JAL Group
Medium-Term Management Plan
2021-2025

May 7, 2021
### JAL Vision 2030

THE JAL GROUP WILL:

- Pursue the material and intellectual growth of all our employees;
- Deliver unparalleled service to our customers;
- and Increase corporate value and contribute to the betterment of society.

### Chapter 1: Strategic Overview and Management Targets

- 1-1: Timeline of Medium-term Management Plan
- 1-2: Overview of Management Strategy
- 1-3: Business Strategy
- 1-4: Financial Strategy
- 1-5: ESG Strategy
- 1-6: Medium-term Management Targets

### Chapter 2: Details of Strategy

- 2-1: Air Passenger Business
- 2-2: Cargo and Mail Business
- 2-3: Mileage, Lifestyle and Infrastructure Business
- 2-4: Human Resources Strategy
- 2-5: Digital / IT Strategy
- 2-6: Cost Management
- 2-7: CAPEX Plan
- 2-8: SDGs Initiatives
The COVID-19 pandemic has caused unprecedented changes to the foundation of our society and economy and left an enormous impact on various industries, including air transportation.

At the same time, there has been a growing momentum for society-wide efforts to pursue sustainability and achieve true affluence and happiness as represented by initiatives for SDGs.

JAL Group has set the new Medium-term management plan to overcome the crisis amidst the COVID-19 pandemic and attain our grand design “JAL Vision 2030”.

All members of the group are now determined to make dedicated efforts for achievement of this vision, driven by the two key themes “Safety and Comfort” and “Sustainability”, amid a time of upheaval with drastic changes in values.

During the period of this Medium-term management plan, we will recover the earnings level as early as possible and achieve growth by pushing forward with restructuring of the business structure based on the premise of rebuilding the financial foundation, as well as accelerating measures to realize a sustainable society through our business activities.

Our goal of this Medium-term management plan is to be “the World's Most Preferred and Valued Airline Group” where people and goods lively move around.
JAL Vision 2030
Ideal image of the JAL Group in 2030

The JAL Group will focus on the key themes of “Safety and Comfort” and “Sustainability” as growth engines; amid a time of upheaval with drastic changes in values toward travel.

Safety and Comfort
Realize a safe, secure, and reliable society in a comfortable environment

Sustainability
Realize an affluent society where each one of us can sense and hope for a brighter future

To become the world’s most preferred and valued airline group, where many people and goods lively move around.
1. Strategic Overview and Management Targets

2. Details of Strategy
Timeline of the Medium-term Management Plan
5-year plan to realize the JAL Vision

1-1

[Timeline Diagram]

Current
Early recovery from COVID-19

FY2021-2025
Medium-term Management Plan

Future
JAL Vision 2030

[Illustrative Profit Growth]
Recover to pre-COVID level and return to growth

Pre-COVID level

FY2020
2021
2022
2023
2024
2025
2030
2050

Tokyo 2020 Olympic/Paralympic

Osaka, Kansai EXPO 2025
Target of 60MM inbound tourists to Japan
Expansion of Narita Airport (2029)

Profit Target
EBIT*

JPY170Bn

c. JPY185Bn

Management Targets
Medium-term Management Targets

Achieve through the period of the Medium-term management plan

*EBIT : Earnings Before Interest and Taxes
Overview of Management Strategy

Three strategic pillars to achieve “Sustainable Growth and Development” and adapting to changes

Changes Caused by COVID-19 Pandemic

- **JAL / Airline Industry**
  Severe damage on business
  Air travel demand in 2020: reduced by approx. 70% (yoy)*

- **Market**
  Structural changes in air travel demand and consumer behavior

- **Society**
  Growing social awareness for achievement of SDGs

*vs 2019: Statistics of IATA (International Air Transport Association)

**Business Strategy**
Restructuring business model addressing changes in market trends and provide a safe and secure travel experience

**Finance Strategy**
Rebuilding financial foundation and future growth investment; secure shareholder returns

**ESG Strategy**
ESG management to achieve SDGs through the business model

Air travel demand in 2020: reduced by approx. 70% (yoy)* (vs 2019: Statistics of IATA (International Air Transport Association))
Changes in market trends during COVID-19

Structural Changes in Air Travel Demand
- Delayed recovery of business demand
- Solid recovery of leisure and VFR demand

Changes in Consumer Behavior
- Growth of EC market
- Growing needs for personalized services

Expanding business domains to address the changing market trends

Full Service Carrier (FSC)
- Improve Profitability
  - Downsizing fleet, optimizing network, and enhancing product competitiveness/marketing
  - Resumption of highly-profitable international routes
  - Expand use of JAL’s flagship aircraft – Airbus A350
  - Global Expansion of JVs in not only Pacific/European routes

