



***JAPAN AIRLINES***



# **JAL Group Medium-Term Management Plan 2021-2025**

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**May 7, 2021**



## JAL Vision 2030

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### JAL Group Corporate Policy

#### THE JAL GROUP WILL:

Pursue the material and intellectual growth of all our employees;  
Deliver unparalleled service to our customers;  
and Increase corporate value and contribute to the betterment of society.

# For Sustainable Growth and Development

The COVID-19 pandemic has caused unprecedented changes to the foundation of our society and economy and left an enormous impact on various industries, including air transportation.

At the same time, there has been a growing momentum for society-wide efforts to pursue sustainability and achieve true affluence and happiness as represented by initiatives for SDGs.

JAL Group has set the new Medium-term management plan to overcome the crisis amidst the COVID-19 pandemic and attain our grand design “JAL Vision 2030”. All members of the group are now determined to make dedicated efforts for achievement of this vision, driven by the two key themes “Safety and Comfort” and “Sustainability”, amid a time of upheaval with drastic changes in values.

During the period of this Medium-term management plan, we will recover the earnings level as early as possible and achieve growth by pushing forward with restructuring of the business structure based on the premise of rebuilding the financial foundation, as well as accelerating measures to realize a sustainable society through our business activities.

Our goal of this Medium-term management plan is to be “the World’s Most Preferred and Valued Airline Group” where people and goods lively move around.

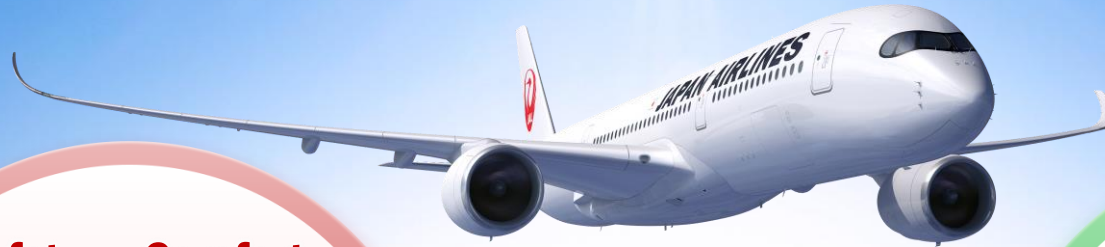
# JAL Vision 2030

Ideal image of the JAL Group in 2030

Corporate Policy  
**JAL Vision**  
Medium-term  
Management Plan



The JAL Group will focus on the key themes of “Safety and Comfort” and “Sustainability” as growth engines; amid a time of upheaval with drastic changes in values toward travel



## Safety and Comfort

Realize a safe, secure,  
and reliable society  
in a comfortable  
environment

# JAL Vision 2030

## Sustainability

Realize an affluent society  
where each one of us  
can sense and hope  
for a brighter future

To become the world’s most preferred and valued airline group,  
where many people and goods lively move around

- 1. Strategic Overview and Management Targets**
2. Details of Strategy



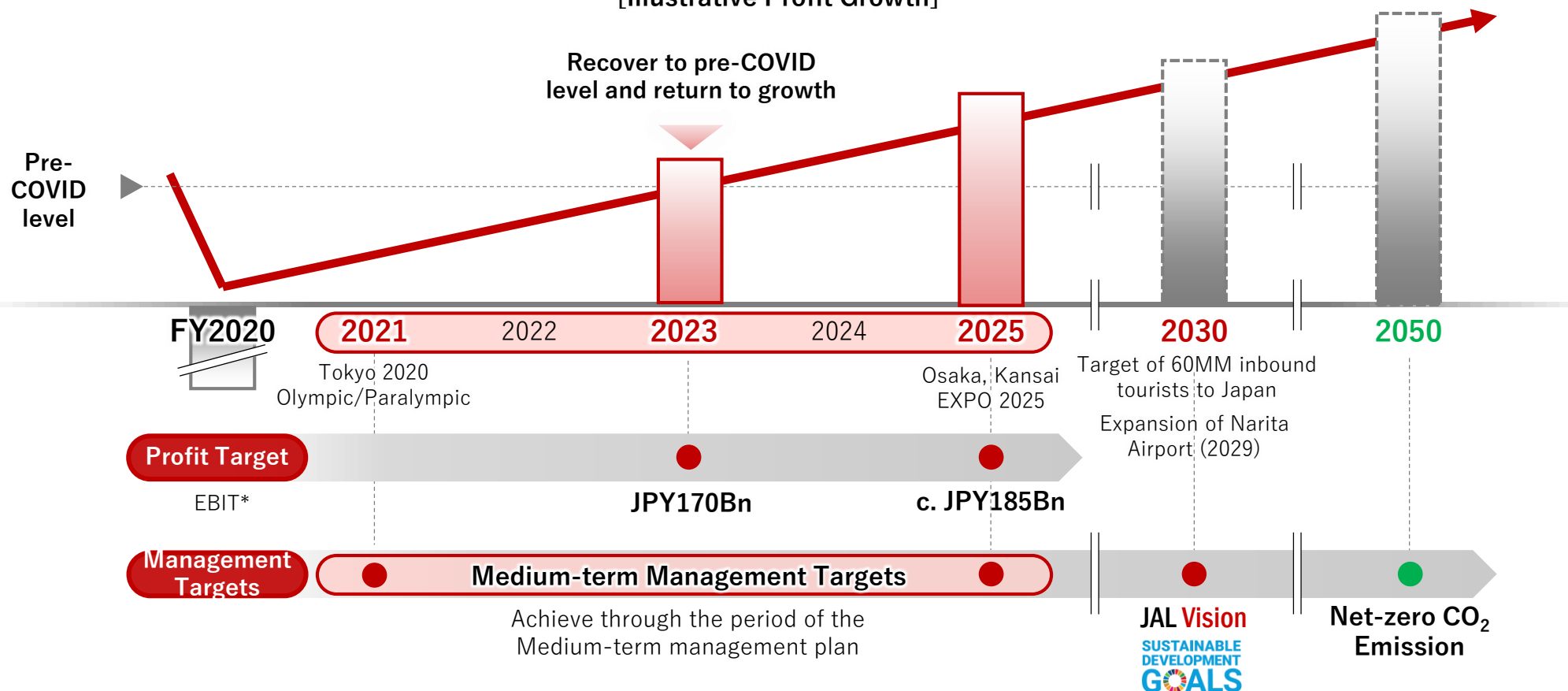
# Timeline of the Medium-term Management Plan

5-year plan to realize the JAL Vision

Corporate Policy  
JAL Vision  
Medium-term  
Management Plan



[Illustrative Profit Growth]



\*EBIT : Earnings Before Interest and Taxes

# Overview of Management Strategy

Three strategic pillars to achieve “Sustainable Growth and Development” and adapting to changes



## Changes Caused by COVID-19 Pandemic

### JAL / Airline Industry

#### Severe damage on business

Air travel demand in 2020: reduced by approx. 70% (yoy)\*

\*vs 2019: Statistics of IATA (International Air Transport Association)

### Market

Structural changes in air travel demand and consumer behavior

### Society

Growing social awareness for achievement of SDGs



## Business Strategy

Restructuring business model addressing changes in market trends and provide a safe and secure travel experience

## Three Strategic Pillars



## Finance Strategy

Rebuilding financial foundation and future growth investment; secure shareholder returns



## ESG Strategy

ESG management to achieve SDGs through the business model

### Changes in market trends during COVID-19

#### Structural Changes in Air Travel Demand



- Delayed recovery of business demand
- Solid recovery of leisure and VFR demand

#### Changes in Consumer Behavior



- Growth of EC market
- Growing needs for personalized services

### Expanding business domains to address the changing market trends

#### Full Service Carrier (FSC)

##### Improve Profitability

**Downsizing fleet, optimizing network, and enhancing product competitiveness/marketing**

- Resumption of highly-profitable international routes
- Expand use of JAL's flagship aircraft – Airbus A350
- Expansion of JV in Asia and Oceania routes

#### Cargo and Mail

##### Steady Revenue Increase

**Promoting a flexible supply strategy featuring cargo space and alliance tie-ups**

- Full utilization of belly space (incl. LCC)
- Strengthen collaboration with partners to expand capacity and network
- Capturing demand for items requiring high transportation quality

UP!

LCC



##### Develop New Markets

**Multi-model strategy in the growing low-yield market**

- ZIPAIR: Asia/Hawaii/Pacific routes
- SPRING JAPAN: Expand areas in China
- Jetstar Japan: Capture tourism demand based in Narita Airport to act as a hub

UP!

**Mileage, Lifestyle and Infrastructure**

##### Expand into Growing Fields

**Expanding business domains leveraging robust customer base and human skills**

- Mileage/financial/merchandise services
- Expansion of market shares in contracted services (Ground Handling/MRO/Cargo)
- Commercialization of regional revitalization and next-gen air mobility service

Mileage/merchandise/communities/airport handling, maintenance and cargo contracted services/air mobility, etc.



