

3

Strategies for Each Business

(Business Strategy)

What We Want to Convey in This Chapter

- Strategies and progress in each business to realize our medium- and long-term management strategies
- Aircraft fleet plan to achieve both competitiveness and sustainability for growth in the aviation sector



Photography by ABIKO Sachie

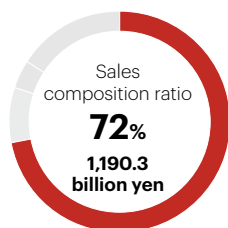
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FSC

➡ p.51

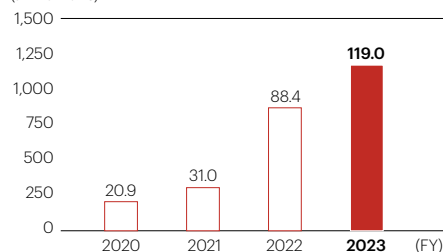


Strengths

- High environmental performance of state-of-the-art fuel-efficient aircraft
- Competitiveness of products and services at airports and in cabins
- Stable and highly productive operating structure capable of responding to increased demand

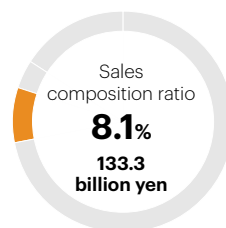
Net Sales

(JPY billions)



Cargo and Mail

➡ p.57

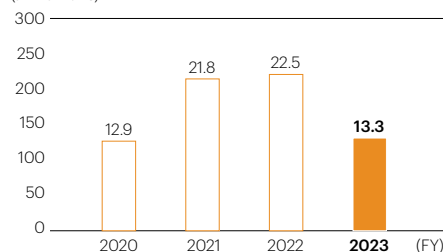


Strengths

- High-quality transportation for high-value-added cargo
- Create optimal route network by combining the supply of our own passenger belly cargo compartments and our own freighters
- Stable development of our freighter business with limited business risk based on continuously growing demand such as international express and e-commerce through strong partnerships with major logistics partners

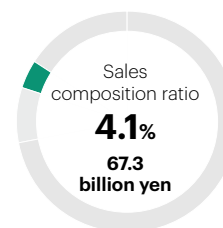
Net Sales

(JPY billions)



LCC

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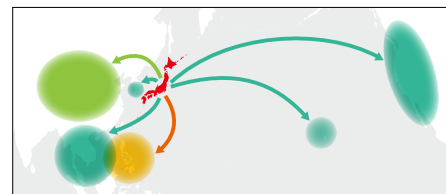
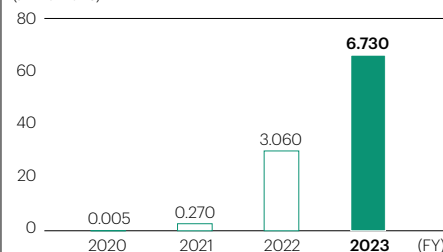


Strengths

- Each of the three companies has its own unique network
- ZIPAIR: Uniqueness as a medium- and long-haul international LCC
- “SPRING JAPAN” China-specific LCC
- Jetstar Japan: Narita’s NO.1 international flight network

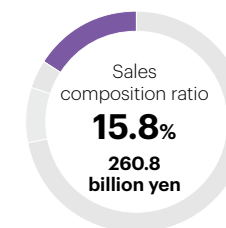
Net Sales

(JPY billions)



Mileage, Lifestyle and Infrastructure

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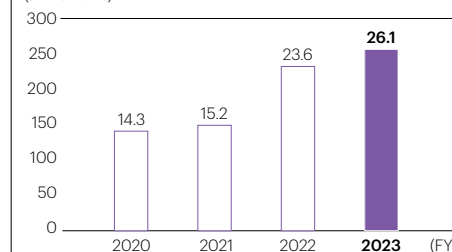


Strengths

- Miles / Finance & Commerce
Priceless Awards Expanding Beyond Aviation
- Infrastructure (Air Mobility)
Know-how for all operations to support social implementation
- Infrastructure (Ground Handling)
High handling quality and stable operation system

Net Sales

(JPY billions)



“Maintain and expand networks while reducing environmental impact by introducing fuel-efficient aircraft, and stimulate interacting community”

Business Environment

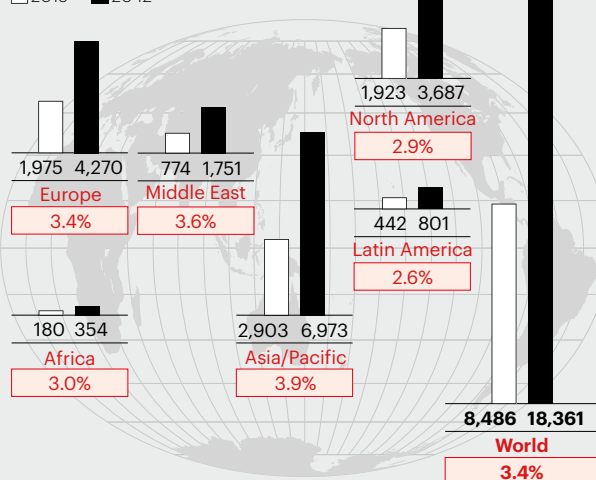
Growth Opportunities	Risks
<ul style="list-style-type: none"> • Further expansion of a strong inbound demand • “Increase in demand between North America and Southeast Asia.” • Expansion of route network through partnerships and code-sharing • Technological advances to improve productivity efficiency 	<ul style="list-style-type: none"> • Delayed recovery of outbound demand from Japan • High increase from foreign currency exchange and rising prices • Instability of the global situation, especially in Europe • Effects to flight operations from natural disasters, terrorism, infectious diseases, and large-scale accidents

Forecast of Air Transport Demand

□ Average annual growth rate 2019-2042

Revenue passenger kilometers (RPK) (Billion km)

□ 2019 ■ 2042



Source: Japan Aircraft Development Corporation (JADC)

Medium-Term Strategy for FY2025

The FSC business offers high-quality products and services and a highly convenient network, and operates its flights based on the strengths of each company according to the scale of demand and route characteristics. In addition, by deepening partnerships with partner airlines, FSC is building a route network that is indispensable for business, tourism, and even daily life, connecting the world and Japan, cities and regions, and contributing to the revitalization of human flow and logistics.

Furthermore, we will promote the introduction of fuel-efficient aircraft, and promote initiatives to reduce environmental impact, such as the total elimination of single-use plastics derived from new petroleum in inflight services and lounges by FY2025.

To strengthen our competitiveness, we will provide customers' safety and peace of mind and stress-free service by offering a stress-free digital experience and expanding the number of airports where JAL SMART SECURITY, which further

strengthens aviation security and reduces waiting time for inspection, will be introduced.

On international routes, we will strengthen our efforts to capture inbound demand, which is expected to grow, and accelerate efforts to reach the Japanese government's target of 60 million total passengers visiting Japan by 2030.

On domestic routes, we will counteract rising costs due to price hikes, market conditions, and exchange rates by continuously improving unit prices, including the provision of pay-as-you-go options, and by increasing productivity through the use of DX and other measures, in order to build a stable business potential. In addition, we will promote the creation of new domestic human flows, such as the promotion of inbound travelers to local regions and new tourism, in order to increase revenues.

