



RUNWAY 03

➤ Becoming the Airline of Choice for *Human Resources* through Growth Opportunities

Key Points in This Chapter

- Human Capital Strength, JAL Group's Greatest Strength
- DX Strategy Essential for Future Value Creation
- Improving Productivity to Enhance Corporate Value

Strengthening Human Capital

Message from the Executive Officer in Charge of Human Capital

Enhancing Employee Well-Being and Productivity to Drive New Value Creation



OHORI Tetsu

Managing Executive Officer, Senior Vice President,
Human Resources Division

Achievements over the Past Five Years

The previous Medium-Term Management Plan, launched in 2021, began in the midst of the COVID-19 pandemic. Faced with this unprecedented crisis, management was determined above all to protect employment at all costs and ensure that our employees could continue working and maintain their livelihoods. At the time, many employees were seconded to organizations outside the Group. I remain deeply grateful to everyone who provided our employees with opportunities to work and welcomed them so warmly. Today, those employees have returned to the workplace with diverse experiences and new knowledge gained through their secondments and have become an important foundation supporting our human capital management.

The COVID-19 pandemic forced us to transform the business itself. This prompted us to reassess our existing structures, systems, and values, break down long-standing barriers, and accelerate reform. One concrete example is our promotion of DEI. We achieved our target for the percentage of women in management positions one year ahead of schedule. More importantly, with President and Group CEO TOTTORI Mitsuko taking the lead, I believe our firm commitment to advancing DEI has taken root throughout the company.

The relationship between the airline, its organizations, and individual employees has also changed significantly. We have moved away from an era in which employees entrusted their careers to the company toward one in which individuals are autonomous and the company and its employees have an equal relationship of choosing and being chosen. There is now a shared sense of urgency that unless we provide an attractive workplace for every employee, we will not be chosen by talented people and will be unable to sustain the organization.

Human Capital Risks, Opportunities, and Gaps in Realizing JAL Vision 2035

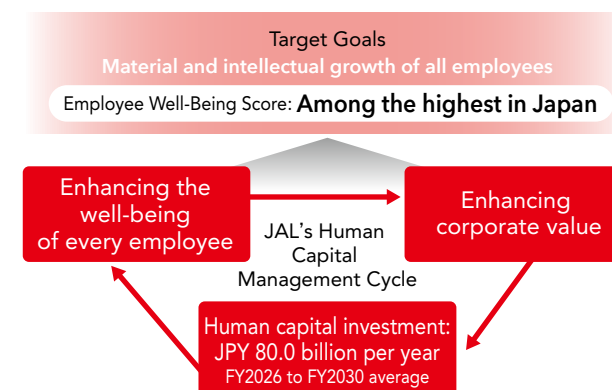
The greatest human capital challenge we face in realizing JAL Vision 2035 is the decline in the working population, which is progressing faster than anticipated. This labor shortage is not simply a matter of numbers but also has a qualitative dimension,

and the shift toward a relationship in which the company and its employees are “choosing and being chosen” is further intensifying the challenge.

I also see this, however, as an opportunity to fundamentally transform the way we work. Working alongside technology will become the norm, and each of us will need to maintain a healthy sense of urgency and think about how to keep our businesses viable. This mindset will itself help drive transformation forward.

Our airline business has a deep pool of highly specialized talent, with a wealth of accumulated technical expertise and knowledge, who support safe flight operations. We are now approaching a turning point, however, as experienced employees retire and the workforce ages. Simply continuing with the same approaches as before will make it increasingly difficult to ensure that the solid foundation underpinning safe flight operations is passed on to the next generation. In anticipation of this structural change, a key priority for our airline business will be how to strengthen and evolve the human capital foundation that supports safety from new perspectives.

In new growth areas such as Mileage/Finance and Commerce and next-generation mobility, we have actively recruited experienced professionals in recent years. As the proportion of employees hired mid-career has increased, new knowledge and perspectives from outside the Group are beginning to take root in the workplace. Our next challenge is to ensure that employees who have followed different training and career paths from those in the airline business can make full use of their experience and



Strengthening Human Capital

Message from the Executive Officer in Charge of Human Capital

share their diverse knowledge and perspectives throughout the organization.

Driving the Evolution of Our Workforce through Annual Human Capital Investment of JPY 80.0 Billion

Under the JAL Group Management Vision 2035, we will invest approximately JPY 260.0 billion in technology over five years and, at the same time, invest approximately JPY 400.0 billion over five years to advance human capital management centered on the well-being of every employee. This is not a one-time investment. It is also a clear expression of management's commitment to making human capital investment a top priority and sustaining investment of approximately JPY 80.0 billion per year on average. In addition to supporting individual growth, we will pursue two initiatives in tandem: leveraging technology that empowers people and creating an environment where people can thrive. We will fundamentally improve productivity by evolving as a workforce.

The pillars supporting this evolution are professionalism and fostering a culture of innovation and challenge. With the external environment changing dramatically, simply maintaining the status quo without changing means falling behind in relative terms. We expect managers and other leaders who drive transformation on the front lines to play a pivotal role in achieving our new vision. Taking external labor market trends into account, we will make the necessary investments, including appropriately enhancing compensation in line with the significance of their roles. At the same time, the spirit which underpins the JAL Philosophy and Health and Productivity Management are foundations that must remain unchanged. We will continue to cherish and pass on the corporate culture we have cultivated over many years, which places the highest priority on safety and peace of mind, even as we break down long-standing barriers and drive transformation forward.

Autonomous Value Creation Starting with Well-Being

We will enhance the well-being of every employee by providing even greater support for transformation and challenge initiatives already

being pursued across our workplaces, as well as for employees to excel as professionals. As a key non-financial indicator for measuring the effectiveness of our human capital management, we will use the Well-Being Score, which represents the material and intellectual growth of all employees, with the goal of raising it to a level among the highest in Japan.

At JAL, well-being means more than simply having a comfortable and supportive workplace. It also encompasses career autonomy and transformation and challenge, including the sense of achievement that comes from taking on challenges and seeing them through, as well as the sense of personal growth that comes from taking initiative and acting autonomously.

Driving Productivity Improvement to Enhance Corporate Value and Employee Well-Being

We will position both the Well-Being Score and EBIT per hour, which indicates productivity trends, as key indicators and continuously monitor progress in each. By tracking the progress and effectiveness of our day-to-day initiatives from both non-financial and financial perspectives and implementing the necessary transformations in a timely manner, we aim to create a virtuous cycle in which financial and non-financial value reinforce each other. For EBIT per hour, we are targeting more than 1.5 times the FY2025 level by FY2030 and more than twice the FY2025 level by FY2035.

The productivity improvement we seek does not mean placing an additional burden on frontline employees. It means using technology intelligently to make work easier and more enjoyable, improve efficiency, and create new forms of value that were previously out of reach. Greater efficiency will free up time for new value creation, and by taking on new challenges and achieving self-fulfillment, employees will also enhance their well-being. As a result, we believe we can become an airline where a lean, highly skilled team of professionals thrives even as the working population declines.