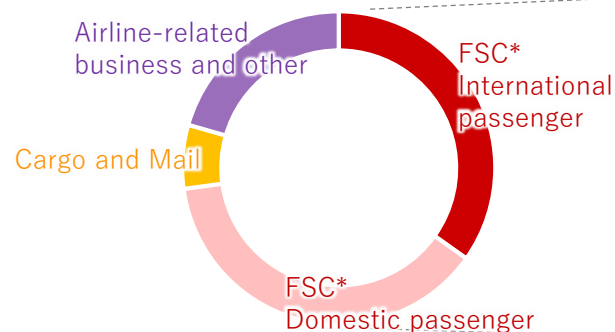
# Change of Business Structure and Profit Growth

Recovery to pre-COVID profit level through restructuring and return to growth



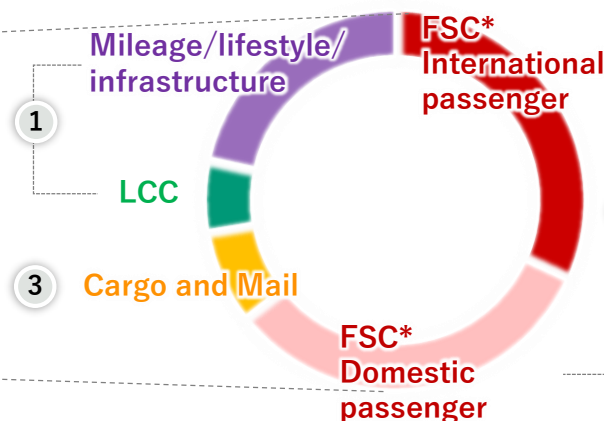
## Change of Business Structure

FY2019 Revenue Breakdown



\*FSC : Full Service Carrier

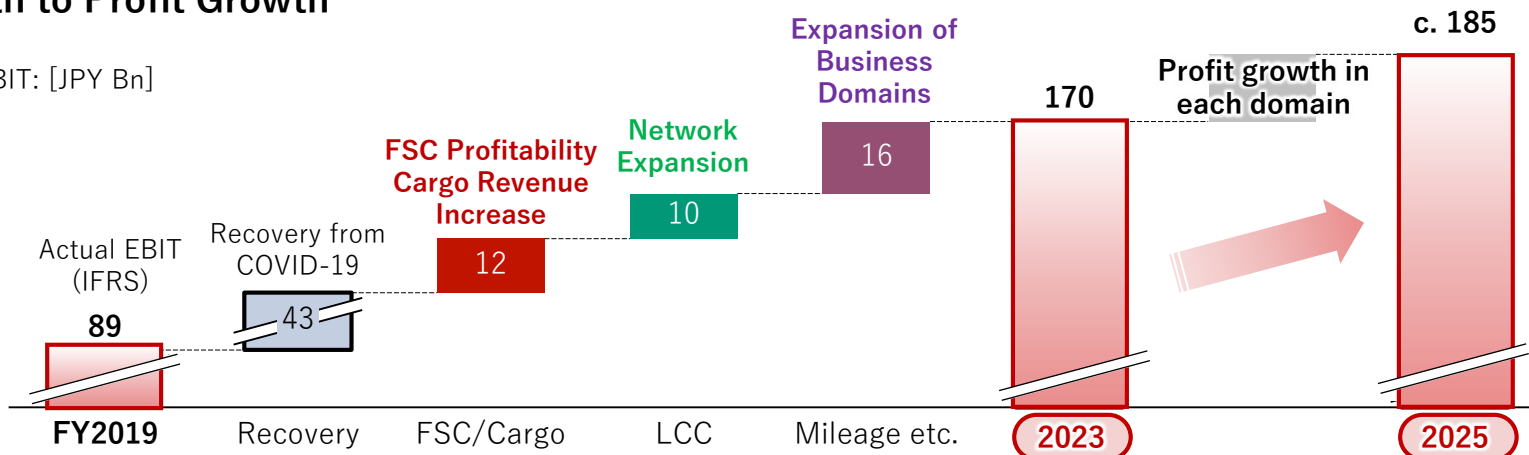
FY2025 Illustrative Revenue Breakdown



- 1 Promote structural restructuring for growth in LCC and Mileage, Lifestyle and Infrastructure
- 2 Steady recovery from COVID-19 in both FSC and LCC model and optimize business portfolio
- 3 Increase revenue steadily in the Cargo and Mail domain

## Path to Profit Growth

EBIT: [JPY Bn]



## Most Advanced Safety Measures Utilizing Digital Technologies

### Safety Measures in Operation

- Safety of Flights and Aircraft
  - System to prevent turbulence
  - Prognostics combining maintenance expertise and new technologies (AI/data analytics, etc.)



- Security Check and Response to Environmental Changes
  - Advanced security inspection devices
  - Safety management in the air mobility domain



### Prevention of Infectious Disease

- Touchless Operations and Social Distancing
  - JAL SMART AIRPORT
  - Utilization of digital certification for safety and comfort of travel



### Human Resources for Safety Management

#### ■ “Safety First”

- Expanding safety education to learn from past accidents based on the three actuals “the actual place, object and people”
- Expanding support programs that enable employees to discuss various concerns, including mental and physical health, and promoting the creation of an environment in which employees can concentrate on safety



# Measures to Offer Comfort



Creating a new customer experience in air travel and on the ground



**Providing “Tailored Comfort” to each customer in every situation**



# Rebuilding the Financial Foundation



Greater risk tolerance and higher capital efficiency for strategic allocation of resources

**FY2021~2023**

**FY2024~2025**

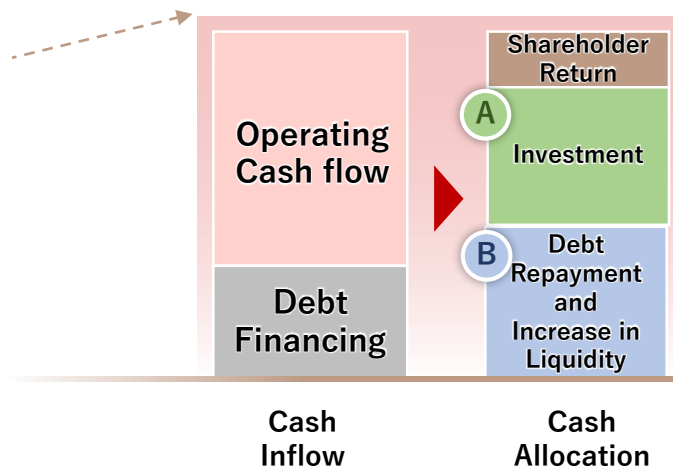
<b>Enhancement of Risk Tolerance and Capital Efficiency</b> <ul style="list-style-type: none"> <li>Enhance risk tolerance</li> <li>Maintain and improve financing capabilities</li> <li>Improve capital and asset efficiency</li> </ul>	Liquidity	Secure the amount of 5.0~5.6 months worth of passenger revenue (incl. credit facility)	➡	Maintain the same level
	Leverage	Recover the equity ratio to c. 50%	➡	Maintain the same level
	Credit rating		➡	Obtain “A” rating
	Capital efficiency	ROIC*1 >9% ROE >10%	➡	Maintain or improve
<b>Allocation of Resources</b> <ul style="list-style-type: none"> <li>Observe financial discipline</li> <li>Allocate resources optimally</li> <li>Promote investment for sustainable growth</li> </ul>	Capital allocation	Prioritize rebuilding the financial structure	➡	Promote investment for sustainable growth
	Discipline	Secure sufficient free cash flow for each fiscal period		
<b>Shareholder Return</b> <ul style="list-style-type: none"> <li>Dividends with focus on stability and consistency</li> <li>Payout ratio: 35% or higher</li> <li>Flexible buyback to enhance total return ratio</li> </ul>	Dividend	Aim to resume dividends as early as possible	➡	Stable dividend with payout ratio over 35%
	Total return		➡	Flexibly consider buyback

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

\*2: Fixed assets = Inventory assets + Non-current assets – Deferred tax assets – Net defined benefit asset

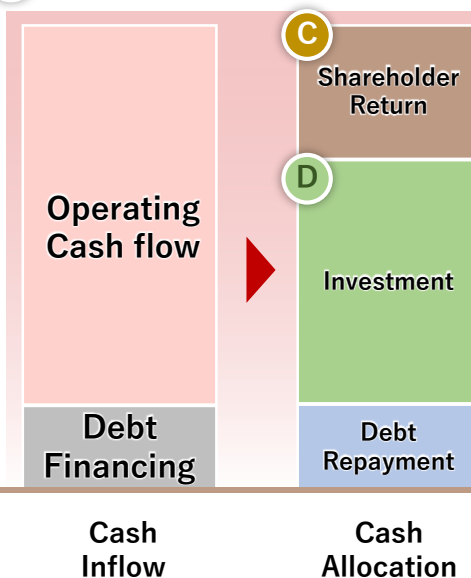
## FY2021~FY2023

- A** Limited investments for rebuilding financial position
- B** Recover an appropriate level of liquidity by the end of FY2023



