

1. Strategy – The Big Picture

—Accelerate management strategy execution centered on ESG strategy—



To further ensure the achievement of the Medium Term Management Plan announced in May 2021, we updated the plan to adapt to changes in the business environment and created Rolling Plan 2022 in May 2022. We will make concerted Group-wide efforts to implement the Rolling Plan and achieve sustainable growth and development.

SAITO Yuji
Managing Executive Officer
Senior Vice President of Corporate Strategy & Planning
Senior Vice President of Business Administration

►Business Environment

The business environment continued to worsen due to the prolonged pandemic, and unstable global conditions were compounded by rising crude oil prices and a weakening yen. However, with the global progress on vaccinations and lifting of travel restrictions, the Japanese government has implemented various measures to stimulate demand for domestic travel and we are beginning to see positive signs of recovery. I feel that society is starting to shift towards the “with COVID-19” and “post-COVID-19” eras.

►Medium Term Management Plan-Rolling Plan 2022

In May 2021, we announced a five-year Medium Term Management Plan and moved forward to restructure our business model and implement ESG strategies. Given the fast-changing impact of the pandemic and other external changes, we updated the plan to ensure its achievement and formulated, in May 2022, a four-year Rolling Plan 2022 starting from FY2022

The three-point plan is as follows.

①ESG-centered values to drive management strategies

Our ESG strategies are aimed at solving social issues and achieving the SDGs through our business activities. Rolling Plan 2022 defines ESG strategy as the growth strategy towards 2030. We will continue to provide value to society through our business operations, thereby generating revenue and increasing our company’s value.

* EBIT of each business domain as described in this Chapter uses a simplified calculation method for internal management purposes and does not represent revenue or profit of the business segment. In addition, classification of businesses does not correspond one-to-one with the air transportation business segment or other segments.

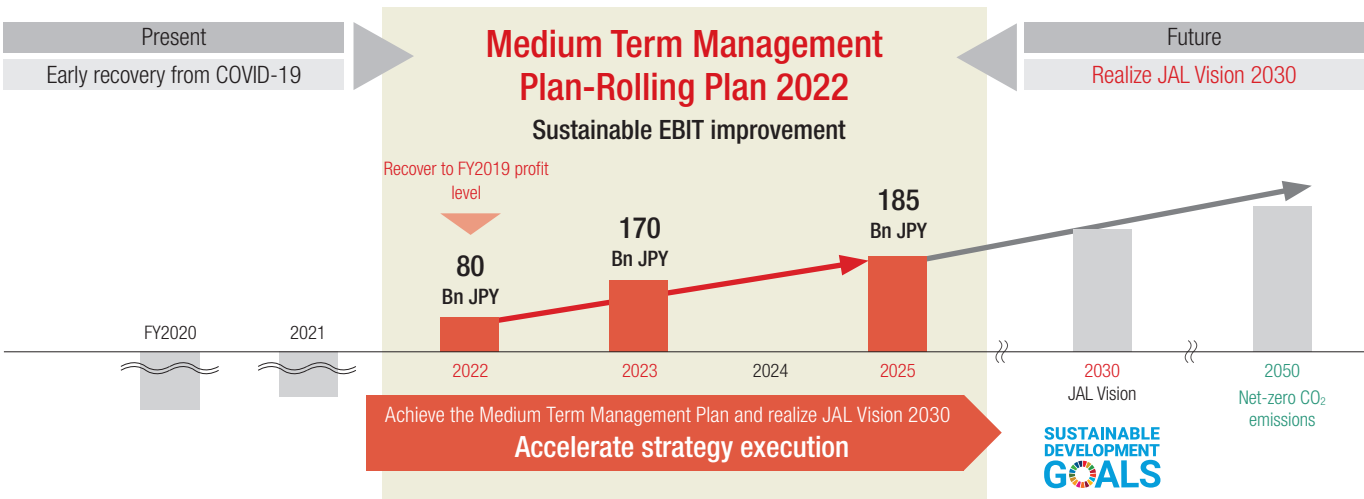
②Accelerate business restructuring and build a more resilient business structure

We will transform the business model, such as growing and expanding new businesses in addition to our LCC and airline-related businesses, to build a more resilient revenue model so that we can prepare for and respond better to all types of changes in the external environment. Rolling Plan 2022 sets new restructuring targets. Out of the FY2025 profit target of 185 billion yen in EBIT, we will increase profit in the Mileage, Lifestyle and Infrastructure business domain and improve the profit mix from 30% before the COVID-19 pandemic to 45% by 2025. To accelerate business restructuring, we feel that it is important to strengthen cooperation and activities between business domains. We will strive to maximize revenues, while keeping in mind what is “best for all” for the JAL Group.

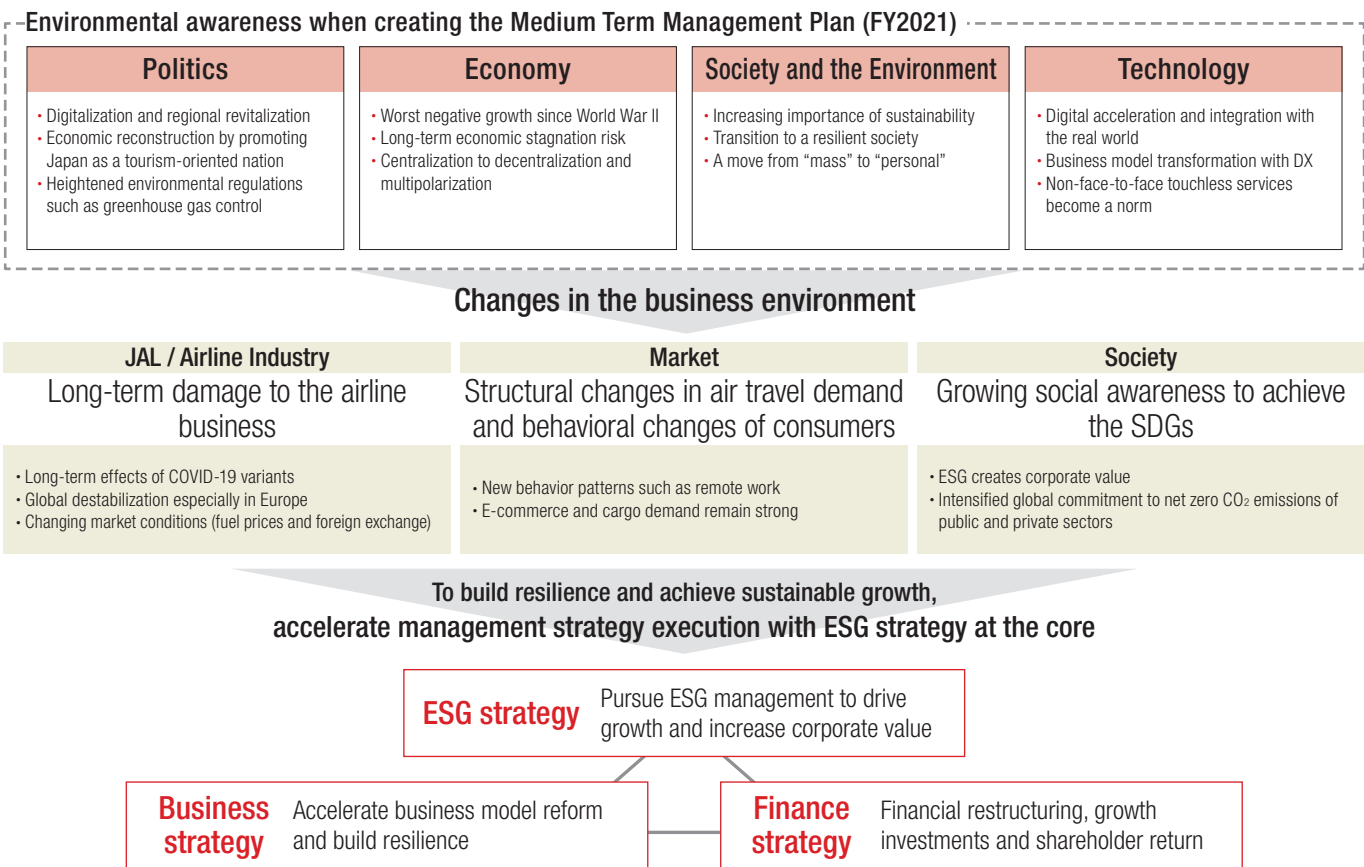
③V-shaped recovery after COVID-19

In FY2022, international passenger demand is expected to be around 45% of pre-COVID-19 levels and domestic passenger demand to be 90%, with further recovery thereafter. Through determined efforts to improve earnings and capture the comeback of air travel, we aim to get back into the black in FY2022 and achieve the FY2019 profit level of 80 billion yen in EBIT. We will utilize our strengths, that is, our human resource base and customer base, and work across the Group to accomplish Rolling Plan 2022 and position ourselves for sustainable growth and development.

Timeline



Environmental Awareness and Strategic Outline



Uncertainty remains in the business environment due to the prolonged pandemic as seen by structural changes in air travel demand and behavioral changes of consumers, global instability, and changing market conditions. Led by the growing momentum to achieve the SDGs, companies and investors are becoming more aware of ESG. The airline industry is expected to grow strongly again in the medium- to long-term spurred by global economic recovery and growth. Business strategy, finance strategy and ESG strategy remain the pillars of our management strategies, but to adapt to the new reality, we will pursue ESG-centered strategies. To achieve our management targets, we will tackle social issues through our business activities and implement business and financial restructuring.

Management Targets

Work steadily towards their achievement by FY2025

We have established management targets for FY2025 in the areas of safety and security, sustainability, and finance, taking into account the business environment, global trends, stakeholder expectations, their impact on our business, and their importance to management. These are the key management issues and challenges of the JAL Group.

FY2025 Targets				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	
	Peace of Mind	NPS*1 +4.0pt (FSC international/domestic)		Domestic +7.1pt International +7.4pt	
Sustainability	Environment	CO ₂ Emission Reduction	Total emissions: below 9.09 million tons	6.2 million tons	
		Reduction of Single-use Plastic	Cabin and Lounge: Eliminate virgin petroleum-derived plastic Cargo and Airports: 100% eco-friendly materials	25% abolished 90% change	
	Communities	Regional Revitalization	Domestic passenger*2 and cargo transport volume: +10% vs. FY2019	Passenger ▼59% Cargo ▼34%	
	People	Diversity and Inclusion	Ratio of female managers in the JAL Group 30%	21.9% (as of March 21, 2020)	
Finance	EBIT Margin (sales margin)	10% or Higher in FY2023		— *3	
	ROIC (Return On Invested Capital)	9% in FY2023		— *3	
	EPS (Earnings Per Share)	FY2023 ¥260	Pre-COVID-19 level FY2025 c.¥290 level	— *3	

*1 Net Promoter Score ... Objective indicator of customer satisfaction (compared to the beginning of FY2021)
*2 Passenger traffic growth by stimulating tourism demand and creating new flows
*3 Negative EBIT and negative net profit in FY2021

Safety and Peace of Mind	<div><div>■ FY2025 target: Achieve a clean record free of aircraft accidents and serious incidents during the period covering the medium term plan, and create a comfortable world-class customer experience that provides peace of mind in all settings.</div><div>■ FY2021 results: Safety: We fell short of our target due to two aircraft accidents that caused injury to persons on board from the shaking of the aircraft. In response, we stepped up measures to prevent injury caused by the shaking of the aircraft to protect the safety of our passengers and crew members. Peace of mind: Customer satisfaction on both domestic and international flights exceeded our targets through JAL FlySafe and JAL SMART AIRPORT services.</div></div> <div>For our safety and security initiatives, please refer to page 40.</div>
Sustainability	<div><div>■ FY2025 targets: We established targets for four of the social issues defined as key issues.</div><div>■ FY2021 results: Environment: We are making progress on carbon reduction and elimination of single-use plastics to meet our FY2025 targets. Communities: Passenger traffic declined from FY2019 due to flight reductions as domestic passenger demand continued a slow recovery. People: The ratio of female mangers in JAL Group rose 2.4 percentage points from FY2020 to 21.9%. We will continue to work to achieve the 30% target by FY2025.</div></div> <div>For information on our sustainability initiatives, please refer to Chapter 4 Sustainability on page 63</div>
Finance	<div><div>■ FY2025 targets: We aim to achieve pre-COVID-19 levels of all indicators in FY2023 and maintain and improve them thereafter. In particular, we aim to achieve Earnings Per Share (EPS) to counteract the stock dilution caused by the public offering in November 2020.</div><div>■ FY2021 results: Although we recorded a loss, we maintained our financial base as the foundation of a successful business restructure using hybrid financing.</div></div> <div>For our finance initiatives, please refer to Finance Strategy on page 59.</div>

Safety and Security

Accelerate safety and security initiatives to realize JAL Vision 2030

As mentioned in the Medium Term Management Plan, the JAL Group, as a leading company of safety, aims to increase its safety layers and build a society where everyone can live safely and with peace of mind. To adapt to changes in the internal and external environment, we will accelerate safety innovation, risk response strategies, creation of next-generation safety, and development of human resources and culture as the basis of these initiatives towards the realization of JAL Vision 2030.