LCC
- Develop New Markets
  - Multi-model strategy in the growing low-yield market
  - ZIPAIR: Asia/Hawaii/Pacific routes
  - SPRING JAPAN: Expand areas in China
  - Jetstar Japan: Capture tourism demand based in Narita Airport to act as a hub

Cargo and Mail
- Steady Revenue Increase
  - Promoting a flexible supply strategy featuring cargo space and alliance tie-ups
  - Full utilization of belly space (incl. LCC)
  - Strengthen collaboration with partners to expand capacity and network
  - Capturing demand for items requiring high transportation quality

Expand into Growing Fields
- Expanding business domains leveraging robust customer base and human skills
  - Mileage/financial/merchandise services
  - Expansion of market shares in contracted services (Ground Handling/MRO/Cargo)
  - Commercialization of regional revitalization and next-gen air mobility service
  - Mileage/merchandise/communities/airport handling, maintenance and cargo contracted services/air mobility, etc.
**Change of Business Structure and Profit Growth**

Recovery to pre-COVID profit level through restructuring and return to growth

### Change of Business Structure

**FY2019 Revenue Breakdown**

1. **Airline-related business and other**
2. **FSC* International passenger**
3. **Cargo and Mail**
4. **LCC**
5. **FSC* Domestic passenger**

**FY2025 Illustrative Revenue Breakdown**

1. **Promote structural restructuring for growth in LCC and Mileage, Lifestyle and Infrastructure**
2. **Steady recovery from COVID-19 in both FSC and LCC model and optimize business portfolio**
3. **Increase revenue steadily in the Cargo and Mail domain**

*FSC*: Full Service Carrier

### Path to Profit Growth

**EBIT: [JPY Bn]**

- **Actual EBIT (IFRS)**: 89
- **Recovery from COVID-19**: 43
- **FSC/Cargo Revenue Increase**: 12
- **Network Expansion**: 10
- **Expansion of Business Domains**: 16
- **Profit growth in each domain**: c. 185
Measures to Secure Safety
Contribute to a safe and secure society and act as an industry leader

Most Advanced Safety Measures Utilizing Digital Technologies

<table>
<thead>
<tr>
<th>Safety Measures in Operation</th>
<th>Prevention of Infectious Disease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety of Flights and Aircraft</td>
<td>Touchless Operations and Social Distancing</td>
</tr>
<tr>
<td>• System to prevent turbulence</td>
<td>• JAL SMART AIRPORT</td>
</tr>
<tr>
<td>• Prognostics combining maintenance expertise and new technologies</td>
<td>• Utilization of digital certification for safety and comfort of travel</td>
</tr>
<tr>
<td>(AI/data analytics, etc.)</td>
<td></td>
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</tbody>
</table>

Security Check and Response to Environmental Changes
• Advanced security inspection devices
• Safety management in the air mobility domain

Human Resources for Safety Management
“Safety First”
• Expanding safety education to learn from past accidents based on the three actuals “the actual place, object and people”
• Expanding support programs that enable employees to discuss various concerns, including mental and physical health, and promoting the creation of an environment in which employees can concentrate on safety
Measures to Offer Comfort

Creating a new customer experience in air travel and on the ground

Offer personalized values through digitalization and build relationships with people and regions

Providing “Tailored Comfort” to each customer in every situation

Human Resources × Technology × Partnership

Safety and Basic Quality

Air Travel

Best-in-class In-flight Services
In-flight comfort in the state-of-the-art cabin of A350-1000

Personal Concierge
Human services and digital communication tailored for each customer

Expansion of Opportunities to Use Mileage
Greater opportunities to “use” and “accumulate” miles by increasing JMB partners

Services in Financial and Commerce Fields
New business development leveraging the customer base and mileage program

Address Diverse Needs
Choices suitable for diversification of market utilizing LCC, alliances and business jet, etc.

Expansion of JAL SMART AIRPORT & Mobile Communications
Offer airport and in-flight services on personal devices

Goods and Services for SDGs
Choice of services leading to the reduction of food loss, contributing towards regional revitalization with new services and improved accessibility to promote universal travel

Collaboration with Communities/MaaS
Creation of new styles of travel
Expansion of sales local specialty products
Seamless cooperation with other transportation modes, etc.

