

Financial Report for the First Quarter of FY2025 (ending March, 2026), Major Q&As

(1)Business Performance in the First Quarter of FY2025

Q1: Please provide the detailed information on EBIT compared to the plan in the First Quarter.

A1: EBIT exceeded the plan by 18 billion yen. Revenue increased by 10 billion yen due to the good performance of both International and Domestic Passenger business. Moreover, the extension of the fuel subsidies and decline in fuel prices also contributed to the suppression of expenses by 7 billion yen.

Q2: Regarding the 18 billion yen EBIT increase compared to the plan in the First Quarter, please explain if this increase is mainly in the full-service carrier segment or in the other segments.

A2: the most of the 18 billion yen increase is in the full-service carrier segment.

Q3: The Domestic Passenger load factor has increased but unit price has fallen below expectations. Is this the result of balancing passenger numbers and unit prices to maximize the total revenue?

A3: Yes, this is the result of our aim to make the optimal balance between passenger numbers and unit prices. How much we can raise unit revenue is an important KPI for us and improvement in both load factor and unit price is a key point of this quarter.

Q4: The Domestic Passenger unit price in the First Quarter fell 3 points below the plan. Please tell us about the surrounding competitive environment.

A4: Profitability on domestic routes is declining and the Ministry of Land, Infrastructure, Transport and Tourism started to examine and improve the overall domestic aviation industry through an academic panel. Currently, business demand has only recovered to 75% of the pre-COVID level, which seems a new normal level in the post COVID era, so we have to firmly capture leisure demand instead. We have achieved a high level of load factor so moving forward we will work on improving our yield on leisure demand.

Q5: EBIT for the mileage business was weak compared to the plan. Was the plan too high?

A5: The profit declined compared to the plan due to an accounting factor. However, JAL card transactions and cross-industry partnerships are growing so we are not worried.

(2)Forecast for the performance for the Second Quarter of FY2025

Q6: The EBIT outlook for the Second Quarter is expected to be in line with the plan even though the First Quarter saw a significant upside compared to the plan. It seems that the momentum differs. Please tell us if this is due to the difference of the absolute level of planned profits in each quarter?.

A6: It's just a seasonal issue. The Second Quarter is a peak season, and last year's performance was also good so the upside potential for growth is smaller compared to this First Quarter. Therefore, we would like to achieve the originally ambitious plan.

■International and Domestic Passengers

Q7: In terms of the outlook for International Passenger net unit price, please tell us about the trend changes from the Second Quarter onward and by-route trends.

A7: In the Second Quarter, on a net unit price basis excluding fuel surcharges, we expect to maintain or improve the net unit price year-on-year so that there is no change from the First Quarter outlook. By route, for North America, we expect to maintain a high load factor in the Second Quarter as well. The Southeast Asia and China routes will enter the off-peak summer season so demand may weaken and competition with other airlines may increase. However, since the China routes consist only about 5% of the total revenue so the impact is limited.

Q8: The load factor on North America routes is very high and reaching to its limit. For the next fiscal year and beyond, what are your key drivers of International Passenger revenue growth? This will likely be a key point in the new medium-term management plan starting next year.

A8: Load factors on the North America routes have nearly reached its limit. Going forward, we, including ZIPAIR, will increase supply on the North America route by adding more aircraft and using larger aircraft. For the other regions, particularly the Asia routes, where its capacity is large, we're facing the challenge of how to improve profitability. The load factors are already high on the Asia routes so that we need to capture higher-yield business demand originating overseas including connecting passengers. We will proactively tackle this issue through joint ventures with Malaysia Airlines, Garuda Indonesia, American Airlines, etc.

Q9: Please tell us the full-year vision and current status of outbound business demand.

A9: It is steadily recovering and has reached almost 70% compared to the pre-COVID level in this Quarter. We expect a further 4-5 point recovery in the Second Quarter.

Q10: You mentioned boosting domestic load factors through leisure demand. How do you plan to achieve this target and to what extent do you expect to increase revenue?

A10: Since there are far more flights than international routes, it is difficult to raise load factors any further, so our basic strategy is to improve yield on domestic routes. Through flexible revenue management, introducing fuel surcharges, and capturing further inbound demand, we will tighten the supply-demand balance and improve yield.

■Costs

Q11: With the abolition of the provisional gasoline tax rate, fuel costs are expected to decrease but the subsidies will also be reduced. What is the overall impact?

A11: The abolition of the provisional tax rate itself does not directly affect jet fuel prices but the elimination of the fuel subsidies does. However, our plan does not include fuel subsidies in the first place, so there is no impact on our plan.

(3)Others

Q12: There was no announcement of a share buyback made in this quarter. Is there any update in your internal discussions regarding share buyback?

A12: We will consider its appropriate timing and amounts while considering the outlook for this fiscal year's performance.

Q13: Is there a plan to strengthen the mileage business to further increase EBIT? Also, is this matter being discussed in preparation for the new medium-term management plan?

A13: The mileage business is the most profitable segment among non-aviation businesses. The issuance of mileage points out of sales other than air ticket sales has been growing about 10% annually, and the profits have also been growing organically each year. We plan to further expand the mileage business. The recent investment in Money Square is also a part of this strategy. We will continue to actively consider M&A going forward.

End.