Environmental changes surrounding safety and security

Internal environmental changes

Roll out our management strategy


- Drive ESG-centered 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

Safety innovation




- Actively utilize cutting-edge digital technology to improve the operational performance of aircraft
 - Aircraft failure prediction technology (PDA, etc.)
 - Weather forecasting technology (en route turbulence measures)
 - Image recognition technology (improve engine internal inspection)
- Strengthen crew health care
 - 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
- Improve hygiene/cleanliness through infectious disease control (p.94)
- Stronger response to cybersecurity risks
 - 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 (p.100)
 - Establish 2nd Data Center in Kansai area
 - Use drones to transport supplies (p.53)

Create next-generation safety



- Expand into the air mobility business, leveraging know-how accumulated in air transportation business (p.53)
 - Participate in the development of national safety standards and systems
 - Build a safety management system utilizing aviation technology
- Establish a sustainable safety culture utilizing diverse human resources
 - 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

For more on our safety culture, please refer to page 21.

Food safety

To serve safe, delicious meals customers can enjoy with peace of mind in flight and in lounges, we implement a safety management system that covers the entire process from menu development to provision. Under the supervision of the officers in charge, we are working to ensure safe and secure air travel for our customers across their journey through cross-functional coordination that includes food safety management departments, airport departments, cabin attendant departments, and inflight meal caterers and suppliers.

Food safety management

JAL Group hygiene auditors who are knowledgeable of FSSC22000, an internationally-recognized food safety certification scheme, perform hygiene audits at our caterers and JAL airport lounges around the world to ensure that hygiene standards are observed and appropriate risk measures are taken.

Allergy prevention

We provide allergen free in-flight meals with the utmost care so that passengers are served their requested meal. For example, our cabin attendants verbally confirm the contents of the meal, each passenger is served by the same cabin attendant, and colored paper napkins are used for visual identification. We also provide information on allergens and nutrients in compliance with the law and in an appropriate manner.



Food safety management

2. ESG Strategy

—ESG-centered growth strategy to increase corporate value—

We will integrate ESG into our management strategies to drive corporate growth towards 2030. To realize JAL Vision 2030, we will work on the theme "Solve social issues and create sustainable flows of people, commodities and logistics."

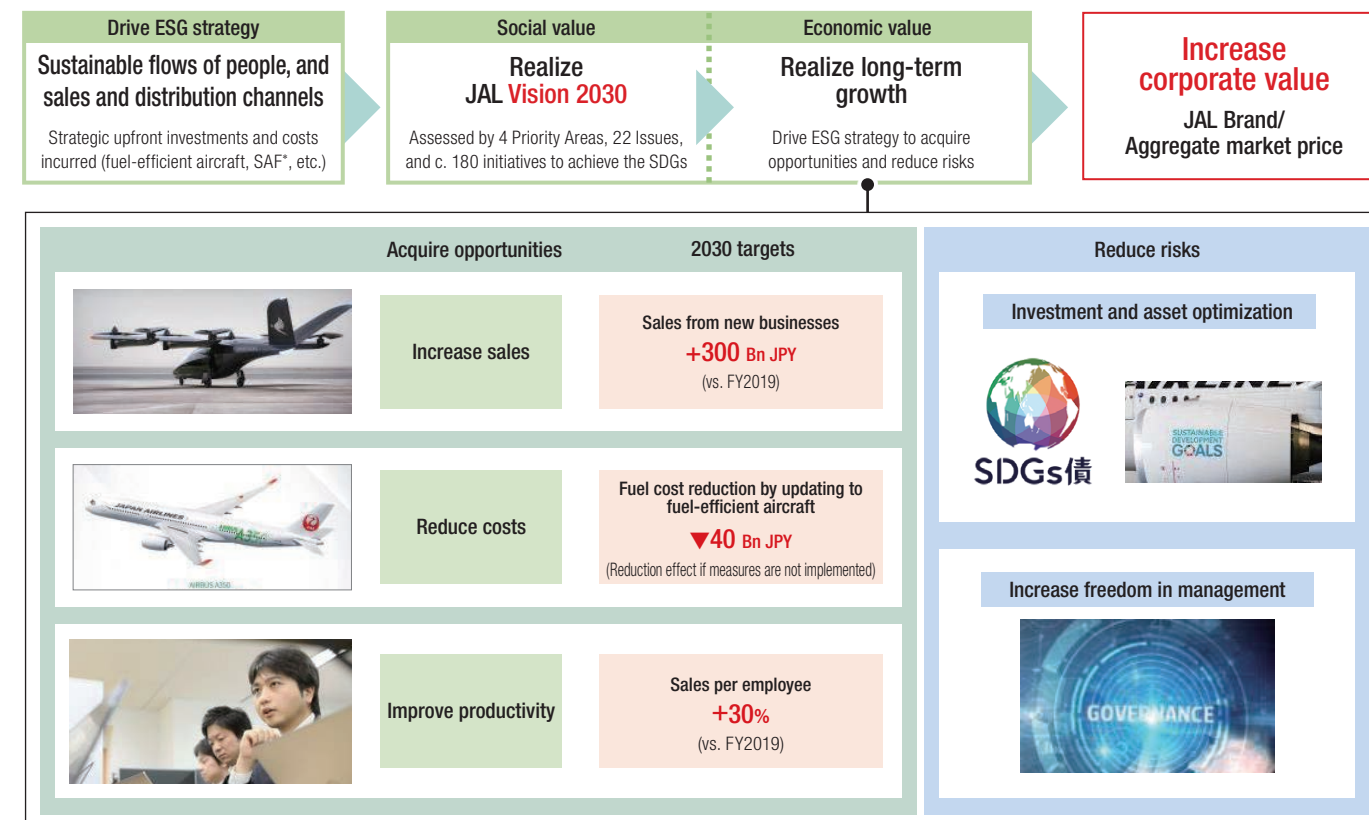
JAL Group ESG Strategy

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



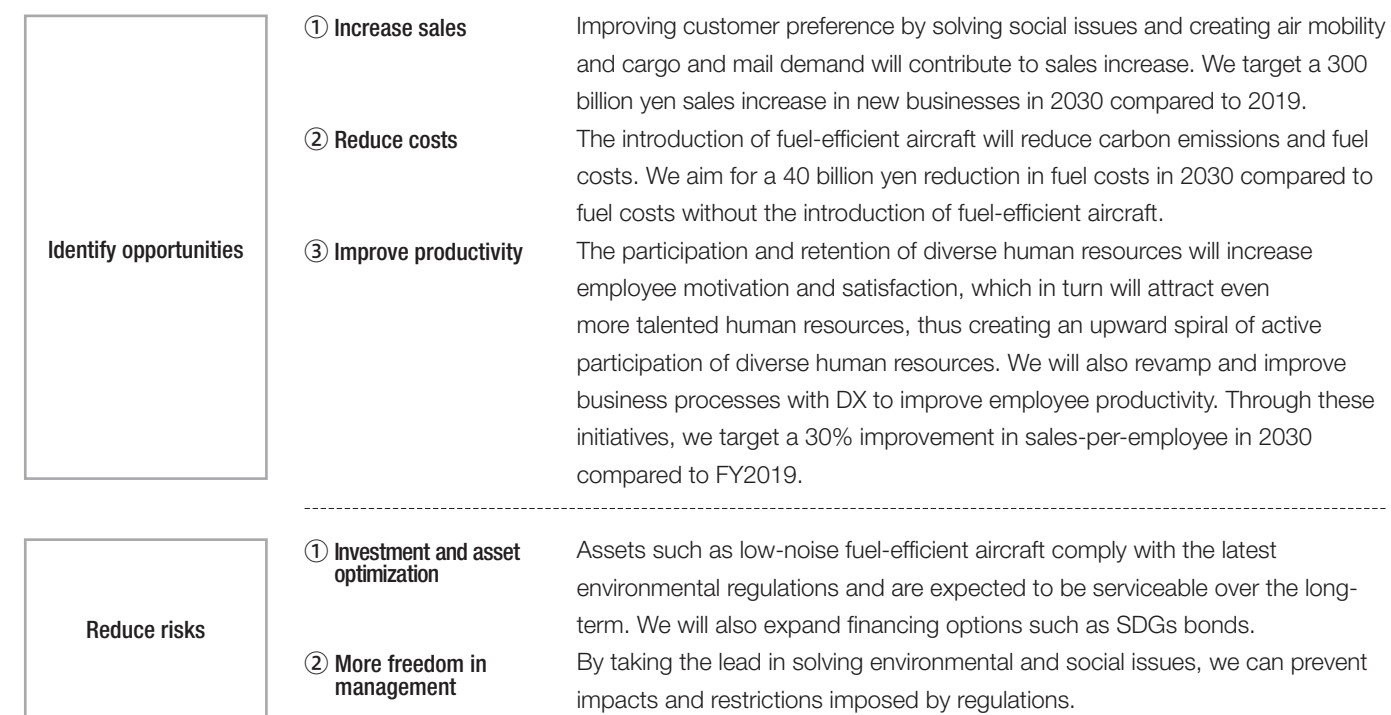
Drive ESG strategy to increase corporate value

Create social and economic values through ESG strategies and increase corporate value



When promoting ESG strategies, we will actively solve social issues to not only create opportunities to increase sales, reduce costs and improve productivity but also comply with future environmental regulations and reduce risks.

These efforts will enhance the JAL brand and increase our market value and corporate value.



1. Strategy – The Big Picture	2. ESG Strategy	3. Business Strategy	4. Finance Strategy
(1) Passengers	(2) Cargo and Mail	(3) Mileage, Lifestyle and Infrastructure	(4) DX Strategy
		(5) Human Resource Strategy	

Message from the Officers

Passengers



TOYOSHIMA Ryuzo
Senior Vice President,
Route Marketing



Ross Leggett
Deputy Senior Vice
President, Route Marketing

Global air transportation is a business that brings flows of people, commodities and logistics to every city and region of the world, and is essential to the advancement and development of society in every aspect including economics, culture and politics. Therefore, to play an indispensable role in society, we will make a firm contribution to the realization of a sustainable future. Specifically, we need to make flights safer and more secure with little or negative environmental impact and expand regional route networks to connect Japan with the world. Therefore, as a common initiative of our FSC and LCC operations, we will not only reduce CO₂ emissions through joint SAF procurement with our global alliance and joint business partners, but also actively eliminate single-use plastics, reduce waste and food loss, improve accessibility, ensure hygiene and cleanliness, and increase inbound demand and travel demand to regions in Japan.

