Financial Report for the First Quarter ending March 2024, Major Q and As

■ Overall performance in comparison to the forecast

Q1. Please explain this quarter's (April~June) performance in comparison to the forecast.

A1. EBIT was +25 billion yen above the forecast for this quarter. Breaking this down, revenue was +14 billion yen above the forecast, costs were ▽11 billion yen below the forecast (decrease of costs). For revenue, International Passenger was +17 billion yen, Domestic Passenger was +8 billion yen, Cargo/Mail was ▽8 billion yen, LCC and Mileage, Lifestyle and Infrastructure were slightly below the forecast.

For costs, there was a large decrease in costs other than fuel, including decrease in maintenance costs and decrease in aircraft costs from the cancellation of cargo charter costs, to adjust to the decrease in cargo demand. Fuel costs are largely in line with the forecast.

■ Full Service Carrier

Q2. Please explain the forecast of international passenger's revenue per passenger going forward.

A2. We forecast that a higher revenue per passenger will continue. For this quarter, passenger number was above forecasted for demand from Japan, and revenue per passenger was above forecasted for Japan-bound demand. Although foreign airline companies are partly returning supply for Japanese routes, we forecast that the supply-demand will remain tight, and high revenue per passenger will continue for the time being.

Q3. Please explain the strategy for domestic passenger's revenue per passenger going forward, including the utilization of the promotional campaign.

A3. After conducting the promotional campaign to stimulate demand during this recovery phase, passenger numbers increased and revenue per passenger resulted at +4% increase from pre-pandemic levels. We aim for further increase in revenue per passenger through both demand stimulation and revenue management.

Q4. Are there any risks for the Chinese routes from the lifting of group tourist visas being delayed?

A4. As we forecasted a lifting of group tourist visas from July, the recovery for Chinese routes is below the forecast. However, the revenue contribution for Chinese routes is relatively small, and demand through individual visas is increasing from July. Thus, the negative impact is not significant.

(Note) The group tourist visa restriction was lifted on Aug 10.

■ Cargo/Mail

Q5. The performance of cargo/mail was below your forecast. Can this be offset by the performance of other businesses?

A5. Although cargo demand is weakening, this is offset by the strong performance of other businesses. Even if this weakening trend of cargo continues going forward, performance overall is on an upside trend.

■ LCC

Q6. What are the reasons for ZIPAIR's high EBIT margin? Also, what are the assumptions of Spring Japan and China's easing of restrictions going forward?

A6. ZIPAIR's high EBIT margin is achieved through comprehensive low-cost operation, utilization of JAL's assets such as for maintenance, high rate of aircraft utilization and increased seat number. In addition, it has steadily captured demand from overseas, with 75% of its customers for American routes being from overseas, thus achieving a high L/F of 85%.

For Spring Japan, while the lifting of the group tourist visa restrictions remains uncertain, demand for China's routes is on a recovery trend due to the use of individual visas from July. We forecast recovery close to demand at the initial forecast levels going forward.

(Note) The group tourist visa restriction was lifted on Aug 10.