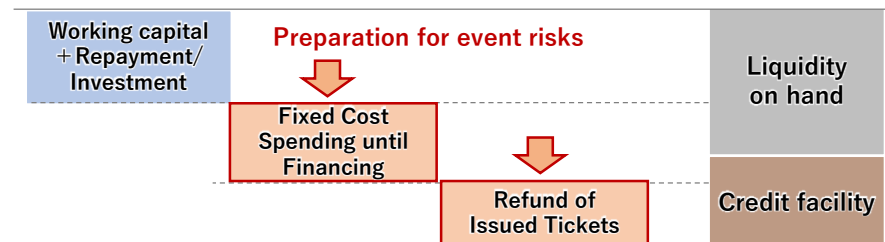
## FY2024~FY2025

- C** Active shareholder return
- D** Investment for sustainable growth



Set an appropriate level of liquidity as **5.0~5.6 months of passenger revenues** after the COVID-19 pandemic

- Secure liquidity that will enables us to tolerate risks according to the size of passenger revenues subject to potential significant impacts if any event risk occurs
- Secure an appropriate level of cash and deposits considering asset efficiency





# ESG Management to Achieve SDGs



Aim to realize a sustainable society through business activities

SDGs  
Achievement

**SUSTAINABLE  
DEVELOPMENT  
GOALS**



**Promote ESG management to Achieve SDGs**  
by Specifying 4 Priority Areas, 22 Issues, and c. 180 initiatives to be Addressed

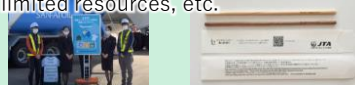
Promotion  
of ESG  
Management

**E**

## Environment

Preserve environment to pass on the precious Earth to the next generation

Address to climate change, effective use of limited resources, etc.



**S**

## People

Contribute to build a society where everyone demonstrates one's potential

Promotion of D&I, improving accessibility, etc.



## Communities

Contribute to development of regional communities as social infrastructure

Regional revitalization, etc.



**G**

## Governance

Transparent Management

Fair Business Practices, etc.

Business  
Activities

## Business Domains

FSC/LCC/Cargo and Mail/  
Mileage, Lifestyle and Infrastructure



## Assets

Human resources/knowledge and  
experience/aircrafts/airport  
network/financial base/customer base



## Operational Base

Safety Charter / JAL Philosophy / Divisional  
Profitability Management System / Code of  
Conduct / corporate governance

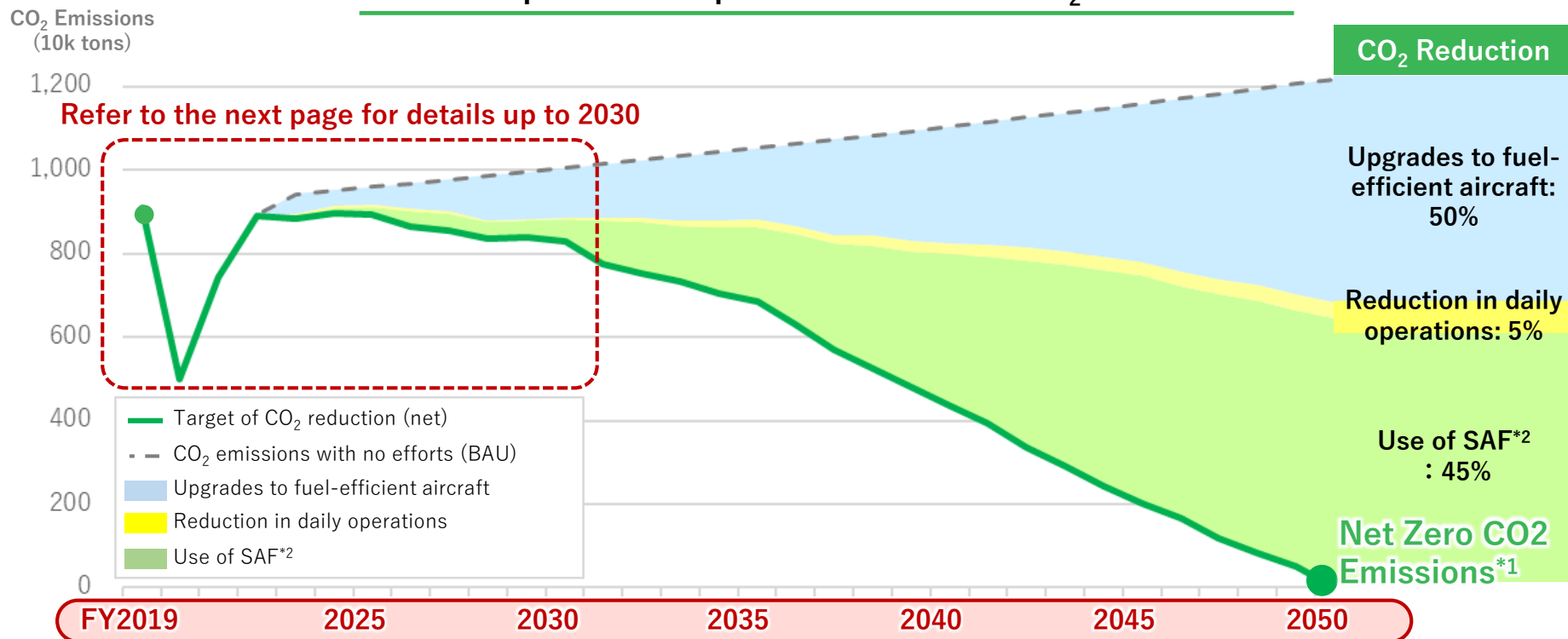


# Target of Net Zero CO<sub>2</sub> Emissions by 2050



Aim to achieve 2050 target to realize an affluent society where each of us can sense and hope for a brighter future

## JAL Group's Road Map towards Net Zero CO<sub>2</sub> Emissions\*<sup>1</sup>



### Upgrades to fuel-efficient aircraft

Utilizing the latest fuel-efficient aircraft today and aim to introduce aircraft using new technologies in the near future, such as hydrogen and electric powered aircraft

### Reduction in daily operations

In addition to "JAL Green Operations" to reduce CO<sub>2</sub> emissions in daily operations, promoting collaboration across the entire industry, including air traffic control agency, airlines, and airport operators

### Use of SAF\*<sup>2</sup>

Collaboration with stakeholders to aim for a decarbonized society to secure SAF\*<sup>2</sup> supply and reduce costs

\*1 : Achieving a balance between the amount of carbon emissions actually generated by business activities and the amount of reduction achieved through measures= Net Zero Emission (including emissions trading and CCS (CO<sub>2</sub> absorption technology))

\*2 : Sustainable Aviation Fuel



# CO<sub>2</sub> Reduction Targets and Initiatives by 2030



Leading the industry in implementing most advanced initiatives in accordance with international frameworks

## FY2025 CO<sub>2</sub> Reduction Target

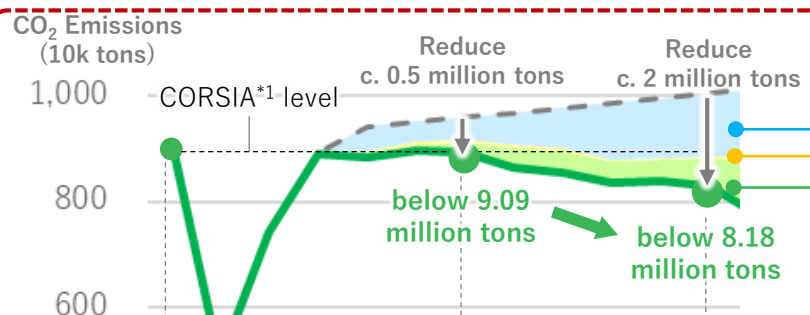
**Total emission:**  
below **9.09 million tons**  
(Reduce c. 0.5 million tons)

Keep the amount of the total emission below the actual amount of FY2019

## FY2030 CO<sub>2</sub> Reduction Target

**Total emission:**  
below **8.18 million tons**  
(Reduce c. 2 million tons)

Keep the amount of the total emission below 90% level of the actual amount of FY2019



FY2019

2025

2030

Total Emissions

Below FY2019

90% from  
FY2019 volumeAmount of  
ReductionAmount of reduction  
from BAUc. 0.5 million tons  
(c. 6%)c. 2 million tons  
(c. 20%)

SAF

Ratio of SAF to total fuels

1%

10%

## Upgrades to Fuel-efficient Aircraft



**FY2030  
Emission  
Reduction**  
c. 60%

- Steadily introduce Airbus A350 and Boeing-787, more fuel-efficient models
- Coordinate with aircraft manufacturers to promote R&D of electrified/hydrogen-fueled aircrafts

## Reduction of CO<sub>2</sub> Emissions in Daily Operations



**FY2030  
Emission  
Reduction**  
c. 5%

- Promote JAL Green Operations (to reduce emissions on a daily basis)
- Proactive participation in public-private partnership for the next-gen air traffic system