Daily Life

Expansion of Opportunities to Use Mileage
Greater opportunities to “use” and “accumulate” miles by increasing JMB partners

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Offer personalized values through digitalization and build relationships with people and regions

Providing “Tailored Comfort” to each customer in every situation
# Rebuilding the Financial Foundation

Greater risk tolerance and higher capital efficiency for strategic allocation of resources

<table>
<thead>
<tr>
<th></th>
<th>FY2021〜2023</th>
<th>FY2024〜2025</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhancement of Risk Tolerance and Capital Efficiency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td>Secure the amount of 5.0~5.6 months worth of passenger revenue (incl. credit facility)</td>
<td>Maintain the same level</td>
</tr>
<tr>
<td><strong>Leverage</strong></td>
<td>Recover the equity ratio to c. 50%</td>
<td>Maintain the same level</td>
</tr>
<tr>
<td><strong>Credit rating</strong></td>
<td></td>
<td>Obtain “A” rating</td>
</tr>
<tr>
<td><strong>Capital efficiency</strong></td>
<td>ROIC*1 &gt;9% ROE &gt;10%</td>
<td>Maintain or improve</td>
</tr>
</tbody>
</table>

| **Allocation of Resources** | | |
| **Capital allocation** | Prioritize rebuilding the financial structure | Promote investment for sustainable growth |
| **Discipline** | Secure sufficient free cash flow for each fiscal period | |

| **Shareholder Return** | | |
| **Dividend** | Aim to resume dividends as early as possible | Stable dividend with payout ratio over 35% |
| **Total return** | | Flexibly consider buyback |

*1: Return on Invested Capital = EBIT (after tax) /Average fixed assets at the beginning and end of a fiscal year
*2: Fixed assets = Inventory assets + Non-current assets – Deferred tax assets – Net defined benefit asset
Growth Investment and Shareholder Return

Basic policy of cash flow allocation

**FY2021～FY2023**
- A: Limited investments for rebuilding financial position
- B: Recover an appropriate level of liquidity by the end of FY2023

**FY2024～FY2025**
- C: Active shareholder return
- D: Investment for sustainable growth

Set an appropriate level of liquidity as **5.0～5.6 months of passenger revenues** after the COVID-19 pandemic:
- Secure liquidity that will enables us to tolerate risks according to the size of passenger revenues subject to potential significant impacts if any event risk occurs
- Secure an appropriate level of cash and deposits considering asset efficiency
ESG Management to Achieve SDGs

Aim to realize a sustainable society through business activities

**SDGs Achievement**

**Business Domains**
- FSC/LCC/Cargo and Mail/
  Mileage, Lifestyle and Infrastructure

**Assets**
- Human resources/knowledge and
  experience/aircrafts/airport
  network/financial base/customer base

**Operational Base**
- Safety Charter / JAL Philosophy / Divisional
  Profitability Management System / Code of Conduct / corporate governance

**Promotion of ESG Management**

**E** Environment
- Preserve environment to pass on the precious Earth to the next generation
- Address to climate change, effective use of limited resources, etc.

**S** People
- Contribute to build a society where everyone demonstrates one’s potential
- Promotion of D&I, improving accessibility, etc.

**G** Communities
- Contribute to development of regional communities as social infrastructure
- Regional revitalization, etc.

**Governance**
- Transparent Management
- Fair Business Practices, etc.

**Promote ESG management to Achieve SDGs**
by Specifying 4 Priority Areas, 22 Issues, and c. 180 initiatives to be Addressed

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Target of Net Zero CO₂ Emissions by 2050

Aim to achieve 2050 target to realize an affluent society where each of us can sense and hope for a brighter future

JAL Group’s Road Map towards Net Zero CO₂ Emissions*1

Refer to the next page for details up to 2030

- CO₂ Reduction
- Upgrades to fuel-efficient aircraft: 50%
- Reduction in daily operations: 5%
- Use of SAF*2: 45%
- Net Zero CO₂ Emissions*1

<table>
<thead>
<tr>
<th>FY2019</th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
<th>2040</th>
<th>2045</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target of CO₂ reduction (net)</td>
<td></td>
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<tr>
<td>CO₂ emissions with no efforts (BAU)</td>
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<tr>
<td>Upgrades to fuel-efficient aircraft</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in daily operations</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of SAF*2</td>
<td></td>
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</tbody>
</table>

- Utilizing the latest fuel-efficient aircraft today and aim to introduce aircraft using new technologies in the near future, such as hydrogen and electric powered aircraft
- In addition to “JAL Green Operations” to reduce CO₂ emissions in daily operations, promoting collaboration across the entire industry, including air traffic control agency, airlines, and airport operators
- Collaboration with stakeholders to aim for a decarbonized society to secure SAF*2 supply and reduce costs

*1: Achieving a balance between the amount of carbon emissions actually generated by business activities and the amount of reduction achieved through measures= Net Zero Emission (including emissions trading and CCS (CO₂ absorption technology))
*2: Sustainable Aviation Fuel
**CO₂ Reduction Targets and Initiatives by 2030**

Leading the industry in implementing most advanced initiatives in accordance with international frameworks.