Building a Foundation for JAL's Distinctive Human Capital Strengths and Ways of Thinking

Across the JAL Group, employees in a wide variety of roles demonstrate a high level of expertise in their respective fields.

All employees share the ability to make judgments rooted in the common values embodied by the JAL Philosophy. Looking back on my own career, I spent most of it on the front lines, working in cargo, reservations, sales, maintenance, and airport operations. Even in situations that could not be fully addressed by manuals, I saw throughout the airline an altruistic mindset of asking, "What can I do for our customers and my colleagues?" It is difficult to make this ability to make decisions grounded in the JAL Philosophy visible. Yet I believe the true strength of the JAL Group's human capital lies in the capabilities our approximately 40,000 employees cultivate by using the JAL Philosophy as a common language and continually deepening their understanding of its essence.

That said, I feel that continued learning is still needed to ensure that the JAL Philosophy takes root to the same depth among all employees. We have long held study sessions for all employees, but going forward, rather than simply increasing their frequency, we will focus on making each session more substantive and deepening the learning experience.

With the business environment changing so dramatically and the Group's business structure itself evolving, we are also examining whether it is appropriate for the JAL Philosophy, once established, to remain unchanged indefinitely. We have therefore begun work to update it. Its fundamental principles will remain intact, but we plan to express them in ways that are easier for today's younger employees to understand and revise the language so that it applies consistently across our entire business portfolio as it evolves through business restructuring, rather than being limited to the airline business.

By preserving these strengths and fundamentally transforming the way we work, we will establish a sustainable operational structure, leading to further value creation and greater employee well-being.



Human Capital Management

Human Capital Strategy Supporting Business Portfolio Transformation and Corporate Value Enhancement

To achieve sustainable growth and enhance corporate value amid a rapidly changing business environment, under the JAL Group Management Vision 2035, we are pursuing a growth strategy targeting EBIT of JPY 350.0 billion in FY2035. At the same time, we are pursuing business portfolio transformation with a target EBIT composition of 50:50 between FSCs and non-FSC businesses by FY2035, aiming to build a more agile and resilient organization.

The greatest force behind this transformation is our people. To make it a reality, we must evolve from a human capital portfolio

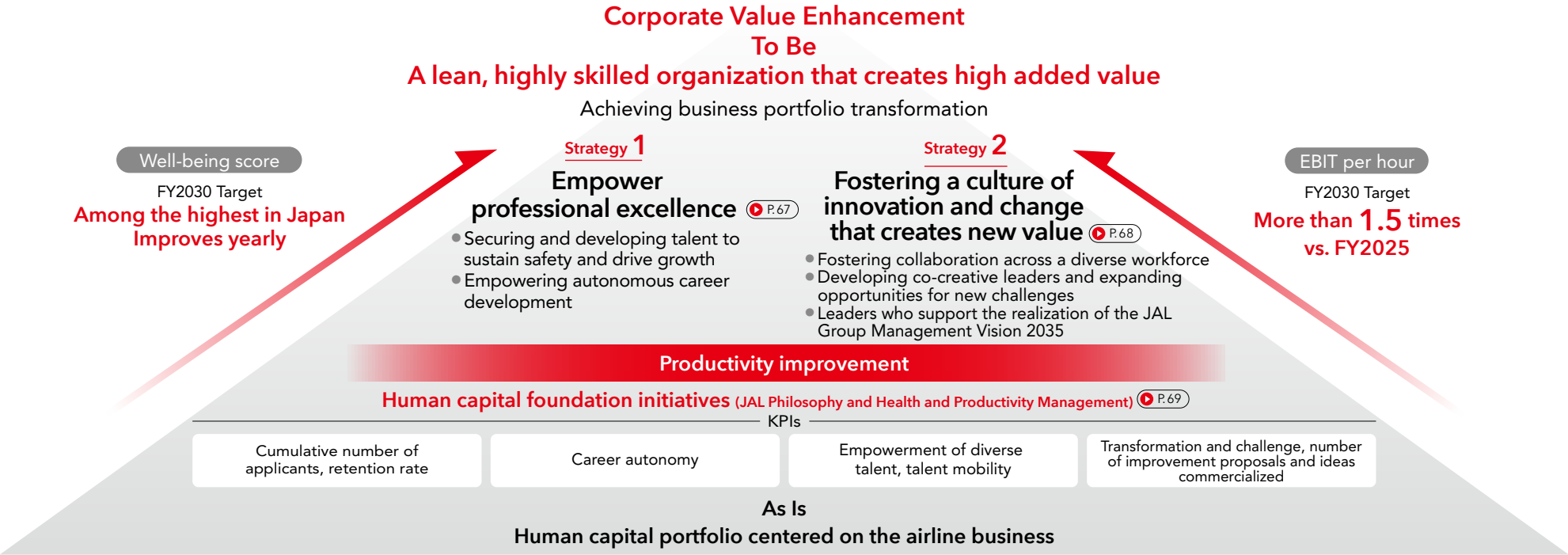
centered on the airline business (As Is) to a lean, highly skilled organization where people with diverse expertise can put their capabilities to full use and create even higher added value (To Be). We therefore position human capital as the central player in value creation and will invest an average of JPY 80.0 billion annually in our people from FY2026 through FY2030. With the ultimate goal of our human capital strategy being to enhance corporate value, we will focus on the following two initiatives.

The first is empowering professional excellence. We will recruit and develop both the human resources needed to reliably support our airline operations and the human resources who will lead new areas of business. By creating an environment that enables every employee to realize their full potential, we will strongly support them in taking ownership of their careers.

The second is fostering a culture of innovation and challenges that create new value. Even as the business environment changes dramatically, we will build an organizational culture that recognizes and rewards people for embracing change and taking on new challenges, thereby maximizing organizational performance.

Alongside these human capital initiatives, we will pursue productivity improvements across the entire Group. By fundamentally transforming how we work through collaboration between people and technology, we will free up time and capacity that can be redirected toward work that creates new value. By advancing employee empowerment and productivity improvement in tandem, we aim to achieve a well-being score among the highest in Japan and improve EBIT per hour, an indicator of value creation, thereby contributing to sustainable corporate value enhancement.

Overall Human Capital Strategy Driving Business Portfolio Transformation (As Is/To Be)



Strengthening Human Capital

Human Capital Management

Making the Well-Being Score Visible as a Source of Transformation

Visualizing the Drivers of Transformation through the Well-Being Score

To successfully execute the business portfolio transformation needed for sustainable growth, the JAL Group must continue evolving into a lean, highly skilled organization that brings together people with diverse expertise to create greater added value. Achieving this requires every employee, as a central player in value creation, to fully apply their capabilities.

For employees to perform at their best and continue boldly taking on the challenge of creating new value, it is essential that each of them enjoys a high level of well-being. We believe that true vitality comes from a state of overall well-being, encompassing everything from the peace of mind that comes with physical and mental health and safety to a deep sense of fulfillment in one's daily work and the ability to take ownership of one's career. This belief is deeply rooted in the JAL Group Corporate Policy of "pursuing the material and intellectual growth of all our employees."

