

**[REFERENCE TRANSLATION]**

**Please note that this translation is to be used solely as reference.**

**In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.**



November 6, 2020

Company Name	Japan Airlines Co., Ltd.
Representative	Yuji Akasaka, President
Stock Listing	Tokyo Stock Exchange
Code No.	9201
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### **Notice on Issuance of New Shares and Secondary Offering of Shares**

Japan Airlines Co., Ltd. hereby announces that it has decided, at the meeting of the Board of Directors held on November 6, 2020, to issue new shares, together with a secondary offering of shares, as follows.

In order to survive the challenges due to the prolonged impact of the spread of COVID-19 and cultivate management capabilities to respond to the social mission that airlines should fulfill under the new normal of the post-COVID-19 era, we must not only deal with this crisis, but also maintain and expand our ability to respond to capital needs without delay. In doing so, we will aim to evolve and develop into an airline that is needed by society, by improving our financial structure, which is our fundamental management strength, as soon as possible. Therefore, in addition to access to liquidity, a prompt recovery of our impaired financial structure is an urgent issue.

The JAL Group has decided to issue new shares in order to secure the necessary scale of funds to realize its strategic goals, while improving its financial structure at an early stage.

The JAL Group will strive to maximize its corporate value and the interests of all its stakeholders, including shareholders, by quickly establishing a foundation for medium- and long-term growth, by promptly raising capital and expanding its financial base through the offerings and the initiatives for the new normal of the post-COVID-19 era, ensuring flight safety and preventing the further spread of COVID-19.

We intend to use the net proceeds from the issuance of new shares to restructure the JAL Group's business structure in the post-COVID-19 era, enhance safety and security, accelerate initiatives for social issues and rebuild its financial structure by reducing interest-bearing liabilities.

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1. Issuance of new shares through public offering

- (1) Class and Number of Shares to be Offered 90,869,600 shares of our common stock, which is the sum of (i) through (iii) below.
- (i) 60,869,600 shares of our common stock to be underwritten and purchased by the Japanese underwriters in the Japanese Public Offering as described in (4)(i) below.
  - (ii) 26,087,000 shares of our common stock to be underwritten and purchased by the international managers in the International Offering as described in (4)(ii) below.
  - (iii) A maximum of 3,913,000 shares of our common stock, which will be subject to the option to be granted to the international managers in the International Offering as described in (4)(ii) below for the purchase of additional shares of our common stock.
- (2) Method of Determination of Amount to be Paid The amount to be paid will be determined on a day (the “Determination Date”) during the period from Wednesday, November 18, 2020 to Wednesday, November 25, 2020 in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. of the Japan Securities Dealers Association.
- (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased The amount of stated capital to be increased shall be half of the maximum amount of the stated capital increase, as calculated in accordance with Article 14, Paragraph 1 of the Regulation on Corporate Accounting with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of additional paid-in capital to be increased shall be the amount obtained by subtracting the relevant amount of stated capital to be increased from the relevant maximum amount of the stated capital increase.
- (4) Method of Offering The offerings will be concurrently conducted in Japan and overseas.
- (i) Japanese public offering:  
The offering in Japan (the “Japanese Public Offering”) shall be conducted through a public offering, whereby the Japanese underwriters shall underwrite and purchase all of the shares related to the Japanese Public Offering.
  - (ii) International offering:  
The international offering (the “International Offering”) shall be conducted in overseas markets (in the United States, restricted to sales to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act), whereby the international managers (together with the Japanese underwriters, the “Underwriters”)

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shall, severally, but not jointly, purchase all of the shares related to the International Offering. In addition, we will grant the international managers the option to purchase additional shares of our common stock as mentioned in (1)(iii) above.

With regard to the offerings mentioned in (i) and (ii) above, the number of shares to be offered is planned to be 60,869,600 shares for the Japanese Public Offering and 30,000,000 shares for the International Offering (of which 26,087,000 shares will be purchased as mentioned in (1)(ii) and 3,913,000 additionally issued shares may be purchased upon exercise of the option mentioned in (1)(iii) above), although the final breakdown of the actual number of the shares shall be determined on the Determination Date by taking into account market demand and other conditions.

