JAL Group Medium-Term Management Plan 2021-2025
and Financial Report for the year ended March 2021, Major Q and As

■ The outlook of International and Domestic Passenger demands

Q1：To what extent was the profitability break-even line lowered with respect to international and domestic passenger demand levels?

A1：Due to the good cargo demand and the reduction of fixed cost, the break-even line lowered further than the level we had explained before. With certain assumptions, if the demands recover to 80% in the domestic passenger business and 40% in the international passenger business of the pre-Covid-19 level, EBIT turns into positive. We may be profitable even with the demand levels of pre-COVID 80% in the domestic passenger business and 30% in the international passenger business.

Q2：What is your outlook of medium-term recovery of the international passenger revenue in the Full Service Carrier business?

A2：We conservatively assume business travel demands departing from Japan may not return to the pre-Covid-19 level in and after FY2023. On the other hand, we expect demands from overseas and leisure travel demands will return to the pre-Covid-19 level. We will increase revenue through yield management and utilization of Haneda network in addition to fleet downsizing and network optimization.

■ Cargo business

Q3：What is your outlook of the supply in Cargo business?

A3：In addition to JAL's own aircrafts' cargo space, we will expand capacity by fully utilizing belly spaces of ZIPAIR and partner airlines' freighter to increase revenue.

■ LCC

Q4：What is the role of SPRING JAPAN compared with Jetstar Japan related to the scheduled acquisition of SPRING JAPAN

A4：Jetstar Japan will expand business in the domestic LCC market based in Narita and SPRING JAPAN will capture inbound tourists from China partnering with Spring Airlines' travel agent in China. The role of SPRING JAPAN and Jetstar Japan will be clearly segregated.

■ Rebuilding the Financial Foundation

Q5：Is your policy of the enhanced liquidity at hand aimed for event risk tolerance? Also do you assume cash and unused credit line proportion will be fifty-fifty?

A5：We think the amount of 5.0～5.6 months-worth of passenger revenue is the appropriate level for liquidity at hand. In a pandemic situation, passenger revenue becomes volatile so we set this level while taking into account a refund risk. However, considering capital efficiency, we will utilize credit line at an appropriate level.

Q6：What is your background thought of the Shareholders' Equity Ratio target of around 50%?

A6：The target remains unchanged from the pre-COVID target level. This target level assures sufficient risk tolerance and capital efficiency.

■ ESG

Q7：To what extent is the ESG notion penetrated throughout the JAL Group? Also what is the feasibility of SAF (Sustainable Aviation Fuel)?

A7：The ESG notion has deeply penetrated in the JAL Group. The awareness of ESG has increased in the society due to Covid-19 pandemic, but for JAL employees, their awareness changed even more. We think the goal of SAF usage of 10% of the total fuel consumption by 2030 is achievable. We have invested in a SAF manufacturing company in the US and we expect we can obtain SAF supply across the US from FY2023. In order to increase SAF supply more in a future, it is necessary to establish a large-scale supply chain in Japan. We are making industry-wide efforts now.