To translate this philosophy into an effective strategy, we will continuously measure and visualize employee well-being. Specifically, we will conduct an annual well-being survey based on a questionnaire framework designed by an external research organization and covering five categories (shown in the figure to the right as the "Categories of Well-Being to Be Enhanced") to calculate our Well-Being Score. We will continuously track this score as one of our most important management indicators (KGIs), develop hypotheses about the links between individual initiatives and the five categories, evaluate their effectiveness based on the survey results, and use the findings to determine and implement the airline's next actions. The vitality of our employees reflected in this score is the source of transformation. Improving the score will provide a powerful impetus for business portfolio transformation, leading to sustainable enhancement of corporate value.

Toward a Well-Being Score among the Highest in Japan

We will advance our initiatives by monitoring how each element of our human capital strategy relates to the Well-Being Score. The relationships identified at this stage are hypotheses, and we believe it is important to test their effectiveness through implementation and continuously review and refine our initiatives based on the results.

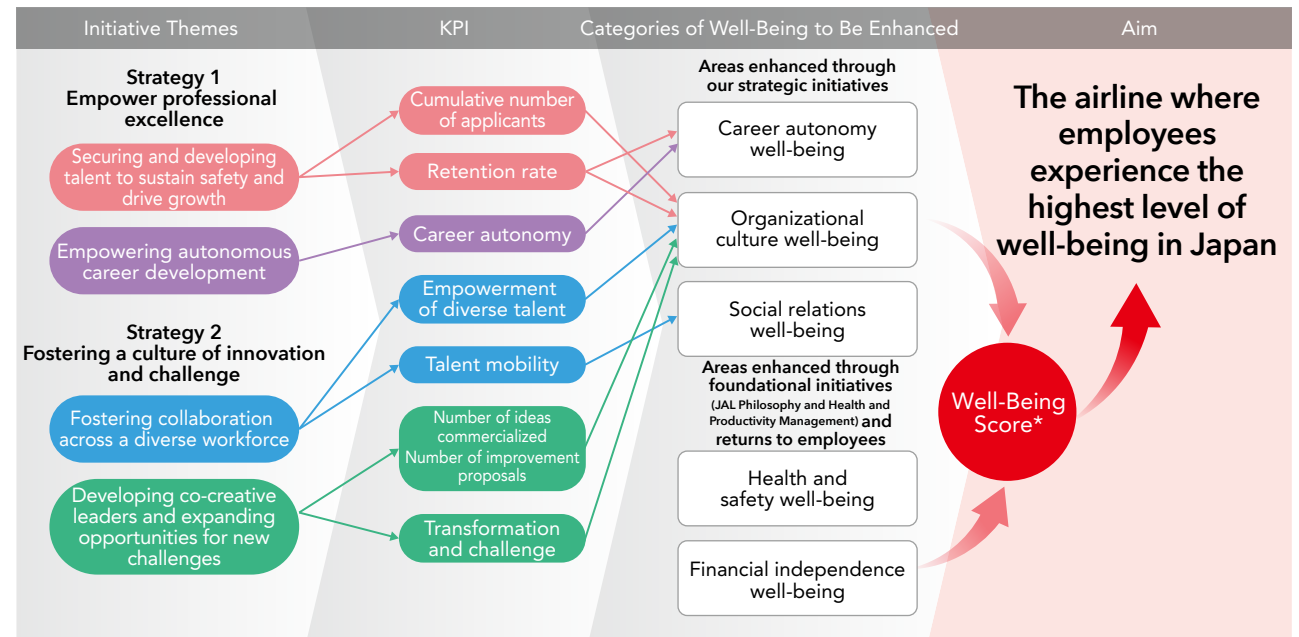
Using a survey framework developed by an external organization also enables us to measure well-being as a comprehensive concept without being constrained by today's values. With major changes in society and ways of working expected over the next decade, this approach allows us to remain flexible in determining the future direction of our initiatives.

Whatever changes the future brings, our goal remains the same:

to improve employee well-being. We have set our sights on creating a workplace where employees experience the highest level of well-being in Japan and will continue to pursue our initiatives with determination.



Road Map to Becoming the Airline Where Employees Experience the Highest Level of Well-Being in Japan



*Measured based on questions from a well-being survey designed by an external organization.

Strengthening Human Capital

Human Capital Management

Strategy-1 » Empower Professional Excellence

» Securing and Developing Human Resources to Sustain Safety and Drive Growth

For the JAL Group to achieve sustainable growth, it is imperative to pass on the DNA of safety and quality we have built over the years to the next generation and develop human resources capable of taking on the challenge of creating new value. Driving business portfolio transformation requires us to recruit and develop both highly skilled talent who can reliably support our existing airline operations and professionals with the expertise needed to lead new areas of business. Amid intensifying competition to recruit human resources, we will create an environment where every employee can thrive as a central player in value creation and find fulfillment in their work, empowering them to achieve professional success.

Strengthening Recruitment Competitiveness

To secure the diverse talent that will drive value creation, we will strengthen recruitment across the JAL Group, targeting a 1.2-fold increase in the cumulative number of applicants compared with FY2025. Specifically, we will establish the Recruitment Center to centralize our recruitment platform, raise awareness of the diverse career opportunities available across the Group, and strengthen the appeal of the JAL brand. We will also diversify our recruitment model with fulfilling overseas internship opportunities. By attracting talent with diverse experience and values, we will build a strong human capital foundation to support business growth.

Improving Retention and Developing Human Resources

By making work more satisfying and maintaining the retention rate at or above the FY2025 level, we will support the development of human resources over the medium to long term and ensure that the knowledge and skills the JAL Group has built over the years are passed on to the next generation. To achieve this, we will encourage leaders to take an active role in developing talent and building strong organizations. We will also use the results of various employee surveys to create an environment where every employee can continue working with confidence over the long term.

» Empowering Autonomous Career Development

To achieve sustainable growth in corporate value, we must shift from the traditional company-led approach to career development toward autonomous career development, in which employees take the initiative in shaping their own careers and putting their plans into action. The JAL Group is creating an environment that enables every employee to exercise career ownership and realize their full potential. In doing so, we aim to expand the overlap between each employee's "Will" (what they want to do) and "Can" (what they can do) and the company's "Must" (what needs to be done), bringing individual growth and the company's sustainable growth into alignment.

As a first step toward autonomous career development, we are encouraging employees to rethink how they approach their careers and helping them clarify their own "Will," "Can," and "Must." In concrete terms, we provide opportunities for employees to deepen their self-understanding through initiatives such as self-career checkups and training tailored to different age groups. Going forward, we are also considering AI-powered career path recommendations and other tools that will enable employees to explore a broader range of options and proactively design their own career paths.