Moreover, the issue price (offer price) with respect to each offering mentioned in (i) and (ii) above shall be determined on the Determination Date based on the tentative pricing range calculated by multiplying the closing price in ordinary market transactions of the shares of our common stock on the Tokyo Stock Exchange, Inc. on the Determination Date (or, if no closing price is quoted on such date, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down to the nearest yen), in accordance with the method stated in Article 25 of the Regulations concerning Underwriting of Securities, etc. of the Japan Securities Dealers Association, taking into account market demand and other conditions.

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| (5) Consideration for Underwriters   | We will not pay any underwriting commissions to the Underwriters in respect of the Japanese Public Offering and the International Offering. However, the aggregate amount of the difference between (i) the issue price (offer price) and (ii) the amount to be paid to us by the Underwriters in each offering shall constitute proceeds to the Underwriters. |
| (6) Subscription Period (for Japanese Public Offering)   | The subscription period shall be from the business day immediately following the Determination Date to the second business day immediately following the Determination Date.   |
| (7) Payment Date   | The payment date shall be a day during the period from Wednesday, November 25, 2020 to Tuesday, December 1, 2020, which is the fourth business day immediately following the Determination Date.   |
| (8) Subscription Unit  | 100 shares   |
| (9) Determination of the amount to be paid, the amount of stated capital and additional paid-in capital to be increased, the issue price (offer price) and all other matters necessary for the issuance of new |  |

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shares through the Japanese Public Offering and the International Offering shall be delegated to the Representative Director, President.

- (10) The Japanese Public Offering shall be conditioned upon the securities registration statement filed under the Financial Instruments and Exchange Act of Japan becoming effective.

2. Secondary offering of our shares (secondary offering to cover over-allotments) (See 1. of <Reference> below.)

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| (1) Class and Number of Shares to be Sold  | 9,130,400 shares of our common stock<br><br>The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or the secondary offering to cover over-allotments may be cancelled entirely, depending on market demand and other conditions of the Japanese Public Offering. The number of shares to be sold shall be determined on the Determination Date, taking into account market demand and other conditions of the Japanese Public Offering. |
| (2) Seller   | The designated Japanese underwriter   |
| (3) Selling Price  | Undetermined. (The selling price will be determined on the Determination Date; provided, however, that such selling price shall be the same as the issue price (offer price) in the Japanese Public Offering and the International Offering.)   |
| (4) Method of Secondary Offering   | Taking into account market demand and other conditions of the Japanese Public Offering, the designated Japanese underwriter will make a secondary offering in Japan of up to 9,130,400 shares, which will be borrowed from certain of our shareholder(s).   |
| (5) Subscription Period  | The subscription period in respect of the Japanese secondary offering to cover over-allotments shall be the same as the subscription period in respect of the Japanese Public Offering.   |
| (6) Delivery Date  | The delivery date shall be the business day immediately following the payment date in respect of the Japanese Public Offering.  |
| (7) Subscription Unit  | 100 shares  |
| (8) Determination of the selling price and all other matters necessary for the Japanese secondary offering to cover over-allotments shall be delegated to the Representative Director, President.  |   |
| (9) The Japanese secondary offering to cover over-allotments shall be conditioned upon the securities registration statement filed under the Financial Instruments and Exchange Act of Japan becoming effective; provided, however, that if the Japanese Public Offering is cancelled, the secondary offering to cover over-allotments shall be cancelled as well. |   |

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3. Issuance of new shares by way of third-party allotment (See 1. of <Reference> below.)

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| (1) Class and Number of Shares to be Offered   | 9,130,400 shares of our common stock  |
| (2) Method of Determination of the Amount to be Paid   | The amount to be paid will be determined on the Determination Date; provided, however, that such amount to be paid shall be the same as the amount to be paid in the Japanese Public Offering and the International Offering.   |
| (3) Amount of Stated Capital and Additional Paid-in Capital to be Increased  | The amount of stated capital to be increased shall be half of the maximum amount of the stated capital increase, as calculated in accordance with Article 14, Paragraph 1 of the Regulation on Corporate Accounting with any fraction less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of additional paid-in capital to be increased shall be the amount obtained by subtracting the relevant amount of stated capital to be increased from the relevant maximum amount of the stated capital increase. |
| (4) Subscriber   | The designated Japanese underwriter   |
| (5) Subscription Period (Subscription Date)  | Tuesday, December 22, 2020  |
| (6) Payment Date   | Wednesday, December 23, 2020  |
| (7) Subscription Unit  | 100 shares  |
| (8) Any share not subscribed within the subscription period (i.e., by the subscription date) mentioned in (5) above shall not be issued.   |   |
| (9) Determination of the amount to be paid, the amount of stated capital and additional paid-in capital to be increased and all other matters necessary for the issuance of new shares by way of third-party allotment shall be delegated to the Representative Director, President.   |   |
| (10) The issuance of new shares by way of third-party allotment shall be conditioned upon the securities registration statement filed under the Financial Instruments and Exchange Act of Japan becoming effective; provided, however, that if the Japanese Public Offering is cancelled, the issuance of new shares by way of third-party allotment shall be cancelled as well. |   |