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**FY2025 CO₂ Reduction Target**
- Total emission: below 9.09 million tons (Reduce c. 0.5 million tons)
- Keep the amount of the total emission below the actual amount of FY2019

**FY2030 CO₂ Reduction Target**
- Total emission: below 8.18 million tons (Reduce c. 2 million tons)
- Keep the amount of the total emission below 90% level of the actual amount of FY2019

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**Upgrades to Fuel-efficient Aircraft**
- Steadily introduce Airbus A350 and Boeing-787, more fuel-efficient models
- Coordinate with aircraft manufacturers to promote R&D of electrified/hydrogen-fueled aircrafts

**Reduction of CO₂ Emissions in Daily Operations**
- Promote JAL Green Operations (to reduce emissions on a daily basis)
- Proactive participation in public-private partnership for the next-gen air traffic system

**Use of SAF**
- Switch to SAF by 10% for FY2030, based on the premise of improvement of the usability
- In addition to the Fulcrum partnership, build and integrated supply chain of Japan-made SAF

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*CORSIA* : Carbon Offsetting and Reduction Scheme for International Aviation—under that, airlines operating international flights purchase CO₂ emission credits for any excess CO₂ emissions over their 2019 volume.
# ESG Materiality and KPIs

Setting KPI targets for FY2025 to achieve SDGs in 2030

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Key Initiatives and FY2025 Targets</th>
<th>Related SDGs</th>
</tr>
</thead>
</table>
| **E**
  Environment
  Address to Climate Change
  Effective Use of Limited Resources
| CO₂ emission reduction
  [Aircraft Operation]
  [Ground Facility]
| Ref. 1-6 (Next Page) |
| Reducing of single-use plastic
  Promote 3R (Reduce, Reuse, Recycle) + 1 (Redesign)
| 50% |
| Reducing food loss and waste
  Prior cancellation of in-flight meals on all international flights and thorough recycling of offcuts and scraps generated in preparing meals
| Recycle rate 100% |
| **S**
  People
  Promotion of D&I
  Improving Accessibility
| Female advancement within JAL Group
  Further develop an environment in which all passengers feel a sense of comfort
  Stress-free transportation and various choices of travel offered to customers who feel barriers in transport
| Ref. 1-6 (Next Page) |
| Prevent the Spread of Infectious Diseases
  Transportation of medical items to contribute to public health
  Provide infrastructure services to support Safety and Comfort in our society by express delivery and rigorous temperature control
| Ratio of such passengers to all the passengers vs FY2019 2.5x |
| **G**
  Communities
  Regional Revitalization
  Vitalizing flows of people and goods through business activities
| Ref. 1-6 (Next Page) |
| **G**
  Governance
  Promote Fair Business Practices
  Promote Responsible Procurement
| Further strengthening of corporate governance structure
  Deepening group governance, risk management and consistent efforts by evaluating Board effectiveness
| Compliance rate of the Corporate Governance Code 100% |
| CSR¹- awareness procurement
  Identification of and responses to risks in the entire supply chain
| Soundness of principal 1st-tier suppliers identified in Self-Eval. 100% |

## Aim to be a constituent of DJSI² World (Dow Jones Sustainability World Index) by FY2023

*¹: Eco-friendliness, fair business practice and respect for human rights, etc.  
*²: Dow Jones Sustainability Index
# Management Targets under Medium-term Management Plan
To be achieved by FY2025 for realization of JAL Vision 2030

## 1-6 FY2025 Targets

### Safety and Comfort

<table>
<thead>
<tr>
<th>Safety</th>
<th>Aircraft Accidents and Serious Incidents: 0</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(during the entire period of the Medium-term management plan)</td>
</tr>
<tr>
<td>Comfort</td>
<td>Top Level Customer Experience both in air travel services and daily life</td>
</tr>
<tr>
<td></td>
<td>NPS*1 +4.0pt (International/domestic flights)</td>
</tr>
</tbody>
</table>

### Financial

<table>
<thead>
<tr>
<th>EBIT Margin</th>
<th>10% or Higher in FY2023 (to improve onwards)</th>
</tr>
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<tbody>
<tr>
<td>ROIC</td>
<td>9% in FY2023 (to maintain or improve onwards)</td>
</tr>
<tr>
<td>EPS FY2023</td>
<td>¥260 Pre-COVID level</td>
</tr>
<tr>
<td>EPS FY2025</td>
<td>c. ¥290</td>
</tr>
</tbody>
</table>

### Sustainability

<table>
<thead>
<tr>
<th>Environment</th>
<th>CO₂ Emission Reduction</th>
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<tbody>
<tr>
<td></td>
<td>Total emission: below 9.09 million tons (FY2019 Result)</td>
</tr>
<tr>
<td>Communities</td>
<td>Reduction of Single-use Plastic</td>
</tr>
<tr>
<td></td>
<td>No use of virgin petroleum-based plastic at cabin/lounge (100% switch to eco-friendly materials at Cargo/Airport service)</td>
</tr>
<tr>
<td>People</td>
<td>Promotion of D&amp;I</td>
</tr>
<tr>
<td></td>
<td>Group Female Managers Ratio: 30%</td>
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<tr>
<td></td>
<td>Consistent efforts to encourage various human resources to demonstrate their potential</td>
</tr>
</tbody>
</table>

