

Financial Results for the Three Months Ended June 2025 Q&A Summary

Q1) What were the reasons for the increase in operating income in Q1 compared to the plan?

- A1) • The operating income for the first quarter was 6.0 billion yen higher than planned. Of this amount, we attribute 5.5 billion yen to foreign exchange and fuel market factors.
- Another factor was the decrease in maintenance expenses due to reduced maintenance frequency. We will continue to closely monitor trends in maintenance costs and implement thorough cost management.

Q2) What are the Q1 results and Q2 outlook for the passenger business?

A2) [International Passenger]

- Demand for trilateral transportation weakened during the first quarter due to an increase in direct North America-to-Asia and China flights offered by other airlines. However, the number of passengers to and from Japan increased steadily.
- In terms of unit price, yield was lower than the previous year due to increased competition in the form of more supply from other companies, as well as the impact of foreign exchange rates.
- We will endeavor to maximize overall revenues in the second quarter by improving passenger numbers and unit price through the early and steady capture of bilateral demand, particularly inbound demand.

[Domestic Passenger]

- Despite sales promotions to stimulate leisure demand, unit price for the first quarter rose year on year due to fare increases and strict yield management.
- Leisure demand has recovered to pre-COVID-19 levels and business demand is recovering moderately. We expect these trends to continue in the second quarter.

Q3) Have U.S. tariff policies had any impact on the cargo business?

- A3) • We noted no significant impact on overall international cargo revenue in the first quarter. Although cargo demand from China to North America declined, we captured robust Asia-originated cargo to North America and minimized the impact of tariff policies.
- We will continue to adapt with flexibility and agility, paying close attention to shifts in the global supply chain and global trends.

Q4) What is the operating income forecast for Q2?

- A4) • We expect operating income for the second quarter to be progressing largely in line with the plan.
- We are struggling somewhat to improve unit price on international routes (passenger and cargo). However, passenger numbers and cargo weight are exceeding plan.
 - We expect to continue to see a positive impact on profits as foreign exchange and fuel market conditions remain below plan.

Q5) What future developments do you expect related to making Nippon Cargo Airlines (NCA) a wholly owned subsidiary?

- A5) • We have received approvals from all the necessary authorities, and we expect to finalize the transaction as scheduled on August 1. We plan to consolidate NCA's balance sheet and income statement beginning in the second quarter.
- After closing the deal, we intend to hold specific discussions with NCA about maximizing synergies, integrating our international passenger route operations, the largest international network in Japan, with the NCA wide-body freighter network.

End