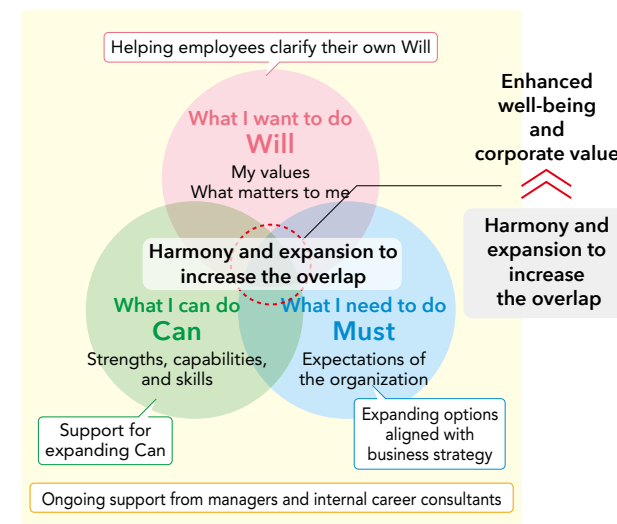
The next step is to help employees take concrete action to realize their "Will" and expand their "Can." In addition to structured business skills training, we provide a variety of opportunities, including cross-industry interaction and external training programs that expose employees to experiences beyond the boundaries of the JAL Group. Through these opportunities, we encourage employees to take ownership of their learning as they work toward their career aspirations.

To align employees' autonomous career choices with the airline's business strategy, we will clearly communicate the "Must," the roles the airline expects employees to fulfill, and broaden the range of career options available to them. We will further expand opportunities to take on challenges including internal job postings and employee-initiated transfers. We are also developing systems that appropriately recognize diverse forms of expertise, including a management system for highly specialized professionals and allowances for designated qualifications.

Throughout this process, managers and career consultants will work alongside employees to support their career development. By maximizing employees' sense of fulfillment and vitality at work, we aim to enhance well-being and drive sustainable business growth.



Conceptual Framework for Autonomous Career Development Based on Will, Can, and Must



Strengthening Human Capital

Human Capital Management

Strategy-2 » Fostering a Culture of Innovation and Challenge That Creates New Value

» Fostering Collaboration Across a Diverse Workforce

Looking to evolve into a lean, highly skilled organization that creates greater added value, we must create an environment where diverse knowledge and perspectives come together. To enable every employee, as a central player in value creation, to make the most of their strengths, the JAL Group will provide opportunities for individual capabilities to flourish. Our initiatives include developing career paths for employees hired overseas, addressing gender balance across different job categories, expanding opportunities for employees with disabilities, and supporting athlete employees competing on the world stage.

At the same time, we will create relationships and societal connections among employees across organizational and professional boundaries, providing more intentional opportunities to step beyond their usual roles and environments. By building relationships founded on mutual respect for diversity, breaking down psychological barriers, and promoting interaction and collaboration among people with diverse perspectives, we will generate new ideas and enhance well-being.

» Developing Co-Creative Leaders and Expanding Opportunities for Employees to Take on Challenges

To evolve into an organization that creates new value, we must be able to adapt to rapid change and transform in response to the demands of an uncertain age. We will redefine the leadership needed to drive this transformation and reflect it in our grading system, as well as introduce evaluation and compensation systems that support leaders in fulfilling their roles. Through these efforts, we will continuously develop “co-creative leaders” who forge their own path to the future and work with colleagues to turn challenges into results.

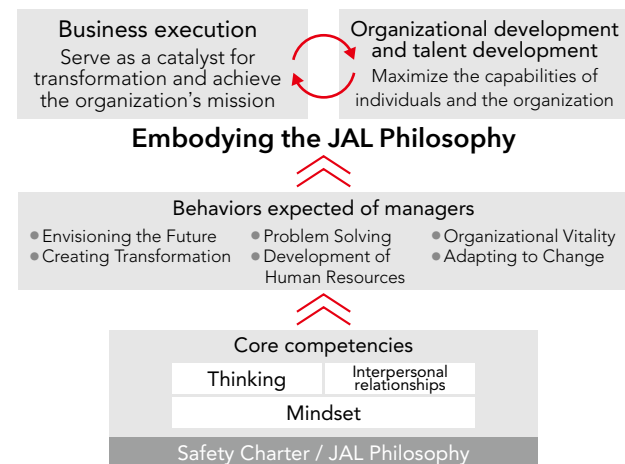
We will also expand opportunities for employees to bring their ideas to life, from frontline improvement initiatives to new business ideas. By turning action into opportunities for further growth, we will create an environment where employees can continue to take on new challenges with a positive mindset. We will draw out the energy of every employee and embed a culture of innovation and challenge in which employees take on the challenge of creating new value,

creating more opportunities to experience fulfillment and a sense of achievement at work and thereby enhancing well-being.

» Leaders Who Support the Realization of the JAL Group Management Vision 2035

To drive business portfolio transformation forward, we must build on the embodiment of the JAL Philosophy while enabling the “co-creative leaders” described above to play an active role. Specifically, their role goes beyond aligning team members around clear goals and executing plans. They must build an organizational culture in which every employee can recognize change for themselves, set goals for value creation, and autonomously take on challenges in a rapidly changing environment where there are no clear answers. We have therefore defined the behaviors expected of managers, including Envisioning the Future and Creating Transformation, and clarified the core competencies that underpin these behaviors across three dimensions: thinking, interpersonal relationships, and mindset. This framework is designed to encourage managers to fulfill their role as co-creative leaders. Leaders who maximize the capabilities of both individuals and the organization will serve as catalysts for transformation, ensuring the enhancement of corporate value over the medium to long term.

Roles and Specific Requirements for Co-Creative Leaders



TOPICS

JAL Athlete Employees Taking on the World



The JAL Group supports JAL athlete employees and all other athletes, seeing a shared spirit of challenge between athletes striving to reach new heights and JAL's aspiration to become “the world's most preferred and valued airline group.”

The Group currently has 14 athlete employees who continue to pursue new challenges every day. In FY2025, three competed in the World Athletics Championships Tokyo 25, and one competed in the Olympic Winter Games Milano Cortina 2026.

The JAL Athlete Academy, where children can discover the joy of sports and receive advice on improving their skills, expanded in 2025 to include skiing and fencing. Through the Academy, we are building relationships and societal connections with more people and contributing to the development of the next generation.

JAL will continue to come together in support of athletes and, alongside them, encourage each individual to keep taking on challenges. Through sports, we will work to address social issues and contribute to the progress and development of society.



YACHI Sora, who competed in Skiing - Nordic Combined at the Olympic Winter Games Milano Cortina 2026

Strengthening Human Capital

Human Capital Management

Foundational Initiatives

Strengthening the Foundation for Diverse Talent to Succeed across Diverse Fields

Bolstering People and Organizations through the JAL Philosophy

The JAL Group's sustainable value creation is underpinned by the strength of its people, with every employee equipped to make sound judgments based on the shared values of the JAL Philosophy. This fiscal year, to further harness this strength, we have begun updating the JAL Philosophy while preserving its fundamental principles, with the aim of enabling diverse employees, regardless of background, to fully demonstrate their strengths across all business areas. In the JAL Philosophy Workshop for all employees, we will increase opportunities for discussion among employees to deepen our relationships, societal connections, and mutual understanding. In the Leaders' Workshop for executives and department heads, we will place even greater emphasis on deep reflection on their own work based on the JAL Philosophy, building a strong organization in which the philosophy is truly embedded.