## Use of SAF























Fulcrum SAF manufacturing plant in Nevada

**FY2030  
Emission  
Reduction**  
c.35%

- Switch to SAF by 10% for FY2030, based on the premise of improvement of the usability
- In addition to the Fulcrum partnership, build and integrated supply chain of Japan-made SAF

\*CORSIA : Carbon Offsetting and Reduction Scheme for International Aviation...under that, airlines operating international flights purchase CO<sub>2</sub> emission credits for any excess CO<sub>2</sub> emissions over their 2019 volume

		Materiality	Key Initiatives and FY2025 Targets		Related SDGs
E	Environment	Address to Climate Change	CO <sub>2</sub> emission reduction	[Aircraft Operation] → Ref. 1-6 (Next Page) [Ground Facility] → [FY2030 Target] Emission vs FY2013 <b>50%</b>	    
			Reducing of single-use plastic Promote 3R(Reduce, Reuse, Recycle)+1(Redesign)	→ Ref. 1-6 (Next Page)	
		Effective Use of Limited Resources	Reducing food loss and waste Prior cancellation of in-flight meals on all international flights and thorough recycling of offcuts and scraps generated in preparing meals	→ Recycle rate <b>100%</b>	
S	People	Promotion of D&I	Female advancement within JAL Group	→ Ref. 1-6 (Next Page)	      
		Improving Accessibility	Further develop an environment in which all passengers feel a sense of comfort Stress-free transportation and various choices of travel offered to customers who feel barriers in transport	→ Ratio of such passengers to all the passengers vs FY2019 <b>2.5x</b>	
		Prevent the Spread of Infectious Diseases	Transportation of medical items to contribute to public health Provide infrastructure services to support Safety and Comfort in our society by express delivery and rigorous temperature control	→ Volume of medical items transportation vs FY2019 <b>+50%</b>	
	Communities	Regional Revitalization	Vitalizing flows of people and goods through business activities	→ Ref. 1-6 (Next Page)	   
G	Governance	Promote Fair Business Practices	Further strengthening of corporate governance structure Deepening group governance, risk management and consistent efforts by evaluating Board effectiveness	→ Compliance rate of the Corporate Governance Code <b>100%</b>	   
		Promote Responsible Procurement	CSR*1-awareness procurement Identification of and responses to risks in the entire supply chain	→ Soundness of principal 1st-tier suppliers identified in Self-Eval. <b>100%</b>	

**Aim to be a constituent of DJSI\*2 World (Dow Jones Sustainability World Index) by FY2023**

\*1 : Eco-friendliness, fair business practice and respect for human rights, etc.

\*2 : Dow Jones Sustainability Index

# 1-6 Management Targets under Medium-term Management Plan

To be achieved by FY2025 for realization of JAL Vision 2030



## FY2025 Targets

<b>Safety and Comfort</b> 	Safety	<b>Aircraft Accidents and Serious Incidents: 0</b> (during the entire period of the Medium-term management plan)	
	Comfort	<b>Top Level Customer Experience both in air travel services and daily life</b> <b>NPS*1 +4.0pt</b> (International/domestic flights)	
<b>Financial</b> 	EBIT Margin	<b>10% or Higher in FY2023</b> (to improve onwards)	
	ROIC	<b>9% in FY2023</b> (to maintain or improve onwards)	
	EPS	FY2023 <b>¥260</b> Pre-COVID level	<b>FY2025</b> <b>c. ¥290</b>
<b>Sustainability</b> 	Environment	<b>CO<sub>2</sub> Emission Reduction</b> <b>Total emission: below 9.09 million tons</b> (FY2019 Result)	<b>Reduction of Single-use Plastic</b> <b>No use of virgin petroleum-based plastic at cabin/lounge</b> (100% switch to eco-friendly materials at Cargo/Airport service)
	Communities	<b>Regional Revitalization</b> <b>Domestic passenger*2 and cargo transport volume: +10% vs FY2019</b>	
	People	<b>Promotion of D&amp;I</b> <b>Group Female Managers Ratio: 30%</b> (19.5% as of FY2020 end)                     Consistent efforts to encourage various human resources to demonstrate their potential	

\*1: Net Promoter Score...objective indicator of customer satisfaction (vs the beginning of FY2021)

\*2: Increases in passenger numbers by stimulating tourism demand and creating new flows

1. Strategic Overview and Management Targets
- 2. Details of Strategy**



Business

FSC

LCC

Cargo  
and MailMileage.  
etc.

## Business Environment

### Mid- to Long-term Demand Trend

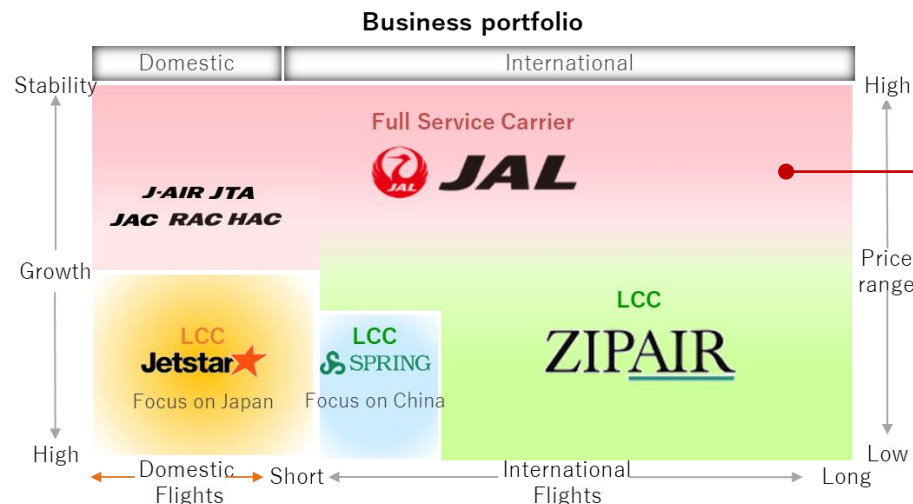
- Diversification of needs for pricing and services
- Growing demands driven by economic growth in Asia

### Structural Changes Under COVID-19 Pandemic

- Decline in business travel following the penetration of web conferences.
- Strong leisure/VFR demand post-COVID era

## Strategy of Air Passenger Business

- Revenue growth in the low-yield market for both LCC and FSC models
- Establish comprehensive network for domestic and international routes
- Enhance demand and expand the network through JVs with leading airlines in key areas and align with oneworld partners



### Joint Venture Partners



American Airlines / British Airways/  
Finnair / Iberia / Malaysia Airlines





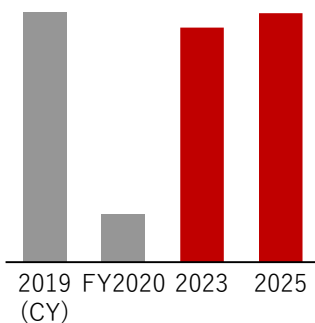
Business

FSC

LCC

Cargo  
and MailMileage.  
etc.

Illustrative Revenue Trend  
(FSC total)



## Strategies to Improve Profitability

### To Strengthen Earning Results

#### Capture Business Travel Demand

- Improving consumer preference with the introduction of the A350 aircraft
- Expansion of Haneda network featuring routes with high business passenger needs
- Enhance marketing leveraging joint ventures

### Thorough Cost Reduction

#### Optimize Scale of Business

- Suspending low profitability routes and utilizing codeshare partnerships
- Early retirement of aging aircraft to curb maintenance cost and introduction new aircraft to curb operational cost

#### Capture Growing Demand

- Strengthen Narita as an international hub for Asia-North America transit demand for high yield markets
- Capture travel demand between metropolitan areas and local regions by “Encouraging regional travel/movement and through workation” and “Attracting inbound tourism”

#### Improve Productivity

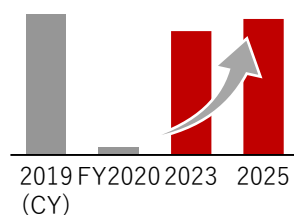
- Improving operational efficiency through JAL SMART AIRPORT and promotion of DX such as mobile communications

## FSC International Passenger

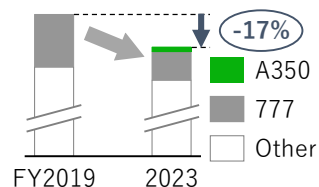


Accelerating retirement of large-sized aircraft to enhance profitability and recover growth

### Illustrative Revenue Trend



### Fleet



- Suspension of Narita-Kaohsiung/Busan routes and phased resumption of international routes
- Introduction of A350-1000 to US/EU routes (scheduled in FY2023)

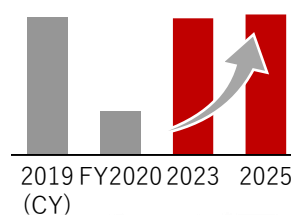
## FSC Domestic Passenger



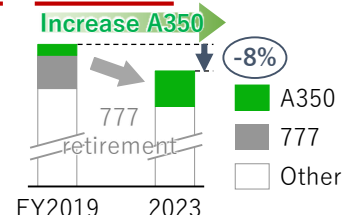
JAL J-AIR JTA JAC RAC HAC

Rearrangement of routes and enhanced product to achieve high profitability

### Illustrative Revenue Trend



### Fleet



- Early retirement of 777 and upgrades to A350-900
- Increase in routes to/from Okinawa with solid growth potential (Launch of new routes and introduction of larger aircraft)

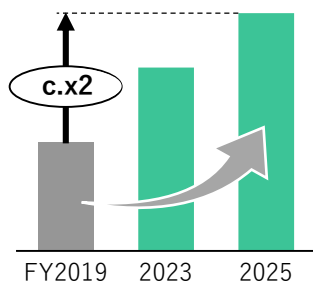


Business

FSC	LCC
Cargo and Mail	Mileage, etc.