<Reference>

1. Secondary offering to cover over-allotments

The secondary offering through over-allotments as explained in “2. Secondary offering of our shares (secondary offering to cover over-allotments)” above is a secondary offering by the designated Japanese underwriter of shares of our common stock in Japan to be conducted in connection with the Japanese Public Offering as stated in “1. Issuance of new shares through public offering” above, taking into account market demand and other conditions, with up to 9,130,400 shares of our common stock borrowed from certain shareholder(s) of us. The number of shares to be offered in the secondary offering through over-

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allotments is planned to be 9,130,400 shares; provided, however, as such planned number of shares is the maximum number of shares to be offered, such number may decrease or the secondary offering to cover over-allotments may be canceled entirely, depending on market demand and other conditions.

In connection with the secondary offering to cover over-allotments, we have decided, at the meeting of the Board of Directors held on Friday, November 6, 2020, that we will issue 9,130,400 shares of our common stock to the designated Japanese underwriter by way of third-party allotment (the “Third-Party Allotment”), with the payment date set to be Wednesday, December 23, 2020, in order to allow for the designated Japanese underwriter to acquire the number of shares necessary to return the shares of our common stock borrowed by the designated Japanese underwriter from certain shareholder(s) of us, as mentioned above (the “Borrowed Shares”).

The designated Japanese underwriter may also purchase shares of our common stock (the “Syndicate Cover Transactions”) on the Tokyo Stock Exchange, Inc., up to the number of shares for the secondary offering to cover over-allotments, for the purpose of returning the Borrowed Shares during the period from (i) the day immediately following the last day of the subscription period for the Japanese Public Offering and the secondary offering to cover over-allotments to (ii) Friday, December 18, 2020 (the “Syndicate Cover Transaction Period”). All of the shares of our common stock purchased by the designated Japanese underwriter through the Syndicate Cover Transactions will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, the designated Japanese underwriter may decide not to conduct any Syndicate Cover Transactions or may decide to terminate the Syndicate Cover Transactions before the number of shares purchased reaches the number of shares for the secondary offering to cover over-allotments.

The designated Japanese underwriter may conduct stabilizing transactions along with the Japanese Public Offering and the secondary offering to cover over-allotments. The shares of our common stock purchased through such stabilizing transactions may be used, in part or in whole, to return the Borrowed Shares.

With respect to the number of shares obtained by deducting the number of shares purchased through stabilizing transactions and the Syndicate Cover Transactions that are to be used to return the Borrowed Shares from the number of shares for the secondary offering to cover over-allotments (the “Planned Number of Shares”), the designated Japanese underwriter will accept the allotment under the Third-Party Allotment and will purchase an equivalent number of shares of our common stock. As a result, all or a part of the shares of our common stock to be issued under the Third-Party Allotment may not be subscribed for, which may result in a decrease in the determined number of shares to be issued under the Third-Party Allotment, or in the cancellation of the entire issuance, due to forfeiture of the right to subscribe.

In the event that the designated Japanese underwriter accepts the allotment under the Third-Party Allotment, it will make payment for the Planned Number of Shares with the funds obtained from the secondary offering to cover over-allotments.

Whether the secondary offering to cover over-allotments is conducted or how many shares are issued in relation to the secondary offering to cover over-allotments will be determined on the Determination Date. In cases where the secondary offering to cover over-allotments is not conducted, the designated Japanese underwriter will not borrow shares of our common stock from certain shareholder(s). Therefore,

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in such case, as the designated Japanese underwriter does not accept or subscribe for the Third-Party Allotment, the issuance of the shares of our common stock under the Third-Party Allotment will be entirely cancelled, due to forfeiture of the right to subscribe. In addition, the Syndicate Cover Transactions on the Tokyo Stock Exchange, Inc. will not be conducted in such case.