Deepening and Embedding JAL Wellness (Health and Productivity Management)

Thirty JAL Group companies have been certified under the 2026 Outstanding Organizations of KENKO Investment for Health Program. To support the well-being of every employee, we will address health issues specific to different generations and life stages under the newly established JAL Wellness 2030, aiming to achieve "Well-Body," a state of physical and mental well-being. By ensuring comprehensive health management for all employees, we will support flight operations that are safe with peace of mind and create a workplace where employees can perform to their full potential.



Review of Results and Initiatives and KPIs from FY2026 Onward

Our human capital investments to date, focused on four objectives, develop capabilities, enhance diversity, broaden opportunities, and gain knowledge, have steadily laid the foundation for growth. However, gaps remain between our targets and outcome indicators for value creation and engagement, and we will continue to examine the relationship between our initiatives and these indicators.

From FY2026 onward, we will establish the Well-Being Score and EBIT per hour as our KGIs. To achieve these goals, we will set new KPIs, including 10 percent improvements from FY2026 levels in career autonomy, empowerment of diverse talent, and transformation and challenge, together with the commercialization of employee ideas and improvement proposals. We will continue to review and refine our initiatives and indicators flexibly as circumstances evolve, thereby maximizing the value of our human capital.

Outcome Indicators to Date and FY2025 Results

Human capital initiative outcome indicators	FY2025 results
Engagement Percentage of highly engaged employees	60.7% FY2025 target: 65%
Value Creation Value Creation Sales per capita (vs. FY2019)	+28% FY2025 target: +38%
Return to Employees Investment in human capital per employee (vs. FY2019)	+14% FY2025 target: +15%

Human Capital-Related Indicators under the JAL Vision (2030 Targets)

		KPI		KGI	
Empower professional excellence	Securing and developing talent to sustain safety and drive growth	Cumulative number of applicants	1.2x vs. FY2025	Well-Being Score: Among the highest in Japan	
		Retention rate	At or above FY2025 level		
	Empowering autonomous career development	Career autonomy	10% increase vs. FY2026		
Fostering a culture of innovation and challenge	Fostering collaboration across a diverse workforce	Empowerment of diverse talent	10% increase vs. FY2026		EBIT per hour: More than 1.5x vs. FY2025
		Talent mobility	10% increase vs. FY2026		
	Developing co-creative leaders and expanding opportunities for employees to take on challenges	Transformation and challenge	10% increase vs. FY2026		
		Improvement proposals	Double the number of improvement proposals		
		Commercialization of employee ideas	10 ideas commercialized		

Strengthening Intellectual Capital

Message from the Director in Charge of DX

Creating New Value for the Airline through the Fusion of Digital Technology and Human Strengths



SUZUKI Keisuke

Executive Officer
Senior Vice President, Digital Technology Division
President and Representative Director, JAL Digital Co., Ltd.

DX as a Management Foundation Supporting Corporate Value Enhancement

Rapid advances in digital technologies, including generative AI, are driving major transformation across the aviation industry. The business environment is changing significantly amid depopulation, labor shortages, and rising inflation, even as technological innovation continues to accelerate. To respond to these changes and achieve sustainable growth and enhance corporate value, the JAL Group positions digital transformation (DX) as one of its key management strategies.

Today, the aviation business is built on a digital foundation. Systems underpin every aspect of our operations, from customer services to flight operations, cabin services, maintenance, cargo and airport operations, along with the back-office functions that support these frontline activities. It is no exaggeration to say that if these systems were to stop functioning, the business itself would cease operating. How effectively we harness and continue to advance digital technologies therefore has a direct bearing on an airline's competitiveness.

Based on this understanding, the JAL Group has spent the past several years building an optimal framework for advancing DX. In April 2025, JAL Infotec, which had long been responsible for the JAL Group's system operations, was renamed and integrated with JAL's Digital Technology Division to establish JAL Digital Co., Ltd. As the JAL Group's core digital company, JAL Digital has unified governance and established a framework that enables digital talent and business divisions to work more closely together. Under this integrated framework, we will deploy the latest digital technologies, including generative AI, across all divisions and businesses throughout the Group to enhance value through digital transformation.

Achieving Both Higher Productivity and Greater Added Value

Under the JAL Group Management Vision 2035, we have set a target of more than doubling productivity per hour compared with FY2025. Digital technology will be essential to achieving this improvement. At the same time, as technology continues to advance and AI becomes an everyday tool that everyone uses

as a matter of course, digitalization and automation will simply become the standard. However, we believe that it is people who will ultimately create new value.

In the aviation industry as well, many standard operations are rapidly shifting toward automation, with generative AI and data optimizing the operation of business systems. Yet the services and brand value that give customers a reason to choose us are something only people can create. The key is to channel the capacity freed up by digital technology into creating value that only people can provide.

As AI and data improve operational productivity, employees will be able to devote more time and energy to delivering value to customers and creating new businesses. Our goal is a sustainable business environment that enhances well-being by bringing together digital technology and human capabilities. Human qualities such as hospitality, ingenuity, and attentiveness to each individual customer will become even more important in the years ahead. Digital technology will drive efficiency, while people create greater added value. Harnessing these two forces together to achieve sustainable growth is the fundamental principle behind our approach to DX.

Creating New Travel Experiences

We also believe that DX will transform the role of airlines. Traditionally, an airline's primary role has been to sell tickets and transport customers safely to their destinations. Going forward, however, airlines will evolve into providers that create value through the travel experience itself. One initiative that symbolizes this transformation is Modern Airline Retailing (MAR). Under MAR, personalized services are being explored that would enable customers to choose from a wide range of travel options, including not only flights but also accommodation and rental cars, and receive recommendations tailored to their individual needs. For customers, a new experience in which they can simply speak to a mobile app and have the right services offered at the right time is just around the corner.

Digital identity will play an important role in making this future a reality by enabling individuals to verify their identity using digital technology. For example, facial recognition and identity information on mobile devices can enable a seamless travel

Strengthening Intellectual Capital

Message from the Director in Charge of DX

experience, from booking through check-in and boarding to immigration procedures. Customers will be able to travel more comfortably without having to present multiple documents or undergo repeated identity checks.

As part of its digital identity trials, the JAL Group became the first in the world to demonstrate facial recognition for connections between international flights operated by different airlines, using information linked in advance to passengers' mobile wallets. Working with a wide range of partners, including airlines, airports, and government authorities, we have demonstrated seamless flight connections using facial recognition.

This initiative goes beyond simply improving convenience. It is an effort to connect airlines, airports, and government authorities through data and redesign the travel experience so that passengers can move seamlessly through each stage of their journey. I believe that transforming business and social structures in this way is the essence of DX.