Cargo and Mail



IWAKOSHI Hiroo
Senior Vice President,
Cargo and Mail Division

Strong demand for cargo and mail is set to continue in the global air cargo market. To respond to pre- and post-COVID-19 changes in transport demand, we will improve our products and services, particularly strategic items such as e-commerce, home delivery, healthcare (pharmaceuticals and medical products) and food, which are closely related to social life. In addition to using JAL aircraft, we will maximize capacity through partnerships, thereby maintaining our logistics network. Furthermore, we will provide long-haul transportation with freighters, in collaboration with our partners, as a new domestic transportation business model and contribute to logistics stabilization. Going forward, JALCARGO will continue to contribute to the sustainable development of society by solving social issues through logistics.


Mileage, Lifestyle and Infrastructure




OMORI Yasushi
Senior Vice
President, Mileage
and Lifestyle
Business Division

Mileage and Lifestyle promotes the JAL Mileage and Lifestyle Concept under the motto "make daily life and life even better with miles" for the wellbeing of our customers and society. We will create services to suit customers' everyday life and life stages, provide points for environmental-friendly activities, introduce a new loyalty program, and expand e-commerce of ethically-sourced products to increase corporate value, and solve social issues, thereby contributing to a sustainable society. By further strengthening and developing mileage, finance and commerce business areas, which thrived during the pandemic, as pillars of the medium term non-airline business strategy, we will stand at the forefront of restructuring the JAL Group and aim for an annual operating profit of 50 billion yen in FY2025, double the figure of pre-COVID-19 levels.

Regions



HONDA Shunsuke
Senior Vice President,
Regional Vitalization
Division



ABE Eri
Deputy Senior Vice
President, Regional
Vitalization Division

There are many attractive regions in Japan, but they also have common issues such as depopulation and environmental problems. We aim to contribute to regional revitalization by creating flows of people, commodities and logistics, and achieve the medium term target of a 10% increase in passenger and cargo traffic by enhancing local tourism resources, creating programs such as workcation and agri-training, rethinking our brand, diversifying agricultural products, and developing new sales channels for cross-border EC. "Cheer up your community! Connect smiles!" All employees will work together to achieve this goal.

Contracted Services



MAEDA Atsushi
Senior Vice
President, Airport
Division

I believe that attracting inbound demand will become an increasingly important measure to promote regional revitalization, which is a social issue. We will build a stable and agile system that assures quality and is second to none with safety as the major premise, and steadily provide ground handling services for overseas airlines at airports throughout Japan. In addition, we will support their entry to the Japanese market and create flows of people, commodities and logistics by continuously communicating the value and charms of regional Japan in collaboration with local governments and related companies. In addition to providing air transportation, the JAL Group will connect regions across Japan with the world to and from airports and provide ground handling services to contribute to the growth of inbound demand and promote Japan as a tourism-oriented nation.



TAMURA Ryo
Senior Vice President,
Engineering and
Maintenance Division

How wonderful it would be to fly and go wherever you want to the pandemic made these feelings stronger. In order to live up to these expectations, we are working each day to provide unparalleled aircraft quality. I am confident that our maintenance engineers and technical staff will be motivated by the process to reach this goal, which will in turn contribute to customers' safety and peace of mind. By putting these thoughts into practice when maintaining the JAL Group fleet and serving overseas airlines and related businesses, we will contribute to the safety and security of aviation in Japan.

Air Mobility



NODA Yasushi
Senior Vice
President, Digital
Innovation Division

Next-generation air mobility represented by drones and eVTOLs will not only contribute to environmentally-friendly logistics and transportation infrastructure but also help create a disaster-resistant and resilient society through prompt emergency transportation of relief personnel and relief supplies and also revitalize communities through the provision of new services. However, for new mobility to take root in society, we need to ensure safety and security. In this respect, the JAL Group has the knowledge and technology to safeguard flight safety, which we have cultivated over the years, and we believe it is our responsibility to take full advantage of this know-how to spread next-generation air mobility across all regions of Japan. Through the launch of a drone business in 2023 and an air taxi business in 2025, we will find new revenue streams through air mobility and create a sustainable society where everyone can enjoy an enriched life.

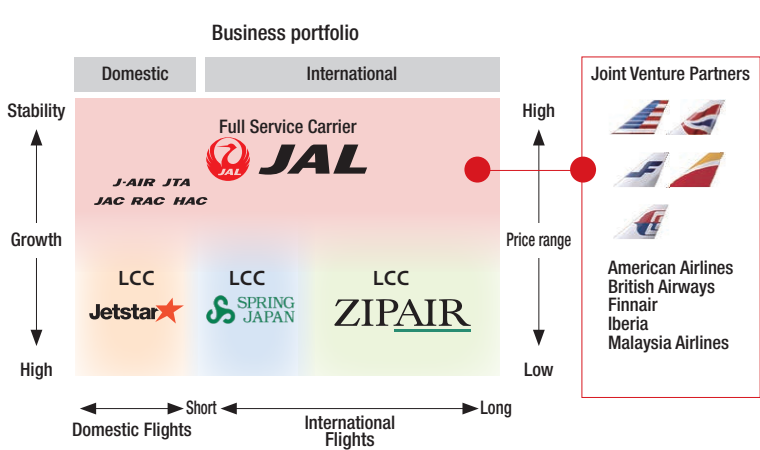
(1) Passengers –Achieve sustainable growth with FSC and LCCs–

By maintaining and expanding networks that connect Japan, and regions and cities in Japan with the world, the JAL Group will improve accessibility, vitalize regions and make air transport more sustainable. To achieve this, we will strengthen ties with partner airlines and build networks that cover all markets.

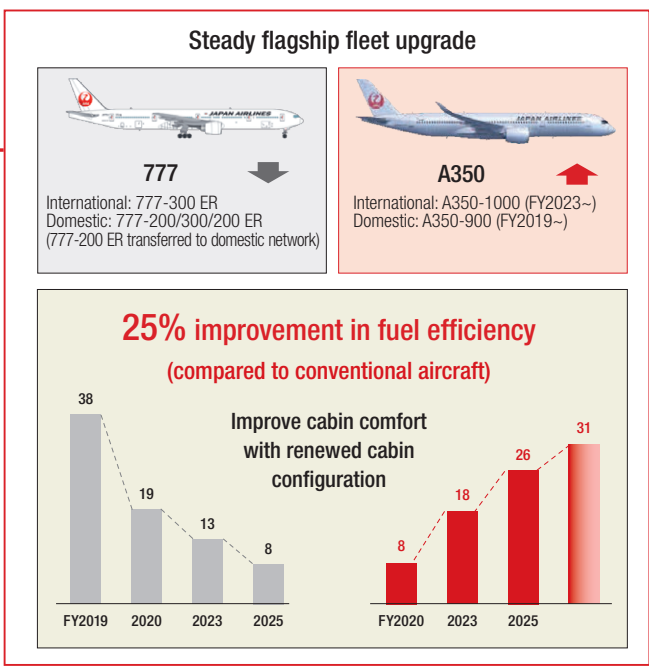
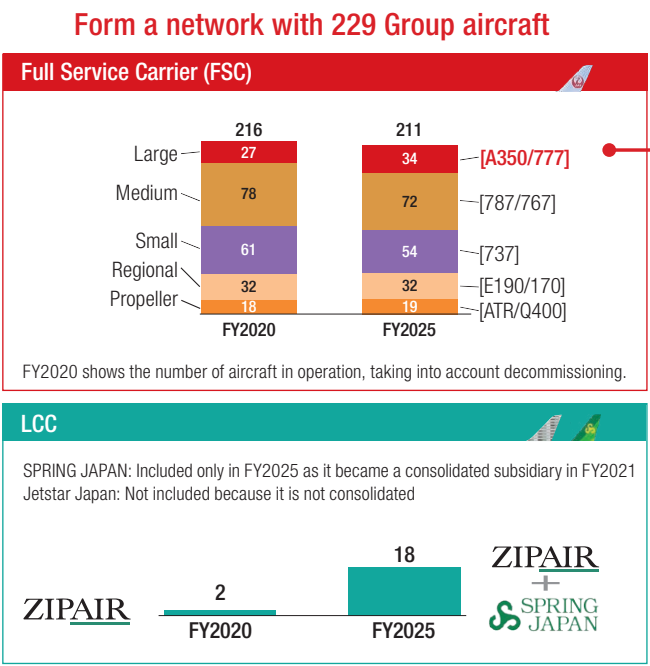
Cater to a wide range of customer needs with our FSC and LCC lineup

JAL, as a full service carrier, provides and develops high quality products and services and an extensive network with convenient connections, and operates flights to meet the volume and size of demand. We will deepen airline partnerships to build a network that is essential for business, tourism and daily life, and air links between cities and regions in Japan with the world to contribute to stable flows of people and commodities. To meet diversified customer needs for prices and services, the JAL Group will offer a wider range of prices and diverse services covering all domestic and international markets utilizing its three LCCs (ZIPAIR Tokyo, SPRING JAPAN, Jetstar Japan). In particular, the three LCCs aim to increase so-called "associated demand" by offering reasonable prices for tourism and VFR* demand with growth potential, and making air travel easier and more accessible.

* Visit Friends and Relatives



① Aircraft –Aircraft strategy to support sustainable growth–



We will respond to changes in the business environment such as fluctuating demand trends by building a flexible aircraft portfolio to strategically promote our FSC and LCC operations. The JAL Group will form a network for FY2025 with 229 aircraft, an increase of 11 from 218 aircraft in FY2020. We will increase FSC operations with 211 aircraft in FY2025 and improve profitability.

We will increase LCC aircraft from two in FY2020 to 18 aircraft in FY2025 and expand their networks. Furthermore, we will steadily introduce the fuel-efficient Airbus A350 to update our domestic and international flagship fleet, reduce our environmental footprint and improve cabin comfort.

1. Strategy – The Big Picture	2. ESG Strategy	3. Business Strategy	4. Finance Strategy
(1) Passengers	(2) Cargo and Mail	(3) Mileage, Lifestyle and Infrastructure	(4) DX Strategy
			(5) Human Resource Strategy

②Full Service Carrier (FSC) –Improve profitability and accelerate demand recovery and expansion initiatives–

	FY2021	FY2022~
Full Service Carrier	Improve profitability during weak demand periods	Improve profitability and accelerate demand recovery and expansion initiatives
	<ul style="list-style-type: none">Reduced maintenance and operating costs by retiring the Boeing 777 and introducing the Airbus A350Suspended unprofitable routes and utilized code-sharingIntroduced JAL SMART AIRPORT to hub airports in Japan	<ul style="list-style-type: none">Expand networks based on demand recoveryImprove customer preference by expanding fuel-efficient Airbus A350 servicesPromote product-service development and provision with little or negative environmental impactFurther promote ESG strategies with global alliance and joint business partners

Review of FY2021

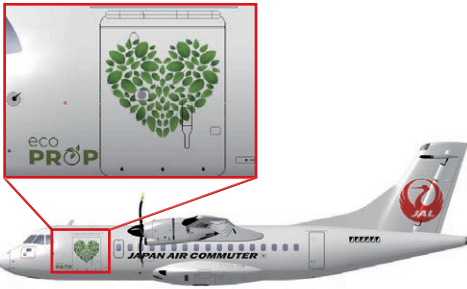
We slashed costs during the prolonged pandemic, such as cutting maintenance and operating costs by retiring old aircraft and adjusting routes and flight frequency. At the same time, we strived to maximize revenues by assigning larger aircraft to meet demand and flexibly adjusting flight frequency and flight schedules to attract passengers with connecting international flights. On domestic routes, JAL SMART AIRPORT touchless and smooth services were introduced at five domestic hub airports (Haneda, Itami, New Chitose, Fukuoka, Naha).

