JAL Group
Medium-Term Management Plan FY2021–2025
Rolling Plan 2023

May 2, 2023
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**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.

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The Revenue and EBIT by each business area in this material are calculated by a virtual method; not showing the actual Revenue and EBIT. The criteria shown above does not match Air Transport Business Segment or Others.
Rolling Plan 2023 marks the end of the second year of the JAL Group Medium Term Management Plan FY2021-2025 and shows specific plans and strategies for the three years leading up to fiscal 2025, revised in light of changes in the business environment.

This document consists of two chapters: an overview of Rolling Plan 2023 and details of the strategy.

Chapter 1 describes the ESG strategy (value creation story) as the top strategy for realizing value creation and growth, the business strategy that drives the ESG strategy, and the finance strategy that supports the ESG strategy. Chapter 2 explains the details of our business strategy.
As we reach the end of the first two years of the JAL Group Medium Term Management Plan for FY2021–2025, with COVID-19 subsiding, we were able to return to profitability for the full FY2022. At the same time, we find ourselves up against new challenges that society as a whole also faces, such as an unstable global situation, rising prices, and shortage of human resources. In light of these changes in the business environment, we have formulated the Rolling Plan 2023 in order to change gears, from recovery and stability to growth.

Societal connections enabled through the movement of people and goods are indispensable for society well-being that everyone can feel fulfilled and hopeful. Through our ESG strategy, which forms a pillar of our management strategy, we will create sustainable flows of people, sales and distribution channels and help address social issues through the power of air transportation and connection. In addition, we will endeavor to restore sales and profits quickly to pre–pandemic levels through our business and finance strategies, and to achieve medium- to long-term growth by pushing forward with our ESG strategy.

Everyone in the JAL Group will work together as one to help create a vibrant society and a future where many people and goods freely move around.
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JAL Vision 2030  Ideal Image of the JAL Group in 2030

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.

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

JAL Vision 2030

To become the world’s most preferred and valued airline group, by helping to create a vibrant society and a future where many people and goods freely move around.
● It shows the “JAL Vision” that the JAL Group aims toward 2030. When formulating the JAL Group Medium Term Management Plan FY2021-2025 and Rolling Plan for each fiscal year, we always keep the Corporate Policy and JAL Vision in mind.

● The JAL Group will build “a society where everyone can live safely, securely and with peace of mind” and “a better future where everyone can feel fulfilled and hopeful” with the key themes of “Safety and Peace of Mind” and “Sustainability” as the engines of growth, and we aim to become the world’s most preferred and valued airline group, by helping to create a vibrant society and a future where many people and goods freely move around.
1. Overview of Rolling Plan 2023

2. Details of Strategy
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Environmental Awareness and Profit Targets

Revision of Current Plan in Light of Changes in the Business Environment; Must Hit Mid-Term Profit Target through Business Growth

<Changes in the Business Environment>

- **Airline Industry and JAL**
  - Market conditions: Cost increases due to fuel and foreign exchange market conditions
  - Human resources: Shortage of human resources in the aviation and tourism industries
  - Competitors: Delayed recovery of international flight capacity

- **Market**
  - Passengers: Passengers originating overseas show strong recovery, but those originating in Japan and domestic flights are still weak
  - Cargo: High levels of volume but unit prices are gradually falling

- **Society**
  - Environment: Acceleration toward carbon neutrality and conservation of biodiversity
  - Society: Low birthrate/aging population, stagnant regional economies

**Rolling Plan 2023**
FY2023–2025

- **Profit Target** *(EBIT*)
  - 100 Bn JPY

- **185 Bn JPY or above**

**Net zero CO₂ emissions**

**FY2021–2025 Medium Term Management Plan**

- 2021
- 2022
- 2023
- 2025
- 2030
- 2050

*EBIT: Earnings Before Interest and Taxes*
● Compared to one year ago (when the Rolling Plan 2022 was released), costs have increased due to persistently high fuel prices and foreign exchange market conditions.

● In terms of passenger demand, the recovery in flights originating overseas show strong recovery, but the demand for international flights departing from Japan and domestic flights fell short of expectations. Cargo also maintains a high level of volume, but the unit revenue is on a downward trend.

● As a result, we have lowered our profit target for FY2023 from 170 billion yen set in the previous Rolling Plan 2022 to 100 billion yen.

● On the other hand, we anticipate a tight demand-supply environment as passenger demand is expected to recover steadily toward fiscal 2025 although costs will remain high. In addition, we will start operating freighters, expand LCCs, and develop various products and services in the mileage, lifestyle and infrastructure business domains, and we will achieve the profit target for FY 2025 of “185 billion yen or more”, unchanged from the previous plan.
Outline of Management Strategy

Create Value through ESG Strategy for Medium- and Long-Term Growth

ESG Strategy
Long-Term Business Strategy
Topmost Strategy in Order to Realize Value Creation and Growth

Business Strategy
Strategy to Drive ESG Strategy

Business Model Reform
DX: Digital Transformation
Human Resources
GX: Green Transformation

Finance Strategy
Strategy to Support ESG Strategy

Build Risk Tolerance and Growth
Resource Allocation
● Rolling Plan 2022 placed ESG strategy at the core.