The stabilizing transactions and the Syndicate Cover Transactions will be made by the designated Japanese underwriter after consultation with the other joint lead managers of the Japanese Public Offering.

2. Total number of issued shares before and after the issuance of new shares through the public offering and the issuance of new shares by way of third-party allotment

Current total number of issued shares: 337,143,500 shares (as of November 6, 2020)

Number of shares to be increased by the issuance of new shares through public offering: 90,869,600 shares (Note 1)

Total number of issued shares after the issuance of new shares through public offering: 428,013,100 shares (Note 1)

Number of shares to be increased by the issuance of new shares by way of third-party allotment: 9,130,400 shares (Note 2)

Total number of issued shares after the issuance of new shares by way of third-party allotment: 437,143,500 shares (Note 2)

Notes:

- (1) The numbers are based on the assumption that the option set forth in (1)(iii) of “1. Issuance of new shares through public offering” above is exercised in full by the international managers.
- (2) The numbers are based on the assumption that all of the offered shares set forth in “3. Issuance of new shares by way of third-party allotment” above are subscribed for by the designated Japanese underwriter and are issued.

3. Use of proceeds

(1) Use of proceeds to be raised through the offerings

With respect to the net proceeds from the Japanese Public Offering, the International Offering and the Third-Party Allotment, which we estimate to be, in total, up to 167,979,000,000 yen, we intend to use 80,000 million yen for investments to accelerate the reduction of CO<sub>2</sub> emissions and resolve social issues by the end of March 2023, 15,000 million yen for investments to restructure our business structure in the post-COVID-19 era by the end of March 2023, 5,000 million yen for investments to respond to social needs in the post-COVID-19 era by the end of March 2023 and the remaining proceeds to repay our interest-bearing liabilities by the end of March 2023.

The net proceeds will be deposited in Japanese yen time deposit accounts, as necessary, during the period until the applications for the aforementioned purposes are implemented.

Background and purpose of the offerings

We intend to apply the net proceeds from the Japanese Public Offering, the International Offering

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and the Third-Party Allotment (the “Net Proceeds”) to restructure the JAL Group’s business structure in the post-COVID-19 era, enhance safety and security, accelerate initiatives for social issues and rebuild its financial structure by reducing interest-bearing liabilities. Through these applications, we will develop a robust operating foundation to grow our business in the medium to long term, resolve social issues and actively work to promote non-air transportation business which contributes to strengthening risk tolerance.

The details of the investments necessary to restructure the JAL Group’s business structure in the post-COVID-19 era, enhance safety and security and accelerate initiatives for social issues (the “Investments for the post-COVID 19 era”) are stated in “(i) Investments for the post-COVID 19 era” below. The details of rebuilding its financial structure by reducing interest-bearing liabilities are stated in “(ii) Rebuilding of financial structure by reducing interest-bearing liabilities” below.

(i) Investments for the post-COVID 19 era

(a) Investments to accelerate the reduction of CO<sub>2</sub> emissions and resolve social issues

We intend to apply a part of the Net Proceeds towards investments to introduce the Airbus A350 model, which is fuel-efficient and can reduce CO<sub>2</sub> emissions by approximately 25% compared with older aircraft models of similar size (according to the operational data reviewed by aircraft manufacturers) by the end of March 2023, and such application will include deposits, up-front payments and costs for spare parts (except for the amounts raised through other financing methods such as aircraft leasing).

By upgrading the Boeing 777 aircraft, the mainstay of the JAL Group fleet for domestic flights and international flights, to Airbus A350 aircraft, which has increased fuel efficiency and high operational efficiency, we intend to reduce CO<sub>2</sub> emissions and improve our profitability through increasing fuel efficiency, reducing maintenance costs and enhance customer preferences.

Regarding the capital investment plan for the aircraft above, we will use the part of the Net Proceeds to purchase a part of the aircraft that we decided to introduce under the aircraft purchase agreements executed in October 2013 with Airbus, and 25 aircraft (which are firm purchase orders for aircraft only and do not include option contracts for aircraft) are scheduled to be introduced after November 6, 2020.

(b) Investments to restructure our business structure in the post-COVID-19 era

In order to respond to the changes in the international air travel demand in the post-COVID-19 era, we intend to apply a portion of the Net Proceeds towards investments to strengthen the low-cost carrier business (the “LCC Business”) with the purpose of strengthening the response to demand for leisure travel, which is expected to recover at an early stage and grow further, and demand for VFRs (“Visit Friends and Relatives”) from which high growth is expected.

