [M]: Thank you all for sending in 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 Q2 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.

[END]

Document Notes

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2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
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