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

(1)Business Performance in the Third Quarter of FY2025

Q1: Please provide details on EBIT compared to the plan in the third quarter.
A1: For the third quarter alone, the revenue was up by 12 billion yen, and the expenses were up by the same amount, resulting in EBIT being roughly in line with the plan. In addition, following the first half results, EBIT for the cumulative third quarter was up by 15 billion yen.

Q2: Please break down the expense versus the plan in the third quarter alone.
A2: Fuel expenses were up by +2 billion yen, and non-fuel expenses were up by +10 billion yen (maintenance cost +5 billion yen, personnel expenses +2 billion yen, others +2 billion yen, and a 1 billion yen short in other income/expense), resulting in +12 billion yen in total. It looks that the expenses have increased more than expected, however it is because we set a very challenging cost reduction target at the beginning.

Q3: Regarding yield for international passengers, what factors led to the positive trend in the third quarter?
A3: Load factors for international passengers have risen significantly by strong demand and our yield improvement through strengthened revenue management has become apparent. In addition to the robust demand, market competitive situations are favorable so that we expect yield improvement will continue going forward.

Q4: Regarding yield for domestic passengers, what is driving the increasing rates?
A4: The main factor is our flexible revenue management. The third quarter was a peak season, similar to the last year, and our focus on improving yield was reflected in the results. We will continue working to improve yields while also flexibly responding to the market situations, such as proactively capturing demand during off-peak seasons, and then we will improve overall performance.

Q5: The progress of the LCC business and the mileage business versus your plan appears to be weak. What is your view on this?
A5: The LCC business appears weak due to ZIPAIR's underperformance in the second quarter. In the third quarter, they adjusted their strategy and recovered. Therefore our strategy of the LCC business as a growth driver remains unchanged. As for the mileage business, the progress looks weak because the mileage expiration rate has been lower than expected. However, mileage issuance revenue is performing well through our partners. The mileage business strategy itself is advancing steadily.

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

■International and Domestic Passengers

Q6: Please tell us about the situation of the international passenger business.
A6: We had planned the passenger number to be 99% year on year, but at present it is expected to soften slightly to 95% due to China. On the other hand, we had planned the unit price to be flat year on year, but we now expect it to be 110% year on year. The impact of demand reduction on China routes is limited so far, but we will continue to monitor the situation closely.

Q7: Regarding the unit price for international passenger business, please break down the +10% year-over-year change.
A7: Market factors are -2% as the fuel surcharge is down year on year, but the net unit price excluding market factors is +12%, resulting in the overall +10% change.

Q8: Please tell us about the situations of the domestic passenger business.
A8: In our plan on a year on year basis, the passenger number was 96% year on year and the unit price was 102% year on year. The current outlook is the passenger number: 100% year on year and the unit price: 101% year on year.

■Financial Performance Forecast
Q9: Regarding the full-year performance forecast for the current year, EBIT is outperforming in Q3, and both international and domestic operations appear to be good. Is there any reason why the full-year performance forecast has remained unchanged?
A9: While both international and domestic passenger businesses remain strong, we are taking a somewhat cautious view in light of uncertain accounting adjustments related to mileages, maintenance costs that are expected to continue rising, the impact of travel demand reduction on China routes, and operational impacts from the A350-1000 collision incident. With just two months remaining to go, we aim to steadily add more profits.

(3)Others
Q10: While revenue is outperforming, costs are likely to continue to rise in the next fiscal year. Is profit growth still achievable next year? How confident are you?
A10: The market competitive environment is favorable so that we can raise yield further. On the other hand, we are concerned with travel demand reduction on China routes, the termination of fuel subsidies and cost increases due to inflation. In addition, one-time profit from sales of real estate and aircraft in this fiscal year will become downside factors in the next fiscal year. We are rigorously examining next year's plan.

Q11: An advisory council meeting on the future of domestic aviation is being held. How much cost reduction can be expected from optimizing capacity supply?
A11: We intend to maintain the route network by coordinating with other carriers. Then, we will be able to allocate more capacity to trunk routes with strong demand. In other words, rather than reducing costs, we expect to improve yield through supply optimization.

Q12: Please tell us about your plan to introduce a fuel surcharge on domestic routes.
A12: We aim to introduce it at some point in the next fiscal year. We are in a phase where we seek an appropriate timing to introduce fuel surcharge.

Q13: Regarding the change in the shareholder structure of Jetstar Japan. While managerial flexibility may improve, what else can be enhanced?
A13: Our ownership stake will not change. Together with the Development Bank of Japan, which will join as a new partner instead of the Qantas Group, we intend to drive a new growth strategy for Jetstar Japan. The main theme will be how to capture international inbound demand.

End.