### Illustrative Revenue Trend (3 LCCs in total\*)

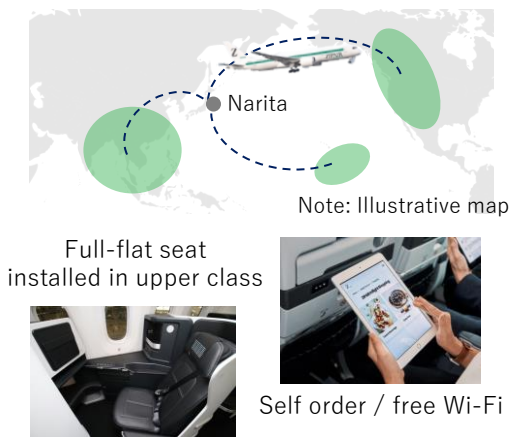


\*ZIPAIR, SPRING JAPAN, Jetstar Japan

- Three LCC business models in the low-yield market with distinctive characteristics
- Creation of demand through high-quality, low-cost operation fully leveraging resources of the JAL Group
- Strategic network expansion based in Narita Airport as a hub

### ZIPAIR First Mid-to-long Haul LCC in Japan

- Capture demand in global major cities utilizing high-performing 787 aircraft
  - Create low-yield travel demand in Asia, US West Coast, Hawaii, etc.
  - Utilize belly space as a revenue source
- Expansion to 10 aircraft by FY2024
  - Introduce two aircraft per year



### SPRING China-focused LCC

- China-focused operation utilizing small aircraft partnering with Spring Airlines, the largest LCC in China
  - Attract inbound tourists from China leveraging Spring Airlines' strong brand recognition in China
- Consolidate SPRING JAPAN in June 2021 (scheduled)
  - Achieving high-quality, low-cost operation fully leveraging resources of JAL Group
- Addressing potential travel demand in local cities in China
  - Launch new routes at white spot in China
  - Target cities with population of over 10MM



### Jetstar Strong LCC Network in the Tokyo Metropolitan Area

- Drives the growth in domestic LCC market
  - Capture tourism demand, mainly through domestic flights to/from the Tokyo metropolitan area (Narita)
  - Increase revenues under the dual-brand strategy with JAL in domestic flight operation
- Improve profitability through business restructuring
  - Enhance profitability by reviewing the fleet and network, and enhance cargo revenue
  - Partnering with the Qantas/Jetstar Group to strengthen marketing and revenue management
  - Improve fleet utilization rate in short-haul international routes optimizing overnight-parked aircrafts





Business

FSC

LCC

Cargo  
and MailMileage.  
etc.

## Renewal of Flagship Fleet

■ International: 777-300ER

■ Domestic: 777-200/300/200ER

777-200ER to be redeployed to domestic flights



39 >>> 13\*

(FY2019) (FY2023)

\*GE-manufactured engine only

Fuel Efficiency  
Improvement  
**25%**  
(vs incumbent aircrafts)

Interior Renewal to  
Be More Preferred by  
Customers

■ International: A350-1000 (FY2023~)

■ Domestic: A350-900 (FY2019~)



5 >>> 18

(FY2019) (FY2023)



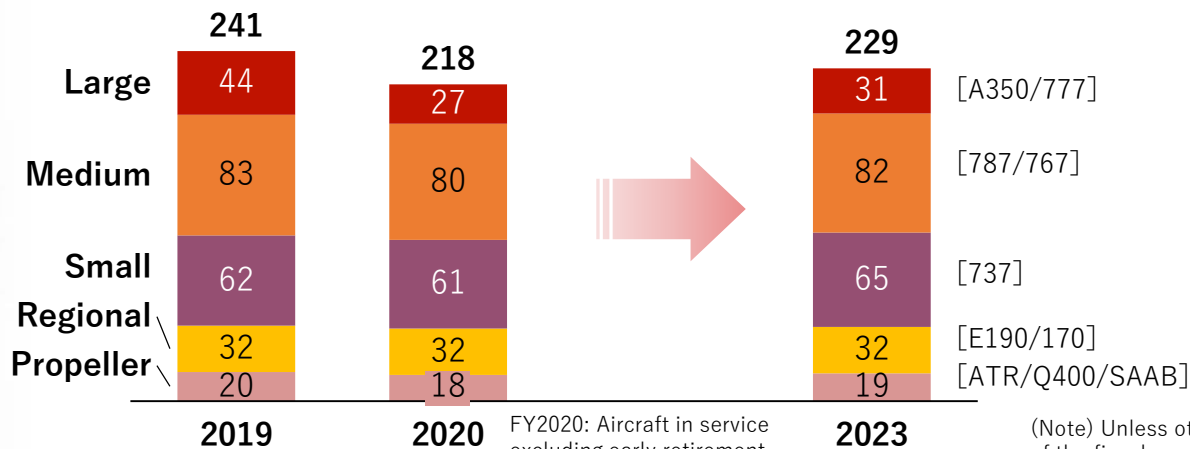
A350/787 for domestic flights  
are equipped with personal  
monitor AC power in all seats.

## Fleet Composition

(ZIPAIR: from FY2019, SPRING JAPAN: FY2023 only due to consolidation in FY2021)

■ Reduce the ratio of large-sized fleet [from 18% (FY2019) to 14% (FY2023)]

■ Increase fleet for LCC (medium and small sized)



FY2020: Aircraft in service  
excluding early retirement

(Note) Unless otherwise noted, the number is end  
of the fiscal year aircraft



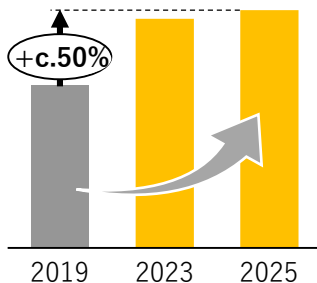
Business

FSC

LCC

Cargo  
and MailMileage.  
etc.

Illustrative Revenue Trend



## Business Environment

### Solid Air Cargo Demand

- Cargo demand exists regardless of borders closing during the COVID-19 pandemic
- Reconfirmed the significance of maintaining the logistics infrastructure

### Growing Needs for Advanced Transportation Services

- Demand for specific cargo needs change based on the current lifestyle
- Increase of EC and medical cargo

## Strategy of Cargo and Mail Business

### Maximize Revenue

#### Flexible Supply Strategy

- Expand capacity by fully utilizing belly spaces of FSC/LCC passenger aircraft
- Strengthen collaboration with partners to expand capacity and network leveraging charter flights

#### Approach to New Cargo Demand

- Capture cargo demand for EC/delivery, healthcare (pharmaceutical/medical items), foods and local specialties

Deploy a system to manage quality and shorten lead time



### Improve Convenience and Productivity

#### Renewal of Operational Process

- Renew the processes of reservation, sales and ground operations

Promote digitalization and automation



## JAL Group's Strengths

### Customer Base/Brand

### Human Skills

#### Mileage & Lifestyle Domain

Increase revenue opportunities by strengthening the relationship with the customer base

##### ■ Mileage



##### ■ Financial Services



##### ■ Merchandise



#### Contracted Service Domain (Ground Handling/MRO/Cargo)

Maximize technical capability to ensure safe operations, Promoting a business model that supports the needs of the airline industry

##### ■ Airport



##### ■ MRO



##### ■ Cargo



#### Regional Business Domain

Evolve into a community-based solution business based on regional revitalization initiatives

##### ■ Travel



##### ■ Sales Channels × Logistics



##### ■ HR Development



##### ■ Inbound

##### ■ Healthcare

##### ■ Environment

##### ■ Intermodal Transport

#### Next-gen Air Mobility Domain

Co-develop next-gen transportation and mobility infrastructure with global partners

##### ■ Drone Logistics



##### ■ Flying Car



##### ■ Service Infrastructure



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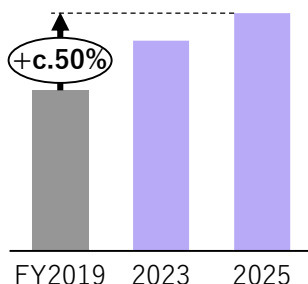