Medium Term Initiative Expand networks based on demand recovery

On international routes, we will resume routes and flights based on demand recovery from COVID-19. In addition to capturing transit passengers between North America and Asia on Narita routes, where demand has rapidly recovered, we will progressively resume flights to and from Haneda, which were scheduled to be expanded from FY2020, to improve connections to domestic flights, thereby contributing to stimulating flows of people and commodities between regional Japan and the world.

On domestic routes, we will maintain and expand networks as an important social infrastructure. In particular, regional airlines J-AIR, JAC, HAC, JTA and RAC have a social mission to keep community lifelines open. We will therefore optimize their networks and utilize the resources of each airline, while creating and communicating the charms of each region.

Furthermore, JAL and All Nippon Airways (ANA) will codeshare on outlying island routes through the five-member EAS LLP (Essential Air Service Alliance LLP) framework, comprising JAL, ANA and three Kyushu-based regional airlines with routes to outlying islands, JAC, Amakusa Airlines and ORIENTAL AIR BRIDGE. JAL and ANA will join hands to contribute to regional route network expansion and regional revitalization by creating flows of people between cities and outlying islands.



ATR aircraft of JAC and HAC are low-carbon turboprop aircraft. JAC's 11th ATR delivered in April 2022 was given a special livery decorated with the words "ecoPROP" and a heart-shaped leaf design to convey the message of preserving nature and passing it on to the next generation. The JAL Group is maintaining networks and promoting regional development in outlying islands with abundant natural resources, such as the World Heritage sites of Yakushima, Amami-Oshima and Tokunoshima, and Okinawa.

Medium Term Initiative Improve customer preference by expanding fuel-efficient Airbus A350 services

On domestic routes, we expanded our low-noise fuel-efficient A350-900 fleet to 16 aircraft and will gradually introduce the A350-1000 on international routes from 2023. Environmental-friendly aircraft will contribute to compliance with future environmental regulations and the sustainable development of air transport. We will also improve customer preference and comfort to further capture business demand, an important revenue source.



Medium Term Initiative Promote low-environmental-impact product-service development and provision

We will eliminate petroleum-derived plastics used in cabins and lounges by FY2025. We will change buffet style to mobile ordering in Sakura Lounge* for international passengers at Haneda and Narita to reduce food waste, and will recycle and compost 100% of food waste generated from in-flight meal preparation at Haneda and Narita. Furthermore, we will work together with our customers to reduce our environmental footprint by offering a carbon offset service for corporate customers and expanding our "JAL Ethical Choice ~Meal Skip Option~" service to all international routes.

* Introduced to JAL First Class Lounge in March 2021



Mobile ordering screen in lounge



Amenity kit for Meal Skip Option users
The photo is for illustrative purposes.

Medium Term Initiative Further promote ESG strategies with global alliance and joint business partners

We will strengthen our network with partner airlines to improve customer convenience, deepen our understanding of each other's ESG strategies and explore opportunities for collaboration.

In addition to joint SAF procurement in the U.S. with certain oneworld members, we will consider promoting SAF production in areas with low manufacturing capacity and making strategic investments in SAF manufacturers.

Utilizing the alliance framework and joint businesses, we will consider promoting innovation and D&I through exchanges of human resources with diverse backgrounds and values, and a combination of know-how.



On the launch of codeshare flights with Malaysian Airlines, our joint business partner, on the Haneda-Kuala Lumpur route in August 2022, we jointly



purchased SAF in the U.S. through the oneworld framework. SAF will be loaded on scheduled flights from San Francisco in 2024, and will be expanded to flights from Los Angeles and San Diego from 2027

Voice



INOUE Atsuki
Manager, Corporate Planning
Department
Hokkaido Air System Co., Ltd.

Working with local communities - Hokkaido Air System initiatives

In FY2021, Hokkaido Air System (HAC) completed aircraft upgrades to the latest low-noise, fuel-efficient ATR. With three ATRs, the Sapporo Okadama Airport-based airline connects six routes in Hokkaido (including two outlying island routes) with one route in Tohoku and plays the role of community-based transportation infrastructure. Through interactions with customers at our destinations, I feel that HAC's role is expanding. I will continue to work with the local communities to design ways of solving their problems, such as creating venues to attract visitors with local businesses, improving multimodal transportation with airports in coordination with local transportation operators, and collaborating with local high schools.

1. Strategy – The Big Picture	2. ESG Strategy	3. Business Strategy	4. Finance Strategy
(1) Passengers	(2) Cargo and Mail	(3) Mileage, Lifestyle and Infrastructure	(4) DX Strategy
		(5) Human Resource Strategy	

③ LCC –Achieve high profitability and double business size–

	FY2021	FY2022~
LCC	Full-scale launch of three LCCs based in Narita Aircraft:10 aircraft Routes:11routes * Excluding Jetstar Japan ZIPAIR • Opened US west coast route as Japan's first medium- and long-haul LCC SPRING JAPAN • Made SPRING 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:22routes FY2025 plan, excluding Jetstar Japan ZIPAIR • Expand networks in Asia, North America and China Jetstar • Increase competitiveness and reduce environmental impacts by introducing the A321 LR

■ Review of FY2021

ZIPAIR Tokyo, Japan's pioneer medium- and long-haul LCC, expanded its size of business while maintaining a first-mover advantage by launching services to the U.S. west coast. SPRING JAPAN became a consolidated subsidiary to lead the way into the Chinese inbound market, with expectations of recovery and growth, and Jetstar Japan helped stimulate recovery in tourism demand, especially during the New Year holidays.

Medium Term Initiative Expand Asia, North America and China networks

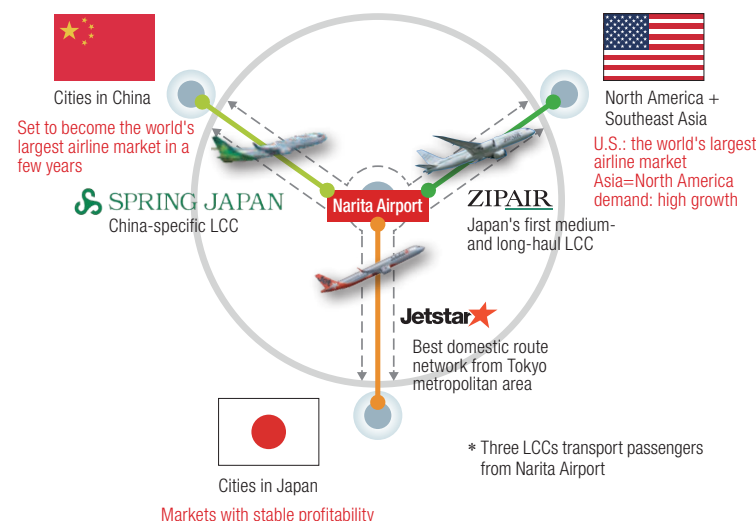
The JAL Group offers diverse products in growing and changing markets. Each LCC will promote ESG strategies to create people flow to regional Japan with environmentally-friendly aircraft and reasonable prices to improve customer preference as the customers' most preferred LCC and increase profitability.

Specifically, the three LCCs will work to capture leisure and VFR* markets, which are expected to grow in the post-COVID-19 future, and double the size of their business.

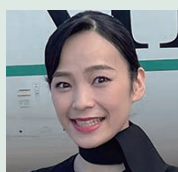
The three Narita-based LCCs will utilize their route networks to create people flow between regional Japan and the world and contribute to the expansion of inbound demand.

We will strive to strengthen the JAL Group LCC brand through reciprocal frequency flyer benefits and the strengths and features of JAL and the three LCCs.

* Visit Friends and Relatives



Voice



NAKAJIMA Sayaka
Cabin attendant
ZIPAIR Tokyo, Japan

To become the customer's most preferred LCC

In order to embody ZIPAIR Tokyo's NEW BASIC AIRLINE spirit, we communicate with our customers in a cordial manner, proactively create ideas and strive to understand what our customers genuinely prefer from an airline. For example, we do not provide complimentary blankets, but instead, provide advice to help navigate the online portal so that our customers can purchase a blanket on their personal devices. Our goal is to remove any preconceived notion toward LCCs, which are generally known for low service levels because the air tickets are inexpensive. Since cabin attendants concurrently handle ground services, we have the distinct advantage to apply the acquired skillset and knowledge during flight duty. When communicating with passengers and fellow crew members, I proactively apply the experience I gained when conducting online internships for students. ZIPAIR Tokyo's services onboard the aircraft are comparable to that of a full-service carrier; in terms of the seat pitch and complimentary in-flight internet services. We will continue to strive to provide in-flight services that make a lasting impression, and we sincerely hope that our customers select ZIPAIR as their most preferred LCC.

(2) Cargo and Mail –Expand business with a new business model–

Transport demand is diversifying even amidst tight capacity and demand. To meet social needs, we will maximize capacity through airline partnerships, and strengthen the handling of strategic items that are closely related to social life, such as e-commerce, home delivery, health care and food. We will also continue to provide sustainable services by solving social issues related to logistics.

	FY2021	FY2022~
Cargo and Mail	Securely capture robust demand and increase profit • 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 • 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)

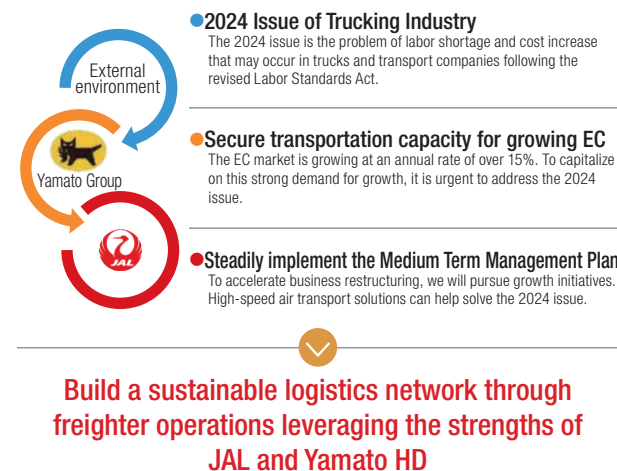
■ Review of FY2021

In international cargo operations, amid strong demand for semiconductors and the shift to air freight due to sea freight disruptions, the JAL Group endeavored to maintain supply chains for various customers and maximize revenue by operating freighters of overseas airlines and cargo flights using JAL passenger aircraft. When transporting COVID-19 vaccines, we met requests from society utilizing our high transport quality.

Medium Term Initiative Launch freighter business with Yamato HD in April 2024

In April 2024, we will launch a joint business with Yamato Holdings, Inc. (Yamato HD) to develop a sustainable logistics network in response to the "2024 issue."

In addition to trucks and other transport modes in Japan, which handle a large amount of long-distance logistics, the use of freighters as a new transport mode will contribute to ensuring stable transportation capacity and maintaining and improving service quality. JAL and Yamato HD will promote partnership by using each other's resources to contribute to communities and solving social issues, and achieve further growth by becoming the customer's choice of airline.



Voice



PU YONG
Cargo Route Marketing,
Alliance Office

Meet customer needs with our partners

Taking into account the strong growth trend of air cargo demand especially from Japan, China and other Asian countries to Europe and the U.S., we have been building higher capacity with partner airlines overseas, as well as using JAL's route network with our own aircraft. Despite supply chain disruptions and strong air freight charter demand, we were able to meet customer demand to the fullest and successfully secure capacity through negotiations, thanks in part to our long-standing partnerships since the pre-pandemic period. I feel that JALCARGO has a great responsibility to fulfill amid disruptions in logistics. Going forward, we will continue to listen to the customer's voice in order to maintain supply chains, and by making agile adjustments to capacity, we will meet their needs and contribute to the growth and development of society.