Progress Toward Achieving FY2025 Targets

FY2023

Accelerate efforts to reduce environmental impact and restore and expand demand

- Route network expansion in response to demand recovery
- Improve preference for fuel-efficient aircraft by deploying Airbus A350s
- Promote development and provision of products and services that reduce environmental impact
- Further promote ESG strategies by leveraging alliances and joint business

FY2024

Strengthen efforts to capture strong inbound demand and promote measures to respond to high costs

- Strengthen efforts to capture inbound demand
- Promote business structure reforms to counteract rising prices, yen depreciation, and other cost increases
- Promote introduction of Airbus A350-1000
- Provide stress-free travel
- Promote productivity improvement through the use of DX

FY2025 Targets

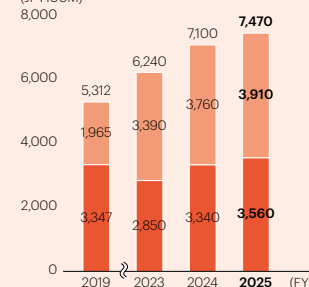
Sales

FSC Business Sales

International Passengers

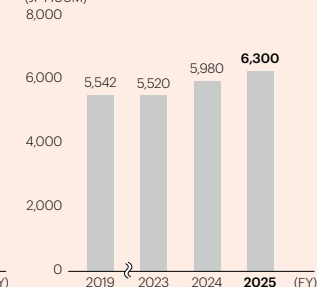
■ Japan Region ■ Regions outside Japan

(JPY100M)



Domestic Passengers

(JPY100M)



	Market Environment	Initiatives and Results
International Flights	<ul style="list-style-type: none"> • Demand from overseas tourists is strong for inbound and transit demand between North America and Asia. Continued expansion is expected. • Demand to and from Japan is slow to recover due to the impact of the weak yen and rising prices. • Unit price is expected to remain steady, especially for flights from overseas. 	<p>Route network expansion in response to changes in demand after the COVID-19 pandemic</p> <p>On international flights, we will continue to capture strong inbound demand and increasing in demand between North America and Southeast Asia, and in January 2024, we will introduce a new aircraft, the Airbus A350-1000, which will begin service on the Haneda-New York route.</p> <p>The new service concept is Airlines for the Future. Under the concept of Design Your Story, in which each customer designs their own way of traveling from the beginning to the end of the journey, we will respond to diverse customer needs and strengthen our competitiveness. In addition, we aim to build a network of convenience by deepening partnerships with joint business partners and expanding new code-sharing opportunities to increase customer choices. We will strive to improve JAL brand recognition in regions outside Japan, particularly in North America and Asia, and further increase inbound demand.</p> <p>First direct flight by a Japanese airline to Doha in the Middle East</p> <p>Beginning with the summer flight schedule of 2024, JAL will launch a new route between Haneda and Doha, the first nonstop flight by a Japanese airline to the Middle East. Using the international route network of Qatar Airways, a member of the oneworld alliance, we will expand our network to conveniently travel from Doha to the Middle East, Africa, and South America.</p>
Domestic Flights	<ul style="list-style-type: none"> • Business demand is expected to recover to 80 percent of CY19* levels • Tourism demand is expected to gradually recover to CY19 levels • Unit price is expected to be 120 percent of CY19 level in FY25 	<p>Building a sustainable network that contributes to the creation of interacting community</p> <p>On domestic routes, although business demand will fall below the pre-COVID-19 pandemic level due to factors such as the establishment of remote conferences, we will work to capture passenger demand on par with pre-COVID-19 pandemic levels by creating new flows of people and expanding inbound passenger traffic to regional areas.</p> <p>As an important infrastructure supporting society, we will make maximum use of the resources of Group companies to maintain and optimize our route network, create travel demand, and create and promote regional attractions.</p> <p>The five EAS LLP airlines are JAL, ANA, and Japan Air Commuter Co., Ltd. (JAC), Amakusa Airlines Co. Ltd. (AMX) and Oriental Air Bridge Co., Ltd. (ORC), the three regional airlines in Kyushu that have outlying island routes, and will contribute to regional revitalization by creating a flow of people between cities and outlying islands.</p> <p>Opening new routes to support regional development</p> <p>In the winter timetable of 2023, we opened the Sapporo (Okadama) to Nemuro-Nakashibetsu route, the first new JAL Group domestic route to a new airport in 12 years. We will contribute to the development of local corporate citizenship activities by enhancing local medical convenience while contributing to the promotion of local industry. By strengthening the connection between Sapporo, which supports medical care and disaster prevention, and the Nemuro area, including the town of Nakashibetsu, we will contribute to the development of local corporate citizenship activities by enhancing regional medical convenience while contributing to the promotion of local industries.</p>

*Calendar Year

Comment

The New Haneda to Doha Route, the First Direct Flight to the Middle East by a Japanese Airline

On March 31, 2024, JAL flew the Tokyo Haneda to Doha route, the first direct flight for a Japanese airline to the Middle East. Also from Doha, the route network of Qatar Airways, a oneworld alliance member, this has expanded the access to the Middle East, Africa, and South America. The process of establishing new service to Doha, a foreign land for JAL, involved countless preparations, including the opening of a branch office and filing various applications with local authorities. Different countries have different business customs, different public holidays, different food habits. Although there were many complications, we were overjoyed when preparations were perfected and the first flight on the day finally went off without any difficulties.

Doha, the capital of Qatar, is well known as a transit point, but in fact it is a fascinating city that combines tradition and modernity, which is rare in the world.

Through the Haneda to Doha route, JAL will not only help more people experience the charm of Qatar, but also contribute to the promotion of exchange between Japan and countries in the Middle East, Africa, and South America, where further growth is expected in the future.



KAWAZU Haruka
Airline Partnership
Strategy Department
Senior Staff of Partnership
Promotion Group

Special Feature 1

Introducing Our New A350-1000 International Aircraft

In light of the changing values in our society, we aim to enhance the value of our products and services from an ESG perspective. As part of this effort, we developed products and services for JAL's international Airbus A350-1000 flights. Under the concept of "Design Your Story", we expanded the options available so that our customers, regardless of gender, age, travel purpose or preferences, can design an experience that matches their own values. In addition to comfort and personalization, we also focus on sustainability and removing barriers to accessibility. We will create comfortable experiences that will lead to the future of air travel, in partnership with our customers.

An experience tailored to each customer

JAL's largest, most comfortable personal space to date

To spend the best ever comfortable and relaxing experience, we designed the seats in all classes.

Aiming to create a space where passengers can unwind, we emphasize personal space for a stress-free experience even on long flights. In For the first time, JAL is introducing fully private rooms in our Business Class cabin. In Premium Economy Class, the reclining function is automatically operated for the first time in the world allowing you to stay comfortable, aiming to improve preference with the most advanced and overwhelming quality.



First Class is limited to six seats. We seek to immerse our customers in the highest level of Japanese hospitality. With this in mind, we have developed a luxurious and spacious environment for our guests. Designed with high individual walls, your personal space opens up and features a large sofa that feels like you're relaxing in your own private living room.

New doors create a luxurious private space with more comfort than ever before. The featured seating reclines into a fully-flat bed that is more than 10 cm longer than conventional beds. Additionally, built-in speakers in every seat provide the option to enjoy a new inflight entertainment experience without headphones.

