



JAPAN AIRLINES

**JAL Group
Medium Term Management Plan FY2021-2025
Rolling Plan 2022**

May 6, 2022



Chapter 1: Outline of Medium Term Management Plan-Rolling Plan 2022

- 1 -1: Timelines of Rolling Plan 2022
- 1 -2: Outline of Management Strategy
- 1 -3: Safety and Security Initiatives

Chapter 2: Three Pillars of Management Strategy

- 2 -1: ESG Strategy
- 2 -2: Business Strategy
- 2 -3: Finance Strategy
- 2 -4: Medium Term Management Targets

Chapter 3: Details of Strategy

- 3 -1: Accelerate Initiatives in Each Business Area
 - Initiatives in Each Business Area
 - Aircraft Strategy
- 3 -2: Strategy in Key Business Areas
 - Mileage and Lifestyle Business
 - Regional Business
 - Air Mobility Business
- 3 -3: Drivers for Accelerating Business Model Reform
 - DX Strategy
 - HR Strategy

JAL Group Corporate Policy

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.



JAL Group
Medium-Term Management Plan
FY2021-2025

Rolling Plan 2022

On Formulating the Medium Term Management Plan Rolling Plan 2022

Since our announcement, last May, of our FY2021 to FY2025 JAL Group Medium Term Management Plan, the uncertainty in the business environment has increased, given the prolonged impact of COVID-19 and the situation in Europe and its ramifications throughout the world.

Under these circumstances, the JAL Group has formulated the Medium Term Management Plan-Rolling Plan 2022 aimed at building resilience, overcoming current difficulties and making steady progress towards sustainable growth and development.

We will put ESG at the core of our management strategy and work to solve social issues through our business activities, accelerate business model reform and rebuild our financial structure, thereby achieving our management targets.

Air transportation has the power to overcome divisions, bring people, goods and ideas together, and make everyone feel fulfilled and hopeful. The JAL Group will fulfill its responsibilities as a social infrastructure and lifeline, and all employees will work together to realize JAL Vision 2030 with “safety and peace of mind” and sustainability” as the engines of growth.

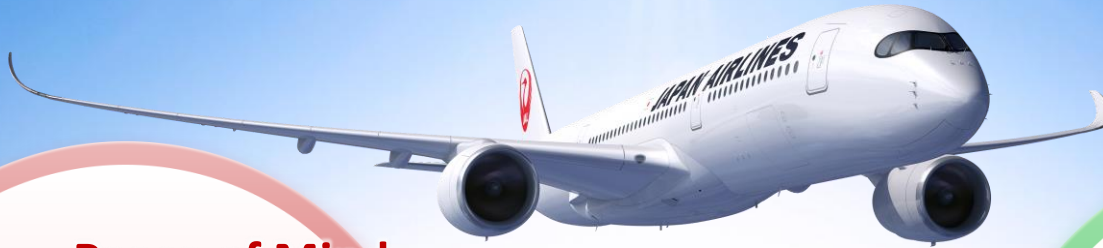
JAL Vision 2030

Ideal image of the JAL Group in 2030

Corporate Policy
JAL Vision
Medium-term
Management Plan



The JAL Group will focus on the key themes of “Safety and Peace of Mind” and “Sustainability” as the engines of growth in a time of upheaval with drastic changes in values



Safety and Peace of Mind

Build a society where everyone can live safely, securely and with peace of mind

JAL Vision 2030

Sustainability

Build a better future where everyone can feel fulfilled and hopeful

To become the world’s most preferred and valued airline group, where many people and goods freely move around

Rolling Plan 2022

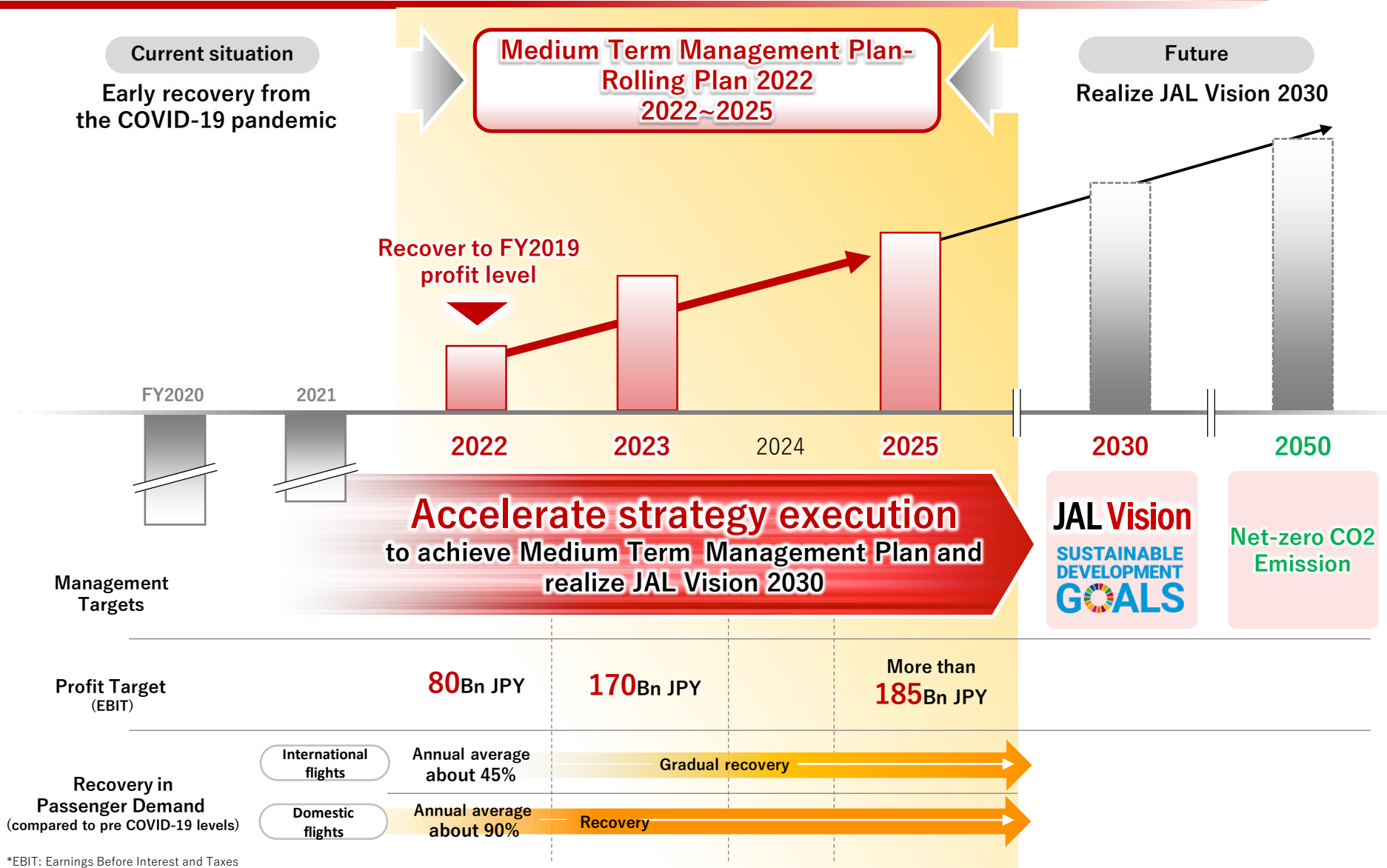
1. **Outline of Medium Term Management Plan-Rolling Plan 2022**
2. Three Pillars of Management Strategy
3. Details of Strategy