● In Rolling Plan 2023, we positioned ESG strategy as the top strategy for realizing value creation and growth, defined business strategy as a strategy to drive ESG strategy, and defined finance strategy as a strategy to support ESG strategy.

● Based on this concept, we will promote business structure reform, DX, human resources (human capital management) and GX in line with the ESG strategy.

● In terms of finance strategy, we will also review the allocation of management resources in order to accelerate initiatives for growth while strengthening our risk tolerance at the same time.
Create social and economic value by building relationships and connections through air transportation to enhance corporate value.

**Social**
- Environmentally-friendly travel and connecting people and culture to revitalize regions and enrich people’s life

- **Movement of goods and people**
  - Societal connection

- **Societal connection**
  - **Social Values**
    - Environment: Preserve the global environment (Climate change/biodiversity)
    - Regional Communities: Revitalize regional economies (Interacting with communities)
    - People: Enrich the level of contentment (Well-being)

**JAL Group**
- Become a Company that enables “Relationships and Connections” through Air Transportation

- **Sustainable flow of people, sales and distribution channels**
  - Stimulate interacting community

- **Initiatives to solve social issues by building relations and connections**
  - Offer more choices (By various means)
  - Remove constraints (By everyone)
  - Create purpose (Many times)

- **Economic Values**
  - Customers: Expand customer base and opportunities to use services
  - Employees: Enhance capacity for value creation and productivity
  - JAL: Expand and grow business

**Enhance Corporate Value**
- (JAL Brand/Aggregate market price)

*interacting community: People with ongoing and diverse involvement with a particular region*
● This is shown as a story of “how” and “what kind of” value is created by the JAL Group’s sustainable flow of people, sales and distribution channels.

● Through the COVID-19 pandemic, we realized once again that the “societal connection” brought about by the "movement of people and goods" have the power and great value to solve social issues such as accelerating environmental protection and response to climate change, revitalizing regions and enriching people’s life.

● Going forward, we will not only simply provide a means of “transportation” but also creating “relationships and connections” through “air transportation”, then create social and economic values and enhance our corporate value.
Restructure business portfolio and increase profits by pushing forward with ESG strategies

**Profit Trends by Business Domain**

<table>
<thead>
<tr>
<th>EBIT (Bn. JPY)</th>
<th>132.0</th>
<th>64.5</th>
<th>45</th>
<th>15</th>
<th>70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-pandemic* FY2022</td>
<td>100.0</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>185.0 or above</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>Approx. 50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approx. 10%</td>
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<tr>
<td>Approx. 40%</td>
<td></td>
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</tbody>
</table>

*1 Pre-pandemic: figures deducting impact of COVID-19 from FY2019 results (earnings forecast figures disclosed at the announcement of FY19Q3 financial results (IFRS)

**Full-Service Carrier**
- Maintain and expand networks while reducing environmental impact by introducing fuel-efficient aircraft, and stimulate interacting community
- Aircraft: A350-1000, 737MAX, ATR
- Network: Expand domestic and international networks on our own and through alliance

**Cargo and Mail**
- Leverage the advantages of air transportation to resolve issues in the logistics industry, and create a sustainable logistics network
- Operation of 767 and A321 freighters, partnership with Yamato Holdings etc.

**LCC**
- A350
- 737MAX
- ATR
- **ZIPAIR**
  - Aggressively expand North American and Asian routes
- **SPRING JAPAN**
  - Develop routes to large cities/regions in China
- **Jetstar**
  - Introduce new aircraft, redeployment of Asian routes

**Mileage, Lifestyle and Infrastructure**
- Create new flows of people through flexible business development in response to the market

**Create commercial activities that connect people and regional communities through developing diverse products and services**
- Mileage/Commerce
- Travel
- Regions
- Contracted Services
- Air Mobility
- Develop Mileage and Lifestyle services that create connections
- New tourism that creates an interacting community
- Maximize the value of regions through solution sales marketing
- Contribute to an increase in Japan-bound passengers through contracted services for foreign carriers’ flights
- Establish transportation infrastructure for remote islands, mountainous areas, etc.
● We would like to explain our business structure reforms based on ESG strategy.
● By working to solve social issues through our four business domains, we will achieve medium- to long-term profit growth while changing our profit structure.
● In FY2025, we plan to increase the absolute amount of profit as well as generating half of the profit in LCC and mileage, lifestyle and infrastructure.
● Details of each business are introduced in Chapter 2, so please refer to them as well.
## DX Strategy