Inflight meals designed for well-being

We have expanded our inflight meal lineup through reservations to meet the preferences of all types of customers. In particular, the demand for special meals has increased due to the growing inbound tourists. In First Class and Business Class, vegan and vegetarian menus were renewed under the supervision of Chef YONEZAWA Fumio to develop healthy and delicious inflight meals. In Premium Economy and Economy Class, we commenced the service of upgraded paid inflight meal. We also contribute to reduce food waste by increasing the percentage of advanced reservations.



Enjoy a course-style menu crafted by Chef Fumio Yonezawa with a focus on food sustainability. Chef Yonezawa is dedicated to creating dishes that bring a smile to your face.

Paid Exclusive Meal in Premium Economy and Economy Class. Choose from Japanese or European cuisine.

*Advanced reservations are required Please check the JAL website for the international routes providing this service and how to reserve your meal.

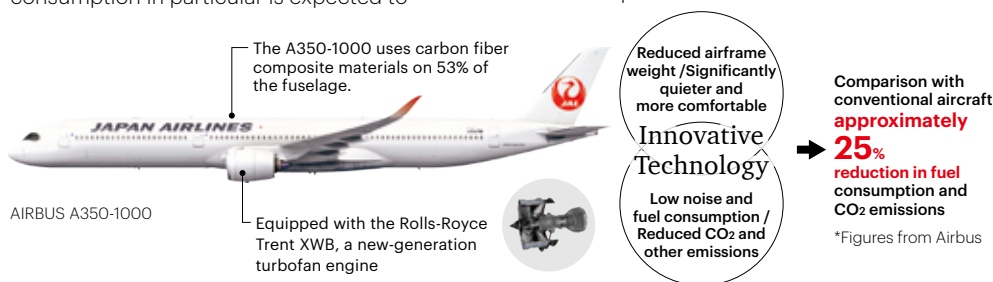


Sustainability

State-of-the-art technology reduces environmental impact

By combining innovative technologies, the A350-1000 achieves a significant reduction in noise and improved fuel consumption compared to aircraft of the same size. Fuel consumption in particular is expected to

improve by approximately 15-25%, contributing significantly to the reduction of CO₂ and other emissions. By systematically upgrading to newer models in the future, we will continue to contribute not only to improved comfort for our customers but also to reduced environmental impact.



All inflight supplies to be plastic-free

We are attempting to eliminate all new petroleum-based all single-use plastic products provided to our customers at cabins and lounges by 2025. On our meal tray, materials used for disposal containers and lids have been changing, and this time changed the packaging materials to plant-based materials for cutlery in Economy Class on our flights departing from Haneda and Narita, in addition to flights departing from overseas.



Packaging for Premium Economy and cutlery

Communicating diverse values through art

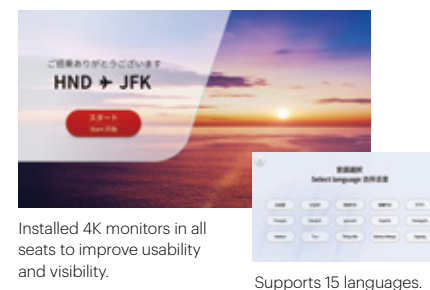
In collaboration with HERALBONY, an art agency creating a new culture and challenging preconceptions of disability through art, we use artwork by contracted artists on amenity kits and inflight meal containers. By creating social connections through these projects, we are to realize a society in which people can respect each other's diverse values.



Business Class Amenities

A pleasant visual and audio experience for all customers

The number of supported languages has been expanded to 15, and usability has been improved so that all customers can comfortably enjoy movies and music without stress. Various visual support functions, such as screen magnification and color correction, have been introduced to make it easier for people with disabilities to use the service. New accessibility settings, including a text-to-speech function, will be introduced in the future.



Comment

JAL International Airbus A350-1000 Created by a Team

The Airbus A350-1000 aircraft project started in 2018 and took about five years to launch. Under "Design Your Story," each service was renewed with our passionate wish to "make every passenger safe, peace of mind and more comfortable, regardless of their travel objectives and needs.

Also, related to the in-flight amenities, we have introduced new relaxing wear in the Business Class so that customers can have a comfortable flight. The "Brand-new-relaxing wear" spec details were carefully selected so anyone can use them without stress.

For example, we designed "a pullover-style robe" to make it feel just like home, and it is possible to change clothes in their own seats, thereby creating a private cabin environment.

For comfort, we embraced thin, light, soft, highly absorbent and heat-retentive "Airy Touch" towels made by the long-established towel manufacturer UCHINO.

It was quite emotional to see how much our customers were looking forward to the first launch. We will continue to develop and improve our outstanding products to meet the diverse needs of our customers.



SATO Nanako
Supply-chain Management Group
Catering Administration Office
Products and Services Development Department

Creating a new flow of people through agile business development in response to the market.

Business Environment

Growth Opportunities

- Increase in inbound demand due to increase in tourists
- Increase in VFR* demand due to increase in non-Japanese residents

Risks

- Structural cost increases due to the impact of yen depreciation and price hikes
- Fluctuations in jet fuel market prices
- Shortage of human resources for ground handling and other outsourcing companies

*Visit Friends and Relatives

JAL Group LCC Route Network



Medium-term Strategy towards FY2025

In the growing market where the needs are changing, the three LCCs will create a new flow of people and build relationships and societal connections by offering more options to meet the diverse needs and making air travel more accessible in terms of route and price. Furthermore, we will achieve high profitability and expand the scale of our business potential by expanding

inbound travel and creating demand for connecting flights through Narita Airport as the hub airport, where the three JAL Group LCCs are based.

In addition, through the collaboration with JAL, the LCCs aim to improve customer recognition and convenience by strengthening sales and enhancing brand power.

Progress Towards Achieving FY2025 Targets



FY2023

Stabilization of the three LCC business bases and steady route re-deployment

Number of aircraft: 14 aircraft (ZIPAIR: 8 aircraft SPRING JAPAN: 6 aircraft)
Number of routes served: 15 routes (ZIPAIR: 9 routes, SPRING JAPAN: 6 routes)

- Route network expansion with three new North American and Asian routes

- Stabilize revenue and expense plan by realizing agile Flight Frequency and Fleet Plan, and route network expansion on the China route

- Strengthening competitiveness and reducing environmental impact by introducing the Airbus A321LR

*Excluding Jetstar Japan
Excluding freighters

FY2024

Achieve high profitability through aggressive international route development

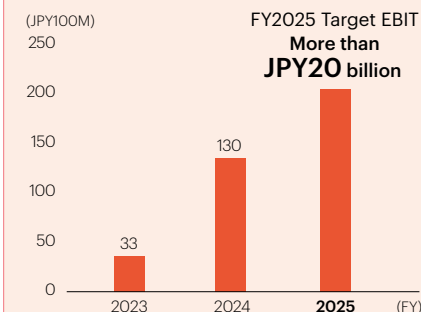
- Establish production system and develop new routes and services for further growth

- Further route network expansion and production system for China routes

- Secure inbound demand through expansion of international route network

FY2025 Target

Profit Target (EBIT)



*Total of EBIT of two (ZIPAIR and SPRING JAPAN) consolidated subsidiaries plus equity income of Jetstar Japan, an equity-method affiliate