Timelines of Rolling Plan 2022

JAL Vision 2030 and 4-year rolling plan to realize the Medium Term Management Plan

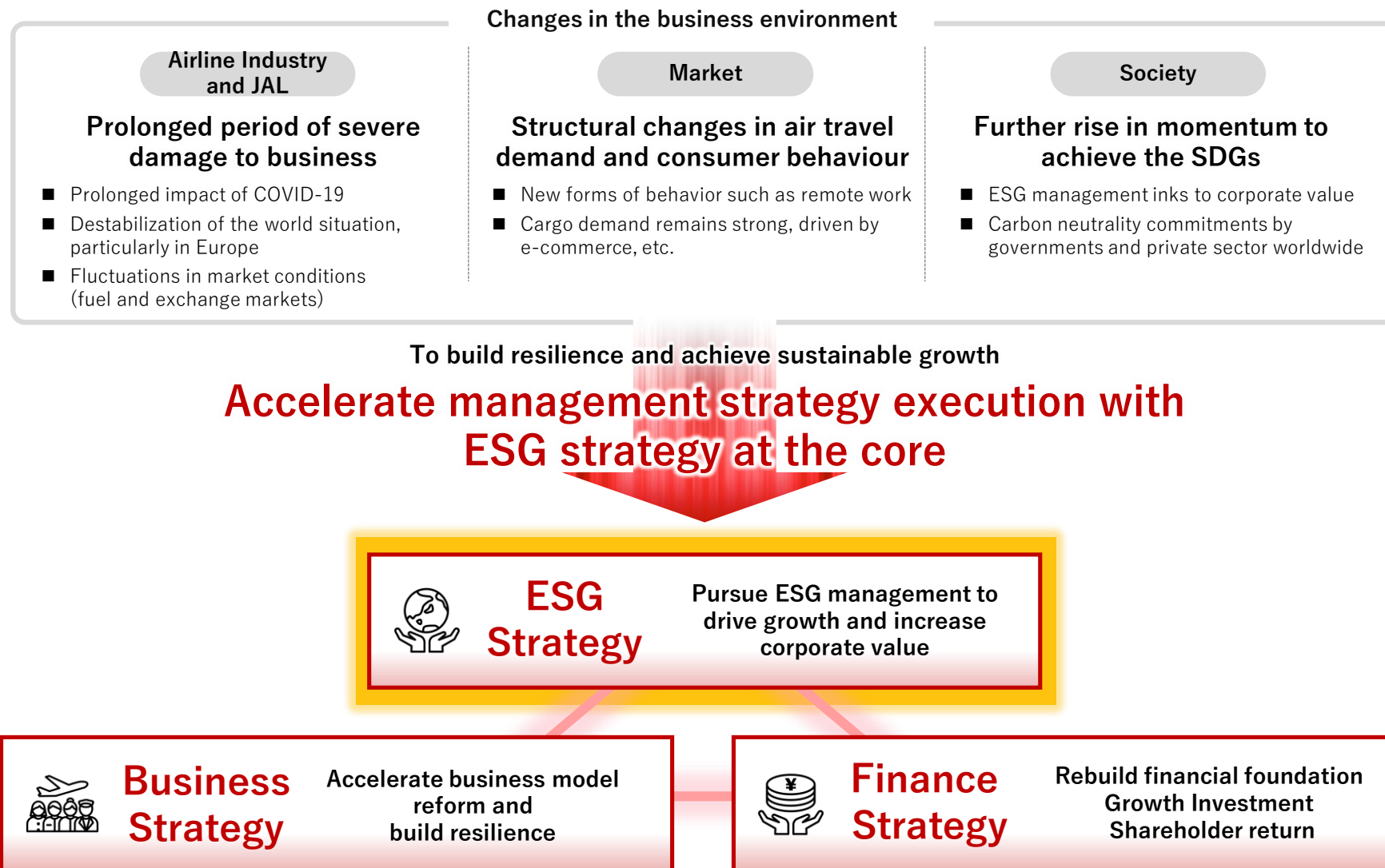


MTP2021-2025
Rolling Plan
2022





Adapt to changes in the business environment and accelerate management strategy execution with ESG strategy at the core



< Environmental changes surrounding safety and security >

Internal
environmental
changes

Roll out our management strategy

- Drive ESG-aligned management strategy
- Push forward with business model reform (expand business areas)

External
environmental
changes

Global risks and technology

- Diversification and emergence of global risks
- Development and proliferation of digital technology

Advancement of aviation safety



■ Utilize digital technology

- Aircraft failure prediction technology (PDA, etc.)
- Weather forecasting technology (en route turbulence measures)
- Image recognition technology (improve engine internal inspection)

■ Health management of crew

- Fatigue risk management based on data analysis
- Full-scale launch of pilot support program

Respond to diversifying risks



■ Strengthen aviation security

- Advanced AI-based security screening process

■ Infection measures: set higher hygiene and cleanliness standards

■ Strengthen cybersecurity

- Encrypt and monitor communications
- Separate and protect sensitive information such as customer data

■ Maintain networks in disaster and emergency situations

- Develop BCP for earthquake in Tokyo and outbreak of infectious diseases
- Establish 2nd Data Center in Kansai area
- Use drones to transport supplies

Create next-generation safety



■ Move into the air mobility field

- Participate in the development of national safety standards and systems
- Build a safety management system utilizing aviation technology

■ Build a sustainable safety culture

- Provide managerial staff with safety education on organizational accidents
- Provide young employees with safety education to learn about recent accidents
- Preserve and pass on accident sites and related facilities




Human resources and culture

Pass on and continuously spread a culture and awareness to think on the basic foundation of safety and security

Rolling Plan 2022

1. Outline of Medium Term Management Plan- Rolling Plan 2022

2. Three Pillars of Management Strategy

	ESG Strategy	2030
	Business Strategy	2025
	Finance Strategy	2025

3. Details of Strategy

Put ESG strategy at the core of our management strategy to drive growth towards 2030

JAL Vision 2030

■ **Safety and Peace of Mind ...** Build a society where everyone can live safely, securely and with peace of mind

■ **Sustainability ...** Build a better future where everyone can feel fulfilled and hopeful



ESG Strategy (Long-term business strategy)

Solve social issues and create sustainable flows of people, and sales and distribution channels

*Environmentally-friendly,
safety and peace of mind*

Realize sustainable air transportation of the future



FSC

LCC

Cargo and Mail

- Minimize environmental impacts
- Provide air transportation that is safer more secure and gives more peace of mind
- Continue to connect Japan with the rest of the world
- Expand regional route network

- Reduce CO₂ emissions, single-use plastics and waste, and food loss
- Improve accessibility and hygiene/cleanliness standards
- Flight operations and maintenance using data and new technologies
- Create demand for travel to/from regional areas, inbound demand

High speed, high quality, stability

Create a new social infrastructure leveraging our strengths in aviation



Cargo and Mail

Air Mobility

Airport and Maintenance

- Maintain high value-added transportation and logistics networks
- Realize seamless transportation in all regions to solve social issues
- Build a transportation Infrastructure based around airports

