Financial Report for the Third Quarter ending March 2022, Major Q and As

■ Evaluation of the third quarter financial results

Q1. Compared with the company's plan, how did the revenue and the cost go in Q3?

A1. Revenue was 10 million yen less than our plan due to the lower passenger demand and sales increase in cargo business, however, it was offset by the fixed cost reduction of 10 billion yen, consequently, EBIT was in line with our plan.

■ International and domestic passenger demand

Q2. Please explain the reservation for January to February

A2. Through October to December, the passenger demand steadily recovered, reaching a 85% level of pre-COVID in the New Year holiday season. However, due to the spread of Omicron variant, the demand in January would go down to approximately 50% and the reservations for February has been slowing down under the COVID-19 semi-emergency declaration measures. We have been successful in capturing basic demands, mainly business travels, but still we are in a difficult situation to exactly foresee the trend for February and going forward.

Q3. How is the trend for the transit demand going?

A3. The international passenger revenue has gone bellow our plan and the dramatic recovery of outbound demand cannot be expected for a while, so we will proactively capture the transit demand by adjusting flight schedules to make them suitable for transit passengers using Narita Airport as a hub. Transit demand has increase and now it accounts for approximately 43% of the total international demand.

■ Cargo business

Q4. Please explain the current trend for January to March

A4. Although January to March is normally a low season, the tight demand-supply situation is still continuing due to disrupted ocean shipment, Then, the international cargo demand remains strong and the price level stays high in January and onwards.

Q5. Please explain the current cargo flight operation (cargo flights with own passenger aircrafts and chartered freighters)

A5. For international operation, in addition to operating more than 11,000 cargo flights using own passenger aircrafts, we have increased the number of charted freighter flights by approximately 1.8 times year-on-year through our marketing efforts with partner airlines. Under the ongoing tight demand-supply situation, we will strive to secure capacity by making the most out of these partnerships.

■ Medium Term Management Plan

Q6. Are there any issues recognized within the company in updating the Medium Term Management Plan?

A6. There is no change in the gist of the Medium Term Management Plan. However, we will further adjust our Rolling Plan, taking into account the delayed demand recovery especially for international passenger. Considering the necessity of restructuring the business model and the increasing importance of expanding non-aviation business, we will expedite the restructuring.

■ Transition Bond

Q7. What is your plan of further transition bond financing?

A7. In the aviation industry, this is the world's first case to issue transition bonds, and we believe that JAL group's ESG strategy, especially our initiatives towards decarbonization, was highly evaluated. In advancing medium-to-long term ESG strategy towards net-zero CO2 emissions by 2050, we will continue to actively consider issuing SDG bonds, and will consider expanding the framework by taking advantage of this experience.