

CFO KIKUYAMA commenced his presentation as the followings:

1. Public equity offering overview

We have initiated public equity offering on 6th November in order to secure the necessary scale of funds to realize our strategic goals, and this has enabled us to increase our equity capital by 182.6 billion JPY. We will keep striving to meet our shareholders' expectation.

2. The outlook of international and domestic passenger businesses

The recovery of international business may take time. For the domestic passenger business, we have seen a gradual recovery in passenger number in September and October, each ending up to 38% and 53% level year-on-year. However, we would like to keep an eye on the changes of demand-trend caused by COVID-19 "Third-wave" and the nationwide suspension of the "Go To Travel" promotional campaign.

3. Towards the Medium-Term Management Plan

We were planning to disclose our Medium-Term Management Plan by the end of this fiscal year, however it depends on the current COVID-19 situation. We will seek an appropriate timing. We would like to explain how we can rebuild the financial structure damaged by COVID-19 and the business framework including revision of business portfolio regarding the demand.

Major Q&As:

Q LCC business including ZIPAIR

A We will flexibly adjust to the changes in demand and will grow our profit through ZIPAIR, Jetstar Japan and Spring Airlines Japan. ZIPAIR is the Japan's First Medium to Long-Haul Low-Cost Carrier, and it will become even more significant than we originally expected because of the changes in demand structure due to COVID-19. By utilizing the resources and knowledge of JAL, we will strive to strengthen its competitive advantage.

Q Fixed cost reduction plan

A We have been working on changing fixed cost into variable cost. We are planning to achieve cost reduction of 100 billion yen or even more this fiscal year. Additionally, we are expecting decline in employee number by suspending new recruitment, which will also contribute to additional reduction of fixed cost.

Q Liquidity at hand after debt and public equity offering

A We have secured cash balance of 350 billion yen and unused credit line of 300 billion yen as of end of September 2020, and we currently secure liquidity at hand of about 800 billion yen as a result of public equity raising. As disclosed already, we are intending to apply the funds for introduction of A350, investment in LCC business, capital expenditure for the "SMART AIRPORT" for the purpose of promoting high level of contactless and cleanliness and repayment of interest-bearing liabilities.

Q International passenger business

A Towards New Year holidays, we are seeing demand of returnee and some progress in relaxation of travel restrictions. In addition, cargo demand remains at the same level or even more compared with the pre-COVID-19 level, so we are taking it into account when considering whether or not to restore the flight.

Q International cargo business

A In international cargo business, the demand-supply situation remains tight and the unit price still stays at the high level. Vaccine can also be transported as aircraft cargo, so we want to make sure to capture this business opportunity.