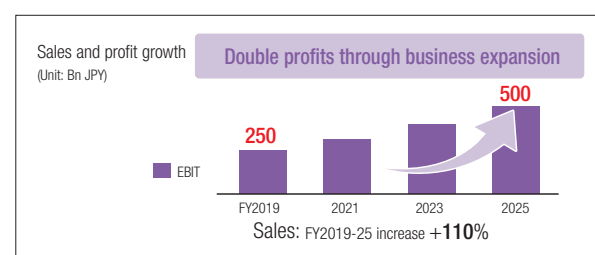
(3) Mileage, Lifestyle and Infrastructure

The sharp decline in air transport demand caused by the pandemic made us reaffirm the importance of revenue sources in areas other than air transport. In FY2021, we started to work on expanding the Mileage, Lifestyle and Infrastructure business domain to restructure our business model. We aim to grow the JAL Group, utilizing the strengths of our customer base, brand and skills in each business domain; Mileage, Lifestyle, Regions, Air Mobility, and Contracted Services (airport/maintenance/cargo).

① Mileage and Lifestyle

	FY2021	FY2022~
Mileage and 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 	<ul style="list-style-type: none"> Double profits by promoting the JAL Mileage and Lifestyle Concept

We will promote the JAL Mileage and Lifestyle Concept of providing services in daily life, and expand areas for saving and using miles to promote the wellbeing of our customers and society. In addition to expanding partnerships with other industries and promoting DX, we will introduce a new mileage program that allows members to earn points in everyday life and environmentally-friendly activities, and provide high-quality, convenient services to contribute to building a sustainable society and promoting our ESG strategies.



Medium Term Initiative

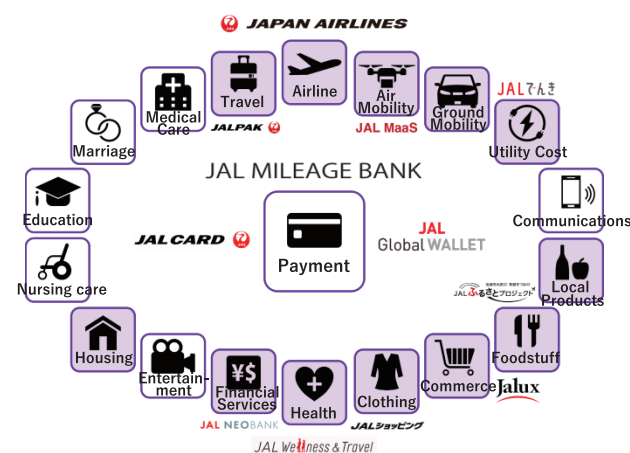
Contribute to the wellbeing of our customers and society through the JAL Mileage and Lifestyle Concept and double profits

In the Mileage and Finance business domains, we will launch new services such as JAL Wellness & Travel, JAL housing loans, JAL Denki (electricity) and the mutual exchange of Rakuten points and JAL miles to further the JAL Mileage and Lifestyle Concept. In the Commerce business domain, we welcomed JALUX to the JAL Group to strengthen our EC business.

Going forward, we will improve our financial services and product lineup such as insurance and securities, and promote cashless payment such as touchless and QR code payments. We will build a new EC website and develop ethically-sourced products to expand our commerce business, in addition to increasing synergies with JALUX.

We will continue to promote the JAL Mileage and Lifestyle Concept under the motto "make everyday life and all life stages even better with miles."

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

Voice



YONEKURA Sonosuke
Business Strategy Group
Mileage Business Division

Meet the challenge to offer an attractive mileage program

I hold frank discussions with my colleagues every day on how we can create a mileage program that appeals to customers. JAL Denki (electricity) which we launched with Kyushu Electric Power Company in April 2022 is a service that connects everyday activities with leisure activities based on our aspiration to "provide our customers with more opportunities to earn miles and board JAL flights." Going forward, we will boldly take on the challenge of making JAL's mileage program more appealing by promoting environmentally-friendly services.

② Regions

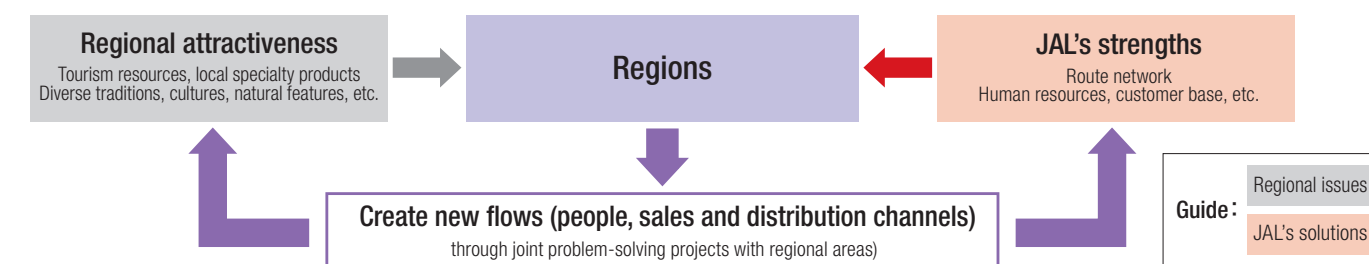
	FY2021	FY2022~
Regions	<ul style="list-style-type: none"> Increased awareness of local products and expanded sales channels (JAL FURUSATO NOZEI (hometown tax donation program), EC for China, increased desirability of local products by Furusato Cheering Teams) 	<ul style="list-style-type: none"> Expand joint problem-solving projects with regional areas (local governments and companies)

We aim to revitalize regions while preserving the natural environment and creating lasting people flow.

To solve regional problems, we will design purposeful tourism for people to visit regions and develop attractive products and distribution channels to deliver regional products throughout the world including Japan.

Medium Term Initiative

Expand the solution business in coordination with local communities



People flow	Flows of sales and distribution channels
<ul style="list-style-type: none"> Promote regional attractiveness <ul style="list-style-type: none"> Create 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. Tourism promotion project with local companies planned by JAL Furusato Ambassadors (e.g. JR Hokkaido Rail Tour) New tourism <ul style="list-style-type: none"> 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 Traveling with a purpose, such as JAL Agricultural Exchange, a short-term agri-training program, SDGs tours, and "my second hometown" tours 	<ul style="list-style-type: none"> Product development & branding <ul style="list-style-type: none"> 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 Expand sales channels for local specialty products <ul style="list-style-type: none"> 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

Sales target

By FY2025 **10** Bn JPY

Management target

Domestic passenger and cargo traffic by FY2025 vs. FY2019 **+10%**

Voice



IHARA Yuichiro
Strategic Group, Business
Strategy Department

Revitalize regions through cross-border EC

We feel that we can assist local business operators with procedures that are difficult for them, such as customs procedures and contracts, so that they can sell attractive local products on our cross-border EC site (JAL Yusen, an official mini-program in mobile app WeChat).

We aim to revitalize regions by disseminating information on the regional features, culture and history of local products to inspire customers to visit.

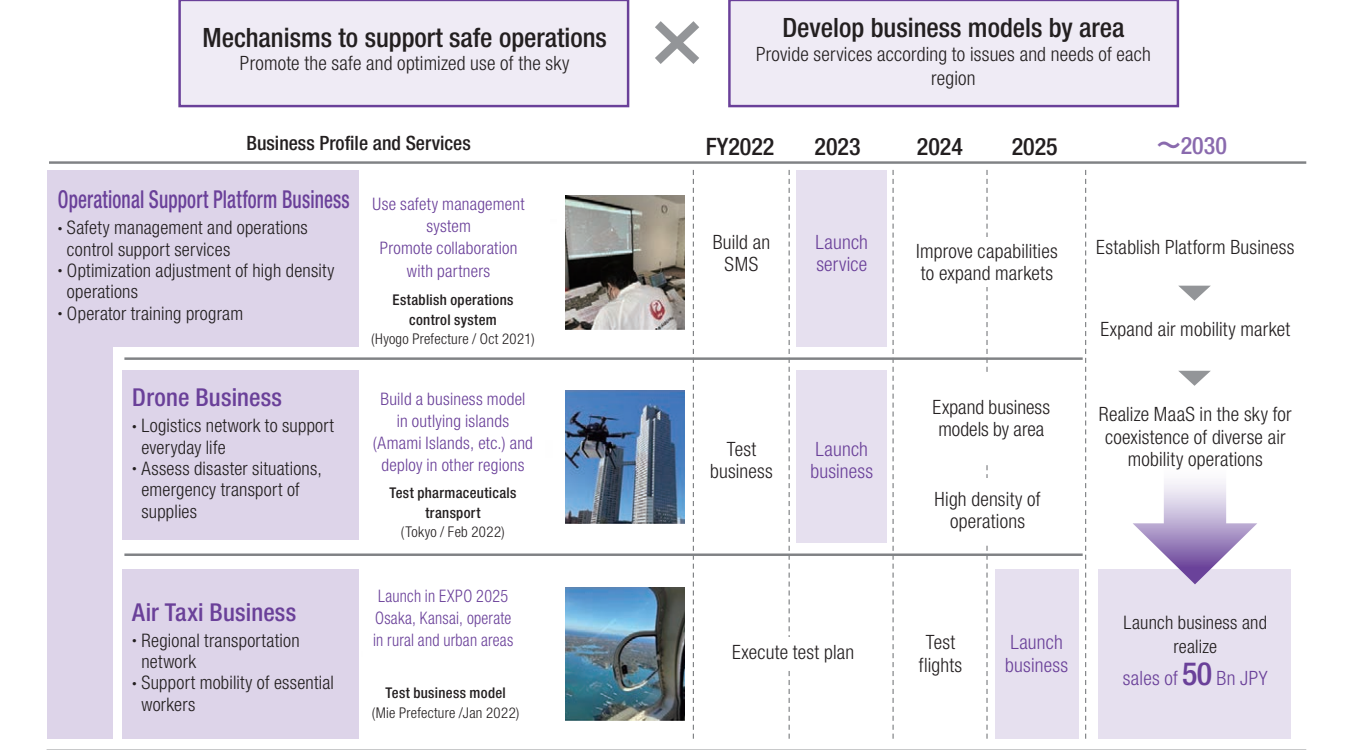
1. Strategy – The Big Picture	2. ESG Strategy	3. Business Strategy	4. Finance Strategy
(1) Passengers	(2) Cargo and Mail	(3) Mileage, Lifestyle and Infrastructure	(4) DX Strategy
			(5) Human Resource Strategy

③ Air Mobility

	FY2021	FY2022~
Air Mobility	<ul style="list-style-type: none">• Tried the drone business in various regions• Tried the business model of the air taxi business	<ul style="list-style-type: none">• Establish an Operation Platform Business and expand air mobility market

Underpopulated areas including remote islands with an aging and declining population face challenges such as access to shopping, and there are rising expectations of using next-generation air mobility to solve various regional issues and provide people with new forms of transportation to enrich their lives. The JAL Group will be aware of their needs and contribute to solving social issues with our know-how on air mobility to improve mobility and convenience and live more sustainably.


Medium Term Initiative Establish an operation platform and expand the air mobility market



The JAL Group has been actively participating in drone Proof of Concept flight tests in remote islands and urban areas and eVTOL studies to turn them into businesses. We will utilize the know-how we have cultivated in the air transportation business to draw a picture where drones and eVTOLs play an active role in society, based on a flight management framework and system, and play a leadership role in new markets. Aiming to build a world where different types of air mobility move around, we will develop a platform that supports safe and smooth operations so that more operators can enter into air mobility and ensure safe operation.