### Personalized Service

- **Recommendations**
  - Analyze customer data and propose product services that match customer preferences (in-flight services, Mileage and Lifestyle, travel)

- **Customization**
  - Apps support customers in all situations
    - Freely choose required services, such as in-flight meals and ancillary services
    - Offer a mileage experience that is easy to accumulate and use miles in everyday life

### Stress-Free, Anytime, Anywhere

- **Reservations**
  - Complete procedures within the app
  - Inquiries are handled by chatbots
  - Quickly rebook with the app even in case of flight irregularities

- **Airports**
  - Expand JAL SMART AIRPORT
  - Support customers remotely through chatbots/avatars
  - Smooth boarding through apps and facial recognition
  - Reduce waiting times by upgrading security inspection equipment

### Connect with New Mobility

- **Air Mobility**
  - Offer a system that ensures drone safety and enables operational control to support regional logistics
  - New transportation experience with Air Taxis

- **MaaS**
  - Reach destinations seamlessly with only a smartphone connected to a variety of transportation services

### Safer and More Comfortable Travel

- **Maintenance and operation**
  - Reduce aircraft safety-related incidents by using big data for aircraft failure prediction
  - Obtain timely weather information and prevent en-route turbulence through advances in observation and communication technology
- The basic concept of the DX strategy is to provide customers with safe and secure transportation and new experiences through the use of digital technology.
- By utilizing cutting-edge technology and data related to aircraft, we will provide safer and more comfortable travel than ever before.
- We will provide services that are tailored to each individual customer with the evolution of apps and utilization of data which allows us to be able to propose products and services that match the customers’ preferences as well as customers themselves being able to customize them.
- In reservations and airports, we will promote self-service using chatbots and avatars, in addition to apps, to provide customers with a stress-free experience and promote to improve employee productivity.
- Furthermore, through commercialization of air mobility and promotion of MaaS, we will solve regional transportation issues and realize seamless and comfortable mobility.
## Human Resources Strategy (Human Capital Management)

### Develop and recruit human resources who respect diverse values, take on the challenge of creating new values, and spark change

<table>
<thead>
<tr>
<th>Human Resources Portfolio</th>
<th>Create a dynamic human resources portfolio that responds to changes in the environment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Abolish seniority and shift to a system that enables early promotion&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Recruit employees with external experience (including alumni) : Up to 50% of annual hires&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>• Expand performance-based remuneration system: 100 posts</td>
</tr>
<tr>
<td></td>
<td>• Introduce new personnel system to secure highly specialized human resources</td>
</tr>
<tr>
<td></td>
<td>• Assign human resources to growing business areas: Increase of 3,500 employees compared to FY2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEI</th>
<th>Promote the active participation of diverse human resources (values, expertise, experience, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Proportion of women in management: 30%</td>
</tr>
<tr>
<td></td>
<td>• Continuation of active recruitment of non-Japanese employees in Japan (around 100 employees per year)</td>
</tr>
<tr>
<td></td>
<td>• Send more overseas employees to Japan (around 50 employees)</td>
</tr>
<tr>
<td></td>
<td>• Employment of people with disabilities: +30% compared to FY2022&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Careers &amp; Reskilling</th>
<th>Provide a workplace that enables employees to grow and learn, in order to encourage independent-minded careers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Transfers inside and outside the company through open recruitment: 100 people per year</td>
</tr>
<tr>
<td></td>
<td>• Expand secondment and dispatch employees inside and outside the Group</td>
</tr>
<tr>
<td></td>
<td>• Percentage of employees dispatched overseas or outside the company (including studying abroad) by their 10th year&lt;sup&gt;1&lt;/sup&gt;: 100%</td>
</tr>
<tr>
<td></td>
<td>• Reskilling for a second career</td>
</tr>
<tr>
<td></td>
<td>• DX training: Basic training, all employees, specialized training, 300 employees</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engagement</th>
<th>Align vectors of the company and individual growth, improve productivity, and motivate employees to take on challenges on their own</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Ratio of actively engaged employees : +10pt compared to FY2019</td>
</tr>
<tr>
<td></td>
<td>• Per capita sales: +15% compared to FY2019</td>
</tr>
<tr>
<td></td>
<td>• Give back value creation and efficiency to employees</td>
</tr>
</tbody>
</table>

<sup>1</sup>: Japan Airlines business planning positions  <sup>2</sup>: As of June 1, 2022
● The greatest strength of the JAL Group is its human resources. The JAL Group develops and recruits human resources who respect diverse values, takes on the challenge of creating new value, and spark change. Based on the concept of human capital management, we also actively invested in our employees and presented four pillars of our specific plan.

