



Financial Results for Year Ended March 31, 2020

May 28, 2020

JALUX Inc.

TSE #2729

Index

Impact of COVID-19 on JALUX Group	... 3
Consolidated Financial Summary	... 5
Performance per Operation Segment	... 10
Forecasts for the Fiscal Year Ending March 31, 2021	... 17
Review of Medium-Term Management Plan	... 22
Sustainable Growth of JALUX Group	... 29

Impact of COVID-19 on JALUX Group

1

Impact of COVID-19 on JALUX Group

Number of persons		January 2020		February 2020		March 2020		April 2020	
		Result	YoY rate	Result	YoY rate	Result	YoY rate	Result	YoY rate
Inbound	(Thousand)	2,661	98.9%	1,085	41.7%	193	7.0%	2	0.1%
NRT Airport users	(Thousand)	3,613	106.9%	2,710	84.6%	1,209	31.8%	Not yet announced	
HND Airport users	(Thousand)	6,567	97.6%	5,677	87.5%	2,748	35.2%	Not yet announced	

Reference Inbound: Japan National Tourism Organization
Airport users: East Japan Civil Aviation Bureau



Coronavirus effect on a wide range of business activities such as duty-free distribution, food sales to department stores, hotels and restaurants, and so on.

Uncertain Outlook and a Long-Standing Crisis

Consolidated Financial Summary

2 Consolidated P/L (Summary)

Consolidated P/L (Summary)		(Million yen)		
	March 2019	March 2020	YoY	YoY (%)
Net sales	185,726	144,688	△41,038	77.9%
Gross profit	26,590	25,840	△749	97.2%
SG&A expenses	21,961	21,870	△91	99.6%
Operating profit	4,628	3,969	△658	85.8%
Non-operating profit/expenses	466	768	301	164.5%
Ordinary profit	5,094	4,738	△356	93.0%
Extraordinary profit/losses	△98	△ 182	△84	—
Profit attributable to owners of parent	2,962	3,081	+118	104.0%
Gross profit to net sales ratio	14.3	17.9	+3.5	
Ordinary profit to net sales ratio	2.7	3.3	+0.5	

3 Consolidated B/S (Summary)

Consolidated B/S (Summary)

(Million yen)

	March 31, 2019	March 31, 2020	YoY	YoY (%)
Current assets	46,398	48,765	+2,366	105.1%
Cash and deposits	6,050	6,175	+124	102.1%
Non-current assets	10,488	12,079	+1,591	115.2%
Property plant and equipment	4,508	5,266	+758	116.8%
Intangible assets	490	673	+182	137.3%
Investments and other assets	5,489	6,138	+649	111.8%
Total assets	56,887	60,844	+3,957	107.0%
Current liabilities	29,328	31,704	+2,376	108.1%
Non-current liabilities	1,507	1,093	△413	72.6%
Net assets	26,051	28,046	+1,995	107.7%
Total liabilities and net assets	56,887	60,844	+3,957	107.0%

4 Financial Position

Financial Position		(Million yen)			
	March 31, 2019	March 31, 2020	YoY	YoY (%)	
Total assets	56,887	60,844	+3,957	107.0%	
Shareholders' equity	24,128	26,337	+2,209	109.2%	
Shareholders' equity ratio (%)	42.4	43.3	+0.9		
Interest bearing debt	11,750	14,329	+2,579	122.0%	
Debt/Equity ratio (times)	0.48	0.54	+0.06		

5 Consolidated Cash flow (Summary)

Consolidated Cash Flow		(Million yen)		
	March 2019	March 2020	YoY	
Net cash from operating activities	△4,463	1,488	+5,951	
Net cash from investing activities	△706	△ 2,744	△2,038	
Net cash from financing activities	5,211	1,418	△3,792	
Free cash flow	△5,169	△ 1,255	3,913	