DX Supporting Value Creation beyond Aviation

DX is not simply a means of improving the efficiency of existing businesses. It is also a starting point for creating new value. In addition to the airline business, the JAL Group has positioned the Mileage and Lifestyle business as a growth area. Building on the customer touchpoints and relationships of trust we have developed over the years, we will deepen our connections with customers by expanding into a wide range of services, including finance and insurance.

At the heart of this strategy is our customer base of approximately 50 million people, centered on our mileage program and JAL Card members. By leveraging the valuable data that only the JAL Group possesses on each customer's usage history, preferences, and lifestyle, we will be able to provide services that are more personalized than ever before.

This approach to leveraging data also extends to our regional revitalization initiatives. The JAL Group has identified "relationships and societal connections" as an important theme, and data and digital technologies are essential to realizing this vision. By visualizing people's interests and behavior, communicating the attractions of different regions, and creating

new flows of people, DX serves as a foundation for creating social value. By combining the customer base we have built as an airline with digital technology, we will create new value beyond the conventional boundaries of mobility. This is a new endeavor that will help expand the role of airlines.

Next-Generation Airports Enabled by Physical AI

Advances in AI and robotics are transforming the physical environment of airports as well. The airline industry is expected to face increasingly severe labor shortages, with a shortage of workers likely to become a particularly serious challenge at regional airports in the years ahead. Maintaining operations that are safe and provide peace of mind, and maintaining transportation networks under these conditions, will require a fundamental transformation of airport operations. This is why we are turning our attention to physical AI.

Until now, AI has primarily been used in cyberspace for tasks such as information processing and analysis. Physical AI, however, can be combined with robotics and autonomous driving technologies to perform work in the physical world itself. Airports around the world are already adopting these advanced technologies. What we are aiming for, however, goes beyond the automation of individual tasks.

Many different operations must work together in complex ways between an aircraft's arrival and departure. Today, each operational area is supported by highly specialized expertise, but organizational and system boundaries still remain. Our vision is to connect data currently dispersed across individual operations, visualize conditions throughout the airport in real time, and use AI to optimize operations as a whole, allowing the entire airport to function as one integrated system.

Our challenge in the era of physical AI is not simply to automate individual tasks, but to orchestrate the airport's vast and complex operations as a whole. Achieving this will require collaboration with a wide range of stakeholders, including not only airlines but also airport operators and government authorities, and will by no means be easy. Nevertheless, the JAL Group will continue to take on this challenge to maintain and further develop Japan's aviation infrastructure for the future.

Aiming to Be the JAL Group That Shapes the Future of the Aviation Industry

As noted earlier, improving productivity through DX is an important process for creating an environment where employees can focus on creating new value. To ensure that this does not remain merely an aspiration but leads to tangible enhancement of corporate value, our Digital Strategy Board, a decision-making body comprising top management, determines the direction of major DX projects and monitors their progress. We currently have 18 major projects underway, with progress against each project's roadmap tracked as a KPI and reported to management.

We have also appointed DX promotion leaders in each division and Group company, establishing a framework for driving transformation from the front lines. By combining top-down decision-making with bottom-up execution on the front lines and monitoring each project's progress and outcomes, we will steadily roll out DX across the organization and translate it into enhanced corporate value.

Through FY2030, the JAL Group plans to invest an average of JPY 420.0 billion annually, including investment in aircraft. Of this amount, JPY 300.0 billion will be allocated to aircraft and the remaining JPY 120.0 billion to ground investments. We plan to invest approximately JPY 52.0 billion annually in digital and IT-related initiatives, representing more than 40 percent of ground investment, with priority given to growth investments aimed at fundamentally improving productivity, particularly through generative AI. To ensure that these investments deliver tangible improvements in corporate value, our business divisions and JAL Digital will work as one to monitor progress against the DX roadmap, assess returns on investment, and strengthen our ability to implement these initiatives effectively on the front lines.

The aviation industry's mission as social infrastructure connecting people, goods, and world will never change going forward. No matter how far technology advances, people will remain the starting point for our value creation. Heartfelt hospitality and professionalism are our greatest differentiators in an increasingly digital age. The JAL Group will make the most of these human strengths and place digital technology at the heart of management as we evolve the transportation experience, the experience of discovery, and the very role of airlines themselves, thereby shaping the future of the aviation industry.

Strengthening Intellectual Capital

DX Strategy

DX Creates New Value by Connecting the World through Digital Technology that Originates from the Skies

DX Strategy for Business Portfolio Transformation

To transform its business portfolio and create both economic and social value, the JAL Group must fundamentally reshape its business structure through the use of digital technology. To this end, we have established a digital transformation (DX) strategy centered on Connecting the World through Digital Technology and Creating New Value. We will continue to pursue the establishment of sustainable operations while taking on new challenges in value creation.

Why We Need to Pursue This DX Strategy

Maintaining Sustainable Operations

It is urgent to find ways to maintain a sustainable operation in an environment where competition for human resources is intensifying as the working-age population is declining in Japan due to the falling fertility rate and aging population. To address this challenge, we must move away from operations that depend on individual expertise and from aging systems, and establish an operating model in which people work alongside AI and robotics. Fundamental transformation through DX is essential to maintaining high productivity and responding flexibly to rising costs.