● We will fundamentally review our personnel and wage systems and create a dynamic human resource portfolio that responds to changes in the environment.

● We will promote the active participation of diverse human resources, including women, global staff, and people with disabilities.

● Toward the independent-minded careers by employees, we will provide employees with opportunities to encourage their growth as well as provide opportunities for reskilling toward the formation of a second career in line with the changing times.

● Aligning the vector of the company and employees, each employee will work to create new value and improve productivity, and we will appropriately give back to our employees.
Accelerate Measures to Achieve Carbon Neutrality by 2050

**GX Framework, Policies**

<table>
<thead>
<tr>
<th>ICAO</th>
<th>Adjustment of CORSIA<strong>1</strong> Baselines</th>
<th>Government Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;2021-2023&gt; Less than 2019 emissions</td>
<td>&lt;2024-2035&gt; Less than 85% of 2019 emissions</td>
<td>“Basic Policy for the Realization of GX”</td>
</tr>
</tbody>
</table>

Roadmap established for the next 10 years to simultaneously address climate change, ensure a stable energy supply, and achieve economic growth.

**GX Strategy**

1. **Roadmap for reducing CO₂ emissions up till FY2030**
   - CORSIA will be addressed separately, with no change in JAL’s reduction targets.
   - Internal emissions reduction:
     - **2025**: Upgrade to Fuel-efficient Aircraft (A350 787 737MAX ATR: Approx. 70 aircraft)
     - **2030**: Accelerate and expand introduction of state-of-the-art aircraft.
   - **Reduction in daily operations**:
     - **2025**: 50,000 tons
     - **2030**: 100,000 tons
     - Set flight schedules aimed at reducing CO₂ emissions.
   - **Use of SAF**
     - **2025**: 80,000 tons
     - **2030**: 700,000 tons
     - Expand procurement from overseas and expand coordination aimed at production and stable supply of Japan-made SAF.

2. **Measures to comply with revised CORSIA baselines**
   - **CO₂ reductions**
     - **1**: Approx. 500,000 tons (FY2024)
     - **2**: Approx. 2,000,000 tons (FY2034)
   - Utilization of carbon-offset program:
     - Push forward with securing credits that conform to CORSIA certifications.
     - Offset obligations are calculated and allocated based on industry-wide emissions.

3. **Investment in order to push forward with GX**
   - Introduction of Internal Carbon Pricing (ICP) for investment decisions
     - Base price: 15,000 yen/ton

4. **Technology to push forward with GX**
   - Promote coordination with suppliers and partners who possess new technologies such as synthetic fuels and negative emissions (CO₂ capture, etc.).

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**Notes:**

*1: CORSIA: A system that requires international flights to purchase CO₂ credits etc. for the amount of CO₂ emissions in excess of the baseline

*2: Sustainable Aviation Fuel
● We would like to explain our GX strategy for carbon neutrality by 2050.

● In October last year, the target values of CORSIA, a system to prevent the increase of CO₂ emissions in international aviation, set by the International Civil Aviation Organization (ICAO), were adjusted. The adjustment in the baseline should further deepen the reduction targets. In addition, government efforts are also accelerating.

● We will accelerate our efforts to upgrade to fuel-efficient aircraft, to reduce in daily operations, to utilize SAF, especially to produce Japan-made SAF, and to utilize carbon-offset program.

● Furthermore, by introducing ICP (Internal Carbon Pricing) into internal investment decisions and actively working on GX investment, we aim to achieve net zero CO₂ emissions by 2050.
Build Risk Tolerance and Growth

- Accelerate efforts to achieve sustainable growth while improving risk tolerance
- Rebuild financial base and maintain/improve the ability to finance
- Be aware of the cost of capital and improve capital efficiency

<table>
<thead>
<tr>
<th>End of FY2022</th>
<th>Overview and Goals of FY2023-2025 Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liquidity</strong></td>
<td>639.2 Bn JPY (Credit Facility 250 Bn JPY)</td>
</tr>
<tr>
<td><strong>Stability</strong></td>
<td>39.3% (credit rating)</td>
</tr>
<tr>
<td><strong>Credit Rating</strong></td>
<td>Maintain A Rating</td>
</tr>
<tr>
<td><strong>Capital Efficiency</strong></td>
<td>ROIC*1 3.3%</td>
</tr>
<tr>
<td><strong>Capital Efficiency</strong></td>
<td>ROE 4.3%</td>
</tr>
<tr>
<td><strong>Capital Efficiency</strong></td>
<td>FY2025: 9%</td>
</tr>
</tbody>
</table>

*1: Return on Invested Capital (ROIC) = EBIT (after tax) / average of fixed assets (*2) at the beginning and end of the fiscal year

*2: Fixed assets = inventories + non-current assets - deferred tax assets - assets for retirement benefits
● Next, we would like to talk about our finance strategy.