Performance per Operational Segment

6 Net Sales by Segment

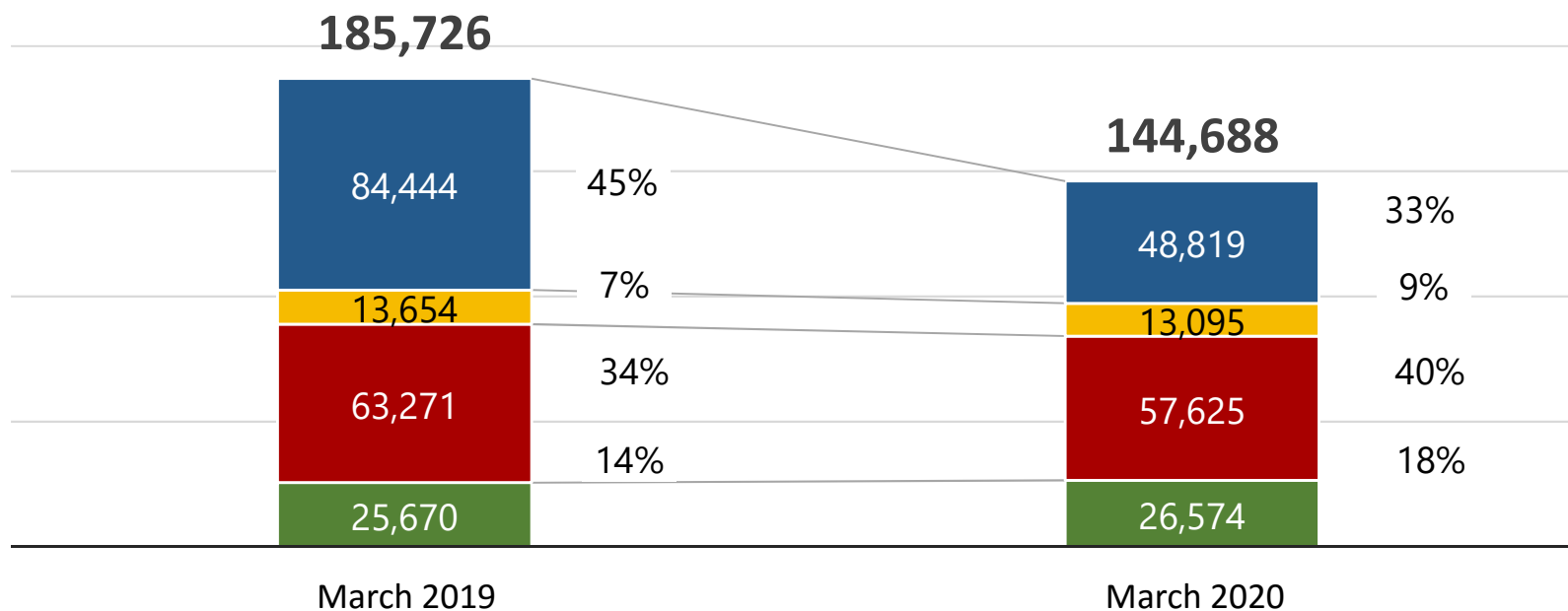
Net Sales by Segment		Note: Sales including inter-segment transaction			(Million yen)
	March 2019	March 2020	YoY	YoY (%)	
Aviation & Airport	84,444	48,819	△35,625	57.8%	
Life Service	13,654	13,095	△559	95.9%	
Retail	63,271	57,625	△5,646	91.1%	
Food & Beverage	25,670	26,574	+903	103.5%	
Eliminations	△1,315	△ 1,426			
Total	185,726	144,688	△41,038	77.9%	

7 Sales Composition Ratio of Segment

Sales Composition Ratio of Segment

Note: Sales including inter-segment transaction

(Million yen)