	Market Environment	Initiatives and Results
ZIPAIR	<ul style="list-style-type: none"> Recovery of demand for international flights 	<p>Expansion of route network and improvement of profitability</p> <p>Although outbound demand is slow to recover due to the impact of the weak yen and other factors, inbound demand remains strong. In FY2023, three new aircraft was introduced, and airline network was expanded with three new routes to San Francisco, Manila, and Vancouver.</p> <p>We will continue to improve profitability by developing new routes and services, while building a production system for further growth.</p>
SPRING JAPAN	<ul style="list-style-type: none"> Recovery of inbound demand from China 	<p>Expansion of China route network</p> <p>With the gradual easing of immigration restrictions on China routes, we resumed the Narita to Shanghai (Pudong) route in December 2023 for the first time in three years and eight months.</p> <p>We will continue to contribute to the expansion of inbound travel from China, which is expected to grow, by expanding our network to China's major cities and rural areas as the market recovers on Japan-China routes. We will contribute to expand the inbound traffic from China, which is expected to grow, by leveraging the sales and brand power of Spring Airlines Group, which is the largest LCC in China and is highly recognized and competitive in the country.</p>
Jetstar Japan	<ul style="list-style-type: none"> Expand inbound demand 	<p>Expanding the international route network</p> <p>In December 2023, we expanded new domestic route networks in Narita to Asahikawa and resumed international services on the Narita to Shanghai (Pudong) route in order to capture domestic tourism and inbound demand.</p> <p>We will continue to capture the recovering domestic tourism demand and lead the growth of the domestic LCC market centered around the Tokyo metropolitan area. Additionally, we aim to gradually resume international flights to capture the strong inbound demand from Asia. We will also strive to improve our competitive advantage by introducing the latest environmentally friendly A321neo aircraft, which will improve fuel consumption efficiency and increase the cruising range of our aircraft.</p>

Comment

The One and Only Airline

At ZIPAIR Tokyo, where our employees work both as cabin crew and ground staff, we aim to be the one and only airline. In addition to cabin duties, I am also responsible for ground operations and training new and existing employees as an instructor.

When I joined the airline, I wanted to provide better services to our customers by breaking down the barriers between the cabin crew and ground staff while learning each other's duties. In the process of balancing both jobs, I have been able to make great use of the knowledge which I have gained from each job. For example, when I am asked at the check-in counter about the timing of inflight meal services, I can confidently answer the question based on my knowledge and experience as a cabin crew. In this way, I can provide services that other airlines do not offer based on my individual skills. Sharing information with other colleagues create in-depth communication that leads to meticulous services. Being an LCC does not limit the services, as there are many services we can provide, because we are ZIPAIR Tokyo, the New Basic Airline. I believe that it is part of my duty to convey these services to my colleagues. Please keep an eye on ZIPAIR Tokyo as it continues to evolve.



AOYAGI Yumi
ZIPAIR Tokyo Corporation
Passenger Operation Team

We aim to resolve issues in the logistics industry by leveraging the advantages of our air transportation and create a sustainable logistics network.

Business Environment

Growth Opportunities

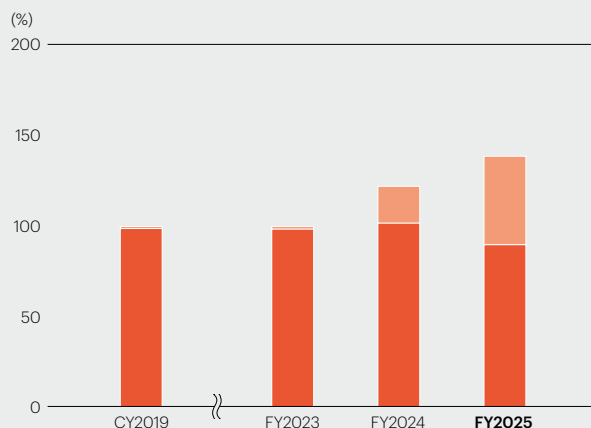
- Expansion of international express/e-commerce market
- Expansion of pharmaceuticals and Japanese regional products/fresh products transportation volume
- Modal shift from truck-based ground transportation due to the 2024 Issue

Risks

- Delay in recovery of Japan IN/OUT and domestic cargo demand

Capacity(vs CY2019)

- Weight supply (passenger aircraft belly)
- Weight supply (freighters)



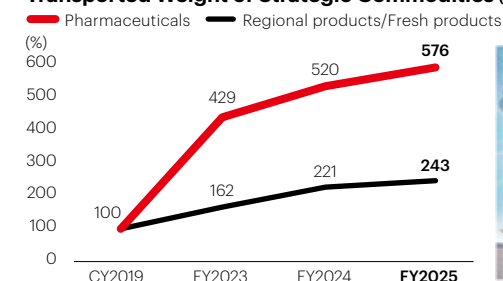
Medium-term Strategy Towards FY2025

In our freighter business, we will expand supply by introducing our own freighters. Also, we will utilize other companies' aircrafts to long-haul routes in Europe, the U.S., and other countries. Utilizing those supply combination, we will establish an agile and flexible flight plan strategy. In addition, as a challenge for our business growth, we will develop a new business model (a network strategy based on stable demand, which is different from the current strategy) through strong partnerships with major logistics companies and meet new customer needs.

We will build and strengthen an optimal route network for growing international express and e-commerce demand, and for resolving domestic "2024 Issue". Our strategy will also contribute to resolving social issues as a high-quality social and economic logistics infrastructure, and achieve our sustainable growth.

We have been focused on some commodities as our strategic commodities, such as pharmaceuticals, Japanese regional products, fresh products, international express and e-commerce. We maximize cargo transportation volume, taking advantage of air transportation and JAL Group's high transportation quality in addition to expand handling facilities.

Transported Weight of Strategic Commodities (compared to CY2019)



Progress Towards Achieving FY2025 Targets

FY2023

Focused on our strategic commodities cargo and secured revenues significantly higher than before COVID-19

- Maximize cargo weight, especially of our strategic commodities such as pharmaceuticals, despite difficult market conditions
- Commencement of our own 767 freighter operations from February 2024, focusing on East Asia routes with strong demand for International express and e-commerce

FY2024

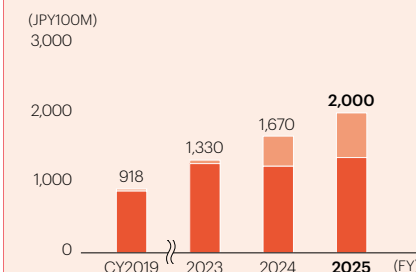
Expanding freighter business and strengthening transportation of strategic commodities to achieve our business growth



- Establish and enhance an optimal route network for intra-Asia and Asia-Europe/U.S. route network by combining capacity of our passenger aircraft belly with our own freighters
- Expand transportation of strategic commodities, such as pharmaceuticals, fresh products and International express, taking advantage of air transportation
- Strengthen facilities and quality to expand pharmaceutical transportation

