

TOP MESSAGE

We Will Create a Safe and Secure Society and a Sustainable Future with ESG at The Core of Management, Utilizing Our Strengths to The Maximum

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The JAL Group team is working united and aligned to achieve sustainable growth and development in accordance with the FY2021-2025 Medium Term Management Plan. This fiscal year, the second year of the five-year plan, we created Rolling Plan 2022 and to accelerate the realization of JAL Vision 2030, we made a big change to our policy; we put ESG strategy, one of the three pillars of our management strategy, at the core of management. How will we solve management issues such as normalizing earnings, promoting medium-term business restructuring, and restructuring our business model through long-term ESG strategies in order to achieve long-term enhancement of corporate value? President Akasaka spoke of his determination and enthusiasm.

FY2021-2025 Medium Term Management Plan : Review of the first fiscal year of the plan

I would like to express my heartfelt sympathy to everyone who contracted the novel coronavirus (COVID-19) and their families and express my sincere gratitude to everyone who is working to bring the situation under control, including healthcare workers and administration.

In May 2021, the JAL Group announced a new Medium Term Management Plan and took a step forward toward sustainable growth and development through a three-pillar management strategy: Business Strategy, Finance Strategy and ESG Strategy.

However, we were struck by two unexpected situations. One was the prolonged pandemic. The rampant spread of variants restricted the movement of people. The other is the Russia-Ukraine situation. Flights to European destinations are still restricted, crude oil prices are shooting

up and the aviation industry faces headwinds. Meanwhile, the JAL Group steadily implemented the Medium Term Management Plan. We established four business areas in our Business Strategy: Full Service Carrier (FSC), LCC, Cargo and Mail, and Mileage, Lifestyle and Infrastructure, all non-aviation business domains, and are also working on promoting business restructuring to expand our revenue streams, especially outside the FSC business. In June 2021, we welcomed LCC SPRING JAPAN to the JAL Group, and in March 2022, JALUX to the JAL Group, a global trading company specializing in aviation, thus significantly expanding our business fields. In addition, ZIPAIR Tokyo, a medium- and long-haul LCC, became the first LCC to offer transpacific flights, while cargo and mail flights generated record revenues. Furthermore, we introduced the low-noise, fuel-efficient Airbus A350 to our FSC operations, which will contribute to our ESG strategy, and upgraded our domestic flagship fleet. Even as the pandemic dragged on, we never stopped moving forward.

Return to profitability in FY2022 : Rebuilding the financial base

At the beginning of fiscal 2022, the aviation industry finally started to show signs of life again. With the gradual easing of international travel restrictions and various measures to stimulate domestic demand, travel demand is recovering strongly. Customers have flocked to airports and flights, and on seeing this, I felt that people's desires "to travel" and "to see" will never fade away.

The first quarter went largely according to the plan and operating cash flow bounced back to positive cash flow. Under the plan, we aim to return to monthly profitability in July and achieve 80 billion yen in EBIT, similar to pre-pandemic levels, and resume dividend payments to our shareholders. Despite the pandemic, we secured employment of all our employees and maintained human resources, making it possible to respond to the rapid recovery in demand without any problem.

I am also confident that we will accomplish our plan, as we have been able to absorb some of the negative effects such as high crude oil prices through profitability improvement measures over the past two years.

By accelerating business restructuring, we would like to achieve and deliver an upside to our profit target of 185 billion yen in EBIT by fiscal 2025. As for our financial base, we are maintaining an equity ratio of approximately 40%* and by generating consistently high profit, we will rebuild a strong and firm financial base. In addition, the aviation industry as a whole is taking action to overcome unprecedented damage. We will continue to work in unison with the Scheduled Airlines Association of JAPAN, IATA (International Air Transport

Association), the **oneworld** alliance and our business partners.

*Credit rating taking into account hybrid financing

Accelerating business restructuring : Strengthening resilience and improving profitability

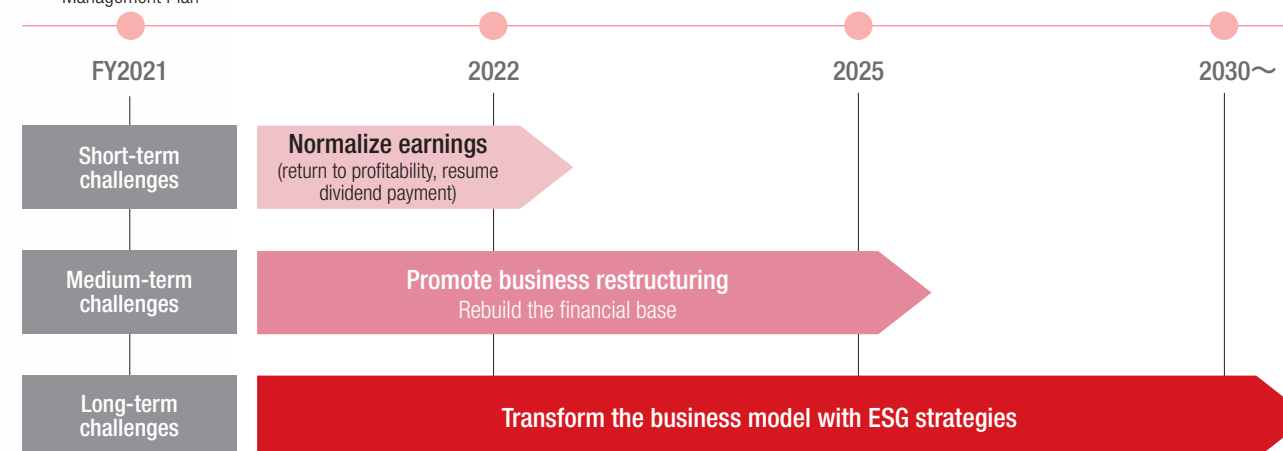
In our business strategy, we urgently need to strengthen resilience and improve profitability through business restructuring. Before the pandemic, the FSC business and Cargo and Mail business generated profits, but going forward, we would like to see the LCC and Mileage, Lifestyle and Infrastructure business, a growing business area, generate roughly half of our profits. The Mileage and Commerce businesses, in particular, have low volatility and stable growth potential, which will contribute to strengthening resilience. Rapid growth is expected in these business areas by developing new business models through digital transformation (DX) utilizing our customer base.