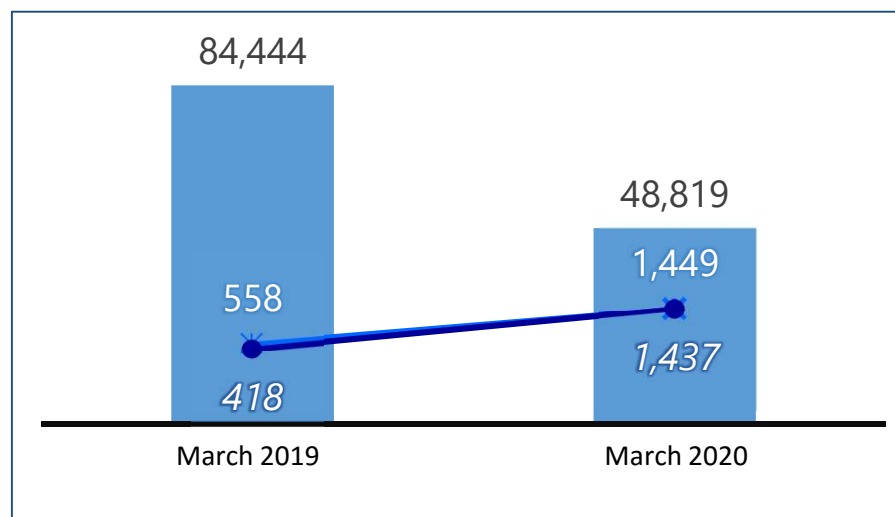


8 Aviation & Airport

Aviation & Airport		(Million yen)			
		March 2019	March 2020	YoY	YoY (%)
Net sales ¹	■	84,444	48,819	△35,625	57.8%
Operating profit ²	*←*	558	1,449	+891	259.6%
Ordinary profit	●—●	418	1,437	+1,018	343.0%

¹ Net sales and Operating profit including inter-segment transactions

² Operating profit before allocating common expenses






Remarks

- Decrease in sales for a major customer in the aircraft-engine parts business
- The aircraft engine lease business in Singapore remains steady
- Increase in equity gains of affiliated companies in the overseas airport operation business

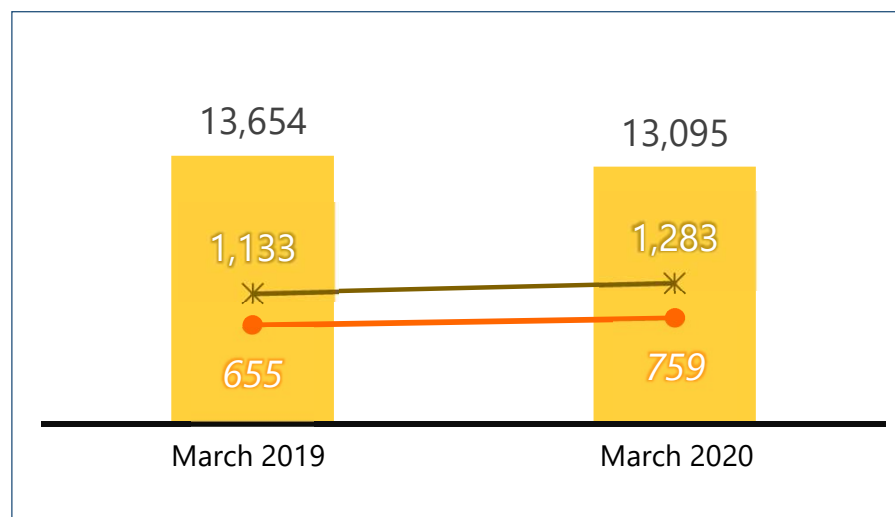
Note: Used aircrafts for sale recorded in the same period last year

9 Life Service

Life Service		(Million yen)			
		March 2019	March 2020	YoY	YoY (%)
Net sales ¹		13,654	13,095	△559	95.9%
Operating profit ²		1,133	1,283	+149	113.2%
Ordinary profit		655	759	+104	115.9%