- Solve lack of human resources through transport mode shift
- Realize drone logistics and transportation, practical use of eVTOLs, build an emergency transportation system
- Support airlines flying to Japan

Seamless, 1 to 1

Make everyday life and all life stages even better



Mileage

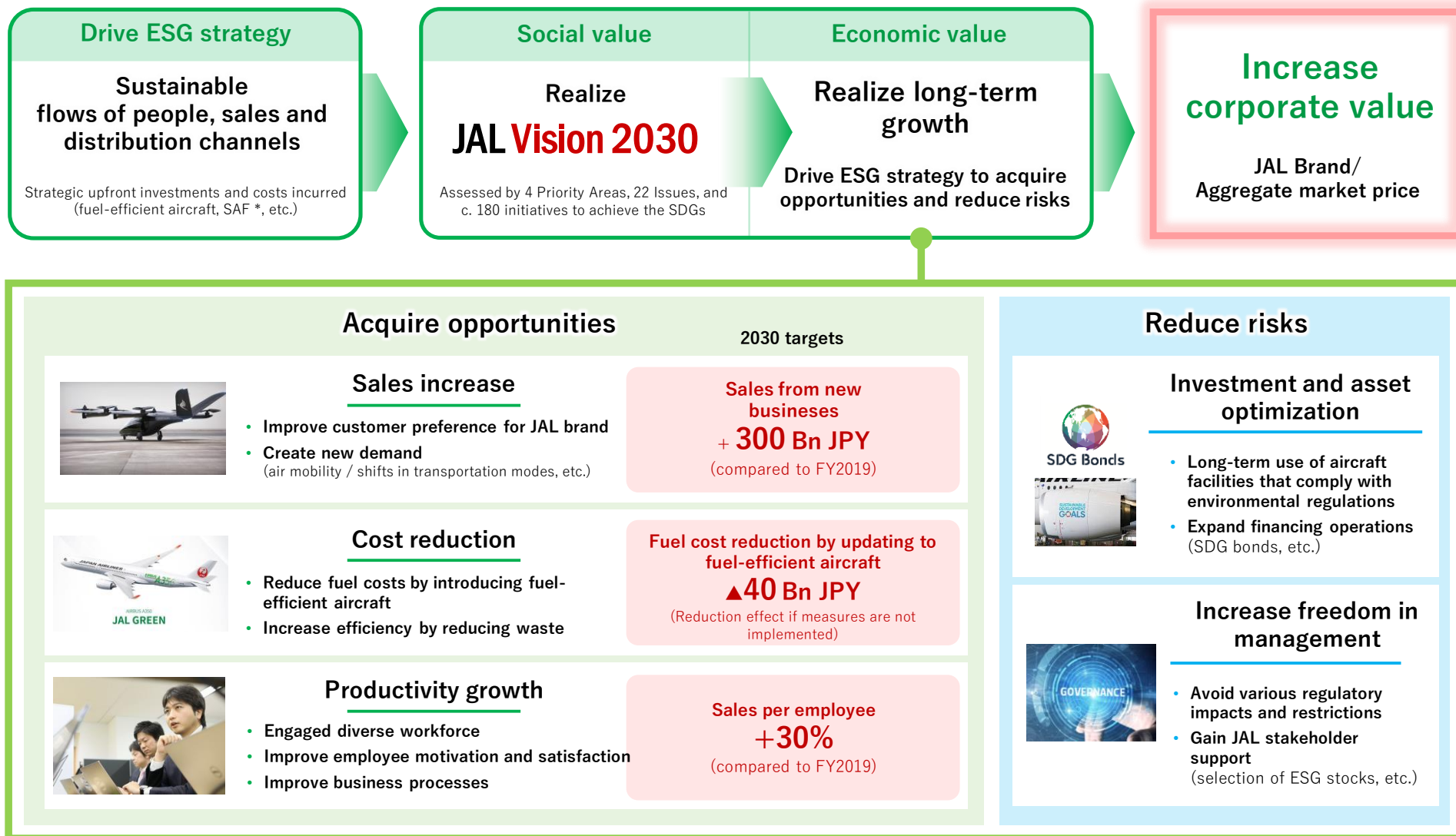
Commerce

Regions and Travel

Promote the JAL Mileage and Lifestyle Concept for the wellbeing of our customers and society

Maximize regional attractiveness and value and create flows

- Introduce a mileage program that enables users to earn points through environmentally friendly activities
- Develop products that promote ethical consumption
- Promote regional exchanges (New Tourism, local products)



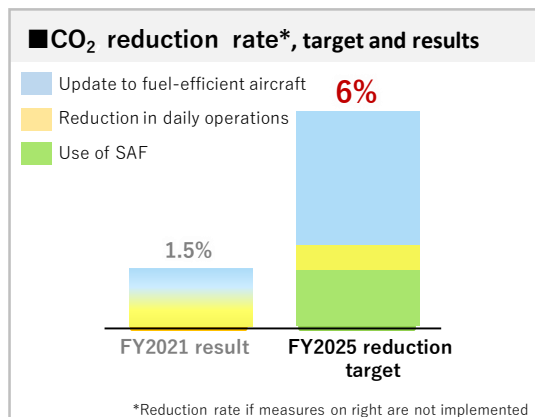
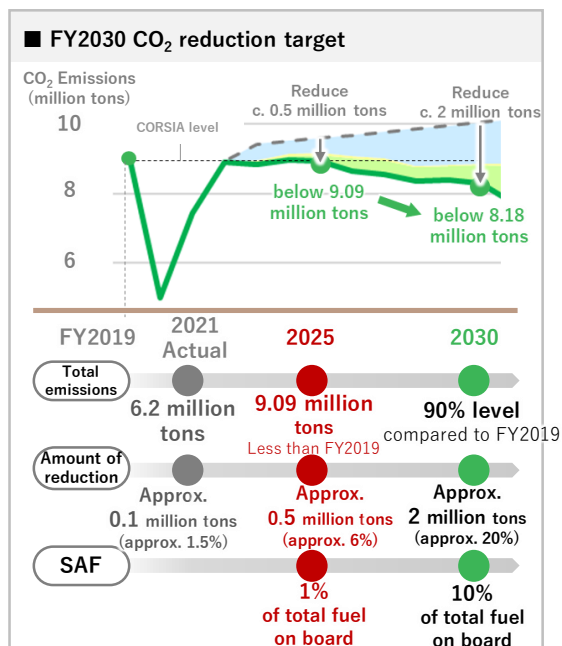
* Sustainable Aviation Fuel: An alternative sustainable aviation fuel