Business



## Illustrative Revenue Trend



IFRS: excluding revenue transferred to air passenger

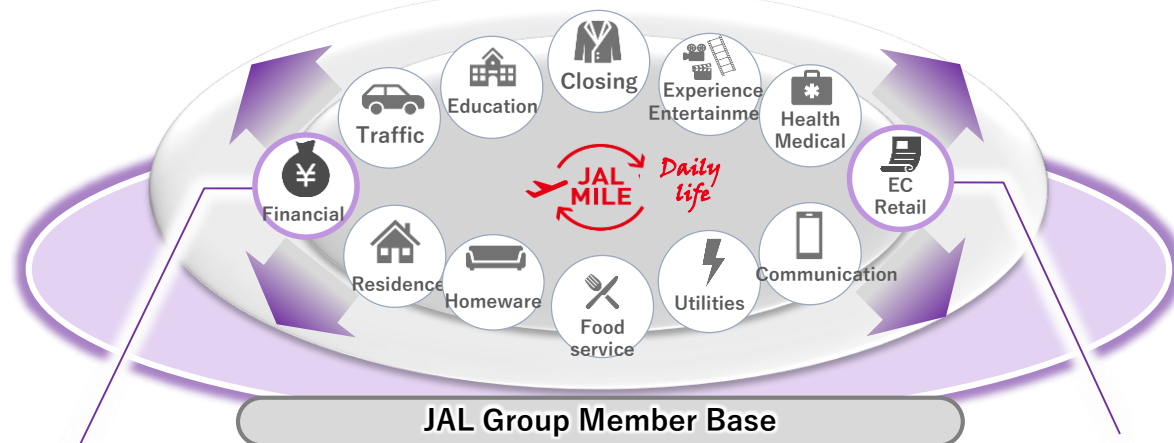
- Utilize the JAL Group customer base and mileage program to offer new values to customers' daily life
- Achieve growth to create new revenue opportunities through extensive partners, strengthen financial services and integrate merchandise operations

## Mileage Business



- Continue efforts to enhance and differentiate the airline's business model
- Expand opportunities to "earn" and "use" miles by increasing collaborative partners
- Increase revenue opportunity by creating services accessible during the daily life of a customer

[Mileage and Lifestyle Domain]



## Financial Service



### Payment

- Promote cashless payment
- Increase the number of members of JAL Card / JAL Global Wallet
- Expand functions of payment via smartphones (IC/QR)

## Banking

- Expand JAL NEOBANK members
- Offer travel reserves and housing loans

## Insurance

- Insurance products in line with each itinerary

## Securities

- Offer investment services according to the stage of life

## Merchandise



- Enhance accessibility for users
- Develop and offer proprietary products in collaboration with Regional Domain team



# Regional Business Domain

Evolve into a community-based solution business based on regional revitalization initiatives



Business

FSC	LCC
Cargo and Mail	Mileage. etc.

## Regional Issues And Needs

How to address declining birthrate and an aging society, population decline, rural exodus and digitalization.

**JAL Strengths**

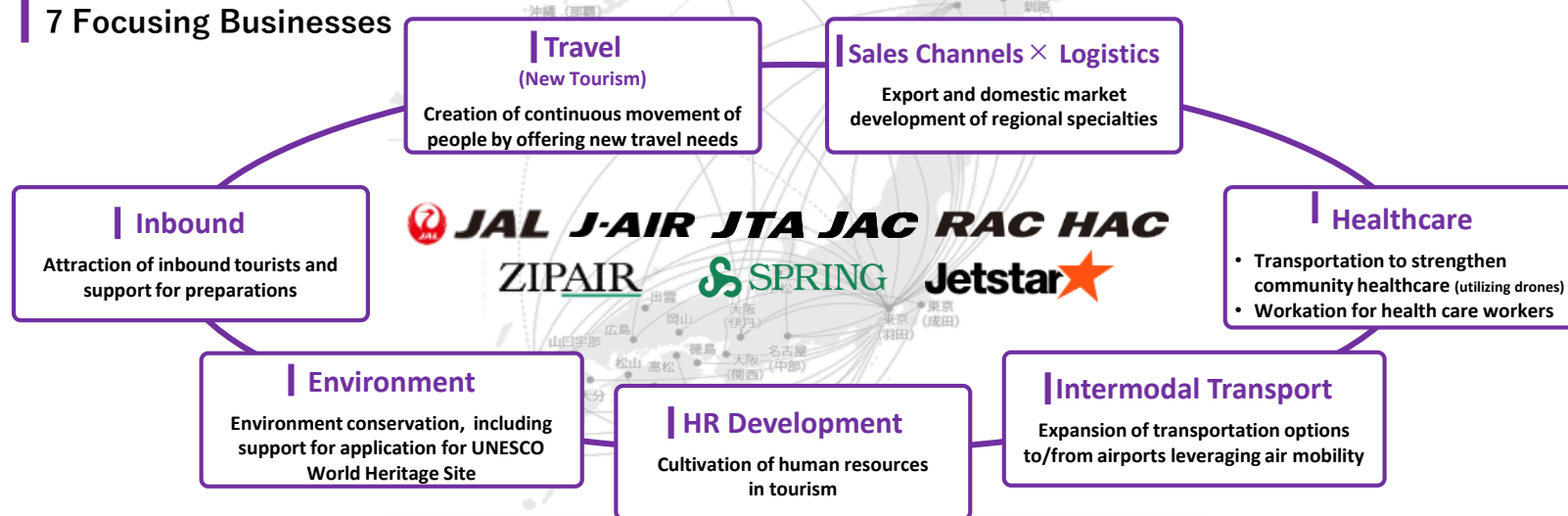
- Network
- Creation of the movement of people
- Creation of sales channels and logistics
- Human resources



**Regional Resources**

- Tourism resources (rich natural environment, cultural heritage, etc.)
- Regional specialty goods
- Wide variety of art and culture

## 7 Focusing Businesses



Vitalizing flows of goods and people promoted by enhancing connection between regions and people

# Contracted Services Domain (Ground Handling/MRO/Cargo)



Maximize technical capability to ensure safe operations and promote a business model that supports the needs of the airline industry

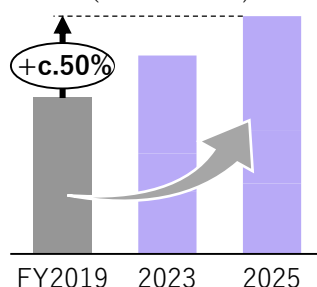


Business

FSC	LCC
Cargo and Mail	Mileage, etc.



Illustrative Revenue Trend  
(Domain total)



- Provide peers and public agencies with various services leveraging our facilities/equipment and human skills cultivated in air transportation operations
- Build a solid supply structure in alliance with partners to flexibly respond to changes in demand trends and seek larger shares

## Ground Handling

Lead the way to a tourism-oriented country by supporting air travel demand

### Expand Market Share

- High quality and stable services to meet various demand (certified by ISAGO)
- Packaged services including administrative operations
- Airline marketing to global airlines in collaboration with local municipalities



## MRO

Offer various maintenance and technological services from operation support to equipment services

### Upgrade Service

- Operations support including responses to irregular events and provision of parts, equipment and tools
- Maintenance services for engines and landing gears
- New businesses leveraging expertise in air transportation (technologies, training programs, logistics, etc.)



## Cargo

Provide comprehensive logistics services to meet strong cargo demand

### Enhance Logistics Service

- Extensive contracted services of cargo handling mainly at hub airports in Japan
- Strengthened comprehensive logistics services using cargo shed facilities
- Safety and quality of transportation leveraging technological support



# Next-gen Air Mobility Domain

Develop new businesses with partners to build next-gen transportation/mobility Infrastructure



Business



## Airframe Image

### Drone Logistics



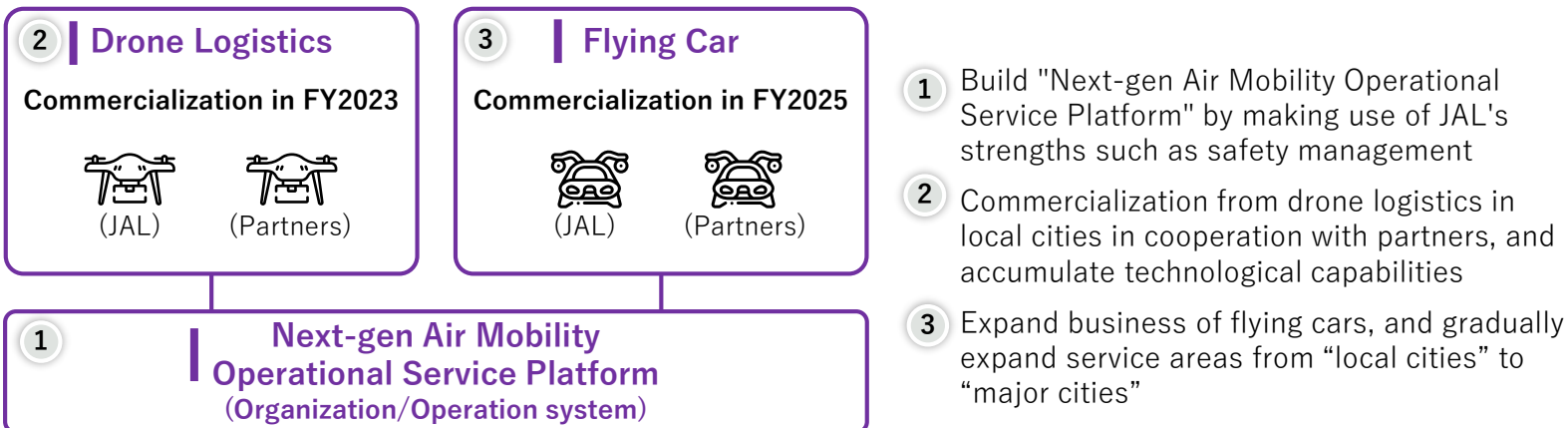
### Flying Car



- Facilitate next-gen air mobility focusing on safety
- Improve transportation convenience and contribute to resolving social issues by drone logistics and eVTOL