*1: Net Promoter Score—objective indicator of customer satisfaction (vs the beginning of FY2021)
*2: Increases in passenger numbers by stimulating tourism demand and creating new flows
1. Strategic Overview and Management Targets

2. Details of Strategy
Air Passenger Business: Overview
Growth with Both FSC/LCC domains addressing changes in market trends

Business Environment

Mid- to Long-term Demand Trend

- Diversification of needs for pricing and services
- Growing demands driven by economic growth in Asia

Structural Changes Under COVID-19 Pandemic

- Decline in business travel following the penetration of web conferences.
- Strong leisure/VFR demand post-COVID era

Strategy of Air Passenger Business

- Revenue growth in the low-yield market for both LCC and FSC models
- Establish comprehensive network for domestic and international routes
- Enhance demand and expand the network through JVs with leading airlines in key areas and align with one world partners
Air Passenger Business: Full Service Carrier Model
Early restoration of profitability for sustainable growth

Strategies to Improve Profitability

To Strengthen Earning Results

Capture Business Travel Demand
- Improving consumer preference with the introduction of the A350 aircraft
- Expansion of Haneda network featuring routes with high business passenger needs
- Enhance marketing leveraging joint ventures

Thorough Cost Reduction
Optimize Scale of Business
- Suspending low profitability routes and utilizing codeshare partnerships
- Early retirement of aging aircraft to curb maintenance cost and introduction new aircraft to curb operational cost

Capture Growing Demand
- Strengthen Narita as an international hub for Asia-North America transit demand for high yield markets
- Capture travel demand between metropolitan areas and local regions by “Encouraging regional travel/movement and through workation” and “Attracting inbound tourism”

Improve Productivity
- Improving operational efficiency through JAL SMART AIRPORT and promotion of DX such as mobile communications

FSC International Passenger
Accelerating retirement of large-sized aircraft to enhance profitability and recover growth

Illustrative Revenue Trend
2019 FY2020 2023 2025
(FSC total)

Fleet
- Suspension of Narita-Kaohsiung/Busan routes and phased resumption of international routes
- Introduction of A350-1000 to US/EU routes (scheduled in FY2023)

FSC Domestic Passenger
Rearrangement of routes and enhanced product to achieve high profitability

Illustrative Revenue Trend
2019 FY2020 2023 2025
(FSC total)

Fleet
- Early retirement of 777 and upgrades to A350-900
- Increase in routes to/from Okinawa with solid growth potential (Launch of new routes and introduction of larger aircraft)

• Improving consumer preference with the introduction of the A350 aircraft
• Expansion of Haneda network featuring routes with high business passenger needs
• Enhance marketing leveraging joint ventures

• Suspending low profitability routes and utilizing codeshare partnerships
• Early retirement of aging aircraft to curb maintenance cost and introduction new aircraft to curb operational cost

• Strengthen Narita as an international hub for Asia-North America transit demand for high yield markets
• Capture travel demand between metropolitan areas and local regions by “Encouraging regional travel/movement and through workation” and “Attracting inbound tourism”

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Air Passenger Business: LCC

Revenue growth in the low-yield market with steady recovery and solid growth potential

Three LCC business models in the low-yield market with distinctive characteristics

- Creation of demand through high-quality, low-cost operation fully leveraging resources of the JAL Group
- Strategic network expansion based in Narita Airport as a hub

First Mid-to-long Haul LCC in Japan

- Capture demand in global major cities utilizing high-performing 787 aircraft
  - Create low-yield travel demand in Asia, US West Coast, Hawaii, etc.
  - Utilize belly space as a revenue source

- Expansion to 10 aircraft by FY2024
  - Introduce two aircraft per year

China-focused LCC

- China-focused operation utilizing small aircraft partnering with Spring Airlines, the largest LCC in China
  - Attract inbound tourists from China leveraging Spring Airlines’ strong brand recognition in China

- Consolidate SPRING JAPAN in June 2021 (scheduled)
  - Achieving high-quality, low-cost operation fully leveraging resources of JAL Group

- Addressing potential travel demand in local cities in China
  - Launch new routes at white spot in China
  - Target cities with population of over 10MM

Strong LCC Network in the Tokyo Metropolitan Area

- Drives the growth in domestic LCC market
  - Capture tourism demand, mainly through domestic flights to/from the Tokyo metropolitan area (Narita)
  - Increase revenues under the dual-brand strategy with JAL in domestic flight operation

- Improve profitability through business restructuring
  - Enhance profitability by reviewing the fleet and network, and enhance cargo revenue
  - Partnering with the Qantas/Jetstar Group to strengthen marketing and revenue management
  - Improve fleet utilization rate in short-haul international routes optimizing overnight-parked aircrafts

