JAL Group Medium-Term Management Rolling Plan 2021-2025
and Financial Report for the year ended March 2022, Major Q and As

■ Passenger demand forecast for FY22

Q1 : Why is the demand forecast for Domestic Passenger comparatively higher than your competitor? Are there any advantages taken into consideration?

A1 : With LCC included, the demand forecast is almost identical to our competitor. We are expecting to capture this forecasted demand as we have improved supply for our main domestic routes with the introduction of A350s, and through the improvement of our products' competitiveness.

Q2 : Why is the demand forecast for International Passenger comparatively higher than your competitor?

A2 : Due to the difference of operation scale and route structure. In terms of route structure, we have a lower ratio of European routes that are affected by the Russia/Ukraine situation and the Chinese routes that are expected to have the slowest recovery of demand, thus being less prone to its effects. Our forecast for international passenger demand includes the easing of entry restrictions by the Japanese Government as a condition.

Q3 : Does the goal of achieving an EBIT margin higher than 8% for Full-Service Carrier mean a downturn from the pre-pandemic's 10% EBIT margin?

A3 : The consolidated EBIT margin for FY19 without the pandemic's effects was 10%, but the EBIT margin for the Full-Service Carrier sector alone was about 8%. We are first aiming to recover to this level. We will strive to improve the margin for Full-Service Carriers in order to improve the consolidated EBIT margin.

■ Goal for EBIT in FY22

Q4 : Are there any changes to the break-even point? How would demand downturns be dealt?

A4 : Although an estimate, a positive EBIT is possible with domestic passenger demand 90% of pre-pandemic and international passenger demand 30% of pre-pandemic levels. If international passenger demand is 40%, a positive EBIT is can be expected with domestic passenger at 80% of pre-pandemic levels. In the case of a demand downturn, we will accelerate our cost cut efforts to achieve our profit goal.

Q5 : Does a positive EBIT mean resumption of dividends?

A5 : We will consider the resumption of dividends if net profit attributable to the owners of the parent turns into the black.

■ Actual fixed costs

Q6 : Why has this financial year's plan of actual fixed costs increased by 34.2 billion yen compared to last financial year?

A6 : The recovery of demand will cause the decrease of human resource cost cuts that were achieved by secondment and outsourcing. In addition, allocation to human resources will be resumed, which were reduced as an emergency measure. However, we will strive to keep it below the 500-billion-yen line which we had announced as a commitment in the Mid-Term Management Plan.

■ LCC, Mileage/Lifestyle/Infrastructure

Q7 : Is the LCC and Mileage/Lifestyle/Infrastructure sector expected to drive the increase in profit?

A7 : We will achieve our growth through business structural reform by growing the LCC, Mileage/Lifestyle/Infrastructure sector. The Full-Service Carrier business will continue to be the base of our corporate value for steady revenue.