Aim to Achieve Net Zero CO₂ Emissions by 2050

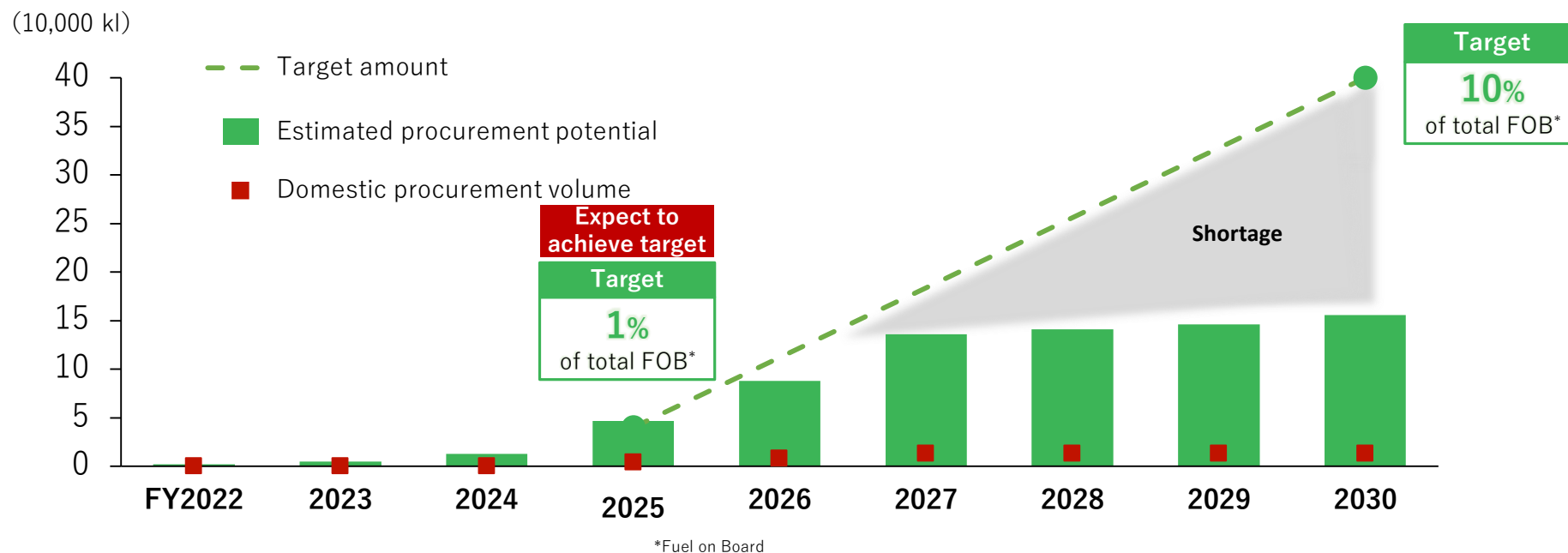


Following on steady progress in FY2021 to achieve targets,
further accelerate initiatives in FY2022



	FY2021	FY2022~
Internal emissions reduction	Upgrades to Fuel-efficient Aircraft Planned aircraft renewal <ul style="list-style-type: none"> A350 ... Introduce 7 A350s (Total 15) ATR ... Introduce 2 ATRs (Total 13) 	<ul style="list-style-type: none"> Continue introduction of A350. Total 31 (ordered) Consider early introduction of new small- and medium-sized aircraft Consider introduction of hydrogen-powered aircraft
	Reduction in daily operations JAL Green operations	Optimize flight plan Reduce aircraft weight Improve fuel efficiency
	Use of SAF Procurement activities <ul style="list-style-type: none"> Operate flights loaded with Japan-made SAF Fulcrum (US) in which JAL has acquired a stake, starts plant operation oneworld announces joint procurement of SAF <ul style="list-style-type: none"> Aemetis, Inc. (US) From 2025 Gevo (US) From 2027 Proliferation activities <ul style="list-style-type: none"> Publish joint report on SAF with ANA ACT FOR SKY, a voluntary organization, established 	Realize stable procurement at appropriate prices through diverse SAF suppliers Procurement Promote joint procurement with oneworld (including Europe and Asia) Proliferation activities <ul style="list-style-type: none"> Commercialize and proliferate Japan-made SAF Participate in the development of next generation SAF* <p><small>*Synthetic fuels produced from hydrogen derived from renewable energy and atmospheric CO₂</small></p>
	Utilization of carbon offset program Renew offset program for individuals	Introduce offset program to corporations

Realize stable procurement at appropriate prices through diverse SAF suppliers



SUSTAINABLE
DEVELOPMENT
GOALS



FULLY SUSTAINABLE FLIGHT



New value in air travel that we can take pride in Embrace the challenge of “sustainable flights”

Nov.2022 *Model flight*

(month of COP27)

Haneda - Okinawa

Domestic flight/A350

*Dates, aircraft, sectors, etc. are tentative

Aircraft and fuel

Utilize SAF and offset program on state-of-the-art fuel-efficient aircraft to achieve

Net zero CO₂ emissions



Passenger service

In-flight meal reservation, change materials of service items and recycle to achieve

Zero single-use plastic* waste



*Virgin petroleum derived plastic

Customers

Multilingual service and special assistance, etc. for

Stress-free travel for all customers
+
Realize **sustainability** with our customers
(voluntary offset program, etc.)



Employees

Internal recruitment of diverse employees to take part in planning and operation to promote

Active role of diverse human resources



Rolling Plan 2022

1. Outline of Medium Term Management Plan-Rolling Plan 2022

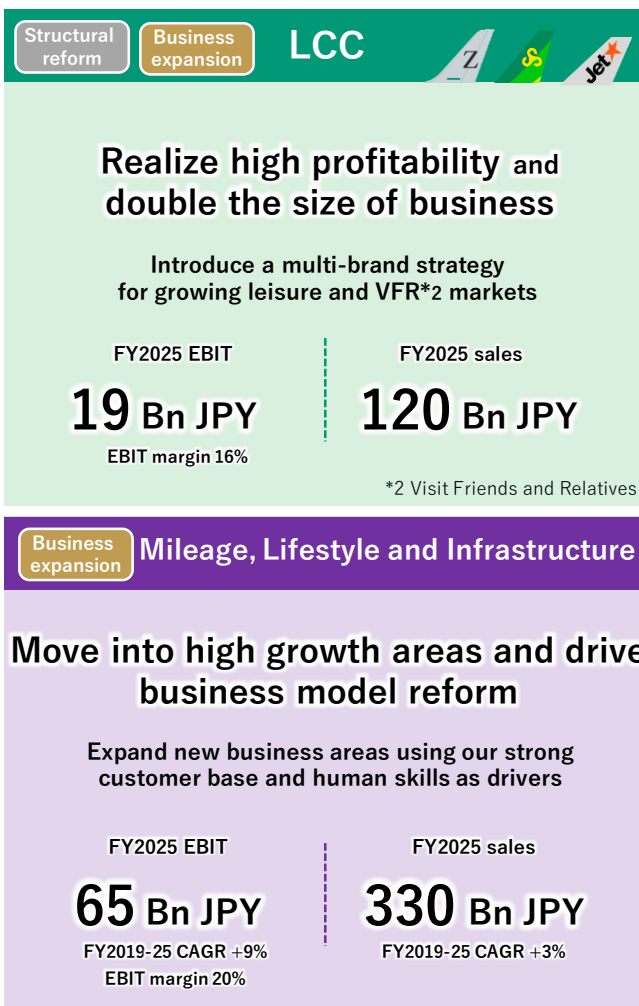
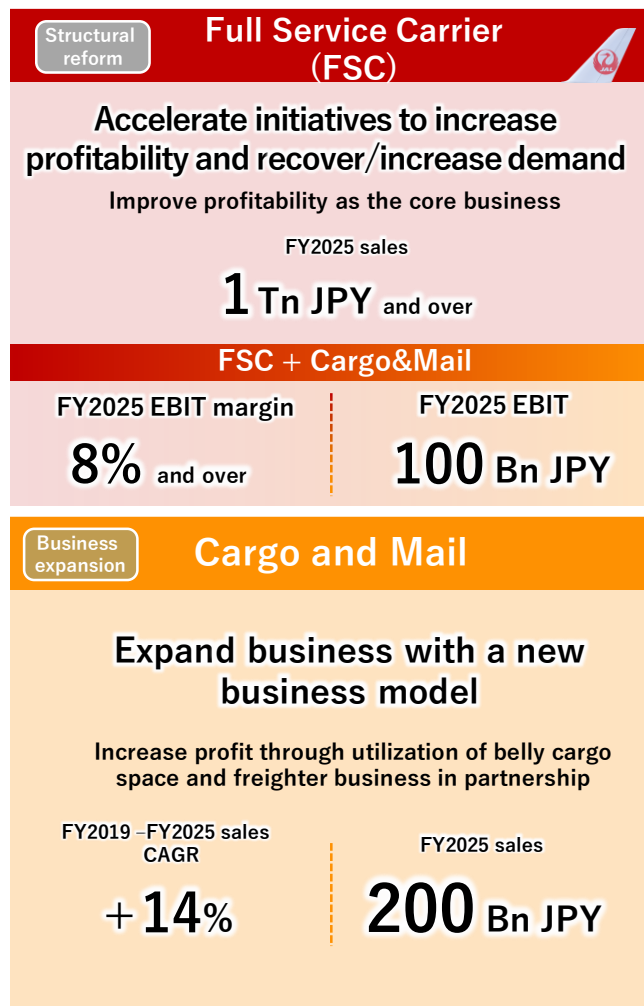
2. Three Pillars of Management Strategy