For more information, please visit the JAL website. [WEB https://www.jal.com/en/air_mobility/](https://www.jal.com/en/air_mobility/)

Voice



KINOSHITA Hayato
Air Mobility Creation Department
Digital Innovation Division

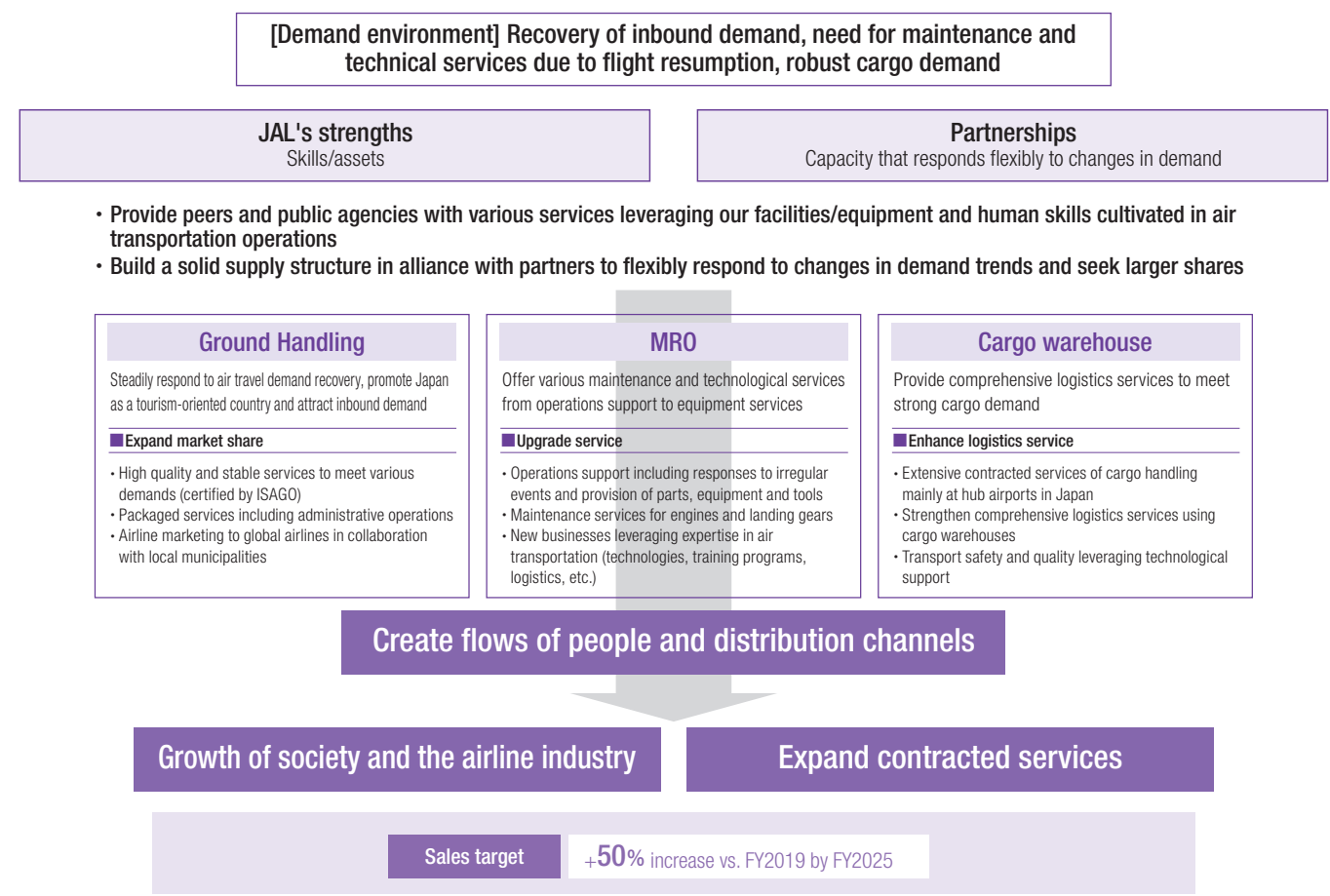
Build a society where everyone can live comfortably
We are preparing to launch a platform to manage and support drones and eVTOLs in an integrated manner. Although difficult decisions must be made at times due to speed inherent in new businesses, we aim to build a world where drones and eVTOLs operate safely and efficiently using JAL's operations control and safety management system cultivated in the airline business, and build a society where everyone can live comfortably in coordination with local governments and companies

④ Contracted Services

	FY2021	FY2022~
Contracted Services		<ul style="list-style-type: none">• Supported the growth of society and the airline industry through business expansion leveraging our strengths

We will develop a contracted services system enabling us to flexibly and steadily respond to the recovery in air travel demand, and expand our services utilizing the strengths of an airline. We will also attract overseas airlines to airports in Japan, contribute to creating flows of people and logistics in Japan and overseas and support growth of the economy and the airline industry.

Medium Term Initiative Contribute to the development of society and the airline industry through business expansion leveraging our strengths



(4) DX Strategy –Build and utilize Big Data to accelerate business restructuring–



NODA Yasushi

Executive Officer
Senior Vice President,
Digital Innovation Division



We will apply our know-how on customer data analysis and utilization developed in the FSC business to other business areas such as Mileage, Lifestyle and LCC, speed up business restructuring through DX to accelerate growth, and tackle social issues.

DX target: Maximize CX and EX

The targets of DX in the Medium Term Management Plan are to maximize CX (Customer Experience) through value creation and unparalleled service, and to maximize EX (Employee Experience) through workstyle innovation so as to improve business quality and productivity.

To maximize CX, we will improve service quality and evolve personalization by expanding digital touchpoints such as mobile apps. To maximize EX, we will improve productivity through business sophistication in data preparation, acquisition and sharing, and AI- and RPA-based automation and improved efficiency. Maximizing EX will increase employee motivation and productivity, which in turn will contribute to service development and service quality, thereby maximizing CX and creating an upward spiral of EX improvement.

►Review of FY2021

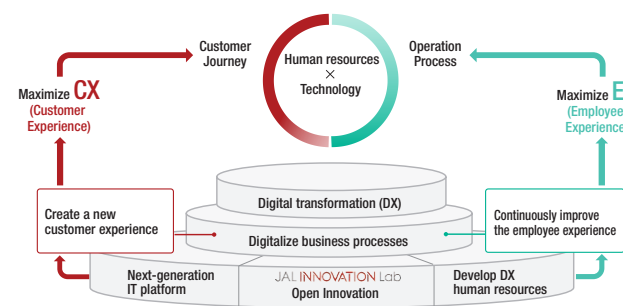
We worked on maximizing CX and EX through digitalization. For example, we completed the deployment of JAL SMART AIRPORT to domestic hub airports and installed touchless check-in kiosks to welcome guests in a hygienic and clean environment.

We also diversified workstyles and improved productivity by creating an environment that enabled remote work during the pandemic, such as programs to support remote work and avatar robots on airport frontlines. We will apply the strengths developed through these initiatives to accelerate business restructuring.

►Accelerate business restructuring through DX

To adapt to challenging situations such as the COVID-19 pandemic, there is an urgent need to build a resilient business structure with growth potential. We will therefore accelerate business restructuring through DX.

Together with our diverse workforce, we will drive business innovation utilizing digital technology and data, and create Group-wide synergies, cross-industry ecosystems, and new value.



For more information on JAL Innovation Lab, please visit the JAL website.

WEB https://www.jal.com/en/innovation_lab/#/

►To promote DX

To achieve our targets, next-generation IT infrastructure, open innovation, and the development of DX human resources are essential.

①Next-generation IT infrastructure

Strengthen security and data infrastructure.

②Open innovation

We will utilize the JAL Innovation Lab, the base for value creation and business development, and accelerate co-creation of new value (solutions, products, services) together with other industries through cross-organizational initiatives and Lab Alliance.

③Development of DX human resources

We will develop human resources group wide, who are capable of driving DX and business creation from three perspectives: education, assignment, and recruitment. By investing in human resources, we will further evolve our intellectual capital, that is, know-how on services and technology, and accelerate business restructuring through business expansion.

The JAL Group will meet the challenge of value creation through DX, fusing human resources and technology.

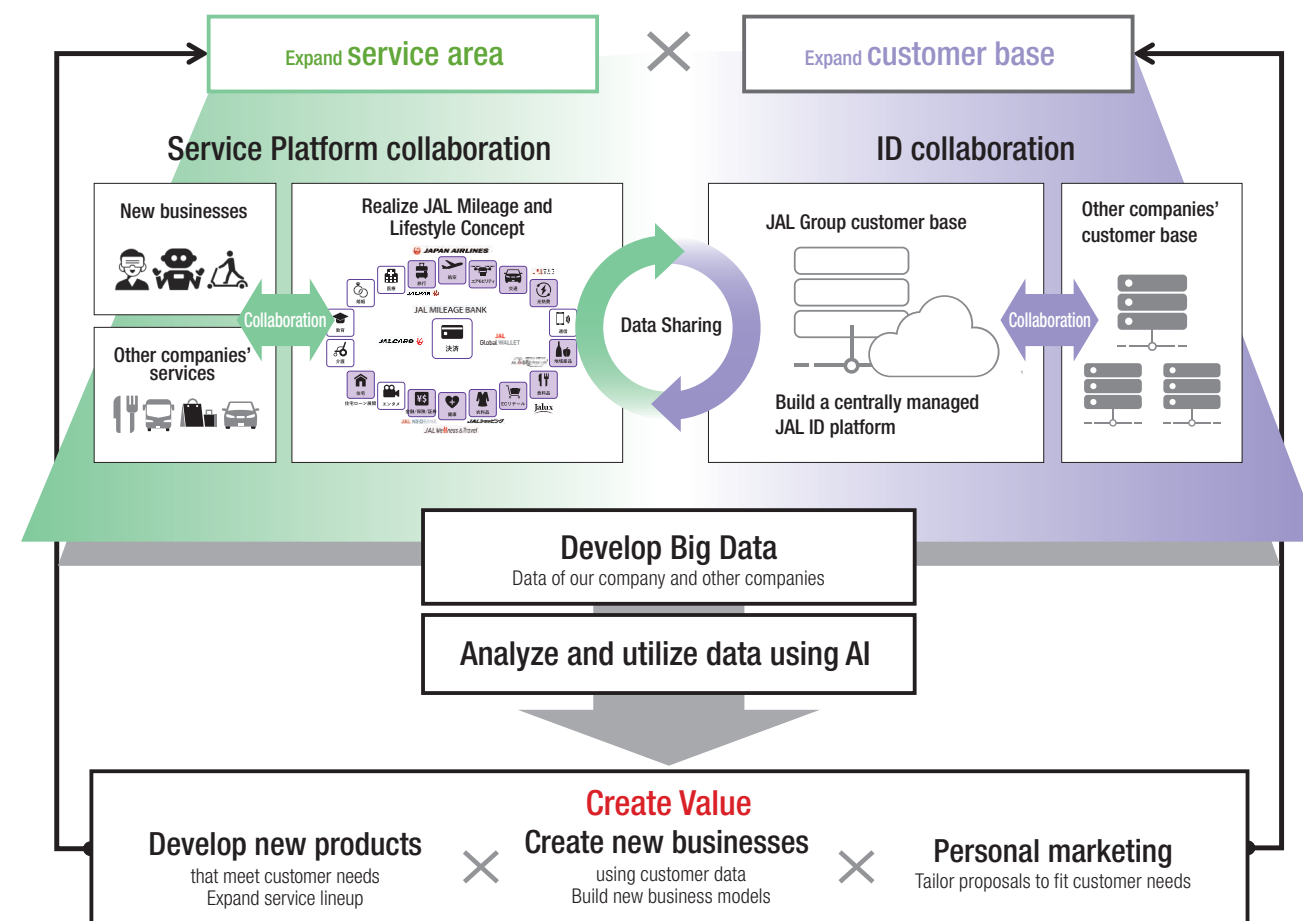
Business restructuring through DX

Expand service area

We will realize the JAL Mileage and Lifestyle Concept of offering diverse services in everyday life and all life stages and expand our service area, in collaboration with new businesses and other companies' services. One member ID will enable the use of a various services, increasing the use of mileage and making it more appealing to customers.

