Financial Report for the Third Quarter ending March 2023, Major Q and As

■ Overall performance

Q1. Please explain this quarter's performance (October to December) in comparison to the plan (previous performance forecast).

A1. EBIT was ▽7 billion yen below the previous forecast for this quarter. Breaking this down, revenue was ▽8 billion yen below the forecast, costs were ▽1 billion yen below the forecast (decrease of costs).

Q2. Please explain the revenue for International Pax and Domestic Pax in comparison to the plan (previous performance forecast).

A2. Demand for International Pax was above the forecast. Although recovery for outbound demand from Japan was slow, strong demand was seen for Japan-bound and transit routes. In addition, as unit revenue increased due to the yen's depreciation, revenue was above the forecast.

Demand for Domestic Pax was below the forecast. Recovery for business demand was slow, and the recovery of leisure demand was limited due to timing of the nationwide travel support program's resumption. Thus, revenue was below the forecast.

■ Revision to the annual financial performance forecast

Q3. Please explain why the demand forecast for Domestic Pax in the 4^{th} financial quarter (January 2023 to March 2023) was revised downwards.

A3. Based on current bookings, we expect demand to be at around 80% of pre-pandemic levels in January-February and return to about 95% of pre-pandemic levels in March. Demand for the entire 4^{th} financial quarter is expected to recover to about 85% of pre-pandemic levels. We believe this is partly due to customers refraining from purchasing tickets caused by the timing of the nationwide travel support program's resumption. The impact of the eighth wave of the infections is assumed to be limited.

Q4. Please explain how costs excluding fuel decreased by 16 billion yen.

A4. This was mainly due to the decrease in foreign-currency denominated costs from the yen's appreciation, and our continued cost cutting efforts. The assumed exchange rate for the 4^{th} financial quarter is 130 yen/USD.

■ International Cargo

Q5. Why is volume for your company relatively stable compared to the downward trend seen in the market?

A5. We believe this is due to long-term contracts comprising a part of our international cargo business, as well as our competitiveness in the transportation of pharmaceuticals and other urgent needs.

■ Dividends

Q6. Why was the forecasted dividend per share set at 20 yen per share?

A6. The highest priority was placed on resuming dividends. The forecasted level is the best we could present with the many uncertain factors surrounding our company, such as geopolitical risks and trends in the fuel/currency markets. We are aware that this level is not high enough, but from next fiscal year, we will focus on the continuity and stability of our dividends and aim to achieve a dividend payout ratio of at least 35% as before the pandemic.