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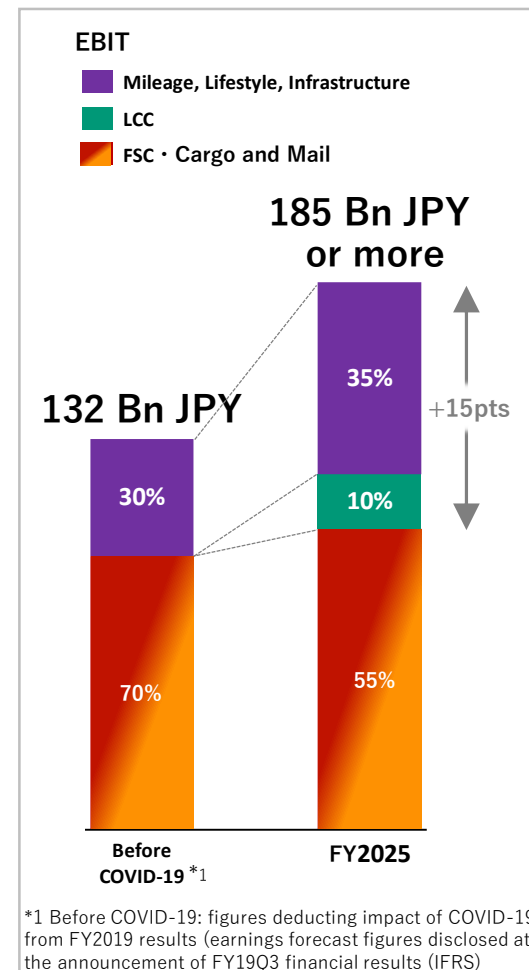
3. Details of Strategy



Targets in each business area



Targets of Business Model Reform





Build a resilient business structure with growth potential by promoting Group management

Portfolio management

- Design a business structure adaptive to the business environment
- Optimize resource allocation

Create Group synergies

- Maximize sales through synergic effects
- Minimize costs by improving efficiency




Maximize profitability of the entire JAL Group across business areas

	Full Service Carrier	LCC	Cargo and Mail	Mileage, Lifestyle and Infrastructure
Safety and Security	Expand technologies cultivated in aviation to other business areas			
Human Resources	Create new value through productivity growth and resource allocation to profitable businesses with growth potential			
DX	Accelerate business model reform by building, analyzing, and utilizing a database covering business areas			
Sales	Shift from air ticket sales to solution sales utilizing JAL Group assets			
JAL Group Companies	Realize business growth by increasing profit of Group companies			
Corporate Functions	Integrate and consolidate dispersed and redundant functions			
Cost Management	Keep actual fixed costs of the entire JAL Group at 500 billion yen level			

Rolling Plan 2022

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		End of FY2021	Financial rebuilding phase	Sustainable growth phase
Build Risk Resilience and Capital Efficiency <ul style="list-style-type: none"> Build risk resilience Maintain and improve financing capabilities Improve capital and asset efficiency 	Liquidity	494.2 Bn JPY Credit facility of 300 bn JPY	Secure and maintain 5.0~5.6 months worth of passenger revenue	
	Stability	Equity ratio 41.1% (credit rating)	<ul style="list-style-type: none"> Aim for approx. 50% equity ratio (credit rating) Aim to achieve zero net interest-bearing debt by the end of FY25 	
	Credit rating	Maintain A rating	Aim for A flat rating	
	Capital efficiency		Achieve, maintain and improve ROIC*1 9%, ROE 10% or above	
Resource Allocation <ul style="list-style-type: none"> Observe financial discipline Allocate resources optimally Promote investment for sustainable growth 	Capital allocation		Prioritize rebuilding of financial structure Promote investment for sustainable growth	
	Financial discipline		Secure sufficient free cash flow for each fiscal period	
Shareholder Return <ul style="list-style-type: none"> Dividends with focus on stability and consistency Payout ratio: 35% or higher Flexible buyback to enhance total return ratio 	Dividend		Aim to resume dividends by the end of FY2022	Stable dividend payout ratio of 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)

*2: Fixed assets = Inventory assets + Non-current assets – Deferred tax assets – Net defined benefit asset

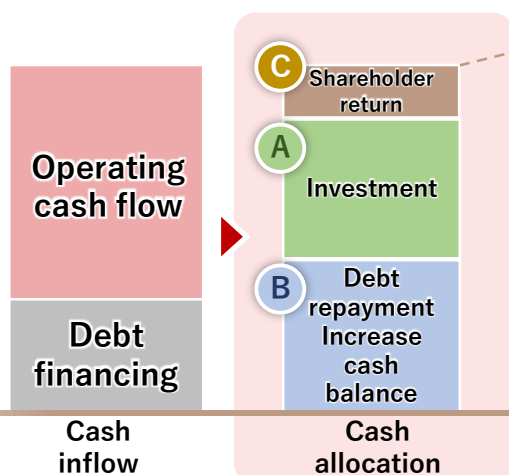


Gradually shift cash flow allocation from rebuilding of financial foundation to shareholder return and investment for sustainable growth

