

Financial Report for the year ended March, 2024, Major Q and As

(1) Overall performance for FY2023

Q1: Regarding this quarter's performance (January to March), please explain the reasons for the decrease in EBIT compared to the previous year. Also, were there any impacts on EBIT due to the accident of JL516?

A1: EBIT for the fourth quarter was 16.2 billion yen (▽13.5 billion yen bellow FY2022). However, approximately +12.0 billion yen due to special factors (compensation income of 8.0 billion yen and gain on sales of equipment of 4.0 billion yen) in FY2022, so excluding these special factors, EBIT would have been roughly the same.

(2) Annual Performance forecast for FY2024

■International Passengers

Q2: Regarding revenue per passenger for FY2024, ①Please explain the forecast of the first quarter (April to June) in comparison to the plan. ②Please explain the full-year outlook of FY2024. ③Why do you expect that revenue per passenger of the second half will be even higher than the first half in terms of the percentage change from the previous year?

A2: ①In the first quarter, revenue per passenger is expected to slightly exceed the plan.

②Regarding the outlook of revenue per passenger for the full fiscal year, we are aware that there are concerns among investors that the supply-demand balance will ease as other airlines will increase their supply in the future, causing revenue per passenger to decline. For example, with the increase in direct flights from China to the U.S., transit demand to North America via Japan is being affected and revenue per passenger will drop. However, we do not carry much of this transit demand, so we are not affected by this change. In addition, there are no major increases in our supply plan, and we are considering flexible responses to demand recovery, so we believe that we will be able to maintain revenue per passenger throughout the year.

③There are two main reasons for this outlook of the stronger second half. One is that business demand from Japan is expected to recover and also total demand, especially overseas demand, is expected to grow further. The other is that other airlines are not expected to significantly increase supply on routes to/from Japan, so revenue per passenger is expected to rise further in the second half of the year due to tighter supply and demand situations. Currently, business demand from Japan has recovered to about 60% of total demand, but we believe it will still grow beyond FY2024.

Q3: Please explain the reasons for the increase in ASK of international flights of the FY2024 plan compared to that of FY2023.

A3: The FY2024 ASK for all international flights is +6% compared to previous year. The breakdown is +3 pts due to the opening of the Doha route, and the rest is due to the resumption of flights to China routes, which did not fully resume capacity in FY2023.

■Domestic Passengers

Q4: Please explain the outlook for domestic passenger numbers and revenue per passenger in the first quarter of FY2024 compared to the plan.

A4: The number of domestic passengers is slightly lower than planned and revenue per passenger is higher than planned. So, the revenue is expected to be in line with the plan.

■Cargo and Mail

Q5: Please explain the current trend of the unit price for cargo.

A5: Regarding the unit price for cargo, the decline seems to stop in the fourth quarter of FY2023, and it is expected to be slightly higher than planned in the first quarter of FY2024.

■Impact of fuel and currency markets

Q6: The Japanese yen is currently at a considerably weaker level than the FY2024 plan. If this level continues until the end of the fiscal year, what will be the impact on EBIT?

A6: If the exchange rate were to remain at 155 yen/1 USD and the Singapore kerosene market rate were to remain at 100 USD/bbl, we estimate that the EBIT impact for the full year of FY2024 would be approximately +3 billion yen.