Each of the four business areas is not completely independent; they cannot exist without our core FSC business, a source of strength. For example, it is important to expand e-commerce utilizing FSC's customer base and to diversify business areas, leveraging the knowledge, experience and technological capabilities of diverse human resources cultivated in the FSC business.

Another important factor is the JAL Philosophy. It is through the JAL Philosophy, the shared values that we live by and what supports the strong our teamwork, that we can create new collaborations and synergies one after another as our business areas diversify.

Management issues

FY2021-2025
Announcement of the Medium Term
Management Plan



Putting ESG strategy at the core of management : Enhancing corporate value over the long-term

Amid social changes caused by COVID-19, the growing momentum toward sustainability, or a sustainable society, has been remarkable. Environmentally-friendly and socially responsible products are important as well as price and quality.

Standing at a time of significant change in social values and a big turning point in history, our aim to create a sustainable society through our business is a worthy cause that will stimulate growth of our ambitious and diverse workforce. JAL Vision 2030, which contains long-term targets for 2030, upholds the goals of creating a society where everyone can live safely and with peace of mind and build a sustainable future. In Rolling Plan 2022, an amended version of the Medium Term Management Plan, we have put ESG strategy at the core of management to accelerate the realization of JAL Vision 2030. We have redefined growth as "enhancement of corporate value" rather than the conventional idea of increasing "volume" or "scale." We will make a major shift in our products, services and business model from an ESG perspective. Our ESG strategy is to create sustainable flows of

people, commodities and logistics by solving social issues. Our reason for being is to contribute to human exchanges and mutual understanding, utilizing our ability to transcend location barriers and time barriers, which are strengths of an airline, and create a society and future where people and goods freely move around. With this awareness, we aim to create sustainable demand.

We will focus on three key issues: the global environment, safety and security, our mission as a social infrastructure, and strive to make everyday life and life stages even better.

In particular, as CO₂ emission reduction is the most important issue for airlines, the JAL Group aims to achieve net zero CO₂ emissions by 2050. Amid the pandemic, we steadily upgraded our fleet to low-carbon aircraft such as the Airbus A350. Half of the carbon reductions by 2050 will be achieved through upgrades to fuel-efficient aircraft, but we will need to use SAF to reduce the other half of emissions.

First, we have concluded agreements with various suppliers overseas to replace 10% of total fuel on board with SAF in 2030. The next challenge is procuring SAF in Japan. We will cooperate with various parties such as the aviation industry, oil wholesalers and authorities to ensure stable SAF procurement at a fair price.

In conclusion : Building on our strengths

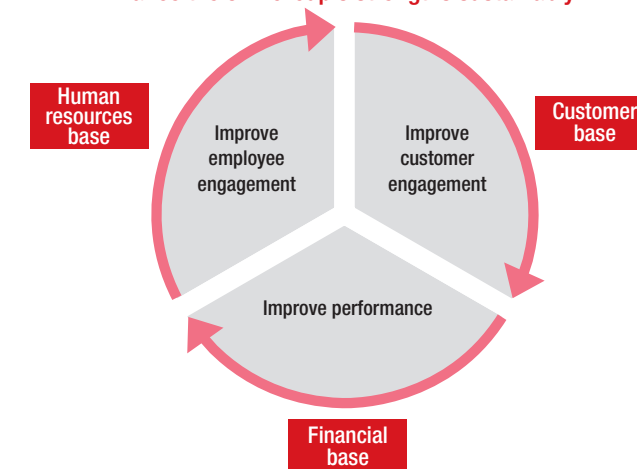
After experiencing COVID-19, an unprecedented crisis, I was reminded of our strengths; the human resources base and customer base.

All of our 36,000 or so employees practice the JAL Philosophy, and the culture of aiming for continual betterment of society has permeated through the organization. Even in challenging situations, this motivation has never waned. In the latest employee awareness survey, the scores for "I feel purpose and am motivated to work for society" and "I am satisfied working for the company" improved compared to pre-COVID-19 levels. The results show that awareness of the SDGs is high and on par with "Safety" and "Service." In addition, our approximately 3.6 million JAL Card members, approximately 30 million JAL Mileage members and other JAL Group customers show support and empathy for our business and products and services, are repeaters and provide advice. They continue to support us even though they are unable to fly with us as often as before.

As the JAL Group is supported by diverse human resources with high goals and customers who warmly

Growth scenario

Enhance the JAL Group's strengths sustainably



support us, we can confidently make big changes, such as business restructuring and the implementation of ESG strategies. We will continue to work to achieve growth, while improving employee engagement and customer engagement.

The JAL Group will fulfill its responsibilities as a social infrastructure and lifeline, and work united and aligned to become the world's most preferred and valued airline group of all stakeholders. We look forward to working with you.