End of FY2021

Rebuilding Phase

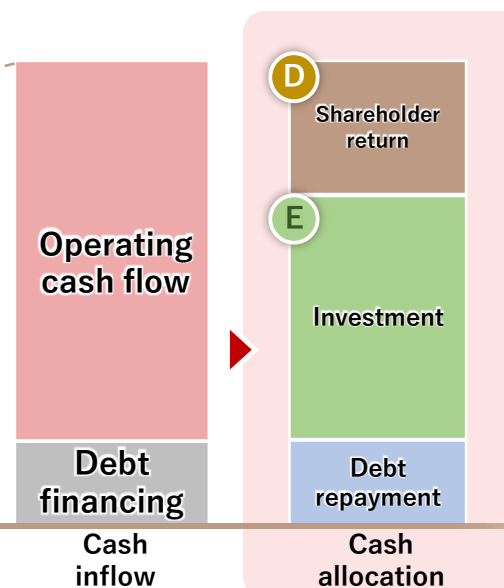
- A** Carefully select investments in this phase
- B** Recover an appropriate level of liquidity
- C** Aim to resume dividends by the end of FY2022



Gradually
shift to
recovery CF
creation
capabilities

Sustainable Growth Phase

- D** Active shareholder return
- E** Investment for sustainable growth





All investments are to drive ESG management

Actively utilize ESG finance to steadily upgrade to fuel-efficient aircraft

4 years total: Approx.
660 Bn JPY

Approx. 190 Bn JPY

Approx.
150 Bn JPY/year



Approx.
170 Bn JPY/year
(3 years total: approx. 510 bn JPY)

Actively update to fuel-
efficient aircraft
Accelerate CO2 emission
reduction

Gradually expand growth
investment while
prioritizing improvement of
financial structure

- E** Environmental investment
such as for CO2 reduction
- S** Investment contributing to
solve social issues such as
safety and peace of mind,
customer convenience and
regional communities
- G** Investment to strengthen
corporate governance

FY2021

[Results]

FY2022

[To be implemented]

FY2023~2025



Introduced fuel-efficient A350-900, etc.

Introduce fuel-efficient aircraft (A350 etc.)



Introduced JAL SMART AIRPORT, etc.

Invest in air mobility related businesses, etc.



Investments to strengthen LCC
management foundation, etc.

Investment to strengthen IT infrastructure, etc.



FY 2025 target value

FY2021 Results

Safety and Peace of Mind 	Safety	Aircraft Accidents and Serious Incidents 0 (during the entire period of the Medium Term Management Plan)	▶	2 cases	<ul style="list-style-type: none"> Feb 15, 2022, JL2326: A passenger hit lower back due to turbulence during cruising and suffered a fracture. Mar 26, 2022, JL669: A cabin attendant fell due to turbulence during cruising and suffered a fracture.
	Peace of Mind	NPS *1 + 4.0 pt (FSC international/domestic)	▶	Domestic + 7.1 pt International + 7.4 pt	<ul style="list-style-type: none"> JAL FLYSAFE initiatives highly evaluated Improved comfort in the airport by deploying JAL SMART AIRPORT
Finance 	EBIT Margin (sales margin)	Achieve 10% or Higher in FY2023	▶	-	<ul style="list-style-type: none"> Steady implemented financial measures due to COVID-19 Maintained financial base, the foundation of business model reform, through hybrid financing
	ROIC (Return on Investment)	9% achieved in FY2023	▶	-	
	EPS (Net income per share)	FY2023 ¥260 Pre COVID-19 level FY2025 c. ¥290 level	▶	-	
Sustainability 	Environment	CO2 Emission Reduction Total emissions: below 9.09 million tons	▶	6.2 million tons	<ul style="list-style-type: none"> Promoted introduction of fuel-efficient aircraft (A350, etc.) Introduced plastic bottles made from recycled materials (cabin) Suspended plastic bags for checked baggage at the airport
		Reduction of Single-use Plastic Cabin and Lounge: No use of virgin petroleum-based plastic Cargo and Airports: 100% switch to eco-friendly materials		25% abolished 90% change	
	Communities	Regional Revitalization Domestic passenger *2 and Cargo transport volume + 10% vs FY2019	▶	Passenger - 59% Cargo - 34%	<ul style="list-style-type: none"> Flight reductions due to COVID-19
	People	Promotion of D&I Group Female Managers Ratio: 30%	▶	21.9 % (as of March 31, 2022)	<ul style="list-style-type: none"> Promoted continuous appointment of women leaders Up 2.4 percentage points from the previous year (19.5%)

*1: Net Promoter Score ... Objective Indicator of Customer Satisfaction (compared to the beginning of FY 2021)

*2: Increase in total passengers by stimulating tourism demand and creating new flows

※Aim to improve Total Shareholder Return(TSR)

Rolling Plan 2022



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3-1 Accelerate Initiatives in Each Business Area

Accelerate business model reform to build resilience

MTP2021-2025
Rolling Plan
2022



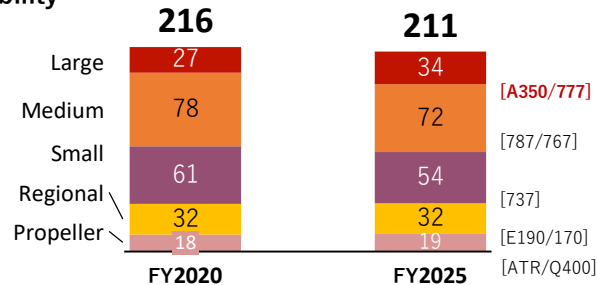
	FY2021	FY2022~
Full Service Carrier	Improve profitability during periods of low passenger demand <ul style="list-style-type: none"> Reduced maintenance and operating costs by retiring the 777 and introducing the A350 Suspended unprofitable routes and utilized codesharing Introduced JAL SMART AIRPORT to hub airports in Japan 	Accelerate initiatives to increase profitability and recover/increase demand <ul style="list-style-type: none"> Expand international route network according to recovery in demand Increase customer preference by deploying the A350 on international routes following domestic routes (FY23~) Promote the development and provision of products and services that reduce environmental impacts Further drive ESG strategy through our joint businesses and alliance
LCC	Full-scale launch of three LCCs based in Narita Aircraft: 10 aircraft Routes: 11 routes ※ Excluding Jetstar Japan ZIPAIR ... Opened US west coast route as Japan's first medium- and long-haul LCC SPRING JAPAN ... Made SPING JAPAN a consolidated subsidiary, created a new brand Jetstar ... Reviewed the number of aircraft and routes to improve profitability	Realize high profitability and double the size of business Aircraft: 18 aircraft Routes: 22 routes FY2025 plan, Excluding Jetstar Japan ZIPAIR Expand networks in Asia, North America and China SPRING JAPAN Jetstar Increase competitiveness and reduce environmental impacts by introducing the A321 LR (scheduled for July 2022)
Cargo and Mail	Securely capture robust demand and increase profit <ul style="list-style-type: none"> Made maximum use of our routes and other airline's aircraft to meet robust cargo demand Transported vaccines and other pharmaceuticals leveraging our high quality transportation 	Expand business with a new business model <ul style="list-style-type: none"> Increase transportation capacity on high demand and high growth routes by strengthening partnerships Strengthen handling of high-unit revenue cargo by building a production system that enables quality control and reduction of lead time Launch freighter business with Yamato Holdings in April 2024 (operated by Jetstar Japan) 
Mileage, Lifestyle, Infrastructure Initiatives from FY2022 explained later	Launch initiatives for business model reform <div> Mileage Lifestyle <ul style="list-style-type: none"> Expanded services in daily life and all stages of life (marketed JAL Denki and JAL Housing Loans) Made JALUX a consolidated subsidiary  </div> <div> Regions <ul style="list-style-type: none"> Increased awareness of local products and expanded sales channels (JAL FURUSATO NOZEI (hometown tax donation program), EC for China, increased desirability of local products by Furusato Cheering Teams) </div> <div> Air Mobility <ul style="list-style-type: none"> Tried the drone business in various regions Tried the business model of the air taxi business </div>	Expand into growing business areas and drive business model reform <ul style="list-style-type: none"> Double profits by promoting the JAL Mileage and Lifestyle Concept Expand joint problem-solving projects with regional areas (local governments and companies) Establish an Operation Platform Business and expand air mobility market

