August 2026

Financial Results for the Three Months Ended June 2026 Q&A Summary

Q1) What are the recent trends and future outlook for yields in the International Passenger Business?

A1) [Q1]

- We executed yield management in the first quarter by securing baseloads as early as possible through the capture of price-elastic demand, while seeking higher prices from last-minute business travel demand.
- As a result, yield in Q1 (excluding fuel surcharges) exceeded both plan and the previous year's results.

[Q2]

- We expect yield (including fuel surcharges) to be lower than initial plan due to fuel prices.
- However, we project that yield (excluding fuel surcharges) will exceed previous year, as we improve yield management accuracy.

Q2) What drove the strong performance in International Cargo Business, and will this trend continue?

A2)
- Demand for high-value cargo, such as AI-related semiconductors, remained robust. In particular, routes from Asia to North America showed strong momentum.
- Geopolitical factors have slowed the recovery of overall supply in the Middle East, tightening the air cargo market. This tightening has driven unit prices above plan, boosting overall business performance.
- We expect the supply-demand balance to normalize in Q2 onward. While unit price may not outperform projections to the same extent as in Q1, we anticipate that unit price will continue to outperform projections to a certain degree.

Q3) What is the demand outlook for the Domestic Passenger Business from Q2 onward?

A3)
- We expect current demand to fall below that of the last year, when we saw exceptional strength driven by Expo 2025 Osaka, Kansai, Japan.
- The domestic passenger business was also affected by a year-on-year decrease in capacity due to A320 aircraft on ground (now improving) and the resulting capacity optimization.
- We aim to maximize revenue through targeted sales initiatives and improved yield management during peak periods (e.g., summer holidays and Silver Week) to enhance overall profitability.

Q4) What is the background for leaving the full-year guidance unchanged?

A4) ・While Q1 results outperformed expectations, driven by favorable market conditions and strong International Passenger and Cargo Businesses, we left the full-year guidance unchanged due to uncertain fuel price and FX assumptions. Specifically, the current high fuel price volatility requires cautious assessment.

・As higher fuel prices could pressure earnings, we will review our assumptions based on Q2 trends and revise the forecast as necessary.

Q5) What is the roadmap for the Domestic Passenger Business based on the findings of MLIT expert panel?

A5) ・We are currently evaluating flight schedule optimization. While maintaining overall flight numbers and fleet size, we are optimizing schedules—particularly on routes competing with shinkansen (high-speed rail) routes where air travel demand is lagging.
We will announce more details when we have finished our preparations.

・We are also studying other matters raised by the expert panel. We will consider these matters carefully, with a focus on maintaining the transportation infrastructure essential to regional mobility.

End