Financial Report for the First Quarter ending March, 2025, Major Q and As

■ Business Performance in the First Quarter of FY2024

Q1: Please explain this quarter's (April-June) EBIT by business and factor. and show us each major upside/downside factors in comparison with the plan.
A1: Both revenues and expenses were down by 24 billion yen, compared to the plan. Half of the revenue shortage is from operating revenues directly linked to expenses, and the remaining half of 12.0 billion yen shortage consists of ▽10.0 billion yen from Domestic Passengers and ▽2.0 billion yen from LCCs. Half of the expense decrease comes from operating expenses directly linked to revenues as explained above, and the remaining half of the 12.0 billion yen decrease consists of ▽9.0 billion yen in fuel costs and ▽3.0 billion yen in other common expenses. Fuel costs were lower than planned due to the fuel market being lower than our plan as well as the extension of fuel subsidies to May and June, while our plan had estimated the subsidy would end by the end of April. As a result, we achieved the plan on a profit basis.

Q2: What are the main factors behind the decline in domestic revenue and the passenger numbers in the first quarter?
A2: Due to the seasonality and the decline in group travel, as well as the implementation of a promotional campaign conducted last year with big discounts to attract more passengers. , passenger numbers declined sharply by 6% compared to FY2023.

Q3: How about the trends in yield for international routes?
A3: We are having results than expected with North American routes, where demand is strong. We believe that European routes will be able to maintain the same level as last year, even though the recovery is being observed both in supply and demand overall. On the other hand, demand for China routes is , but because of tourism demand rather than business demand, yield is declining compared to the plan. Considering the booking and ticketing situation in the second quarter, we expect the overall strong situation in the first quarter to continue.

■ Outlook for the Second Quarter of FY2024

Q4: Please explain the outlook of passenger numbers and unit prices for domestic and international routes in the second quarter (July-September).
A4: For domestic routes, the passenger numbers are expected to be 105% and unit price 101% compared to FY2023, while the international passenger numbers and unit price are expected to be 109% and 99%, respectively, compared to FY2023.

Q5: What is the background behind the decrease in profit in the first quarter but the increase in profit in the second quarter compared to FY2023?
A5: We expect business demand departing from Japan on international routes to recover further. In the first quarter, this business demand was 60% of pre-COVID level in terms of passenger number, and we expect it to recover to 65% in the second quarter. Therefore, we believe that this recovery will drive profit growth.

■ Aircraft

Q6: Are there any impacts from delays in delivery of aircraft?
A6: If there is a possibility of a delay in delivery, we will postpone aircraft retirement to adjust the aircraft schedule and maintain appropriate capacity. So far, there have been no delivery delays that could have a significant impact on this year's business plan.

■ Expenses

Q7：What is the reason for the 15% increase in expenses compared to the previous year?

A7：The reasons behind the increase in expenses are due to the increase in capacity, rising prices globally and the weaker Japanese Yen, but we believe that we have been able to control costs. Moreover, we have also intentionally increased personnel expenses as we consider this to be an investment in human capital.

Q8：How do you plan to control costs?

A8：We continue to firmly control the common expenses, which were reduced in the first quarter. We will respond not only with expenses but also with revenue by implementing measures to stimulate demand, such as promoting sales, targeting low-demand flights (for example, to-Tokyo flight during the family-gathering week called Obon, when many people leave Tokyo to visit their families in their hometown), while paying attention to maintain overall unit price levels.

End.