

Financial Results for the Six Months ended September 2025 Q&A Summary

Q1) Could you please provide details on the second quarter results and the future outlook for unit revenue in the International Passenger Business?

- A1) • In the first quarter for the International Passenger Business, unit revenue traced a declining trend, as trilateral demand decreased more than anticipated due to increased capacity offered by other companies. Amid these circumstances, we shifted to a revenue management approach prioritizing the capture of passenger numbers, and as a result, unit revenue has been on a recovery trend since August.
- In the second half, we expect unit revenue to improve gradually, as the higher load factor from capturing passenger numbers will also contribute to an increase in yield.

Q2) What is your outlook for domestic passenger demand?

- A2) • Domestic passenger demand continues to be solid, and current reservation trends are expected to exceed our plan. By thoroughly implementing yield management, we will strive to improve profitability while steadily capturing this solid demand.
- The expert panel on the future of domestic aviation is discussing the structural issues facing the domestic passenger business, assuming that airlines will do everything they can on their own to address the issues. Discussions of specific initiatives have begun, and we expect that appropriate conclusions will be reached relatively soon after the multiple meetings scheduled in the coming weeks.

Q3) Could you describe the current supply and demand conditions for International Cargo Business?

- A3) • The supply-demand balance eased in the second quarter as overseas airlines reduced flights to China and market supply increased, particularly on routes from Asia to North America.
- At the same time, cargo demand to North America continues to be strong, especially from Taipei, Hanoi, Bangkok, and certain other locations. We will continue to capture this robust demand opportunistically by rearranging our network in a flexible manner.

Q4) What are the expense variances in the revised plan compared to the initial plan?

- A4) • Excluding the increase due to the consolidation of NCA, we expect operating expenses to be around 31.0 billion yen less than initial plan.
- The main factor was a decrease in fuel expense, stemming from market conditions and an extension of jet fuel subsidies. In addition, maintenance expenses were controlled, due to the impact of foreign exchange in the first half and fewer engine maintenance opportunities.

Q5) What is the medium-term profit outlook for Nippon Cargo Airlines (NCA)?

- A5) • The full-year plan for NCA's operating income in fiscal year 2025 is approximately 8.0 billion yen.
- Given the NCA performance to date, we believe the company has the ability to generate annual profits of around 20.0 billion yen. In addition to business synergies, including a route network reshuffling, we believe that we can generate annual profits of 30.0 billion yen in the medium term through cost advantages from the streamlining of back office departments and other measures.

Q6) When do you plan to announce the next Medium-Term Corporate Strategy, and what will be its key policies?

- A6) • We plan to announce the next Medium-Term Corporate Strategy in the fourth quarter.
- We are engaged in deep discussions related to the next medium-term corporate strategy regarding the approach to cash allocation, including shareholder returns and growth investments, as well as the financial strategy to support achieving an ROE of 12% and a PBR of 2.0 times.

End