Note: Illustrative map
Air Passenger Business: Fleet
Renewal of flagship fleet of international/domestic flights to more fuel-efficient models

Renewal of Flagship Fleet
- **International:** 777-300ER
- **Domestic:** 777-200/300/200ER

777-200ER to be redeployed to domestic flights

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
<th>2023</th>
</tr>
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<tbody>
<tr>
<td>Large</td>
<td>Medium</td>
<td>Small</td>
</tr>
<tr>
<td>44</td>
<td>83</td>
<td>62</td>
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<tr>
<td>27</td>
<td>80</td>
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<td>20</td>
<td>32</td>
<td>19</td>
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*GE-manufactured engine only

Fuel Efficiency Improvement 25% (vs incumbent aircrafts)

Interior Renewal to Be More Preferred by Customers

Fleet Composition
- **Reduce the ratio of large-sized fleet**  
  from 18% (FY2019) to 14% (FY2023)
- **Increase fleet for LCC (medium and small sized)**

- **International:** A350-1000 (FY2023～)
- **Domestic:** A350-900 (FY2019～)

A350/787 for domestic flights are equipped with personal monitor AC power in all seats.

*ZIPAIR: from FY2019, SPRING JAPAN: FY2023 only due to consolidation in FY2021*

(Note) Unless otherwise noted, the number is end of the fiscal year aircraft
Cargo and Mail Business
Stable growth addressing customers needs

Business Environment

Solid Air Cargo Demand
- Cargo demand exists regardless of borders closing during the COVID-19 pandemic
- Reconfirmed the significance of maintaining the logistics infrastructure

Growing Needs for Advanced Transportation Services
- Demand for specific cargo needs change based on the current lifestyle
- Increase of EC and medical cargo

Strategy of Cargo and Mail Business

Maximize Revenue

Flexible Supply Strategy
- Expand capacity by fully utilizing belly spaces of FSC/LCC passenger aircraft
- Strengthen collaboration with partners to expand capacity and network leveraging charter flights

Approach to New Cargo Demand
- Capture cargo demand for EC/delivery, healthcare (pharmaceutical/medical items), foods and local specialties
- Deploy a system to manage quality and shorten lead time

Improve Convenience and Productivity

Renewal of Operational Process
- Renew the processes of reservation, sales and ground operations
- Promote digitalization and automation
Mileage, Lifestyle and Infrastructure Business: Overview

Monetize business opportunities in promising industry leveraging the strengths of the JAL Group

JAL Group’s Strengths

Customer Base/Brand

Human Skills

Mileage & Lifestyle Domain

Increase revenue opportunities by strengthening the relationship with the customer base

- Mileage
- Financial Services
- Merchandise

Regional Business Domain

Evolve into a community-based solution business based on regional revitalization initiatives

- Travel
- Sales Channels × Logistics
- Inbound
- Healthcare
- Environment
- Intermodal Transport

Contracted Service Domain

Maximize technical capability to ensure safe operations, Promoting a business model that supports the needs of the airline industry

- Airport
- MRO
- Cargo

Next-gen Air Mobility Domain

Co-develop next-gen transportation and mobility infrastructure with global partners

- Drone Logistics
- Flying Car
- Service Infrastructure

JAL Group’s Strengths:
- Customer Base/Brand
- Human Skills

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- Mileage
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- Travel
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- Drone Logistics
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Mileage, Lifestyle and Infrastructure Business

Mileage and Lifestyle Domain

Increase revenue opportunities by strengthening the relationship with each customer

- Utilize the JAL Group customer base and mileage program to offer new values to customers’ daily life
- Achieve growth to create new revenue opportunities through extensive partners, strengthen financial services and integrate merchandise operations

**Mileage Business**

- Continue efforts to enhance and differentiate the airline’s business model
- Expand opportunities to “earn” and “use” miles by increasing collaborative partners
- Increase revenue opportunity by creating services accessible during the daily life of a customer

**Illustrative Revenue Trend**

<table>
<thead>
<tr>
<th>FY2019</th>
<th>2023</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>+48%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+c.50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IFRS: excluding revenue transferred to air passenger

**Financial Service**

- **Payment**
  - Promote cashless payment
  - Increase the number of members of JAL Card / JAL Global Wallet
  - Expand functions of payment via smartphones (IC/QR)

**Banking**

- Expand JAL NEOBANK members
- Offer travel reserves and housing loans

**Insurance**

- Insurance products in line with each itinerary

**Securities**

- Offer investment services according to the stage of life

**Merchandise**

- Enhance accessibility for users
- Develop and offer proprietary products in collaboration with Regional Domain team
Regional Business Domain

Evolve into a community-based solution business based on regional revitalization initiatives

Regional Issues And Needs

- How to address declining birthrate and an aging society, population decline, rural exodus and digitalization.

