Financial Report for the First Quarter of FY2026 (ending March, 2027), Major Q&As

(1)Business Performance in the First Quarter of FY2026

Q1: Could you provide details on the Q1 EBIT performance compared to the plan?
A1: For Q1 on a standalone basis, EBIT was ▼¥12.0 billion against the plan. Against a revenue increase of +¥34.0 billion (International Passenger +¥24.0B, Domestic Passenger +¥2.0B, Cargo +¥12.0B, LCC +¥2.0B, Others ▼¥6.0B), expenses increased by +¥43.0 billion (Fuel costs +¥46.0B, Non-fuel costs ▼¥3.0B), and other income/expenses were ▼¥3.0 billion.

Q2: Performance reportedly recovered progressively from April through June. What were the key drivers of this improvement, and what is the outlook going forward?
A2: Monthly average Singapore Kerosene prices dropped significantly in June—falling to $151/bbl after $195/bbl in April and $200/bbl in May. This was a key factor in the financial improvement. Additionally, Q1 is a high season for inbound travel, and effectively capturing this demand was a major contributor.
Regarding the outlook, inbound demand in Q2 may be less robust due to the intense summer heat in Japan. Outbound leisure demand from Japan also faces a somewhat challenging environment due to high fuel surcharges this fiscal year. On the other hand, Japan-outbound business demand remains strong, and inbound demand is expected to be strong from autumn onward. By firmly capturing this demand, we intend to drive further profit growth.

Q3: Could you explain the reason for the decline in domestic passenger numbers in June?
A3: This was caused by the impact of two typhoons that struck the Kanto region. We do not believe competitors' fare structures had any impact.

Q4: LCC profits remain low. While high fuel prices make profitability challenging, do you have any recovery measures?
A4: LCC profits fell slightly below the Q1 plan. Among ZIP, SJO, and JJP, ZIP was negative and SJO was positive—effectively offsetting each other—but JJP recorded a larger shortfall, driving overall performance below plan. Once fuel prices normalize, we believe we can achieve solid growth. ZIP plans to introduce its 9th and 10th aircraft this fiscal year, and SJO is benefiting from tight supply and demand on China routes with unit pricing up about 50%, so the operating environment remains favorable.

(2)Forecast for the performance for the Second Quarter of FY2026

Q5: Could you share the booking trends for international and domestic flights from July onward?
A5: I will provide these on a year-on-year basis. For international flights, passenger volume is ▼6% and unit yield is +23%. For domestic flights, passenger volume is ▼1% and unit yield is +5%.

Q6: What is the outlook for fuel costs, demand, and unit yields? Are you likely to make up for the Q1 shortfall in Q2?
A6: It depends on fuel market conditions. If Singapore Kerosene trends at $150/bbl throughout August and September, Q2 results will be in line with the plan. If it trends at $120/bbl, we expect to be able to make up for the ¥12.0 billion shortfall from Q1.

Q7: International unit yields are listed as +15% for Q1 and +23% (forecast) for Q2. Does the same hold true on a net yield basis?
A7: Net yield, which excludes fuel surcharges, is roughly at the same level for both quarters: +17% for Q1 and +17% for Q2.

(3)Others
Q8: Could you share the timeline and details regarding future domestic flight initiatives based on the "Panel of Experts on the Future of Domestic Aviation"?
A8: First, the introduction of fuel surcharges is unrelated to the expert panel's conclusions; we are preparing with a target rollout of next April. The expert panel raised topics such as schedule adjustments, codesharing, and capacity coordination. As a first phase, we are targeting schedule adjustments for the second half of this fiscal year or 1H FY2027. Codesharing requires system modifications, so it will still take time. Regarding capacity coordination, an antitrust exemption is a prerequisite, but we are currently preparing our application for regulatory approval with the goal of bringing this to fruition.

Q9: What synergies do you expect from the partnership with Marriott Bonvoy?
A9: We anticipate synergies in both our mileage program and Full-Service Carrier (FSC) business. As a strategy to systematically capture customers originating overseas, we have previously built partnerships with companies like Capital One and Bilt Rewards. Marriott Bonvoy has approximately 300 million members—an immense scale compared to JAL Card's roughly 3 million members—and we view this as an opportunity to rapidly accelerate our acquisition of overseas-originating customers.

End.