FY2025 Target

Sales

- Passenger aircraft belly
- Freighters



	Market Environment	Initiatives and Results
International Cargo	<ul style="list-style-type: none"> • Delayed recovery of Japan IN/OUT cargo demand • Strong cargo demand of International express and e-commerce in East Asia 	<p>In a difficult market environment, the Group focused on strategic commodities and achieved revenue exceeding the pre-COVID-19 pandemic levels.</p> <p>Under delayed recovery of Japan IN/OUT cargo demand, we strove to capture demand between Asia/China and North America, focusing on strategic commodities, such as pharmaceuticals and fresh products. Both cargo weight and unit price exceeded levels (weight+7%, unit price+57%), and revenues were significantly higher as well.</p> <p>Commenced operation of Boeing 767-300ER freighter, challenging new freighter business.</p> <p>In February 2024, we commenced our own Boeing 767-300ER freighter operation and as of August 2024, we are operating to Narita, Nagoya, Seoul, Taipei, and Shanghai. Based on our strong partnership with DHL express, a global logistics company, we strove to capture cargo demand in East Asia where International express and e-commerce demand is strong. We will respond to growing cargo demand of International express and e-commerce with a combination of our passenger aircraft belly and freighters. We will try to achieve sustainable growth of our Cargo and Mail business as a social and high quality logistics infrastructure.</p> 
Domestic Cargo	<ul style="list-style-type: none"> • Delayed recovery of Japan domestic cargo demand • Delayed return to air transport demand that has shifted to other modes of transport during the COVID-19 pandemic • The 2024 Issue 	<p>Recovery of domestic cargo demand has been slow and the market is sluggish. Maximize revenue by focusing on securing cargo weight.</p> <p>In addition to the delayed recovery of Japan domestic cargo demand, the return to air transportation that shifted to other modes during the COVID-19 pandemic remained still lower. Under those challenging market environments, we focused on shifting demand from other modes to encourage the return of air transportation and achieved a higher cargo weight than the previous YoY (+2% YoY). We will continue to secure cargo weight and maximize revenue.</p> <p>To establish a sustainable and robust logistics network using freighters in response to environmental changes.</p> <p>In response to the 2024 Issue (concerns about the decline in ground transportation capacity, mainly trucks, among others), the JAL Group and the Yamato Group have collaborated to launch freighter operations in April 2024 as a new means of transportation. As of August 2024, we operate between Narita, Haneda, Shin-Chitose, Kitakyushu, and Okinawa. Through utilizing our freighter, we will secure stable transportation capacity and expand domestic logistics networks, and provide added value such as speedy transportation. Our freighter business will contribute to Japan regional development and enhance our corporate value.</p> 

Comment

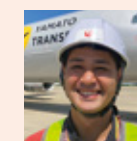
Re-launching Our Own Freight Business After 13 Years and New partners

In preparation for re-launching our own freighters after a 13-year absence, we have been improving our skills while striving to acquire new knowledge in a series of handling operations from cargo acceptance to loading.

Veteran staffs who handled freighters 13 years ago led younger staffs and prepared well for the launch day of our freighters, including a renewal of the education and training curriculum.

Regarding domestic freighters operated together with Yamato Holdings, we established a handling system, leveraging the experiences of SPRING JAPAN and JAL Group companies. Toward the goal of flying domestic freighters, we overcame various challenges and created our handling services in cooperation with other companies. The services have become a new and valued asset for us.

We will continue our efforts to maintain and improve service quality, secure stable transportation capacity, and make group-wide efforts to solve social issues in logistics such as the 2024 Issue. We will continue to do our best for the future of our Cargo and Mail business with the majestic flight of our new freighters.



MARUYAMA Kazuki
JAL Cargo Handling
Section Chief

By allocating aircraft to growing areas and accelerating the renewal of fuel-efficient aircraft, we will maintain and expand the network and capacity while reducing our environmental impact and creating air transportation and societal connections.

Now Renewing to fuel-efficient Aircraft

In order to create air transportation and societal connections while reducing our environmental impact, we will accelerate the introduction of the next generation fuel-efficient aircraft to provide the best service to our customers while reducing CO₂ emissions. In the growing area of international flights, we will replace our existing Boeing 777, 767, and 737-800 aircraft with fuel-efficient aircraft such as the Boeing 787, Boeing 737-8, Airbus A350, and Airbus A321neo in order to expand the capacity. The aircraft renewal will improve fuel consumption per aircraft by approximately 20 percent compared to the existing fleet and will increase the ratio of fuel-efficient aircraft* to 76 percent by 2030.

Seventy-five aircraft to be introduced consisting of 21 Boeing 737-8, 10 Boeing 787-9, 33 Airbus A350, and 11 Airbus A321neo aircraft.

*Fuel-efficient aircraft: A350/787/A321neo/737-8

International

To achieve international network expansion and growth, we will increase and introduce larger aircraft mainly on routes to North America, Asia, and India, where future growth is expected. We will also expand the combined scale of our FSC and LCC operations by approximately 1.4 times in FY2030.

We will further promote the introduction

of the Airbus A350-1000, which began operating as the flagship fleet for international flights in FY2023. We will also introduce 20 new Airbus A350-900 aircraft, the main fleet for domestic flights, to international flights. An additional 10 Boeing 787-9 aircraft will be introduced for our international flights.

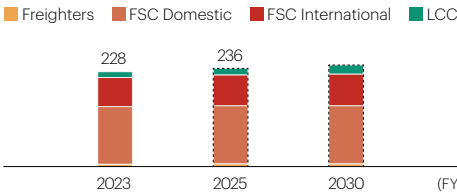
Domestic

JAL will enhance profitability by operating a sustainable fleet that meets the demand and environment. JAL will newly introduce 11 Airbus A321neo aircraft which will be introduced in 2028, mainly on routes to and from Haneda Airport. JAL will also consider the introduction of additional aircraft types to succeed the regional jets and propeller aircraft, depending on future demand trends in Japan.

Freighters

To meet the growing demand for express and e-commerce services, JAL will operate three Boeing 767BCF aircraft and three Airbus A321-200P2F aircraft as freighters.



Total Number of Aircraft



Future Fleet Plan

International



- Increase capacity (ASK) by approx. x1.4 (FSC/LCC) by increasing the number and size of aircraft
- Route network expansion with a focus on growth markets
- Focus on medium- and long-haul routes with large and medium-sized aircraft to improve profitability

Domestic

- Introduce two aircraft types (737-8/A321neo) of different sizes to improve profitability and fuel consumption by matching supply to market demand

	Current aircraft	▶	New aircraft
Medium size aircraft	767-300ER	▶	A321neo
Small size aircraft	737-800	▶	737-8






Freighters

- Agile and flexible supply through the introduction of freighters

A321P2F

767BCF

Breakdown of New Aircraft Types Scheduled for Introduction from Airbus and Boeing in the Future (as of March 31, 2024)

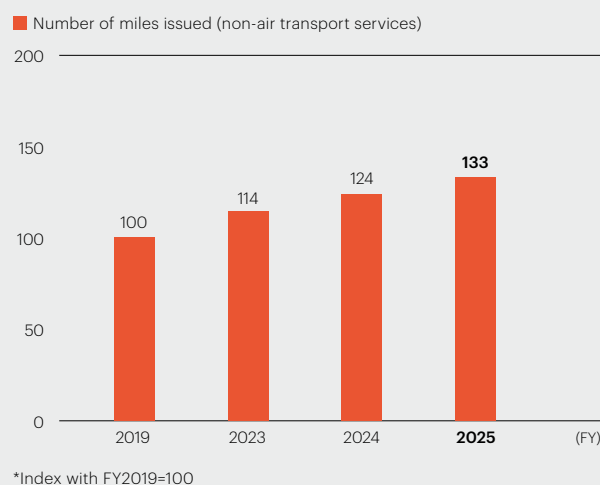
	Airbus A350-1000	Airbus A350-900	Boeing 787-9	Airbus A321neo	Boeing 737-8
International	Ten aircraft	Twenty aircraft From FY2027 onwards	Ten aircraft From FY2028 onwards		
Domestic		Three aircraft		Eleven aircraft From FY2028 onwards	Twenty-one aircraft From FY2026 onwards

The JAL Mileage Lifestyle helps to enrich the lives of our customers.