● There is no change in our basic concept, but as the COVID-19 subsides and demand recovers, we will accelerate our efforts to achieve sustainable growth while improving our risk tolerance.

● We aim to maintain and improve our fundraising abilities by securing sufficient liquidity and restoring a high level of financial stability.

● In addition, we are also considering the introduction of “Sustainable ROIC (tentative name)” in order to more appropriately evaluate the social value created by promoting ESG strategy and to be aware of the cost of capital and aim to improve capital efficiency.
• In addition to assets, consider expenses incurred for human resources and ESG as investment, and actively allocate resources
• Gradually expand shareholder returns as business performance recovers

Conceptualization of FY2023–2025

*Operating CF excludes investment in human resources and expenses incurred in pushing forward with ESG
● We would like to talk about the allocation of management resources.

● Going forward, in addition to asset investment, we will considering the costs of promoting human capital management and the purchase of SAFs to reduce CO2 emissions as “investments to support the future of JAL” rather than “costs” and allocating management resources strategically. Then, we will promote our ESG strategy.

● As for asset investment as well, we will not only introduce fuel-efficient aircraft but also proactively promote investments that contribute to the resolution of social issues.

● In addition, we will gradually expand shareholder returns as business performance recovers.
## Progress of Management Targets

### FY 2025 target value

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraft Accidents and Serious Incidents</td>
<td>0</td>
</tr>
<tr>
<td>NPS ( ^* )</td>
<td>+ 4.0 pt (FSC international/domestic)</td>
</tr>
<tr>
<td>EBIT Margin (sales margin)</td>
<td>Achieve 10% or Higher</td>
</tr>
<tr>
<td>ROIC (Return on Investment)</td>
<td>9%</td>
</tr>
<tr>
<td>EPS (Net Profit per share)</td>
<td>c. ¥290 level</td>
</tr>
<tr>
<td>Total emissions:</td>
<td>below 9.09 million tons</td>
</tr>
<tr>
<td>Cabin and Lounge:</td>
<td>No use of virgin petroleum-based plastic</td>
</tr>
<tr>
<td>Cargo and Airports:</td>
<td>100% switch to eco-friendly materials</td>
</tr>
<tr>
<td>Domestic passenger (^*2) and Cargo transport volume</td>
<td>+ 10% vs FY2019</td>
</tr>
<tr>
<td>Group Female Manager Ratio:</td>
<td>30%</td>
</tr>
</tbody>
</table>

### FY2022 Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>+3.0 pt</td>
</tr>
<tr>
<td>International</td>
<td>-3.3 pt</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>4.7%</td>
</tr>
<tr>
<td>ROIC</td>
<td>3.3%</td>
</tr>
<tr>
<td>EPS</td>
<td>79 JPY</td>
</tr>
<tr>
<td>Total emissions:</td>
<td>8.21 million tons</td>
</tr>
<tr>
<td>Cabin and Lounge:</td>
<td>45% abolished</td>
</tr>
<tr>
<td>Cargo and Airports:</td>
<td>91% change</td>
</tr>
<tr>
<td>Domestic passenger (^*2) and Cargo transport volume</td>
<td>+ 10% vs FY2019</td>
</tr>
<tr>
<td>Group Female Manager Ratio:</td>
<td>22.8% (as of March 31, 2023)</td>
</tr>
</tbody>
</table>

- **Safety and Peace of Mind**
  - Aircraft Accidents and Serious Incidents: 0 cases
  - NPS \( ^* \): + 4.0 pt (FSC international/domestic)

- **Finance**
  - EBIT Margin (sales margin): Achieve 10% or Higher
  - ROIC: 9%
  - EPS (Net Profit per share): c. ¥290 level

- **Sustainability**
  - Total emissions: below 9.09 million tons
  - Cabin and Lounge: No use of virgin petroleum-based plastic
  - Cargo and Airports: 100% switch to eco-friendly materials
  - Domestic passenger \(^*2\) and Cargo transport volume: + 10% vs FY2019
  - Group Female Manager Ratio: 30%

*1: Net Promoter Score: Objective indicator of customer satisfaction (compared to the beginning of FY2021)
*2: Increase in passenger count between metropolitan and rural areas by stimulating tourism demand and creating new flows etc. *Aim to improve Total Shareholder Return (TSR)

*3: October 3, 2022, Flight NU036: One cabin attendant suffered a fracture due to turbulence during cruise
*4: November 7, 2022, Flight JL760: One customer suffered a fracture due to impact upon landing
*5: January 7, 2023, Flight JL687: One customer suffered a fracture due to turbulence during descent
*6: EBIT for the full year is 64.5 billion yen, returning to the black ink
*7: EBIT margin, ROIC and EPS targets to be achieved in FY2025
*8: Promoted introduction of fuel-efficient aircraft (A350, etc.)
*9: Switched to certified paper products for paper cup lids and in-flight meal containers
*10: Prolonged impact of COVID-19
*11: Delayed recovery of freight demand that shifted to other modes of transportation during the COVID-19
*12: Promoted continuous appointment of women leaders
*13: Up 0.9 percentage points from the previous year (21.9%)
● We would like to explain the progress of our management targets of FY2022.