Specifically, we intend to apply 5,000 million yen by the end of March 2023 to fund capital expenditures (aircraft revamping costs) for aircraft scheduled to be used by ZIPAIR Tokyo Inc. (“ZIPAIR Tokyo”), our wholly owned subsidiary operating an LCC Business on medium-to long-haul international routes. We plan to lease our two aircraft to ZIPAIR Tokyo after changing configurations for ZIPAIR Tokyo. In addition, by the end of March 2023, we intend to apply 10,000

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million yen to fund investments in and loans to Jetstar Japan Co., Ltd. (“Jetstar Japan”, in which we hold a 50% interest), which is our strategic partner and operates the LCC Business on domestic and short-haul international routes, and Spring Airlines Japan Co., Ltd. (“Spring Airlines Japan”, in which we hold a minority interest), which operates the LCC Business on routes between Japan and China. Moreover, by the end of March 2023, Jetstar Japan and Spring Airlines Japan intend to apply such investment and loan funds to realize stable business operations. Through the investments in and loans to ZIPAIR Tokyo, Jetstar Japan and Spring Airlines Japan, we aim to promote management enhancement measures and to strengthen our business alliances, thereby realizing the expansion of the JAL Group’s LCC Business portfolio.

(c) Investments to respond to social needs in the post-COVID-19 era

We intend to apply a portion of the Net Proceeds towards investments to improve safety and security for the purpose of promoting high level of cleanliness, contactless and mobile services, which are social needs in the post-COVID-19 era.

We have been promoting the concept of “SMART AIRPORT” with the purpose of simplifying and speeding up various procedures at airports, and we intend to apply 5,000 million yen by the end of March 2023 to fund capital expenditures for the “SMART AIRPORT” in order to further strengthen cleanliness and contactless and mobile services, which responds to social needs in the post-COVID-19 era. We will enhance customer preferences and human productivity at airports by adjusting quickly to social needs in the post-COVID-19 era.

(ii) Rebuilding of financial structure by reducing interest-bearing liabilities

With respect to the repayment of our interest-bearing liabilities, we plan to repay 30,000 million yen in fiscal year 2020, 50,000 million yen in fiscal year 2021, and 50,000 million yen in fiscal year 2022 in relation to the redemption of corporate bonds, repayment of bank loans and payment of aircraft lease, and we intend to sequentially apply the Net Proceeds towards a portion of such repayment. If the business environment improves and we determine that our risk tolerance was enhanced to an extent such that we can stably generate sufficient cash flow from our air transportation business again, we will accelerate the repayment of liabilities, thereby realizing the rebuilding of JAL Group’s financial structure at an early stage.

(2) Change in use of proceeds raised previously

Not applicable

(3) Expected impact on operating performance

We believe that, through the offerings, we will improve our financial structure at an early stage and promptly conduct capital investments, etc. in order to implement initiatives for the post-COVID-19 era, thereby improving profitability and contributing to establishing a competitive advantage.

With respect to the specific improvement effects of the aforementioned initiatives and the degree of improvement in the JAL Group’s key performance indices after the implementation of the initiatives, it is difficult to calculate the effects of each individual initiative, because assumptions for such calculation, including factors beyond our control, are uncertain. Key performance indices reflecting the aforementioned initiatives will be explained in the next medium-term management plan,

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which is scheduled to be announced in March 2021.

#### 4. Lock-up

In connection with the Japanese Public Offering and the International Offering, we will agree, among other things, not to (i) issue our shares, (ii) issue securities convertible or exchangeable for our shares or (iii) issue securities that represent rights to acquire or receive our shares (excluding the Japanese Public Offering, the International Offering, the Third-Party Allotment and the issuance of new shares through a stock split, etc.), for a period commencing on the date of execution of the Japanese underwriting agreement and the international purchase agreement in connection with the Japanese Public Offering and the International Offering (i.e., the Determination Date) and ending on the date that is 180 calendar days from and including the date of delivery of the shares of our common stock relating to the offerings, without the prior written consent of the joint global coordinators.

The joint global coordinators have the right to wholly or partially terminate the relevant agreement at their discretion, even during the above-mentioned period.

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