Business Environment

Growth Opportunities	Risks
<ul style="list-style-type: none"> Establish a digital communication infrastructure with mobile apps Penetration of cashless payment 	<ul style="list-style-type: none"> Establish a business model that is not dependent on air transport demand Differentiation from loyalty point providers by increasing the value of miles Differentiation through expansion of products and stores with high affinity to JMB members

Target for Miles Issued for non-air transport services



Medium-term Strategy towards FY2025

Further increase the value and attractiveness of miles and maximize revenue

Towards FY2025, we will further expand our mileage services and maximize revenues to establish a business model that does not rely on air transport demand, which was reaffirmed through the COVID-19 pandemic. In FY2023, we worked to improve customer convenience and build a communication infrastructure to promote the JAL Mileage Lifestyle, including the release of the JMB app, JAL Pay, and JAL Mall, as well as the launch of JAL Life Status Program, our new status program. In doing so, the JAL Mileage Lifestyle will continue to evolve into a service that allows our customers to earn miles not only from JAL flights

and JALCARD spending but also from JAL Pay and a wider variety of everyday situations - and then redeem those miles for not only award tickets but also priceless and special awards, such as tickets for sporting events with limited seating and hotel suite stays. Through the JAL Life Status Program, we aim to achieve our Medium-term plan by further expanding our customer base by reaching out to younger and less frequent air travelers in addition to heavy airline users.

Through these efforts, we will capture environmental changes such as the future nationwide penetration of cashless payment and the growth of the e-commerce market and achieve growth through the promotion of the JAL Mileage Lifestyle.

Progress towards Achieving FY2025 Targets

FY2023

Build a service platform including the JMB mobile app

- Establish a customer communication infrastructure (release of the JMB app)
- Strengthen the payment business (launch of JAL Pay)
- Expand the customer base and enhance awards for status members (launch of the JAL Life Status Program)
- Expand the e-commerce business by leveraging the membership base (launch of JAL Mall)

FY2024

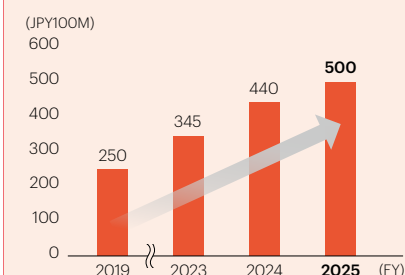
Promote JAL Mileage Life and achieve profit targets

- Expand the mileage lifestyle through sustainable award development and management (expanding the scenes in which miles can be earned in daily life and offering a mileage lifestyle in which miles can be redeemed for extraordinary experiences)
- Enhancement of services offered in exchange for miles for the sustainable development and management of extraordinary and priceless awards
- Strengthen profitability of the commerce business such as e-commerce, inflight sales, airport retail, etc.
- Further diversification of business

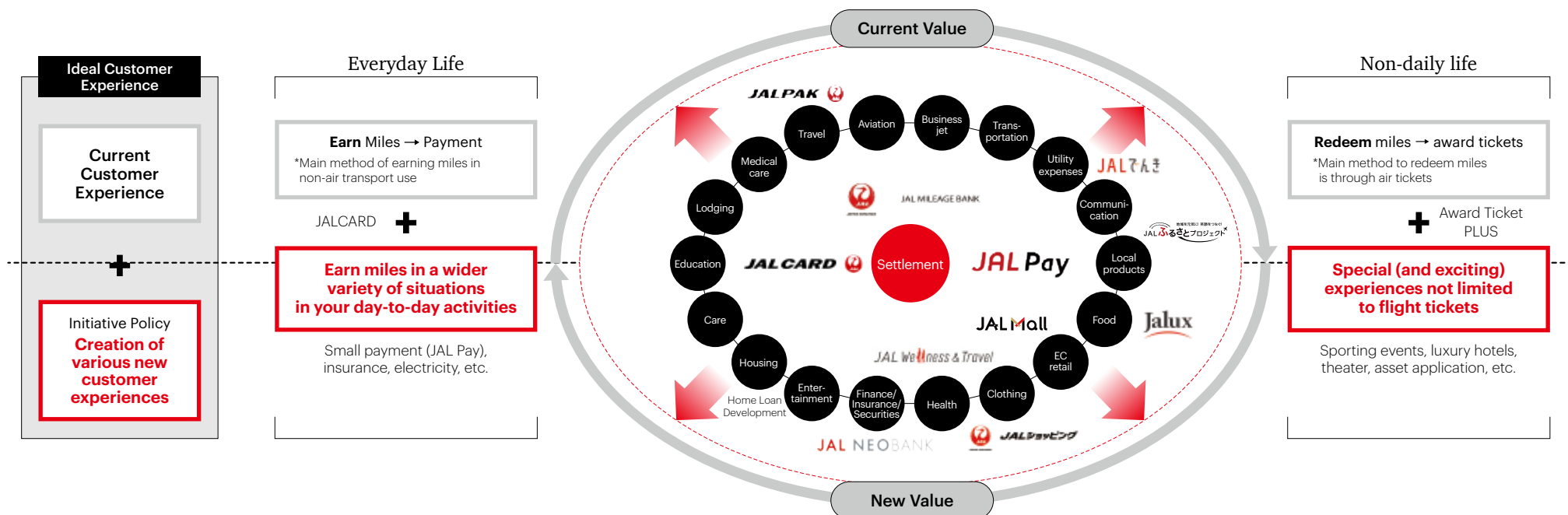
FY2025 Target

Profit Target (EBIT)

Achieve +100 percent growth over pre-COVID-19



In the promotion of the JAL Mileage Lifestyle, we will further expand the situations for issuing and redeeming miles by fully leveraging platforms such as the JMB app and the mileage partnerships that have been expanded to date. While increasing the situations to earn miles in everyday life such as with JAL Pay, more options other than award tickets will be offered to redeem miles, such as tickets for sporting events with limited seating, theater tickets, and other experiences (priceless awards). We will promote the value and attractiveness of miles in a way that has never been seen before.



Expand and raise awareness of the JAL Mileage Lifestyle

In addition to the products and services and programs released to date, new products and new partnerships for miles will be accelerated in FY2024 and beyond. We will also combine platforms such as the new status program and the JMB app to maximize the value and attractiveness of the JAL Mileage Lifestyle, in order to increase recognition and maximize earnings.

Sustainable development and management of Priceless Awards

In addition to the JAL Premium Experience Awards offered in exchange for miles, a system will be established to further enhance mileage awards in cooperation with partner companies and other divisions.

Expand the Commerce Business

We aim to achieve growth in the commerce business by strengthening our product capabilities and data analysis to meet customer needs, while building a solid business structure that is not affected by air transport demand.

Diversifying Business

Consider and implement strategies to not only expand the existing mileage commerce business, but also to further diversify the business portfolio, including strengthening the financial domain, in order to expand the revenue base and mileage awards.