● Regarding the "safety", three accidents occurred, and the target was not achieved.

● For “Peace of Mind“, domestic flights received high marks for human services at the airport and in cabin, but on international flights, there were challenges in dealing with service changes due to COVID-19 and congestion due to rapid demand recovery.

● As for the financial targets, we will aim to achieve these goals in the course of improving risk tolerance and achieving sustainable growth toward FY2025.

● Regarding our sustainability goals, we are making steady progress on the whole in terms of “environment” and “people”. Regarding “communities”, we will aim to achieve through efforts to recover demand and stimulate demand in the future.
Rolling Plan 2023

1. Overview of Rolling Plan 2023

2. Details of Strategy
Intentionally Blank
Air Passengers (Full-Service Carrier/LCC)

Aim for Re-Growth through Business Model Reform, and Achieve Higher Revenue than FY2019

Capacity (ASK)

- **Recover capacity as soon as possible, for expansion and growth**
  - Pursue group-wide growth on a scale far exceeding pre-pandemic level, by expanding long-haul routes of full-service carriers and significant growth of LCC capacity and network
  - Capture Japan-bound demand, which is expected to grow across the Group
  - Improve competitiveness by revamping products and services of international flight to meet diverse customer needs with introduction of the A350-1000 (FY2023)

- **Increase revenue by creating new demand**
  - Maintain capacity equivalent to pre-pandemic levels by maximizing the resources of the Group’s airlines
  - Introduce fuel-efficient aircraft in order to accelerate environmental measures
  - Attract Japan-bound passengers to local regions by setting priority destinations based on the country of origin
  - Create new travel demand through co-creation with local regions
  - Shift to a simplified fare structure for ease of use by customers

Revenue

- **International**
  - 1,015.9 (FY2019)
  - 900.4 (2022)
  - 1,176.0 (2023)
  - 1,250.0 (2023) or above

- **Domestic**
  - 99 (FY2019)
  - 80 (2022)
  - 100 (2023)

- **LCC**
  - Note: Excluding Jetstar Japan

- **Capacity (ASK)**
  - Note: Including ZIPAIR and SPRING JAPAN
  - Excluding Jetstar Japan

- FY2019: 100%
- 2022: 99%
- 2023: 108%
- 2025: 126%

- International
- Domestic
We would like to explain about the Full-Service Carrier and LCC.

For FSC business on international flights, we will aim to improve utilization rates by allocating resources to long-haul routes and capturing demand through quick recovery to pre-pandemic level. For international LCCs, we will actively expand capacity mainly on ZIPAIR and create new demand. For international flights as a whole, we will expand the capacity greatly exceed what it was before COVID-19.

On domestic flights, while maintaining the same level of capacity as before COVID-19, we will provide simple fares that are easy for customers to use and create new demand including Japan-bound demand, which will lead to growth.
Launch Freighter Business Based on a New Business Model

Capacity (ATK)

<table>
<thead>
<tr>
<th>(%)</th>
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</thead>
<tbody>
<tr>
<td>200</td>
</tr>
<tr>
<td>150</td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

FY2019 2022 2023 2025

International

Domestic

Revenue

<table>
<thead>
<tr>
<th>(Bn JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>224.7</td>
</tr>
<tr>
<td>172.0</td>
</tr>
<tr>
<td>200.0</td>
</tr>
<tr>
<td>or above</td>
</tr>
</tbody>
</table>

FY2019 2022 2023 2025

Freighters

Passenger Aircraft Belly Cargo Space

Expand business with new business models through partnerships

- 3 aircraft in total to be introduced for international and domestic routes from FY2023
- Form partnerships with logistics partners to create a new business model with low business risks, meeting stable demand with high growth potential
- Start operating A321 freighters from FY2024 in partnership with Yamato Holdings, aimed at resolving the 2024 problem in domestic logistics
- Expansion of cooperation with Yamato Holdings

Other 3rd parties

- Expand and complement capacity flexibly according to demand, through cooperation with partner airlines

Maintain high profitability against declining yield

- Improve handling of strategic products through expansion of facilities and high-quality control (e-commerce, medical products, Japanese regional products)
- Improve productivity through digitization of reservation sales and automation of airport operations

Narita Airport temperature-controlled storage for pharmaceuticals

Conversion from land transport, etc. including parcels

Capacity

Expand capacity from FY2025 onward by increasing aircraft, etc.