Expand customer base

We will centrally manage JAL Group member IDs and link them to member IDs of other companies. By expanding the membership base to non-airline businesses, we will be able to reach out to customers who seldom fly and expand our customer base. Customers will be able to use JAL services with member IDs of other companies.



Develop Big Data

Analyze and utilize data using AI

Create value

By expanding our customer base and providing new services in airline and non-airline business areas, we will generate synergies and gather and accumulate more customer data. We will work on Big Data integration to bring data gathered from other company systems to make it more valuable for us, and analyze and utilize Big Data with AI, thereby strengthening our own system.

Data-driven product development will enable us to better meet customer needs, create businesses in both airline and non-airline domains, and boost our personal marketing strategy to offer better customer solutions.

We will accelerate business restructuring through a positive spiral of expanding our customer base and service area, building, analyzing and utilizing Big Data, and improving services.

1. Strategy – The Big Picture	2. ESG Strategy	3. Business Strategy	4. Finance Strategy
(1) Passengers	(2) Cargo and Mail	(3) Mileage, Lifestyle and Infrastructure	(4) DX Strategy
			(5) Human Resource Strategy

(5) Human Resource Strategy

—Consolidate the talents of our diverse workforce, our greatest strength—



We will actively invest in human resources to maximize their talents and be the driver of sustainable growth and development.

We will consolidate the talents of our diverse workforce, our strength, and accelerate management strategy execution through joint efforts

SAEDA Naohito
Executive Officer
Human Resources Division

For details on Human Resource Development, please refer to page 87.

►Review of FY2021 and FY2022 Initiatives

In FY2021, the JAL Group continued education and training courses and secondments to external entities to make use of underutilized staff resulting from the sharp decline in demand during the pandemic. Training hours per employee increased 2.2 times compared to pre-COVID-19 levels, and external secondments averaged 1,600 employees a month. By acquiring new experiences and knowledge, each employee achieved personal growth. In FY2022, to take the offensive as demand recovers, we will accelerate business restructuring and the solutions business through business activities, putting ESG at the core of the three management strategies as outlined in Rolling Plan 2022.

Our human resource strategy was established, recognizing that human resources are our most important asset to support JAL Group’s value creation story. In preparing our strategy, we made a quantitative comparison of the actual and ideal picture of our human resources, created concrete measures to close the gap, and adopted the outcome to establish our medium term targets.

We will steadily implement our human resource strategy, maximizing the talents of our diverse workforce, and accelerate management strategy execution through joint efforts.

Strategic Outline

In creating the human resource strategy for Rolling Plan 2022, we focused on two key points: value creation and continuous productivity growth.

To diversify revenue streams through business restructuring, which we will work over the medium term, we must challenge value creation in non-airline business domains. We will think out of the box to develop and nurture human resources who meet challenges and create value. We will also embed an organizational culture of “challenge without fear of failure and never give up till the end.” Furthermore, we will continuously improve productivity so that we may flexibly respond to the increased workload caused by demand recovery and environmental changes.

Specific measures will be implemented in four areas: assign human resources to growing business areas, hire diverse human resources and provide personal growth opportunities, restructure business processes, and promote key initiatives. To accomplish this, it is important to gain empathy of JAL Vision 2030, and encourage autonomy and motivation within our employees to reach our goal. Therefore, "boosting employee engagement and motivation" will be a key initiative, and we will assist them in furthering their career and invest in human resources.

Create new value

Placement and assignment



- Assign human resources in charge of business model reform
 - Increase personnel in growing business areas
- 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
(vs. FY2019)

Continuous productivity growth

Recruitment and development



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

<Highly engaged employee percentage*1>
FY2025 10pt improvement
(vs. FY2019)

Business process



- Establish a system to accelerate Group-wide initiatives
 - Establish regional offices in Japan
 - Integration and consolidation of distributed, overlapping functions
- Improve operational efficiency using digital technology
 - Achieve business sophistication using operational data
 - Productivity growth through business process transformation

<Increase of per capita sales>
FY2025 15% increase
(vs. FY2019)

■ Promote D&I・DX

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

<Ratio of female managers in the JAL Group>
End of FY2021 21.9%→ End of FY2025 30%

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

Strategy Details

■Assign human resources in growing business areas

FY2025 target

Assign an additional **3,000** employees in growing business areas (vs.FY2019)

We will establish a human resources system to expand growing businesses such as LCC and Mileage and diversify revenue sources. We will shift employees from primarily FSC to growing business areas, resulting in an additional 3,000 employees in growing businesses with expectations of revenue increase, in FY2025 (vs. FY2019)

We will continue to expand job offerings and promotions in growth areas to motivate employees and introduce a performance-based remuneration system for posts requiring advanced expertise, creativity, and autonomy.

■Hire diverse human resources and provide personal growth opportunities

FY2025 target

Increase highly engaged employees by **10** percentage points (vs. FY2019)

To diversify our business areas and contribute to sustainable growth and development of the JAL Group, we will hire human resources with diverse knowledge, and enhance employee capabilities and employee engagement through active human resource investments.

Specifically, we will hire midcareer and experienced professionals throughout the year and people with skills for specific jobs. We will also provide practical experience through internships and internal and external secondments, and increase internal and external training opportunities to diversify their knowledge and experience.

■Business process reform

FY2025 target

Increase per capita sales: **15%** increase (vs.FY2019)

We will reduce man-hours and improve productivity while increasing sales through business process reform.

In the production expansion phase of demand recovery, we will consolidate overlapping work in business support departments in the JAL Group, improve FSC business efficiency with digital technology, and minimize input. At the same time, we will establish regional offices in Japan to maximize regional profit and improve employee capabilities through human resource investments, and maximize output.

■Key initiatives ~D&I & DX~

FY2025 target

Ratio of female managers in the JAL Group: **30%** (FY2021 result: 21.9%)

We will continuously promote D&I and DX as key initiatives of our human resource strategy.

We will break away from stereotype thinking through diverse workstyles with a diverse workforce transcending gender, culture and occupation barriers, and create innovation by fusing human resources with DX to create value and improve productivity.

For details on D&I, please refer to page 89.

Basic concept of human resource investment

The JAL Group has established a system to link key components of human resource development such as recruitment, assignment, evaluation, and training, and maximize human resource value. We innovated workstyles to increase employee motivation regardless of gender, nationality, age and other personal attributes, and actively invested in work environments and digital devices, among others. We will continue to actively invest in human resource development and improve workplaces to maximize diverse talents, create value and improve productivity.

For details on Human Resource Development, please refer to page 87.



4. Financial Strategy

—Restructuring of financial foundation and toward the sustainable growth phase—



The JAL Group will strive toward restructuring the financial foundation, strengthening risk tolerance, preparing for the post-COVID-19 sustainable growth phase and the recovery of cash-flow creation. Under such strong financial foundation, management resources will gradually and strategically be distributed toward shareholder returns and investment for sustainable growth.

KIKUYAMA Hideki
Representative Director,
Senior Managing Executive Officer

►Summary of Financial Year 2021

This fiscal year was a tough year again for the JAL Group and the aviation industry due to the prolonged COVID-19 pandemic. Although the latter half of the year saw a temporary recovery of domestic demand, demand saw a downturn with the spread of new variants, leading to a volatile environment. Amid this environment, the JAL Group strived for improved profitability by increasing revenue through the strong cargo domain, controlling variable costs through agile adjustment of capacity, decreasing executive compensation and decreasing fixed costs including bonuses for employees.

In terms of finance, we conducted a total of 441.9 billion yen of debt financing, including 350-billion-yen worth of hybrid financing. We have not only secured enough liquidity at hand but have strengthened our financial structure without diluting our equity, and secured investment capital to realize sustainable growth post-COVID-19. We have steadily strengthened our risk-tolerance through these factors and introduced new fuel-efficient aircraft for future growth.

►Toward Financial Year 2022 and beyond

The effect of the pandemic is steadily slowing down. Domestic demand is steadily recovering, and with factors such as the easing of border restrictions, a rapid recovery of demand is expected.

Regarding the full-service carrier domain, the JAL Group will swiftly recover capacity through the A350 aircraft that have been introduced during the pandemic. The consequent increase in product/service competitiveness will work to

differentiate us from our competitors. In addition, the JAL Group will conduct ESG management through proactively introducing low carbon-emitting, low-noise aircraft.

Through the growth of 3 non-full service carrier domains of cargo/mail, LCC and Mileage/Lifestyle/Infrastructure, the JAL Group will conduct diversification of revenues and profits and build a business structure that is less reliant on full-service carrier.

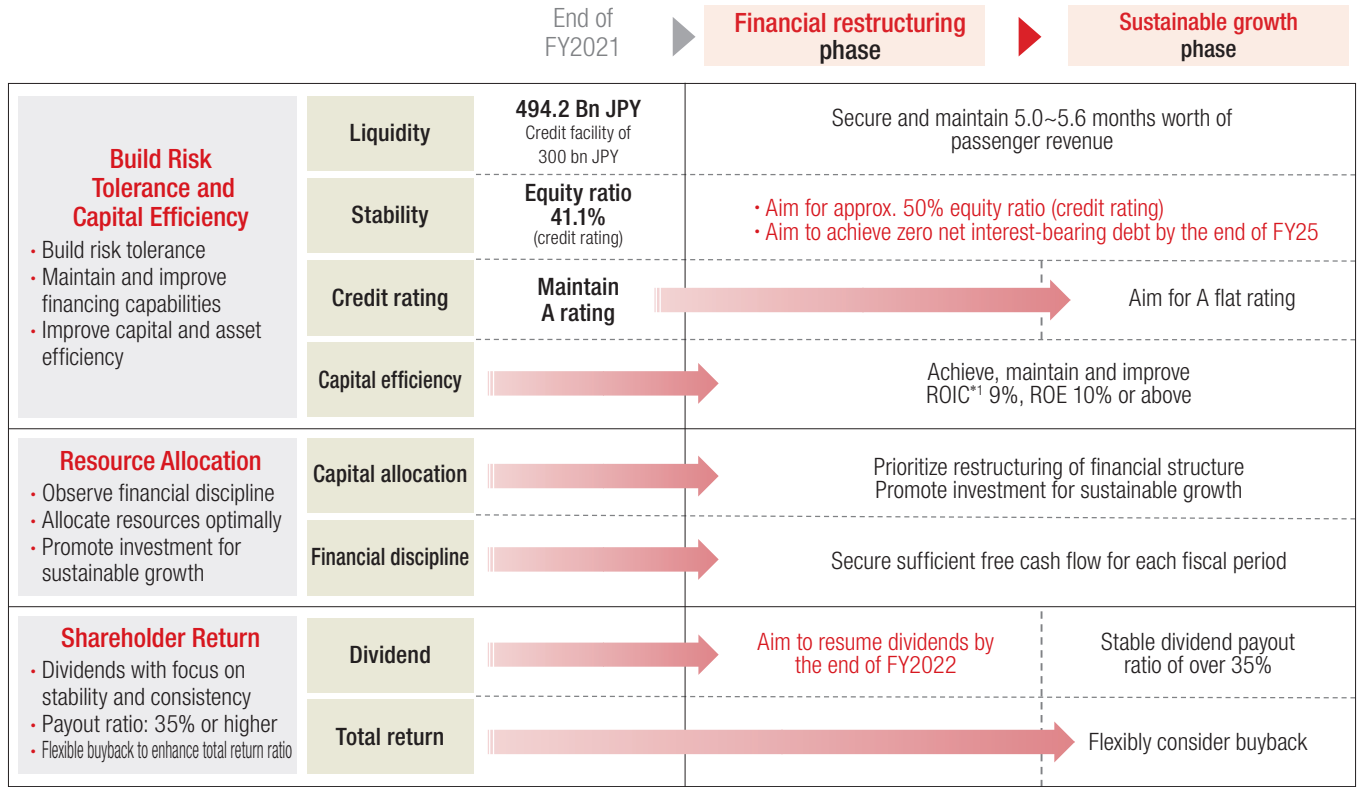
As for financial strategy, our policy of aiming for a balance of risk tolerance and capital efficiency, while strategically allocating our management resources, has not changed.

