JAL Selected as a "DX Stocks 2024" for the Second Consecutive Year

JAL has been selected as a "DX Stocks (*1) 2024" by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange, and the Information-technology Promotion Agency, Japan. This recognition results from efforts to deepen the existing business model in the maintenance field and create new business models, which received high evaluations. This is the second consecutive year JAL has been selected as "DX Stocks".

【Evaluation Comments】

> The DX strategy is appropriately positioned in the management vision, and the initiatives selected under "Deepening Existing Business Models" and "Creating New Business Models" are closely aligned with the fundamentals of JAL's business model and are well understood in terms of corporate value.

【Initiatives leading to the selection】

1. **"Deepening Existing Business Models"**: Aircraft Maintenance Digital Transformation

JAL Engineering Co., Ltd., primarily responsible for the aircraft maintenance of the JAL Group, is advancing towards the Zero-Zero-100 (*2) philosophy. This approach aims to prevent aircraft failures by predicting them before they occur. To achieve this goal, collaboration with partner companies possessing advanced digital technologies in their respective fields has led to three major initiatives:

1) Development of aircraft failure prediction algorithms using hypothesis-driven analysis technology (*3) based on maintenance knowledge and data-driven analysis technology utilizing AI (*4).
2) Development of diagnostic support tools for inspection images of the internal condition of aircraft engines using medical AI technology.
3) Development of line maintenance plan optimization applications using quantum computing technology.
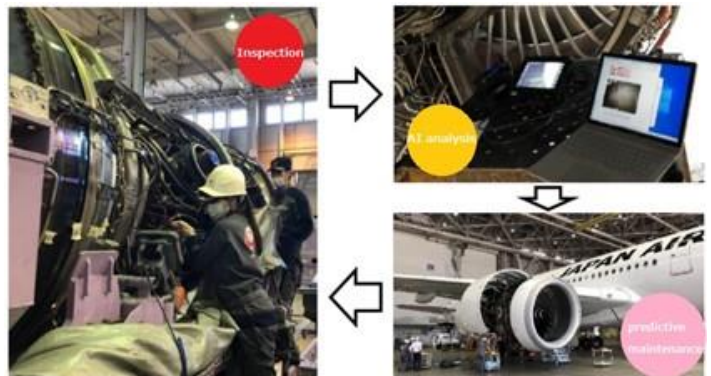
Introduction of AI image diagnosis support tool for engine endoscopy (image)

2. "Creating New Business Models": Air Mobility Business

Leveraging JAL Group's expertise in flight safety and advanced technology, the promotion of the next-generation air mobility business of drones and eVTOLs, is underway in collaboration with other companies and in alignment with government policies. Looking to the future, where a variety of air mobility vehicles, including drones and eVTOLs, will be operated by various operators, the vision aims to establish an "Air Mobility Operation Platform (AMOP (*5))" as a social infrastructure to manage their flight safety and to monetize it as a platform provider. In the drone business, a capital and business partnership was formed with KDDI SmartDrone Co., Ltd. in December 2023. In November 2023, a drone operation company was established in Setouchi Town, Amami Prefecture, together with Setouchi Town, Amami Island Drone Co.,Ltd.

In the eVTOL business, the first goal is to operate a drone at the EXPO 2025 OSAKA, KANSAI. Looking ahead, the aim is for route network expansion, including the airline business, to realize "MaaS (Mobility as a Service) in the sky," seamlessly linking various types of air mobility.

JAL will continue to utilize digital technology to create safe and secure transportation and new customer experience value and take on the challenge of solving social issues and bringing about change through DX.

(*1) "DX Stocks" is a joint initiative by the Ministry of Economy, Trade and Industry (METI), the Tokyo Stock Exchange (TSE), and the Information-technology Promotion Agency, Japan (IPA) to select companies that are engaged in "Digital Transformation (DX)," a radical transformation of business models based on digital technology that will lead to new growth and enhanced competitiveness, from 2020. The companies are selected as "DX Stocks" for their efforts in Digital Transformation (DX).

(*2) This concept expresses "the world's highest quality aircraft operations" to provide safer and more secure travel with zero defects faced by customers, zero defects faced by internal personnel involved in aircraft maintenance, and to achieve a 100% on-time departure service rate.

(*3) An analytical method to formulate hypotheses of scenarios leading to failures based on the knowledge of mechanics and engineers, verify them with relevant historical data, and find features that predict failures.

(*4) An analysis method that automatically finds features that indicate signs of failure from a vast amount of data and detects predictive failure based on these features.

(*5) AMOP is a concept to provide not only an operation control system, but also a package of various services for dispatchers to operate their businesses safely and securely, including consulting on solutions to local issues using air mobility, introduction and provision of communications, insurance, aircraft, etc., and human resource development for flight operators, etc.