A321F

A321F+α

FY2024 2025 2026

Conversion from land transport, etc. including parcels
In the cargo and mail business domain, we aim to expand our business by launching freighter business based on a new business model.

The freighter business differs significantly from past businesses in that (1) we expand business through partnership to minimize the risk of fluctuations in demand, and (2) we aim at resolving the 2024 problem in domestic logistics. From 2023, we will use the two types of aircraft in stages.

In terms of passenger aircraft belly cargo space, we will also maintain and increase revenue by expanding the handling of strategic products in response to the downward trend in unit revenue.
Fleet Plan

- Recover number of aircraft to pre-pandemic levels by the end of FY2025
- Accelerate upgrade to fuel-efficient aircraft (introduce 9 A350-1000s by the end of FY2025)
- Aggressively allocate aircraft to international LCC and freighter business
- Introduce new single-aisle aircraft (737MAX) from FY2026

Changes in the number of aircraft (Group total*)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>2022</th>
<th>2023</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freighters</td>
<td>234</td>
<td>224</td>
<td>229</td>
<td>232-238</td>
</tr>
<tr>
<td>LCC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freighters</td>
<td>20</td>
<td>16</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>LCC</td>
<td>20</td>
<td>16</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

Increase in new model aircraft

Accelerate upgrade to fuel-efficient aircraft

- Existing aircraft: 777, 767, 737-800
- New aircraft: A350, 787

Allocate resources to growing business domains
(international LCC and freighter business)

- Convert passenger aircraft to freighters
  - 767 freighters: Introduce 3 aircraft
  - A321 freighters: Introduce 3 aircraft

- Increase LCC aircraft for the growth of international flights
  - Introduce 16 to 20 aircraft

Note: All figures are for the number of aircraft at the end of the fiscal year.

* The number of aircraft in operation, taking into account decommissioning.
On aircraft that support air passengers and cargo and mail business domains, we plan to recover the number of aircraft to the pre-pandemic level by the end of FY 2025.

From the second half of FY2023, we will introduce the A350-1000 on long-haul routes on international flights at an early pace (9 aircraft in total by the end of FY2025), accelerating the upgrade to fuel-efficient aircraft. At the same time, we will actively deploy aircraft in growth areas such as international LCCs and the freighter business.

In addition, we will introduce a new single-aisle aircraft (737MAX) from FY2026 and will accelerate the introduction and renewal of aircraft in anticipation of the JAL Group Medium-Term Management Plan.
Lead the Business Model Reform to Ensure Profit Growth

**Profit Targets** (Bn JPY)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2019</th>
<th>2022</th>
<th>2023</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.0</td>
<td>39.0</td>
<td>40.0</td>
<td>50.0</td>
</tr>
</tbody>
</table>

Note: Total comprising Mileage, finance, and commerce

**JAL Mileage and Lifestyle Concept**

- **Mileage & Finance**
  - Expand business area ⇒ Increase profits
  - Profit growth through expansion of customer segment and services
    - Develop new customer segment (mainly used in daily life) by introducing a new status program that attributes usage from both air travel and daily-life
    - Expand customer segment of JAL CARD (youth and corporate customers)
  - Expand services
    - Create travel and connection with award tickets that are easy to book, even during peak season
    - Expand services in the areas of education, medical care, health, and entertainment
    - Introduce a new app to enjoy Mileage Lifestyle in various situations

- **Commerce**
  - Profit growth through expansion of customer segment and product lineup
  - Expand customer segment
    - Introduce online shopping mall (JAL Mall) to offer appealing stores to attract new customers
  - Expand product lineup
    - Develop appealing original products and regional specialties through the synergy between JALUX’s know-how and the JAL brand
    - Offer an appealing product lineup by attracting external tenants to JAL Mall

**JAL Mileage and Lifestyle Concept**

- Planned in FY2023
- In-service in FY2022

**Expand business area ⇒ Increase profits**

- Profit growth through expansion of customer segment and services
- Expand customer segment
- Expand services
- Expand product lineup
• Mileage and Lifestyle will play a leading role in business structural reforms.

• Based on the concept of expanding the “accumulate” and “use” scenes in daily life and at each life stage, we will achieve an EBIT of 50 billion yen by expanding our customer base and products and services in the areas of mileage, finance and commerce.