Adapt to changes in the business environment through flexible aircraft portfolios for Full Service Carrier (FSC) and LCCs

Form a network with 229 Group aircraft

Full Service Carrier (FSC)

Reduce aircraft through operational efficiency to improve profitability

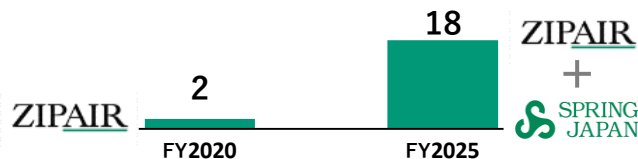


FY2020 shows the number of aircraft in operation, taking into account decommissioning.

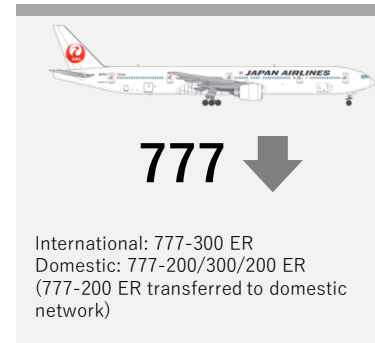
LCC

Aggressively expand LCC business

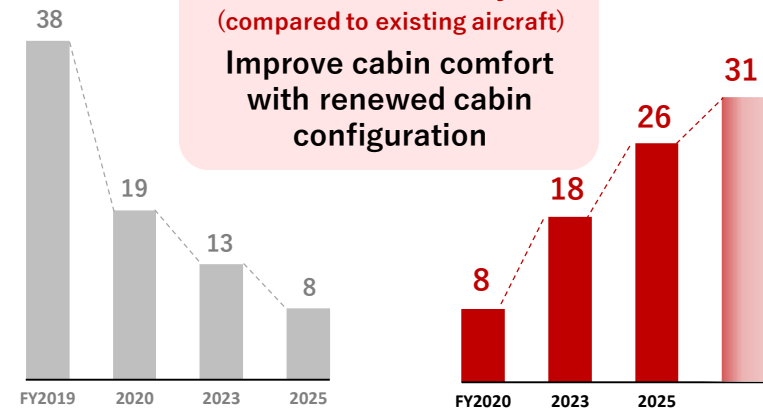
SPRING JAPAN: Included only in FY2025 as it became a consolidated subsidiary in FY2021
Jetstar Japan: Not included because it is not consolidated



Steadily promote renewal of flagship fleet



**25% improvement
in fuel efficiency**
(compared to existing aircraft)
**Improve cabin comfort
with renewed cabin
configuration**



(Note) Number of aircraft at the end of the fiscal year unless otherwise mentioned

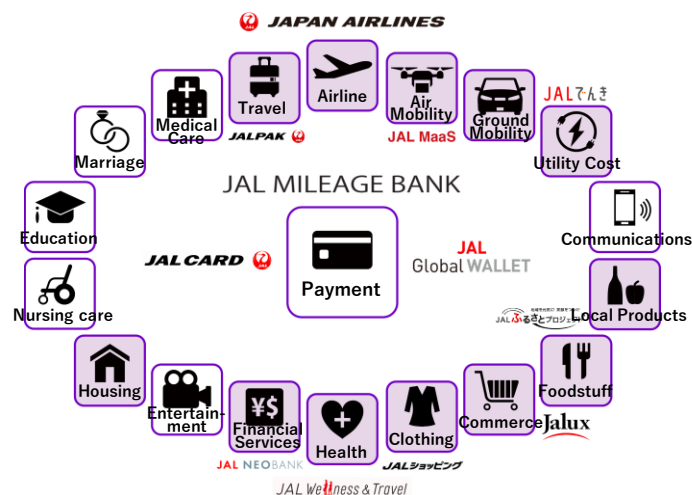
3-2

Mileage and Lifestyle Business

Promote the JAL Mileage and Lifestyle Concept for the wellbeing of our customers and society

JAL Mileage and Lifestyle Concept

~ make everyday life and all life stages
even better with miles ~



Provide diverse services in everyday life and all life stages and expand ways to earn and use miles

Specific initiatives to promote the concept

- Introduce a new mileage program

Introduce a mileage program where users can earn points through daily use apart from air travel and environmentally friendly activities

- **Expand partnerships with different business industries**

- Promote DX

- Promote centralized and cardless daily services through membership apps
- Develop and market products to meet customer needs by analyzing and utilizing customer data

Initiatives in focused business areas

- Financial service domain

- **Expand financial product lineup**
(insurance/securities, etc.)
- **Promote cashless payment**
(expand touchless services/introduce QR code payment)

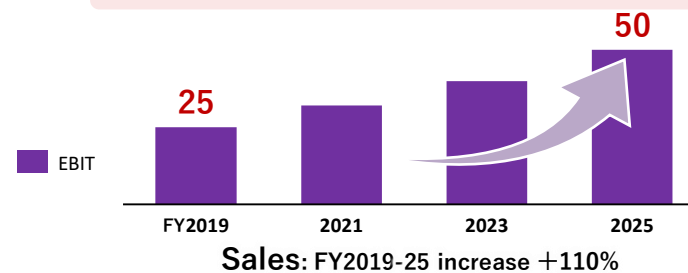
- Commerce domain

- Expand business by building new EC sites
- Provide products that promote ethical consumption
- Increase synergies with JALUX by utilizing the JAL brand

Sales and profit growth

(Unit: Bn JPY)

Double profits through business expansion





Flows of people

- **Promote regional attractiveness** Creating added value × Passenger transport
 - Add value to inspire customers to travel to regional areas, such as environmental preservation activities and cultural experiential travel utilizing attractive regional traditions, cultures, natural features, etc.