## Business Model of Next-gen Air Mobility

■ From “drone logistics”(goods) to “flying car” (people), from “local cities” to “major cities”



## Initiatives for Commercialization and Service Expansion

NOW

Establishment of an act by around 2022

Initiatives to protect “safety in the air”

Service Model Design

Commercialization and Service Expansion

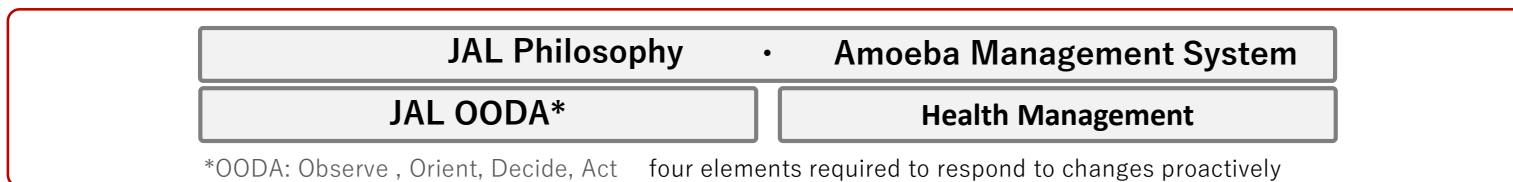
- Participation in regulatory framework design and demonstration test
- Establishment of human resource development system (Ex.: Pilot training, etc.)
- Market research and safety evaluation
- Development of next-gen air mobility operational service platform
- Drone Logistics : FY2023~
- Flying Car : FY2025~

# Human Resources Strategy

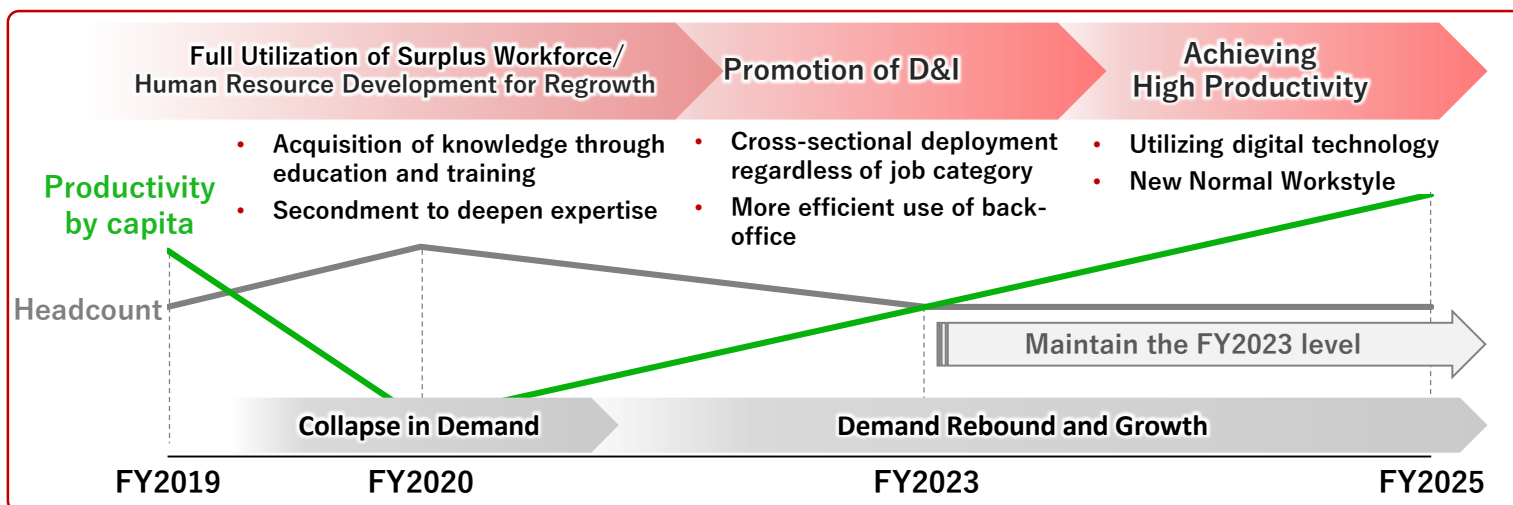
JAL Group's full commitment to achieve "Sustainable Growth and Development"



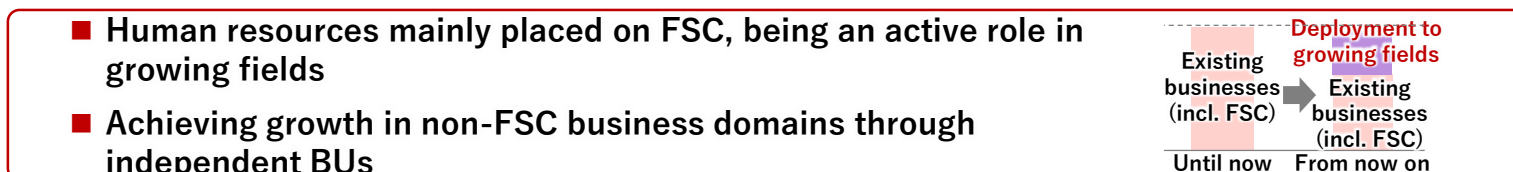
Foundation of Human Resources Supporting Growth and Development



Achieving High Productivity with Environmental Changes as an Opportunity



Deployment of Human Resources to Growing Fields & BU-based Operation

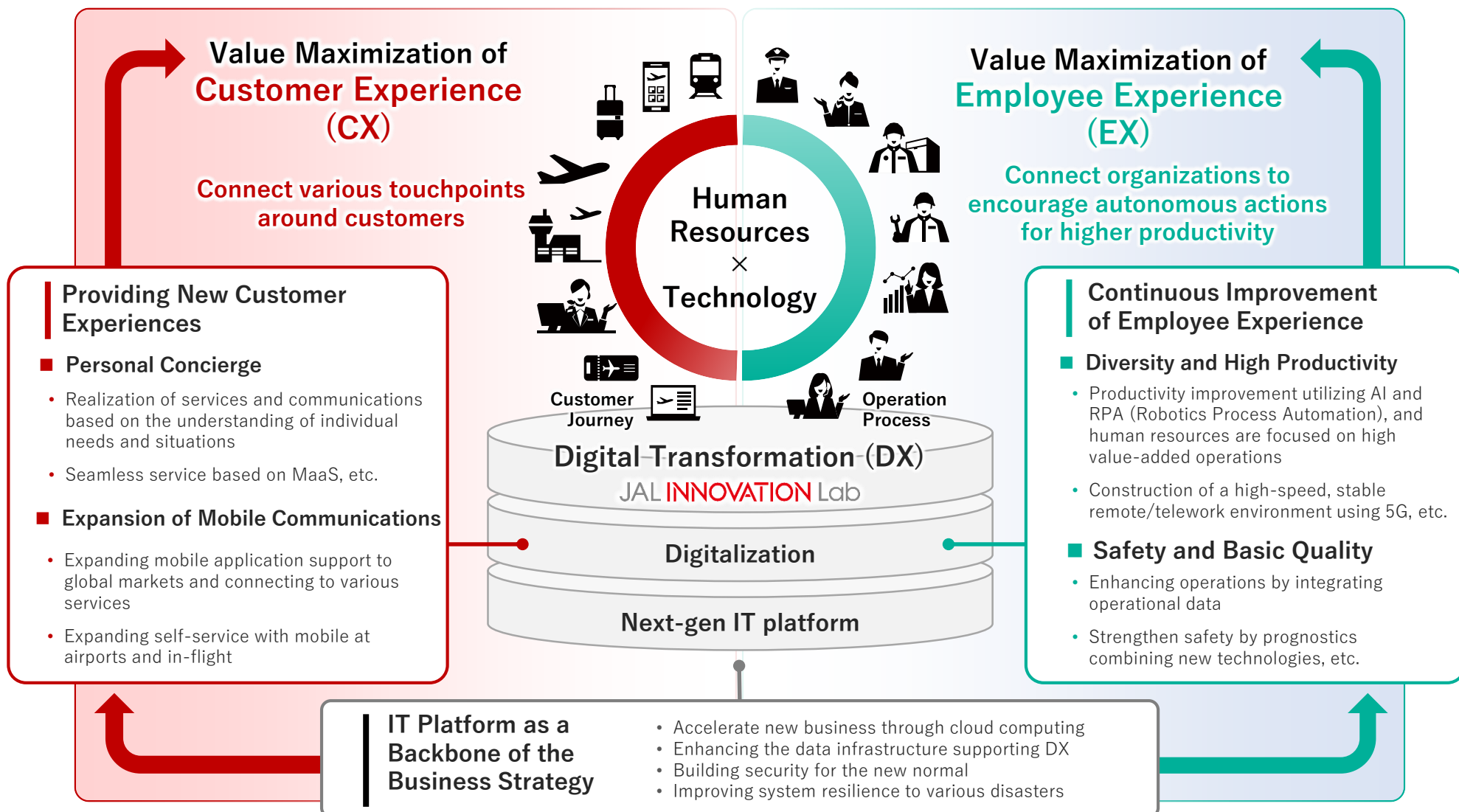


Goal





Promote digital transformation integrating human resources and technology to maximize both customer experience and employee experience