¹ Net sales and Operating profit including inter-segment transactions

² Operating profit before allocating common expenses



Remarks

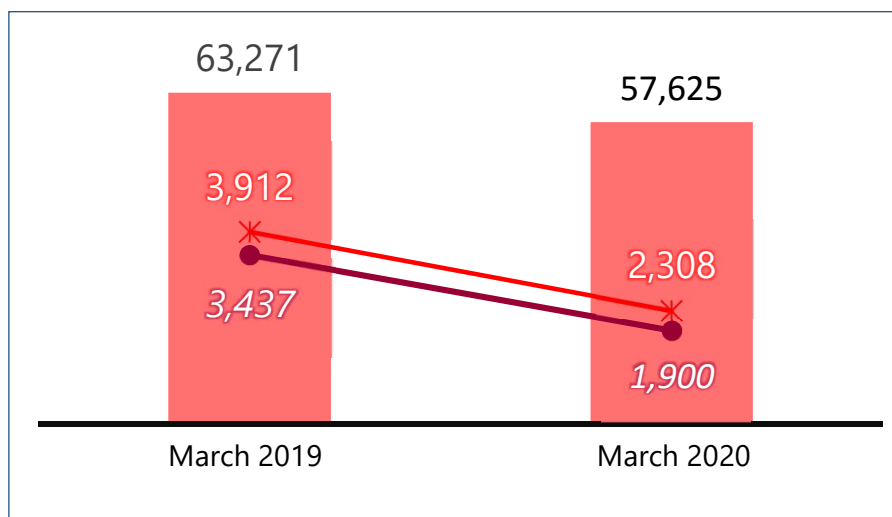
- Real Estate : As for real estate development, propositions strictly selected due to the domestic market environment
Increase in agency services, facility management and construction
- Insurance : Expanding insurance sales to JAL cardholders and to corporates
- Machinery & Materials : Paper materials and packaging materials remained relatively unchanged year on year
Increase in sales of special vehicles
A successful sales strategy increasing road repair materials sales

10 Retail

Retail		(Million yen)			
		March 2019	March 2020	YoY	YoY (%)
Net sales ¹	■	63,271	57,625	△5,646	91.1%
Operating profit ²	*←*	3,912	2,308	△1,604	59.0%
Ordinary profit	●—●	3,437	1,900	△1,536	55.3%

¹ Net sales and Operating profit including inter-segment transactions

² Operating profit before allocating common expenses



Remarks

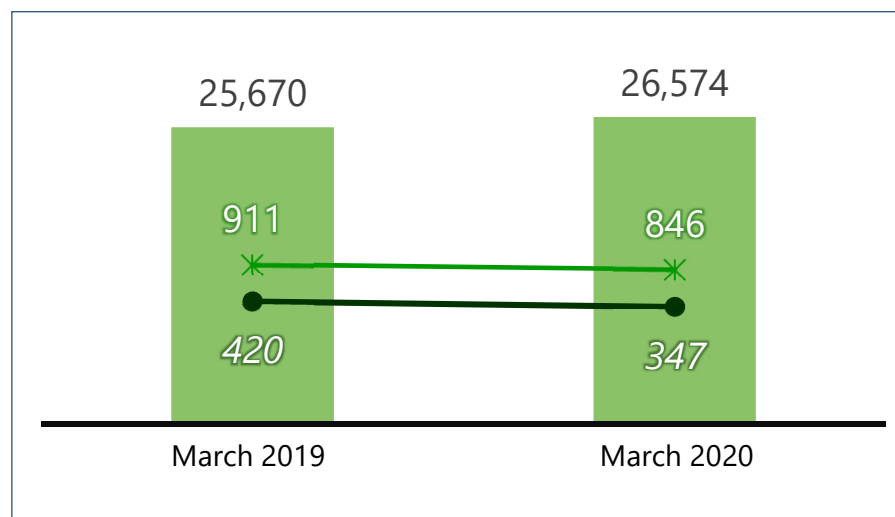
- Airport Shops : Decrease in sales due to closures of some stores in the previous year
BLUE SKY
 Decline of air passengers in 4Q
- Duty-free shops : A store renovation
JAL DUTYFREE
 Change of consumer behavior in inbound marketing
 Decline of air passengers in 4Q
- Duty-free distribution : Despite expanding customers, reduced demand in 4Q
- Mail Order : Increase in online shop sales
- Food gifts : Decrease in department store customers in 4Q

11 Food & Beverage

Food & Beverage		(Million yen)			
		March 2019	March 2020	YoY	YoY (%)
Net sales ¹	■	25,670	26,574	+903	103.5%
Operating profit ²	*→*	911	846	△64	92.9%
Ordinary profit	●—●	420	347	△72	82.7%