Building a Foundation for New Value Creation

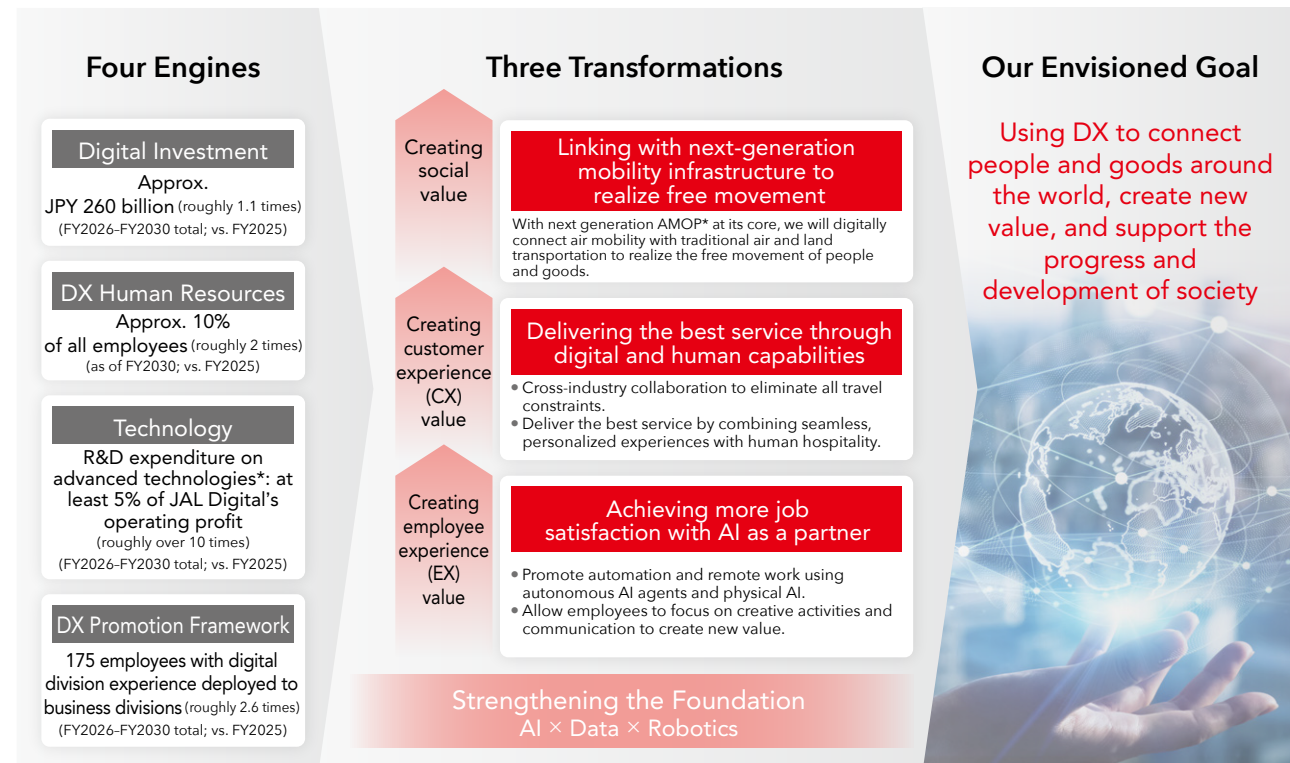
We need to move beyond systems optimized for individual departments and use integrated data to optimize operations across the organization. We also need to quickly put rapidly evolving technologies such as AI to practical use in our business and build a foundation for creating new value. Accelerating DX is essential to achieving both. Through these efforts, we will integrate data across organizational boundaries to optimize operations as a whole and enable data-driven management. We must also keep pace with rapid advances in technologies such as AI, quickly incorporating them into our business to navigate a fast-changing operating environment. We will continue to accelerate DX to meet increasingly diverse needs and build a foundation for creating new value.

Further Value Creation through the “Four Engines” of DX Investment and Three Transformations

Under our DX strategy of Connecting the World through Digital Technology and Creating New Value, the JAL Group will strengthen its AI capabilities and data infrastructure through four engines, namely investment, technology, human resources, and organizational frameworks. Powered by these engines, we will pursue three transformations, which are social value (integration with next-generation mobility), customer experience value (the integration of digital and human capabilities), and employee experience value (fulfilling work with AI as a partner).

This vision reflects our recognition of increasingly evident social challenges, including labor shortages, weakening connections between

people, and growing feelings of isolation. That is precisely why we believe we need to go beyond simply improving operational efficiency and fundamentally transforming our business structure through digital technology. By fully leveraging AI as infrastructure and advancing automation and remote operations, we will create an environment in which our people can focus on uniquely human hospitality and new value creation. This enhanced employee experience will translate into an exceptional customer experience that brings together the best of digital technology and human capabilities, ultimately enabling the free movement of people and goods throughout society. Our determination to create new value through these three interconnected transformations lies at the heart of this vision.



Delivering Value to Society, Centered on the Aviation Industry, through New Customer Experiences (CX) and Employee Experiences (EX)

▶ Maximizing CX Value through Ultimate Personalization

As customer values become increasingly diverse, standardized services can no longer truly meet individual customer needs. Going forward, we aim to seamlessly integrate data from within and outside the JAL Group and transform our business model from selling airline tickets to selling experiences across every aspect of travel and everyday life, including customers in transit and at their destinations. We will also build expertise through R&D and demonstration testing of new technologies and apply what we learn to our services so that customers can experience new value unique to JAL.

▶ Advancing the Aviation Industry through JAL's Technology

By fully leveraging AI and data, we aim to address labor shortages while freeing employees from routine tasks. We will create an environment where employees can focus on pursuing safety and peace of mind while engaging in creative work, thereby enhancing their well-being. We will also contribute to the development of the aviation industry as a whole by sharing the productivity improvement expertise we have developed across the industry.

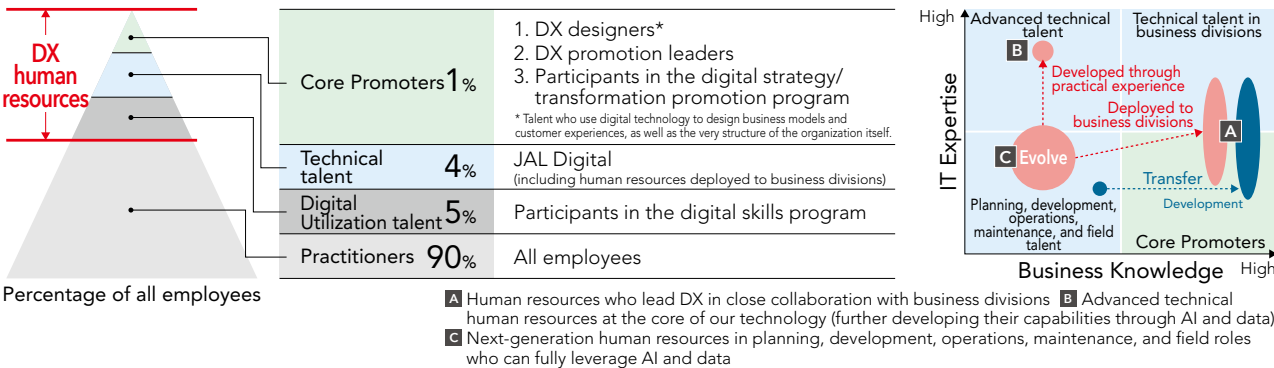
▶ AI-NATIVE Will Shape the Future of the JAL Group

As society becomes increasingly digital, we aim to realize AI-NATIVE, making AI an integral part of our operations. To support this transformation, we will develop a digital twin that gives AI seamless access to data and a digital space that provides the optimal infrastructure for AI utilization. We aim to become an AI-NATIVE airline that transforms operations across the board and maximizes performance, using physical AI at airports and automate the responses to system failures.

Leading the Transformation of the JAL Group by Leveraging Our Technological Expertise

▶ Developing Human Resources across the JAL Group to Create Social Value through Digital Technology

To drive DX across the JAL Group, we will establish a clear portfolio of DX/IT human resources, including Core Promoters, who design business models using digital technology, and Technical Talent, who work with advanced technologies. Through this framework, we will develop employees capable of creating social value through digital technology. We will also deploy more DX/IT human resources within business divisions and strengthen collaboration between DX/IT human resources and business teams. Through these efforts to develop talent and transform our talent portfolio, we will evolve into an organization that makes full use of AI and data to deliver new forms of safety and peace of mind and generate new value, thereby realizing business portfolio transformation and creating social value.