# Cost Management



Flexible variable cost management and fixed cost reduction through structural reforms and further streamlining and productivity improvement

## Past Measures

- Thorough structural reforms, followed by disciplined cost management
- Full use of the divisional profitability management system for profitability improvement through flexible adjustment of supply and cost reduction

## Post-COVID

Variable  
Cost

Flexible and swift adjustment of supply to control variable costs

**Reduction of actual fixed costs\* to the FY2020 level** through structural restructuring and further streamlining and productivity improvement

### ■ Illustrative Reduction of Actual Fixed Costs\*

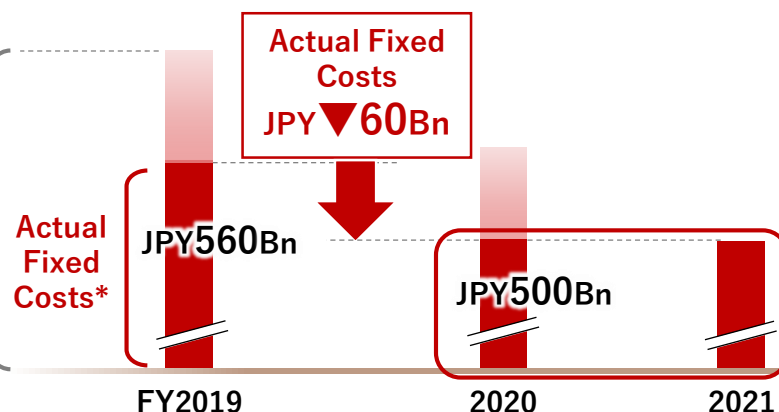
#### Initiatives for Cost Reduction to Offset Cost Increase

- Optimization of the fleet size
- Improve productivity
- More efficient operation with less manpower through adoption of JAL SMART AIRPORT
- Utilization of systems to improve cost efficiency, etc.

**Maintain the FY2020 level**

Fixed  
Cost

Total  
Fixed  
Costs

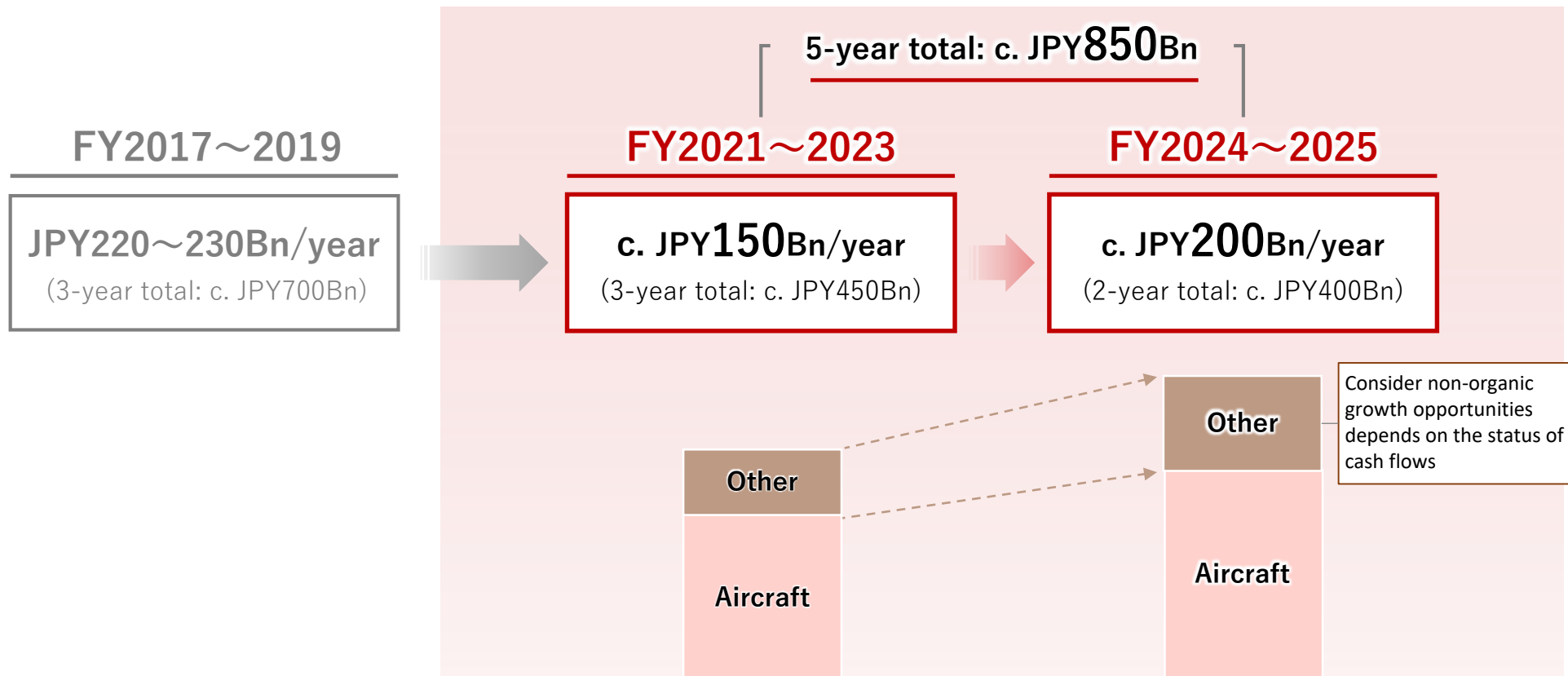


FY2020 reduction, JPY135Bn from the initial plan (incl. some revenue- and capacity-linked portions)

\*Actual Fixed Cost: (Total Fixed Cost) – (costs that may be variable according to operational size and number of passengers, temporary or additional costs in association with the structural restructuring (early retirement of aged aircrafts, LCC business expansion, etc.))



Disciplined growth investment focusing on investment efficiency



#### Investments for “development at Haneda and Narita” in FY2020

- Introduction of A350-900 to domestic routes
- Increase in FSC international aircraft
- Renovation of passenger service systems

#### Targeted investment with restrained size:

- Continuous introduction of A350-900
- LCC business
- DX promotion, JAL SMART AIRPORT

#### Sustainable growth through:

- Introduction of A350-1000 into international routes
- Expansion of business domains
- Promoting initiatives to achieve SDGs



All JAL Group employees engage in Initiatives for SDGs and aims to accomplish medium term management plan

### Address to Climate Change

- ✓ Engine washing
- ✓ Lightweight container
- ✓ Using SAF

- ✓ Flight path optimization



First flight in Japan with domestic SAF in February 2021

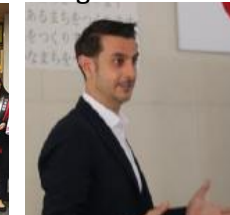
### Regional Revitalization

- ✓ Collaboration

- ✓ Workation

- ✓ Publicize regional specialty products

- ✓ Support for attracting foreign visitors



### Promotion of D&I

- ✓ Diversity

- ✓ Consideration for Gender Neutrality



Change Announcement

Sneakers to the ZIPAIR uniform

Continuing activities from 2011 to 10 Years and evolving into a business

### Improving Accessibility

Formulation of guidelines based on COVID-19 measures

- ✓ Special assistance counter
- ✓ Remote sign language interpreter



- ✓ Autonomous wheelchair



- ✓ Accessible tourism



### Prevention of the Spread of Infectious Diseases

Certified as the first airline in Asia to receive two awards for COVID-19 safety initiatives.

- ✓ Transportation of medical items



Speed & Quality

- ✓ Non-face-to-face/touchless



JAL SMART AIRPORT

- ✓ Heightened hygiene standards



Antiviral and Antibacterial Coating

- ✓ Awards



# Fly into tomorrow.



## ***JAPAN AIRLINES***

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