¹ Net sales and Operating profit including inter-segment transactions

² Operating profit before allocating common expenses



Remarks

- Marine Products : Increase in sales of fish processed for sushi to be eaten raw
Expanding fresh fish export to “Thonglor Nihon Ichiba”
- Agricultural Products : Increase in sales of red peppers and cherry tomatoes, decrease in sales of okra
High transportation cost in 4Q
- Wine : Increase in sales of champagne and Chilean wine
Rise in sales promotion and inventory holding cost
- Processed foods : Increase in wholesale of original souvenir sweets
Increase in export and sales of Japanese brand sweets
- Food manufacturer : Decrease in sales of lunch boxes for transport-related retailers in 4Q

Forecasts for the Fiscal Year Ending March 31, 2021

12

Management Policy in FY2020

Execute Strategic Defense

- ◆ Maintain a healthy financial foundation
 - Reform cost structure, enhance credit management, and create appropriate investment opportunities
 - Secure enough free cashflow, minimize loss, and reduce damage to assets

Promote Portfolio Management

- ◆ Optimize the business portfolio by the balance of the income structure in segments
 - Radical reform in the airport retail business, intensive inspection of other existing business domains, develop new business, and create synergies between segments
 - Improve the profitability in each business

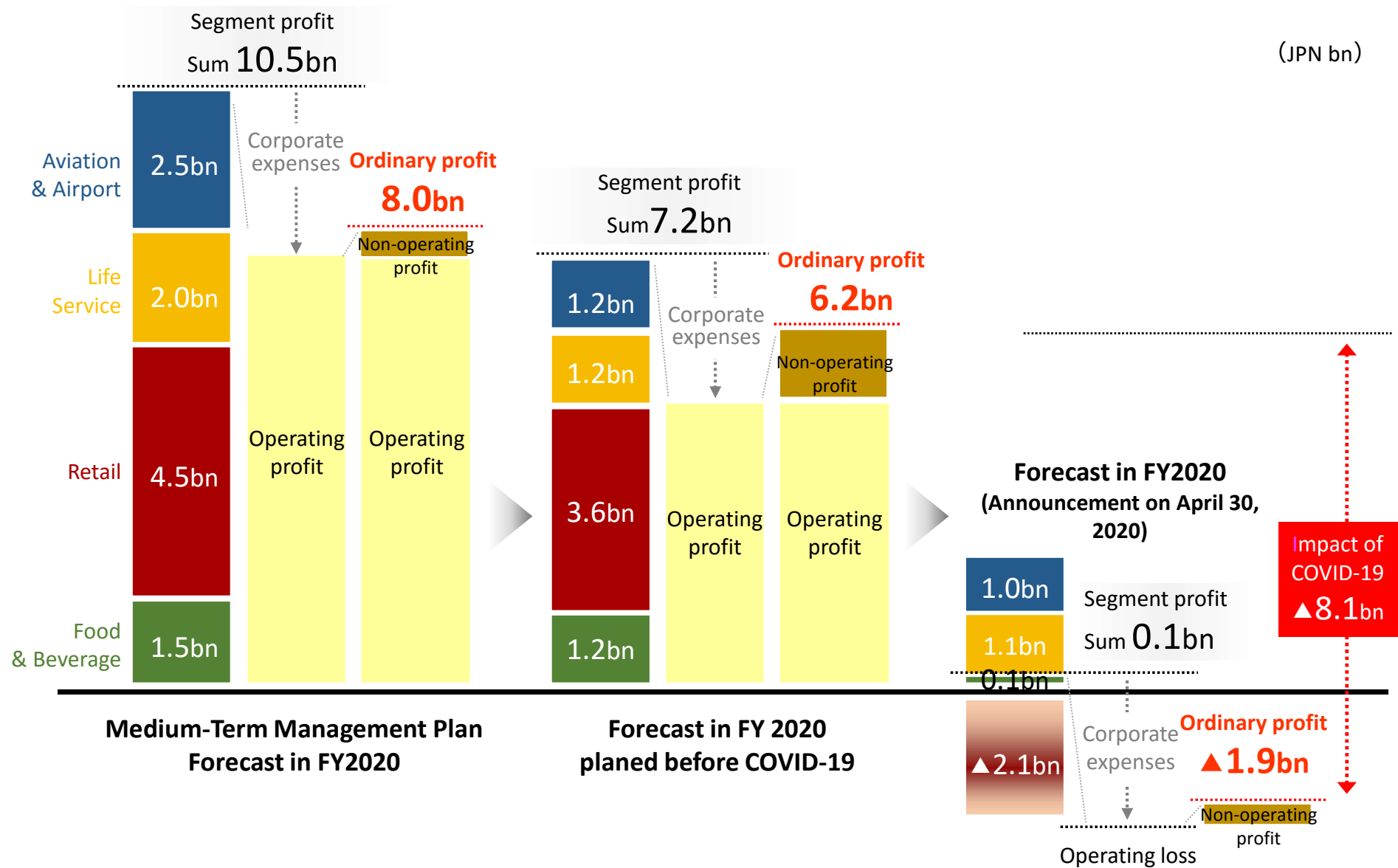
Enhance Corporate Governance

- ◆ Propose a strategic plan for sustainable growth through sound governance
 - Acting for fair management and transparency in decision-making
 - Secure soundness in management and increase the corporate value

13 Forecasts for the Fiscal Year Ending March 31, 2021

Forecasts for the Fiscal Year Ending March 31, 2020	(Published figures)		(Million yen)	
	March 2020	March 2021 (E)	YoY	YoY (%)
Net sales	144,688	110,000	△34,688	76.0%
Operating profit	3,969	△ 2,200	△6,169	—
Ordinary profit	4,738	△ 1,900	△6,638	—
Profit attributable to owners of parent	3,081	△ 1,200	△4,281	—
Earnings per share (yen)	243.69	△ 94.91	△338.60	—