JAL Strengths
- Network
- Creation of movement of people
- Creation of sales channels and logistics

Regional Resources
- Tourism resources (rich natural environment, cultural heritage, etc.)
- Regional specialty goods
- Wide variety of art and culture

7 Focusing Businesses

- Travel (New Tourism)
  - Creation of continuous movement of people by offering new travel needs

- Sales Channels × Logistics
  - Export and domestic market development of regional specialties

- Inbound
  - Attraction of inbound tourists and support for preparations

- Environment
  - Environment conservation, including support for application for UNESCO World Heritage Site

- HR Development
  - Cultivation of human resources in tourism

- Intermodal Transport
  - Expansion of transportation options to/from airports leveraging air mobility

- Healthcare
  - Transportation to strengthen community healthcare (utilizing drones)
  - Workation for health care workers

Vitalizing flows of goods and people promoted by enhancing connection between regions and people
Illustrative Revenue Trend (Domain total)

**Business**

- **Ground Handling**
  - Lead the way to a tourism-oriented country by supporting air travel demand
  - **Expand Market Share**
    - High quality and stable services to meet various demand (certified by ISAGO)
    - Packaged services including administrative operations
    - Airline marketing to global airlines in collaboration with local municipalities
  - **Upgrade Service**
    - Operations support including responses to irregular events and provision of parts, equipment and tools
    - Maintenance services for engines and landing gears
    - New businesses leveraging expertise in air transportation (technologies, training programs, logistics, etc.)

- **MRO**
  - Offer various maintenance and technological services from operation support to equipment services
  - **Upgrade Service**
    - Operations support including responses to irregular events and provision of parts, equipment and tools
    - Maintenance services for engines and landing gears
    - New businesses leveraging expertise in air transportation (technologies, training programs, logistics, etc.)

- **Cargo**
  - Provide comprehensive logistics services to meet strong cargo demand
  - **Enhance Logistics Service**
    - Extensive contracted services of cargo handling mainly at hub airports in Japan
    - Strengthened comprehensive logistics services using cargo shed facilities
    - Safety and quality of transportation leveraging technological support

Maximize technical capability to ensure safe operations and promote a business model that supports the needs of the airline industry.
Business Model of Next-gen Air Mobility

- From “drone logistics” (goods) to “flying car” (people), from “local cities” to "major cities"

1. Next-gen Air Mobility Operational Service Platform (Organization/Operation system)
   - Build “Next-gen Air Mobility Operational Service Platform” by making use of JAL’s strengths such as safety management
   - Commercialization from drone logistics in local cities in cooperation with partners, and accumulate technological capabilities
   - Expand business of flying cars, and gradually expand service areas from “local cities” to “major cities"

Initiatives for Commercialization and Service Expansion

- Initiatives to protect “safety in the air”
  - Participation in regulatory framework design and demonstration test
  - Establishment of human resource development system (Ex.: Pilot training, etc.)
- Service Model Design
  - Market research and safety evaluation
  - Development of next-gen air mobility operational service platform
- Commercialization and Service Expansion
  - Drone Logistics: FY2023～
  - Flying Car: FY2025～
Human Resources Strategy

JAL Group’s full commitment to achieve “Sustainable Growth and Development”

Foundation of Human Resources Supporting Growth and Development

Achieving High Productivity with Environmental Changes as an Opportunity

Deployment of Human Resources to Growing Fields & BU-based Operation

Goal

JAL Philosophy

- Amoeba Management System
  - JAL OODA*
  - Health Management

*OODA: Observe, Orient, Decide, Act: four elements required to respond to changes proactively

Full Utilization of Surplus Workforce/
Human Resource Development for Regrowth

Promotion of D&I

Achieving High Productivity

- Productivity by capita
  - Headcount

- Collapse in Demand
- Demand Rebound and Growth

Productivity by capita

- FY2019
- FY2020
- FY2023
- FY2025

- Human resources mainly placed on FSC, being an active role in growing fields
- Achieving growth in non-FSC business domains through independent BUs

Value Maximization of Employee Experience (EX)

Improving Corporate Value/
Sustainable Growth and Development

Human Resources Strategy

- Full Utilization of Surplus Workforce/
  Human Resource Development for Regrowth
- Promotion of D&I
- Achieving High Productivity

- Acquisition of knowledge through education and training
- Cross-sectional deployment regardless of job category
- Utilizing digital technology
- Secondment to deepen expertise
- More efficient use of back-office
- New Normal Workstyle

- Maintaining the FY2023 level

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Goal
Digital / IT Strategy

Promote digital transformation integrating human resources and technology to maximize both customer experience and employee experience.