Example Tourism promotion project with local companies planned by JAL Furusato Ambassadors (e.g. JR Hokkaido Rail Tour)
- **New tourism** Permanent people flows × Passenger transport
 - Create and increase permanent flows of people to "my second hometown" and its associated demand in collaboration with local governments and companies

Example Traveling with a purpose, such as JAL Agricultural Exchange, a short-term agritraining program, SDGs tours, and "my second hometown" tours

Sales and distribution channels

- **Product development & branding** Branding × HR (cabin crew, etc.)
 - Develop new value-added products by combining excellent local commodities and JAL's know-how
 - In addition to planning and development, provide comprehensive support from market research to sales and PR

JAL Sweets Box
JAL Cabin Crew
- **Expand sales channels for local specialty products** Increase consumption × Cargo transport
 - Expand distribution channels in Japan for local specialty products by promoting JAL FURUSATO NOZEI
 - Promote cross-border EC initiatives and increase exports of local specialty products

JALふるさと納税

Sales target By FY2025 **10 Bn JPY**

Management target Domestic passenger and cargo traffic by FY2025 versus FY2019 **+10%**

Mechanisms to support safe operations

Promote the safe and optimized use of the sky



Develop business models by area

Provide services according to issues and needs of each region

Business Profile and Services

FY2022

2023

2024

2025

~2030

Operational Support Platform Business

- Safety management and operations control support services
- Optimization adjustment of high-density operations
- Operator training program

Use safety management system
Promote collaboration with partners

Establish operations control system
(Hyogo Prefecture / Oct 2021)



Build a SMS

Launch service

Expand capabilities to expand markets

Establish Platform Business

Expand air mobility market

Drone Business

- Logistics network to support everyday life
- Assess disaster situations, emergency transport of supplies

Build a business model in outlying islands (Amami Islands, etc.) and deploy in other regions

Test pharmaceuticals transport
(Tokyo / Feb 2022)



Test business

Launch business

Expand business models by area
High density of operations

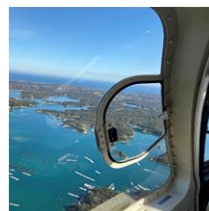
Realize Maas in the sky for coexistence of diverse air mobility operations

Air Taxi Business

- Regional transportation network
- Support mobility of essential workers

Launch in EXPO 2025 Osaka, Kansai, operate in rural and urban areas

Test business model
(Mie Prefecture / Jan 2022)



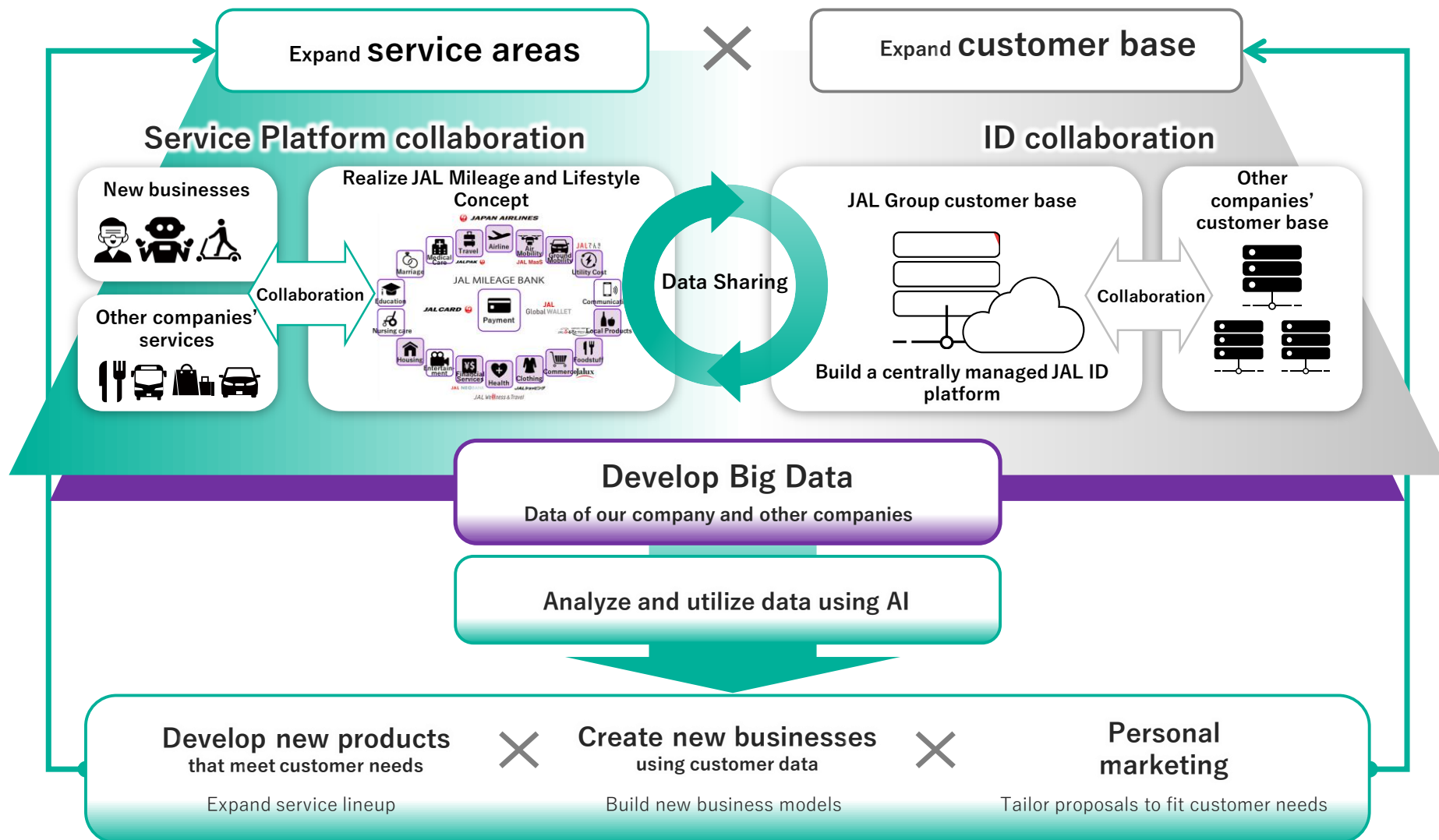
Execute test plan

Test flights

Launch business

Launch business and realize sales of 50 Bn JPY

Accelerate business model reform by building and utilizing Big Data through collaboration in the digital domain



Accelerate management strategy execution through the consolidated efforts of diverse human resources, our greatest strength

Create new value

Continuous productivity growth

Placement and assignment



- **Assign human resources in charge of expanding business areas**
 - Secure allocation of human resources to support growth domain
- **Introduce a new evaluation system to encourage challenges in growing business areas**
 - Expand the reach of our job posting through open recruitment
 - Introduce a performance-linked, performance-based remuneration system

<Assign human resources to growing business areas>

Increase of 3,000 employees
in FY2025
(compared to FY2019)

Recruitment and development



- **Recruit and develop human resources according to diversification of business areas**
 - Actively recruit diverse human resources
 - Enhance practical experience through secondment within and outside the JAL Group
 - Invest in human resources
- **Improve employee engagement by increasing motivation**
 - Design new career paths
 - Provide appropriate employee return

< Ratio of actively engaged employees *1 >

FY2025 10% improvement
(compared to FY2019)

Business process



- **Establish a system to accelerate Group-wide initiatives**
 - Establish regional offices in Japan
 - Integrate and consolidate dispersed and redundant functions
- **Improve operational efficiency using digital technology**
 - Achieve business sophistication using operational data
 - Improve efficiency through business process transformation

< Increase of per capita sales >

FY2025 15% increase
(compared to FY2019)

■ Promote D&I・DX

- Promote the active participation of diverse human resources such as women, global, senior human resources and develop workstyles
- Develop DX human resources to promote business development and problem solving

< Proportion of women in management >

End of FY2021 21.9% → **End of FY2025 30%**

*1: Percentage of employees who responded favorably to the Employee awareness Survey

Fly into tomorrow.



JAPAN AIRLINES

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