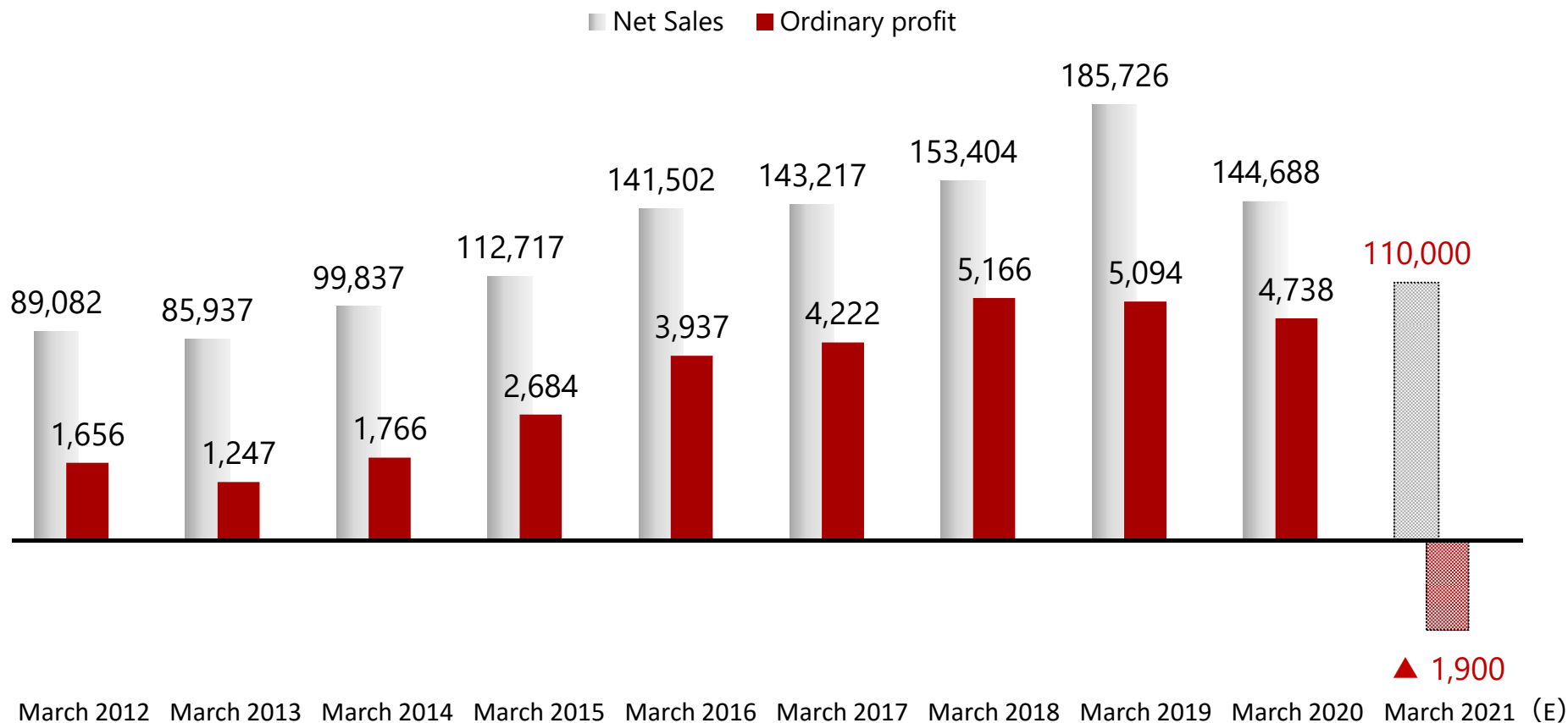
14 Impact of COVID-19 on Forecasts



15 Performance Trends

Performance Trends

(Million yen)



Previous Medium-Term Management Plan

Current Medium-Term Management Plan

Review of Medium-Term Management Plan

16 Medium-Term Management Plan “Next Stage 2020”

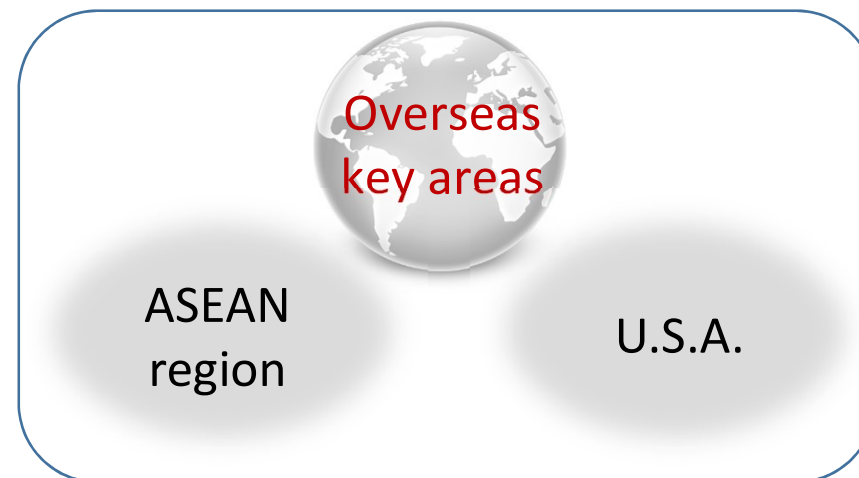
Establishment of long-term vision:
**To become a business leader creating JALUX VALUE with partners
 all over the world**

Medium-Term Management Plan “Next Stage 2020”
New challenges for sustainable growth

-To become a global corporate group with its own strengths in the aviation and airport business domains-

Significant strategy:

- 1 Expand our revenue base
- 2 Create and develop a new core business
- 3 Optimize the business portfolio



Foundation of the promotion of strategies:

Cultivate HR and
 enhance our
 organizational power

Achieve strong funding
 capacity and sound
 financial standing

Deepen the Group
 management

17 Review of Key Strategy in the Medium-Term Management Plan

1 Expand our revenue base

- Expand the scale of the aviation and airport business domain and growth of the non-aviation and airport business domain
 - Decrease the sales of a main customer in the aircraft-engine parts business
 - The impact from the consumption movement of inbound tourists in the airport retail business and the decrease in profit by the investment for the future.
- ⇒ Hard to attain the objective of the Medium-Term Business Plan for quantity

