

CEO Small Meeting for the Financial Year 2024 Tuesday, June 25th, 2024

Speakers: President, Chief Executive Officer: Mitsuko TOTTORI
Representative Director, Executive Vice President: Yuji SAITO
Executive Vice President: Norimasa AOKI
Senior Vice President - General Affairs: Yasushi NODA
Senior Vice President - Finance and Accounting: Masao YUMISAKI

As an opening statement, Tottori explained the future growth strategy using the presentation materials from the shareholders' meeting.

Major Q and As

Q: CORSIA[i] seems to be in favor of existing airlines. Can it be considered as sustainable?

There is criticism that the rules should be changed to impose more burden on existing airlines to make a balance with emerging market airlines. What are your thoughts on this?

A: The current rules are already designed to promote the growth of emerging market airlines. We see it as balanced for emerging markets, with existing airlines supporting their growth. However, we can adjust our fleet plan to future environmental changes. For example, we might delay the schedule for updating aircrafts, if necessary for CO2 reduction. At this point, we believe securing slots for future expansion opportunities is crucial for our growth.

Q: What are your thoughts on the shortage of jet fuel that currently affects some airlines' operation? Is it possible to secure more stable, long-term contracts with suppliers?

A: Currently, for JAL, there are no issues with fuel procurement. Importing jet fuel may be a final solution in the long run, we will collaborate with suppliers to solve this issue. Achieving the government's goal of 60 million inbound tourists is not something we can do by us alone. Cooperation with the government is necessary.

Q: What can airlines do about overtourism, and what measures are you currently taking?

A: We recognize the need to create new demand and demand distribution to various regions as well. We are promoting demand in different regional areas from an ESG perspective and have reorganized branches to attract visitors. We also focus on improving productivity in the tourism industry to cope with the decrease of the workforce. Additionally, we support the GSTC[ii] accommodation certification system to standardize the quality of AirB & B type of accommodations, aiming for sustainable tourism.

Q: How is the employee engagement situation across the group, including ground handling?

With rising labor and outsourcing costs, how do you cope with inflation, improving conditions for contractors, and enhancing productivity?

A: We are prioritizing raising outsourcing fees and increasing wages for outsourced employees. We have significantly increased contract rates with other airlines. We are also improving contractors' workplace environments and facilities, with government support and subsidies, as well as their employees' wage level.

Q: What people expect for JAL is changing in the post-COVID era. What are your main challenges currently?

A: Through service surveys, we feel that social value changes have expedited due to COVID. We need to enhance our business in non-aviation fields and become a company that provides daily value to customers.

Q: The perception of travel has changed, and choosing an airline is becoming more important than just a means of transportation. How do you establish measures to be chosen by customers?

A: We have been focusing on Japanese customers, but we recognize that the needs of Japanese passengers and non-Japanese passengers differ, and we are working on diversified services.

Q: How do you plan to utilize management resources to achieve an EBIT of 300 billion yen?

A: Expanding the mileage business will increase profits. However, simply growing the existing four business domains may not be enough to reach 300 billion yen, so we are considering M&A and other strategies to expedite the growth. Although there are no specific plans yet, we recognize the necessity of those measures.

[i] Carbon Offsetting and Reduction Scheme for International Aviation: A system that requires the purchase of emission credits for CO₂ emissions exceeding the baseline level of 2019 for international flights.

[ii] The Global Sustainable Tourism Council: An organization that establishes and manages international standards for sustainable travel and tourism.