

■ Feedback for First Quarter results and the outlook of business passenger demand recovery

Q1: What is your feedback for this First Quarter results? What do you expect business passenger demand recovery?

A1: The result was tough because the domestic passenger demands were sluggish due to the declaration of a state of emergency, However, in the outlook of the Second Quarter, the demand, based on the recent reservations, is expected to recover to around 40% in July and to over 50% of a pre-Covid-19 level toward September. The situation of this year is markedly different from last year. Hopefully the operating cash flow will turn to be positive in September as the earliest, depending on demand.

*Please note that the above outlook was as of August 3, 2021.

■ Cargo business

Q2: What is the current operation status of the cargo flights with own aircrafts in the current strong demand situation?

A2: As we do not own cargo freighters, we operate passenger aircraft for cargo flights. In the First Quarter, 4,111 cargo flights, both international and domestic flights, were operated. We will continue to maximize the revenue by actively operating cargo flights.

■ LCC

Q3: What is your long-term initiative? Will JAL transfer some routes operated by JAL to its LCC subsidiaries?

A3: In a post-Covid-19 era, we expect a VFR and leisure demand will recover early and continue to grow. On the other hand, there is a possibility that business travel demand may not recover to a pre-Covid-19 level. We will consider both opportunities for FSC and LCC by capturing such demand change and matching its capacity either through FSC or LCC on each route. We will establish a domestic and international LCC network with Narita Airport as a hub. In FSC and LLC market, target customer segments are totally different, so there should not be a concern about cannibalization.

■ Cost control

Q4: Is there any room for reducing the actual fixed cost of 500 billion yen further?

A4: If revenue does not increase, it is our corporate mission that we thoroughly manage our cost. In the First Quarter, we could achieve larger reduction of the actual fix cost than we had expected, and we will continue to make our utmost efforts to reduce costs.