Operating in the air transportation industry with high volatility, it is essential to keep a high level of risk tolerance for stable management. Therefore, we will initially prioritize a restructuring of our financial foundation such as a shareholder’s equity ratio of about 50% (based on credit rating evaluation), and zero net interesting-bearing debt by the end of 2025. Thereafter, as cash flow generation recovers, we will move on to a new phase where capital allocation will be gradually directed toward shareholder returns and investment for sustainable growth. Through these initiatives, we will strive toward sustainable growth and long-term increase of corporate value.

We position shareholder returns to be one of the most important management matters and will aim to resume year-end dividends for FY2022. Finally, we will promote and accelerate the management strategy of achieving sustainable growth with ESG placed at the core.

Restructuring of Financial Foundation

Strategically allocate resources to build risk tolerance and capital efficiency



*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

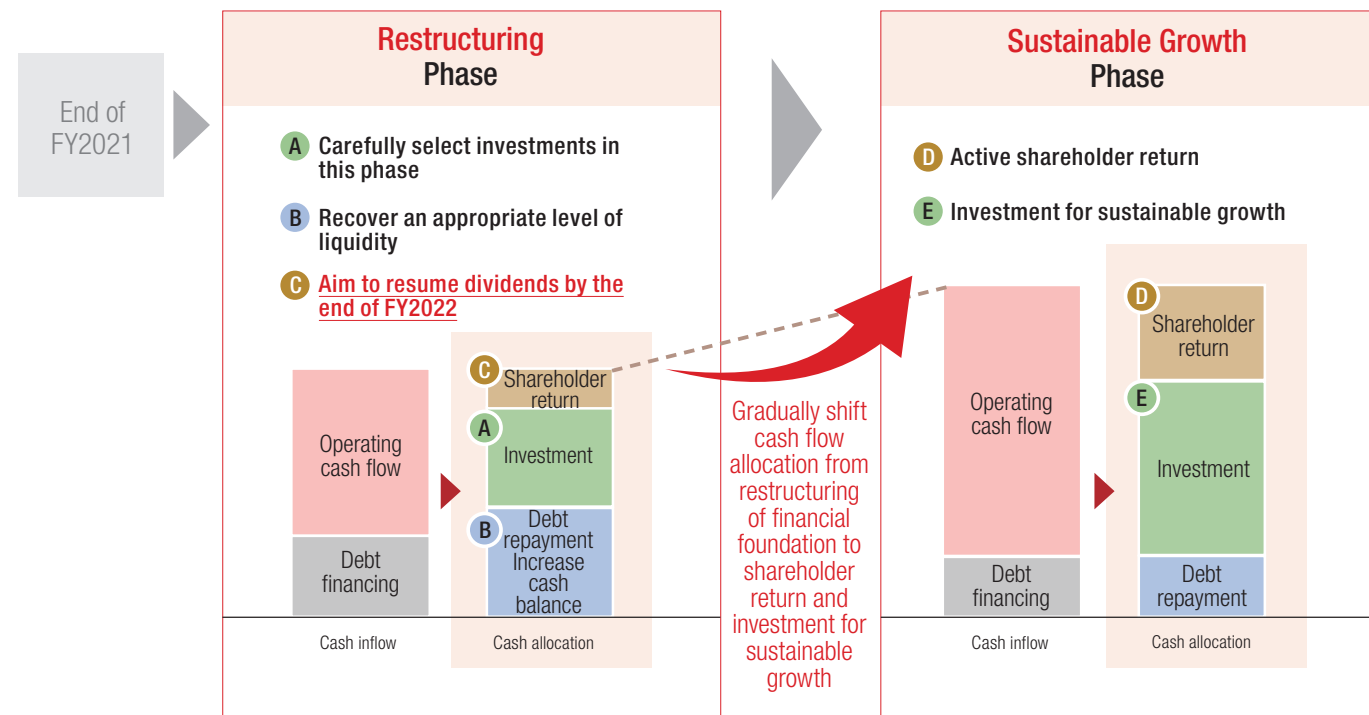
Given our experiences with the COVID-19 pandemic, we will prioritize restructuring our financial foundation for increased risk tolerance, then transition to the phase of shareholder returns and active investment of management resources toward sustainable growth.

In terms of liquidity at hand, we will secure 5.0~5.6 months’ worth of passenger revenue in order to tolerate large-scale pandemics like the COVID-19 pandemic. To increase capital efficiency, committed credit lines will also be utilized. In addition, a healthy financial structure and increased fund-raising ability will be aimed through a shareholder’s equity ratio of 50% (based on credit rating evaluation), and zero net interesting-bearing debt by the end of 2025. In terms of credit rating, “A” will be aimed.

On the other hand, improved capital/asset efficiency of 9% ROIC and 10% ROE will be aimed for increased efficiency of management. By improving capital efficiency, we will strive toward management that will meet the expectations of our stakeholders.

Toward Investment for Growth and Shareholder Returns

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



In terms of cash flow distribution, the “Financial foundation restructuring phase” that prioritizes the restructuring of financial foundation will be gradually shifted to the “Sustainable growth phase” that strengthens shareholders returns and investment for sustainable growth.

In the “Financial foundation restructuring phase”, cash flow distribution will be conducted with priority on liquidity at hand and debt repayment, toward increased risk tolerance and early improvement of financial structure. During this phase, investments will be conducted through careful analysis, and resumption of year-end dividends for the FY2022 will be aimed.

Thereafter, as passenger demand recovers and cash flow improves through structural reform, we will shift to the “Sustainable growth phase” to gradually shift focus to shareholder return and investment toward sustainable growth.

In terms of shareholder returns, we plan to achieve a stable dividend payout ratio of more than about 35% and improve the total payout ratio through flexible buyback.

In the “Sustainable growth phase”, we will continue to conduct disciplined investment with ROIC and mid/long-term improvement of corporate value placed at the core.

Topic

Discussion with our shareholders

We proactively provide opportunities for analysts of security companies and institutional investors to have discussions with our president, executive vice president, CFO, and others in the form of 1-on-1 as well as large meetings. In addition, we conduct events directed towards investors such as IR DAY and CEO/CFO Small Meetings.

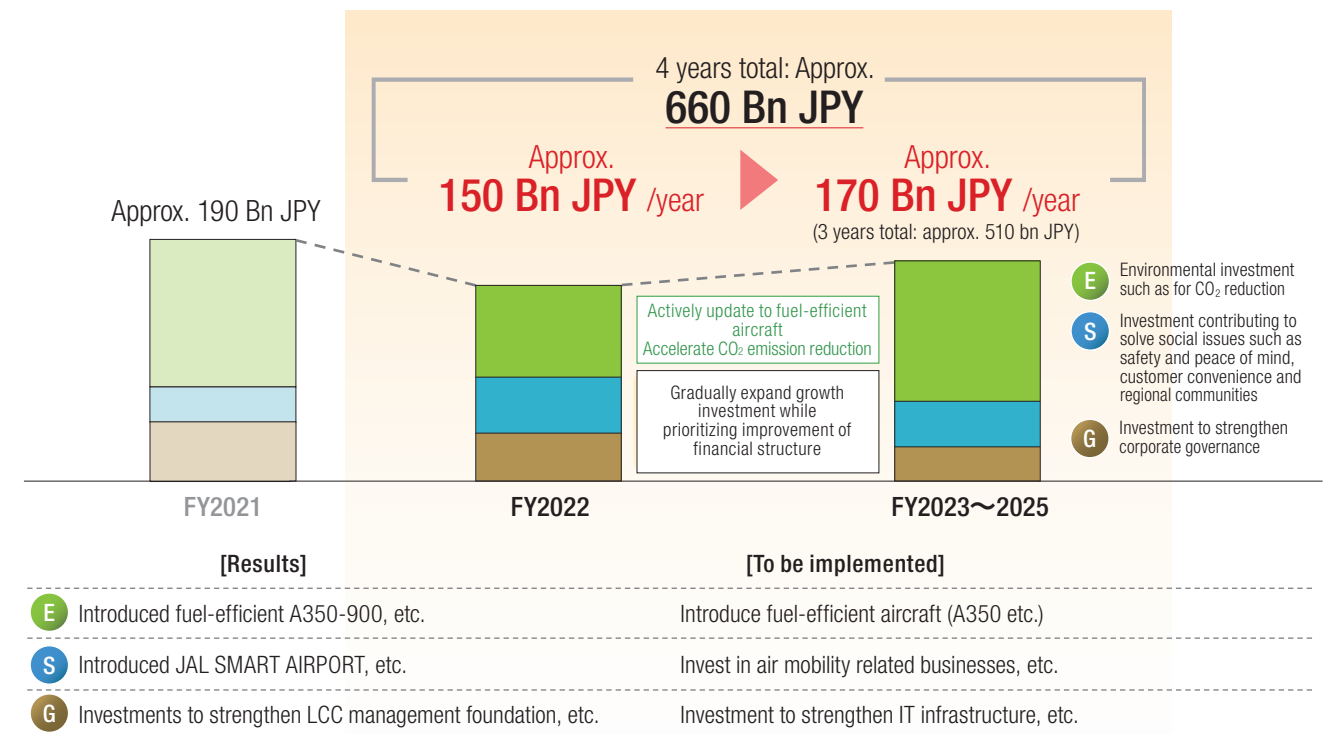
In “IR DAY” conducted in May 2022, we provided the opportunity for investors to discuss the “JAL Group FY2021-2025 Medium Term Management Plan Rolling plan 2022” with 11 executive officers including the CEO. Continuing from last year, Outside Director HATCHOJI Sonoko joined the session to discuss corporate governance, allowing the understanding of the JAL Group from various perspectives.

In the “CEO Small Meeting” held in June 2022, active discussion was held between our investors and President AKASAKA about the “ESG Strategy” that is placed at the core of the “FY2021-2025 Medium Term Management Plan Rolling Plan 2022”.



Investment Strategy

All investments are to drive ESG management



The JAL Group considers all investments are to drive ESG management, and will steadily conduct investments belonging to the areas of “E”, “S” and “G”. The planned investment for the four years from 2022 to 2025 is 660 billion yen and will be conducted under disciplined investment management.

Investment for

E Introduction of fuel-efficient aircraft such as the A350 will contribute to a reduction of CO₂ emissions, as well as investment for SAF.

Investment for

S Investment for “safety and peace of mind” is a social responsibility to the JAL Group, for improvement of convenience/comfortability for our customers and toward air mobility that will contribute to a new foundation of society.

Investment for

G Investment for stable management of the JAL Group, to strengthen information security and to strengthen BCP.

The JAL Group will promote ESG management by steadily investing toward the areas of “E”, “S” and “G”. If performance recovers and cash flow creation improves higher than planned, enhanced shareholder returns and increased volumes of investment for sustainable growth will be conducted.