Contribute to a tourism-oriented nation by creating an inflow of people and goods logistics to Japan.
Pursuit of further quality and profit increase as a leading company in outsourced contracting.

Business Environment

Growth Opportunities

- Increase in inbound demand and government promotion of acceptance
- Momentum to expand the ground handling industry, including the establishment of an industry association
- Expand the market for pharmaceutical transportation
- Changes and diversification in the aviation industry (drone logistics, practical application of EVTOL)

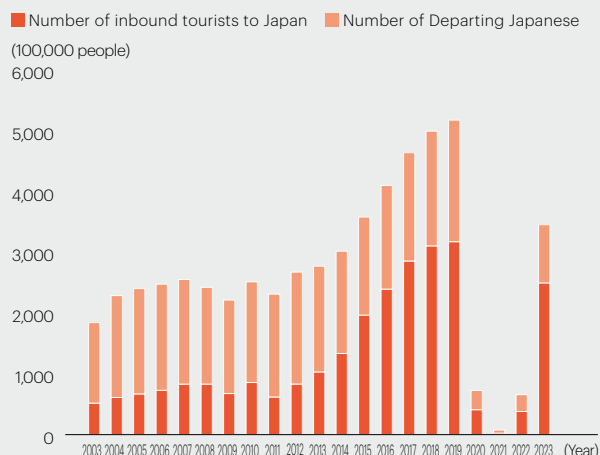
Risks

- Inadequate systems (personnel, equipment, airport facilities to name a few) to accommodate the expected growth of inbound demand
- Sudden reduction in demand due to event risks

Inbound Sales Increased Steadily.

The government target for 2030 is 60 million people.

Number of Inbound Tourists to Japan and Number of Departing Japanese



Medium-term Strategy Towards FY2025

Building a highly profitable structure and driving the Group's business restructuring.

Supported by the strong inbound demand, the number of foreign airlines operating flights to Japan has been steadily increasing. While positioning FY2024 as the growth phase, we will transform ourselves into a highly profitable business. We will take the following measures while maintaining our competitive advantage in the top-class service quality that supports the handling of JAL Group flights and the largest coverage network in Japan.

• Establish a production system to meet the strong demand

In order to promote the creation of a sustainable structure to prepare for the future decline in the workforce, we will improve productivity and quality by promoting the use of technology. We will also provide opportunities for a diverse range of human resources, including experienced workers and non-Japanese workers. At the

same time, we will work to create an environment in which employees can remain active for a long period of time, including compensation and other benefits.

• Early development of volatility risk response

In order to enhance volatility to resist withdrawal of foreign airlines and event risks, we will proceed to expand the production system while reaching out to industry associations, local governments, and other stakeholders.

• Sales and marketing based on market needs

In order to increase revenues for the group as a whole, we will differentiate ourselves from competitors by setting the fees of our customer airlines that appropriately reflect market values. We will also offer comprehensive packages that straddle the three domains of airports, cargo, and maintenance, which are the unique strengths of airlines.

Progress Towards Achieving FY2025 Targets

FY2023

Profit target profit target and recovery and restructuring of the number of ground handling flights of the production system that decreased during the COVID-19 pandemic.

- Respond to requests for increased flights from the governments of Japan and China, local governments, and other stakeholders to the greatest extent possible
- Establish a system by developing outsourcing contractors at each airport.
- Implement price revisions to ensure a sustainable production system
- Participate in the Ground Handling Association
- Expand ground handling contracts for maintenance of engines, landing gear, and the like, and new businesses utilizing maintenance know-how

FY2024

Transition to a sustainable, highly profitable structure as we enter a growth phase

- Establishment of a public-private partnership to accommodate a greater number of flights than the number of flights during the pre-COVID19 era
- Further promotion of price revisions for foreign airlines
- Entry into new businesses such as contracted aircraft maintenance, component maintenance, and drone maintenance

FY2025 Target

Profit target number of flights commissioned



* Profit targets include profits from contracted maintenance and contracted freight services.

Provide New Value in Mobility that create connections and relationships.

Business Environment

Growth Opportunities	Risks
<ul style="list-style-type: none">• Expanding needs to various air transportation measures• Increase in demand to maintain transportation infrastructure• Advances in digital technology	<ul style="list-style-type: none">• Reduction of transportation infrastructure due to labor shortage (MaaS)• Delay in Cultivation of social acceptance and technical development

Creating New Mobility Value

Contribute to the maintenance and development of transportation infrastructure by integrating ground, and sky.

JAL maaS



Connect transportation by land

JAL Next-Generation AIR MOBILITY



Create a new means of transportation in the sky

Image of eVTOLs Source: Ministry of Economy, Trade and Industry website (https://www.meti.go.jp/policy/mono_info_service/mono/robot/aam_eng.html)

Medium-term Strategy towards FY2025

Deepening service integration to realize a new MaaS platform

Aim at realizing an optimal support (operation platform) for the air mobility business in order to operate drones and eVTOLs economically, safely and with peace of mind, utilizing JAL’s expertise in flight safety.

• Air Mobility

We established Amami Island Drone Co., Ltd. (AID), with the aim of solving social issues such as the aging population and depopulation in the region. From FY2024 drone operations (phase-free model) are to assist regular delivery of everyday goods to support the lifestyle in islands with measures during disasters in mind, active use of drones to assess damage through aerial photography and transport of relief supplies in the face of heightened disaster risk, and other services to


provide flight safety and peace of mind to achieve these goals.

In addition, preparations are underway with local governments and others for full-scale commercialization of the eVTOLs. In the future, a network of eVTOLs will be deployed in various regions, including multimodal transport from airports.

• JAL MaaS

In order to realize safety and peace of mind in air transportation that creates relationships and societal connections, we will expand JAL MaaS to provide seamless transportation for our customers from the point of origin to the point of destination by linking all modes of transportation. In the future, we aim to realize a revolution in air transportation, including a network of eVTOLs, that will meet the transportation needs of each individual customer.

Progress towards Achieving FY2025 Targets

FY2023	FY2024	FY2025
Establish an operational platform and expand the air mobility market		Realize a new MaaS platform Create transportation and travel-related services
<p>Air Mobility</p> <ul style="list-style-type: none">• Established Amami Island Drone Inc. (AID) and started Drone service in Setouchi Town.• Accelerated efforts towards the societal adoption of drones through a capital and business alliance with KDDI SmartDrone Corporation.• Conducted a trial of eVTOL operation <p>MaaS</p> <ul style="list-style-type: none">• Deepened MaaS services in cooperation with local and existing operators• Realized seamless travel, including the introduction of digital ticketing services	<p>Air Mobility</p> <ul style="list-style-type: none">• Provide services to support advanced drone operations, such as remote operation• Provide drone-based solutions to local governments and businesses to accelerate the use of drones.• Establish an eVTOL operation company with Sumitomo Corporation in preparation for commercialization. <p>MaaS</p> <ul style="list-style-type: none">• Further expansion of route search and digital ticket service.• Provide new MaaS peripheral businesses	<ul style="list-style-type: none">• Deepen cooperation between customers and local communities through the creation of new services 

Special Feature 2

Creating Flows of People and Commodity to Solve Social Issues

Creating Societal Connections between People and Goods through Community Revitalization Solutions

Evolution of Solution Sales, Creating Relationships and Societal Connections through Air Transportation

Toward the creation of relationships and societal connections, a theme we will address over the medium to long term, we will expand the flow of people, commodities, and logistics to create societal connections among people and goods in order to solve social issues, especially to revitalize local communities.