Value Maximization of Customer Experience (CX)

Connect various touchpoints around customers

Providing New Customer Experiences
- Personal Concierge
  - Realization of services and communications based on the understanding of individual needs and situations
  - Seamless service based on MaaS, etc.
- Expansion of Mobile Communications
  - Expanding mobile application support to global markets and connecting to various services
  - Expanding self-service with mobile at airports and in-flight

Value Maximization of Employee Experience (EX)

Connect organizations to encourage autonomous actions for higher productivity

Continuous Improvement of Employee Experience
- Diversity and High Productivity
  - Productivity improvement utilizing AI and RPA (Robotics Process Automation), and human resources are focused on high value-added operations
  - Construction of a high-speed, stable remote/telework environment using 5G, etc.
- Safety and Basic Quality
  - Enhancing operations by integrating operational data
  - Strengthen safety by prognostics combining new technologies, etc.

IT Platform as a Backbone of the Business Strategy
- Accelerate new business through cloud computing
- Enhancing the data infrastructure supporting DX
- Building security for the new normal
- Improving system resilience to various disasters
Cost Management

Flexible variable cost management and fixed cost reduction through structural reforms and further streamlining and productivity improvement

Past Measures

• Thorough structural reforms, followed by disciplined cost management
• Fullest use of the divisional profitability management system for profitability improvement through flexible adjustment of supply and cost reduction

Post-COVID

Flexible and swift adjustment of supply to control variable costs

Reduction of actual fixed costs* to the FY2020 level through structural restructuring and further streamlining and productivity improvement

• Illustrative Reduction of Actual Fixed Costs*

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Fixed Costs</th>
<th>Total Fixed Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2019</td>
<td>JPY560Bn</td>
<td>JPY500Bn</td>
</tr>
<tr>
<td>2020</td>
<td>JPY500Bn</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>JPY500Bn</td>
<td></td>
</tr>
</tbody>
</table>

*Actual Fixed Cost: (Total Fixed Cost) – (costs that may be variable according to operational size and number of passengers, temporary or additional costs in association with the structural restructuring (early retirement of aged aircrafts, LCC business expansion, etc.))

Initiatives for Cost Reduction to Offset Cost Increase

• Optimization of the fleet size
• Improve productivity
• More efficient operation with less manpower through adoption of JAL SMART AIRPORT
• Utilization of systems to improve cost efficiency, etc.

Maintain the FY2020 level

FY2020 reduction, JPY135Bn from the initial plan (incl. some revenue- and capacity-linked portions)
CAPEX Plan
Disciplined growth investment focusing on investment efficiency

**Investments for “development at Haneda and Narita” in FY2020**
- Introduction of A350-900 to domestic routes
- Increase in FSC international aircraft
- Renovation of passenger service systems

**Targeted investment with restrained size:**
- Continuous introduction of A350-900
- LCC business
- DX promotion, JAL SMART AIRPORT

**Sustainable growth through:**
- Introduction of A350-1000 into international routes
- Expansion of business domains
- Promoting initiatives to achieve SDGs

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**FY2017〜2019**
- JPY220〜230Bn/year
  (3-year total: c. JPY700Bn)

**FY2021〜2023**
- 5-year total: c. JPY850Bn
  - C. JPY150Bn/year
    (3-year total: c. JPY450Bn)

**FY2024〜2025**
- C. JPY200Bn/year
  (2-year total: c. JPY400Bn)

**Consider non-organic growth opportunities depends on the status of cash flows**
SDGs Initiatives

All JAL Group employees engage in Initiatives for SDGs and aims to accomplish medium term management plan

Address to Climate Change
- Engine washing ✓
- Lightweight container ✓
- Using SAF ✓
- Flight path optimization ✓

First flight in Japan with domestic SAF in February 2021

Regional Revitalization
- Collaboration ✓
- Workation ✓
- Publicize regional specialty products ✓
- Support for attracting foreign visitors ✓

Continuing activities from 2011 to 10 Years and evolving into a business

Promotion of D&I
- Diversity ✓
- Consideration for Gender Neutrality ✓

Improving Accessibility
- Special assistance counter ✓
- Remote sign language interpreter ✓
- Autonomous wheelchair ✓
- Accessible tourism ✓

Formulation of guidelines based on COVID-19 measures

Prevention of the Spread of Infectious Diseases
- Transportation of medical items ✓
- Non-face-to-face/touchless ✓
- Heightened hygiene standards ✓
- Awards ✓

Certified as the first airline in Asia to receive two awards for COVID-19 safety initiatives.

Change Announcement
Sneakers to the ZIPAIR uniform

JAL SMART AIRPORT
- Antiviral and Antibacterial Coating ✓
- Speed & Quality ✓
- JAL SMART AIRPORT ✓

Special assistance counter ✓
Remote sign language interpreter ✓
Autonomous wheelchair ✓
Accessible tourism ✓

Formulation of guidelines based on COVID-19 measures

Transportation of medical items ✓
Non-face-to-face/touchless ✓
Heightened hygiene standards ✓
Awards ✓
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