

■ Overall performance

Q1. Please explain this quarter's performance (July to September) in comparison to the plan.

A1. EBIT was +15 billion yen above the plan for this quarter. Revenue was +2 billion yen (above the plan), of which International Passenger Revenue was +30 billion yen, Cargo/Mail was ∇ 10 billion yen, and Mileage, Lifestyle and Infrastructure was ∇ 14 billion yen. On the other hand, Expenses were ∇ 12 billion yen (decrease of expenses), of which Fuel was ∇ 9 billion yen, and expenses other than Fuel was about ∇ 3 billion yen.

■ Annual financial performance forecast

Q2. EBIT for the first half was about +40 billion yen above the plan. The increase of the annual financial performance forecast from 100 billion yen to 130 billion yen seems to be conservative.

What is the reason for this?

A2. As shown in page 25 of our financial announcement material, the main reason is the increase in Fuel.

Compared to the first half, the fuel market for the second half is on a headwind trend, or an increase in Fuel.

However, we expect to maintain our topline (revenue), with forecasts for International Passenger at

+14.1 billion yen, LCC at +7.7 billion yen and Mileage, Lifestyle and Infrastructure at +26.6 billion yen.

We will strive for further improvement of profit levels.

Q3. Is the increase in Fuel and Personnel costs the main reason for the EBIT forecast of the second half to be lower than the initial forecast? Also, do you plan to maintain your annual actual fixed costs lower than 500 billion yen in this environment?

A3. The increase in fuel costs and personnel costs are the main reasons. The increase in personnel costs are investments for human resources for future business expansion, which we will actively implement. Although actual fixed costs are expected to exceed 500 billion yen for this fiscal year, this is the result of necessary investments. Going forward, we will strive to keep Actual Fixed Costs within 500 billion yen through improved productivity.

Q4. What are the reasons for the annual EBIT forecast of Mileage, Lifestyle and Infrastructure business domain to decrease from 55 billion yen to 47 billion yen?

A4. The main reasons are the revenues of Travel Agency and Mileage. The annual revenue forecast is ∇ 22 billion yen for this business domain, of which ∇ 8 billion yen is Travel Agency and ∇ 14 billion yen is Mileage. The decrease in Travel Agency revenue is due to limited recovery for group tours in the first half. As for Mileage revenue, the main reason is the one-time accounting adjustments resulting from the decrease of expiry rates regarding mileage points. However, this is a positive sign as the decrease in expiry rates is a result of increased preference for our company's services.

■ Revenue per Passenger

Q5. What are the trends for international passenger's revenue per passenger for the second half?

A5. High levels are maintained except for the China routes. In addition to strong demand for higher classes, there is strong demand for long-haul routes. A further increase is expected in the second half from recovery of demand, further tightening of the supply-demand balance, and further revenue management. However, as the

recovery for the China routes is relatively slow, we will continue to implement strategies such as shifting supply to other routes with high demand.

Q6. Do you expect revenue per passenger to maintain levels of the first half, or do you forecast a further increase?

A6. We forecast a further increase as there are routes with load factors around 80%, and as outbound business demand (with high revenue per passenger) is recovering. Moreover, in terms of supply, foreign airlines are unlikely to prioritize returning supply to Japan routes. This is due to diminishing revenues for these airlines due to the weak yen, and as the recovery of supply is limited. This would work positively for revenue per passenger, from the tightening of the supply-demand balance.

Q7. The Revenue per Passenger and yield for Domestic Passenger increased compared to last year.

Is this expected to continue for the second half?

A7. We expect that this trend will continue. This is due to the price revision of business fares conducted in June, and the increase in individual passengers, which have a higher yield than group passengers. Moreover, as load factors are increasing mainly during the weekends, this has allowed strong revenue management. Going forward, we will continue to consider increasing non-business fares.

Q8. Please explain your pricing strategy for next fiscal year.

A8. As the overall environment is a rise in costs, we will continue to consider improving revenue per passenger next fiscal year onwards.

■ Other businesses

Q9. Please explain ZIPAIR's customer composition, and if they overlap with JAL's customers.

A9. ZIPAIR's customers do not overlap with JAL's. ZIPAIR has strongly captured inbound demand. In terms of outbound demand, its main passengers are individual passengers. Even though outbound demand is relatively weak, it has generated profits through capturing inbound demand at an early stage.