In FY2023, as the first year of solution sales, we took stock of the JAL Group's assets and created a framework for their utilization and were able to put proposal-based sales on a certain track, focusing on products such as education and training and business jets. Going forward, we will focus on three key areas: evolution of solution sales, creation of new flows of people and contribution to regional revitalization, and solving issues through new value creation through regional

products, in order to contribute to solving social issues faced by customers, regions, and companies, and to develop our business together with society.

Evolution of solution sales

As an example, we proceed to prepare specific assets for problem solving. In solution sales, each region sets up a set axis of issues and creates a story to solve the problem. For example, in the Tohoku region, we have established easy-to-understand axes such as creating liveliness, while in the Western Japan region, we have established eliminating overtourism, and we are preparing specific assets to solve these issues.

Resolving regional issues by promoting the flow of people

In addition to travel products that help solve

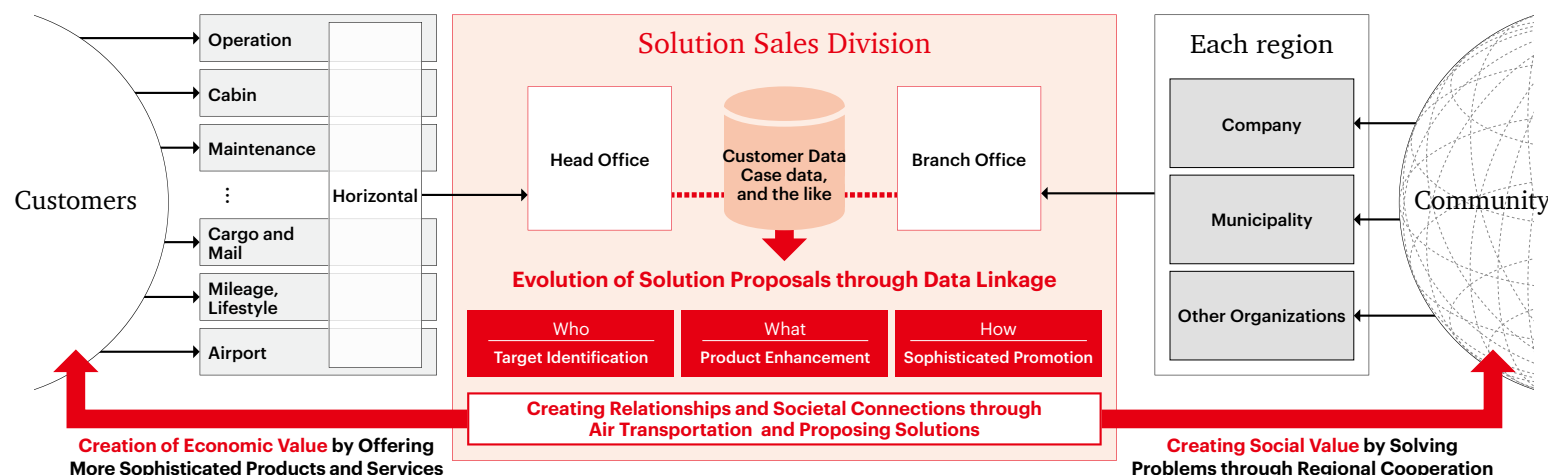
social issues, we will promote solutions to the issue of human resource shortages in the region and encounters between people and the region by matching regional needs with human resources in the metropolitan area. (See CASE 1 "JAL FURUSATO (hometown) Musubi")

Solving local issues through local products

Through the development of local products and the expansion of sales channels, we will discover and disseminate new values and attractions of the region. (See CASE 2 Yamagata Cherries.)



Solutions expansion conference



CASE 1 JAL FURUSATO (hometown)

A new platform to connect the region and the city.
Matching users who want to get involved with the community
and program owners who want to come to the community
in a variety of ways.

The JAL Group provides a platform to create opportunities for local communities and urban residents to engage with each other and to expand the associated demand, promoting in-depth experiences and exchanges that cannot be obtained through mere sightseeing trips. Over the past three years, we have implemented the Study Abroad in Agriculture and JAL FURUSATO (hometown) Working Holiday programs. These programs provide opportunities for those interested in immigrating, settling down, or becoming farmers with a two-week immigration experience, lectures on how to become a farmer, building relationships with the local community, and experience of local industry. In FY2024, we launched a new platform service called JAL FURUSATO (hometown) Musubi to connect local communities and urban areas as an extension of the

relationships, knowledge, and experiences gained through this program. This system provides information on a variety of programs, events, and personnel recruitment in the region so that users who want to visit the region and program owners who want to come to the region can be matched.



Image of "JAL FURUSATO (hometown) Musubi"

Issues	Solutions	Results
<ul style="list-style-type: none"> Shortage of labor due to declining and aging population in the region Difficulties to immigrate and settle People who are willing to participate in activities in the community cannot find information 	<ul style="list-style-type: none"> Provide a variety of programs -Community Experience Program -Community Contribution Program -Recruitment Program -Community exchange co-creation type project -Workplace Programs 	<ul style="list-style-type: none"> Build ties and relationships with the local community by experiencing firsthand the charms of the region through hands-on farm work, traditional craft experience, and participation in local festivals and events. Increase the number of positive, involved people who want to be part of the corporate citizenship activities of the community and strengthen ties with the local people. Promote immigration and settlement by finding new careers in the region

CASE 2 Yamagata Cherries

Support the flow of commodities and logistics of the region's rich local products.
To increase the value of the primary industry and to realize a future in which a variety of goods can freely move back and forth.

The JAL Group is working to enhance the economic value of the region by acting as a bridge to create connections and relationships between consumers and the region through local products. We are working to relieve labor shortages during the harvest season of cherries, a specialty of Higashine City, the home of Yamagata Airport, as well as to support high-speed fresh transportation by air cargo to enhance the value of primary products through our route network, and to expand sales channels to increase awareness of local products.

As a solution to the shortage of manpower, JAL Group employees support farm work such as sorting and packing cherries, creating the effect of well-being for employees. In the area of logistics, JAL is also working to address the 2024 problem by providing air transporta-

tion to Haneda and Itami airports during the peak shipping season on the Yamagata route, which normally does not handle air cargo. In addition, to expand sales channels, we are taking on the challenge of shipping to overseas markets, promoting new varieties and Yamagata products to local importers and influencers. We also held a tourism fair along with the sale of cherries at Haneda and Itami airports to help promote the attractiveness of the region.



Cherry transportation



Cherry selection process

Issues	Solutions	Results
<ul style="list-style-type: none"> Shortage of labor during harvest season Foods that tend to lose their freshness are consumed in smaller numbers in large metropolitan areas with large populations. Among the many local resources, from food to crafts, it is unclear which ones to focus on. 	<ul style="list-style-type: none"> JAL Group staff support for farm work High-speed freshness transportation by air freight forwarding Support for sales channel expansion Promoting the appeal of primary products 	<ul style="list-style-type: none"> Air transportation of people Realization of well-being Increase the value and recognition of primary products Expand distribution of local products