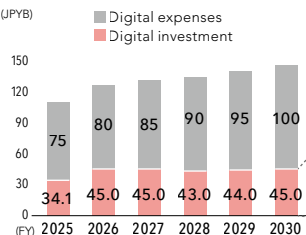


Future Digital Investment

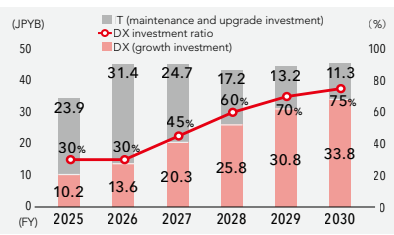
▶ Financial Targets for DX Investment

To realize our DX strategy, we will continuously invest a total of approximately JPY 260 billion in digital initiatives from FY2026 through FY2030. While advancing cloud migration and AI adoption, we will reduce maintenance and upgrade costs and increase the proportion of growth investment that contributes to value creation and productivity improvements to approximately 70 percent by FY2030.

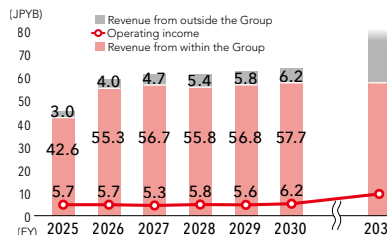
Transition of Digital Costs



Outlook of Digital Investment



JAL DX Financial Targets



Productivity Improvement

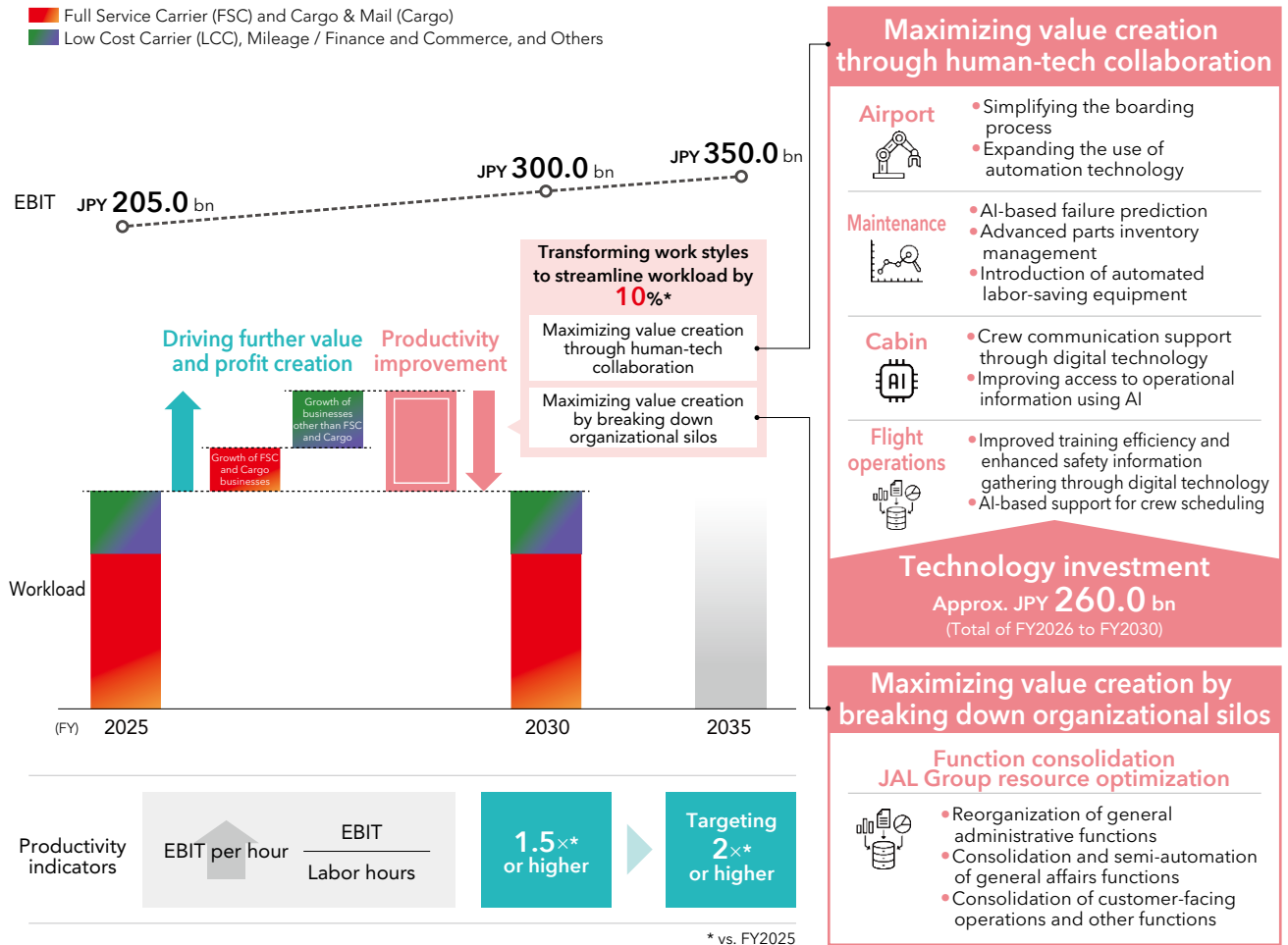
Establishing a Sustainable Operational Structure through People and Technology

► Fundamental Productivity Improvement the JAL Group Aims to Achieve

Amid a rapidly changing business environment marked by depopulation and continued price increases, the JAL Group must pursue productivity improvement with unprecedented determination to pass on the airline business to the next generation on a sustainable basis and ensure its continued growth.

Our goal is not to reduce costs or curb personnel expenses. Rather, we aim to fundamentally transform the way we work through collaboration between people and technology, redirecting the time, capacity, and energy this frees up toward creative, high-value-added work that delivers new experiences to customers and creates value for society. In doing so, we will establish a sustainable operational structure that enables us to accommodate the anticipated expansion of our business and create new value across diverse growth areas with a workforce approximately the same size as today's.

We will actively invest in technology to achieve this transformation. Over the five years from FY2026 through FY2030, we will invest approximately JPY 260.0 billion in technology, with up to JPY 50.0 billion allocated specifically to AI and robotics. By the end of FY2030, these investments will enable us to streamline a volume of work equivalent to approximately 10 percent of the FY2025 level. We will measure the results using EBIT per hour, with a newly established company-wide cross-functional team taking the lead in driving an agile PDCA cycle. Working together across the Group, we will carry through fundamental transformation unconstrained by precedent and powerfully drive sustainable growth.



► Productivity Indicator: "EBIT per Hour"

We use EBIT per hour to visualize how effectively the time, capacity, and energy freed up through greater efficiency are translated into profit. By evaluating productivity consistently across the Group and driving the PDCA cycle, we will maximize the impact of our productivity improvement initiatives.

■ Formula for Calculating EBIT per Hour

$$\text{EBIT per hour} = \frac{\text{EBIT}}{\text{Labor hours}}$$