• Furthermore, we will expand our business domain through various methods to achieve dramatic growth.
### Revenue and Profit Targets

(Bn JPY)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>EBIT</th>
<th>Profit*</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022</td>
<td>1,375.5</td>
<td>64.5</td>
<td>34.4</td>
</tr>
<tr>
<td>FY2023</td>
<td>1,658.0</td>
<td>100.0</td>
<td>55.0</td>
</tr>
<tr>
<td>FY2025</td>
<td>1,850.0</td>
<td>185.0</td>
<td>120.0</td>
</tr>
</tbody>
</table>

#### EBIT Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.7 %</td>
<td>6.0 %</td>
<td>10 % or above</td>
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</tbody>
</table>

#### EPS

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>JPY 79</td>
<td>JPY 126</td>
<td>JPY 290 level</td>
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</table>

### Financial Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (EBITDA margin)</td>
<td>222.0 Bn JPY (16.1 %)</td>
<td>253.0 Bn JPY (15.3 %)</td>
<td>350.0 Bn JPY (19 % or above)</td>
</tr>
<tr>
<td>ROIC</td>
<td>3.3 %</td>
<td>5.1 %</td>
<td>9 %</td>
</tr>
<tr>
<td>ROE</td>
<td>4.3 %</td>
<td>6.6 %</td>
<td>10 % or above</td>
</tr>
<tr>
<td>Equity ratio (credit rating)</td>
<td>32.4 % (39.3 %)</td>
<td>33.4 % (40.3 %)</td>
<td>Credit Rating 50 % level</td>
</tr>
<tr>
<td>Net D/E Ratio</td>
<td>0.4x</td>
<td>0.3x</td>
<td>0.26 or below</td>
</tr>
</tbody>
</table>

* Profit attributable to owners of parent
● It shows a time series of in revenue, profit targets and financial indicators.

● Even as we face new challenges such as an unstable global situation, rising prices, and shortage of human resources, in order to achieve the goals for FY2025, which are presented here as a phase of both improving risk tolerance and sustainable growth, all employees will work together, starting with the value creation story of our ESG strategy.
Rolling Plan

Recovery of passenger demand

Profit growth by steadily capturing recovering international demand

Profit growth by developing new business models

Expansion of ZIPAIR, and profit growth of SPRING JAPAN due to demand recovery of China routes

Steady profit growth in the Mileage business

Profit Targets

(Bn JPY)

Full-Service Carrier

Profit growth by steadily capturing recovering international demand

Cargo and Mail

Profit growth by developing new business models

LCC

Expansion of ZIPAIR, and profit growth of SPRING JAPAN due to demand recovery of China routes

Mileage, Lifestyle and Infrastructure

Steady profit growth in the Mileage business

Estimation of Total Passenger Demand

(Overall Market Demand)

Recovery of passenger demand

End of FY2025: 90% or above level

During FY2023: 90% or above level

Note: Compared to CY2019 (pre-pandemic)

Changes in EBIT from FY2023 to FY2025

Reference
Background of the Value for Travel and Connection

Government Policy

- **MLIT: Long-term Outlook of Land (JPN)**
  Final Report by the Special Committee on Long-term Outlook of Land
  https://www.mlit.go.jp/policy/shingikai/kokudo03_sg_000243.html

- **MLIT: Coordination with Associated Demand to Secure Infrastructure of the Local Regions (JPN)**
  National Land Council 5th Subcommittee
  https://www.mlit.go.jp/policy/shingikai/kokudoseisaku01_sg_000270.html

- **MLIT: Creation of Global Value Unique to Japan with Core Sustainability (JPN)**
  Model project to create a preferred cycle that contributes to sustainable tourism
  https://www.mlit.go.jp/kankocho/page05_000228.html

- **Ministry of the Environment: Basic Policy on Nature Conservation**
  Notice of Ministry of the Environment #29

Investigation & Research

- **MLIT: Survey of Travel and Tourism Expense Trend (JPN)**
  https://www.mlit.go.jp/kankocho/siryou/toukei/shouhidoukou.html

- **Cabinet Office: Children / Youth White Paper (JPN)**
  Children & Youth Index Board

- **Study About the Relationship Between Travel and Happiness**
  “Association between real-world experiential diversity and positive affect relates to hippocampal-striatal functional connectivity”, Aaron S Heller, et al
  Nature Neuroscience: https://www.nature.com/articles/s41593-020-0636-4

Social Value of the Aviation Industry (example)

Global

- Air transport moves around 4.5 billion passengers annually and 61 million tons of freight.
- 58% of international tourists travel to their destination by air.
- Air transport is necessary for transporting high value, time-sensitive goods: 35% of world trade by value.
- The air transport industry generates a total of 87.7 million jobs globally.
- Aviation’s global economic impact is estimated at $3.5 trillion. (including direct, indirect, induced and tourism catalytic)
  Ref.: ATAG BEGINNER’S GUIDE TO SUSTAINABLE AVIATION FUEL

Japan

- **Share of Air Transport for Domestic Travel**
  ✓ 500～700km: 12%
  ✓ 700～1,000km: 43%
  ✓ 1,000km+: 87%

- **Share of Air Transport for International Travel**: 95.7%
  Ref. MLIT Trend of Traffic (JPN)
Fly into tomorrow.

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