2 Create and develop a new core business

- Increase sales of environmentally friendly products
 - Launch the aircraft-engine lease business in Singapore
 - Open the overseas duty-free shops and “Thonglor Nihon Ichiba” in Thailand
- ⇒ Struggling to develop the above new core businesses for the future

3 Optimize the business portfolio

- The selling of subsidiaries in Thailand and Laos in the agricultural business
 - The further enhancement of non-aviation and airport business
- ⇒ Allocating our group resources and struggling to complete the ideal portfolio

18 Forecast in FY2020: Aviation & Airport Segment

Strategy

Enhance the coordination of domestic and overseas locations

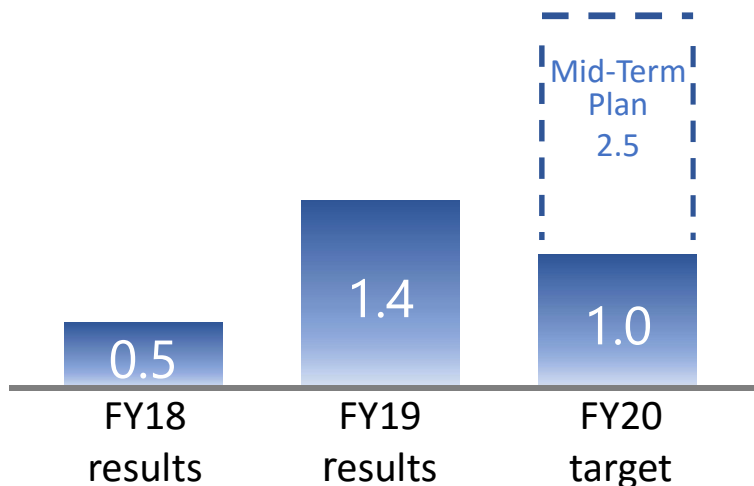
Develop the aviation-related asset business

Expand the airport operation and associated areas

Segment profit (JPN bn)

(Operation profit before allocating common expenses)

FY2020 segment profit 2.5bn
→ 1.0bn (forecast)



Impact of COVID-19:

- Suspension of airline operation globally
- Decrease in the deal on new aircraft parts due to the change in the new aircraft manufacturing plan
- Unforeseen recovery of international air traffic demand in overseas airport operating business

19 Forecast in FY2020: Life Service Business Segment

Strategy

Develop real estate around airports/Promote the seniors' business

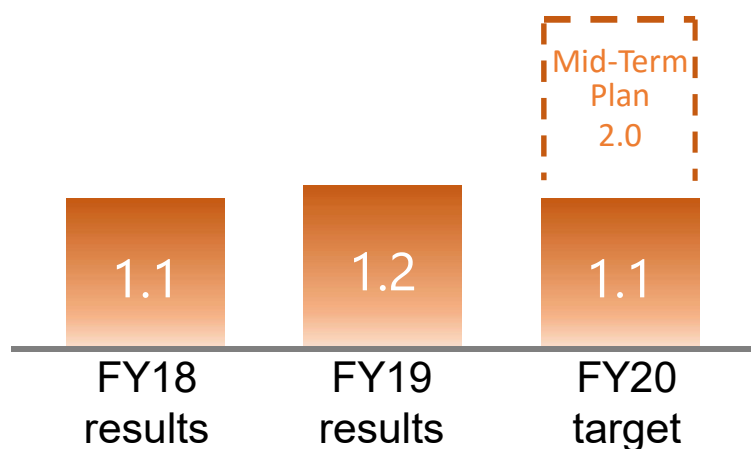
Deepen and broaden the insurance business

Enhance production and sale of environmentally friendly materials and machinery

Segment profit (JPN bn)

(Operation profit before allocating common expenses)

FY2020 segment profit 2.0bn
 → 1.1bn (forecast)



Impact of COVID-19:

- Decrease travel insurance due to the significant decrease of air passengers
- Delay for launching road repair materials “AQUA PATCH” in European market and for enhancing distribution network in U.S.A.

20 Forecast in FY2020: Retail Business Segment

Strategy

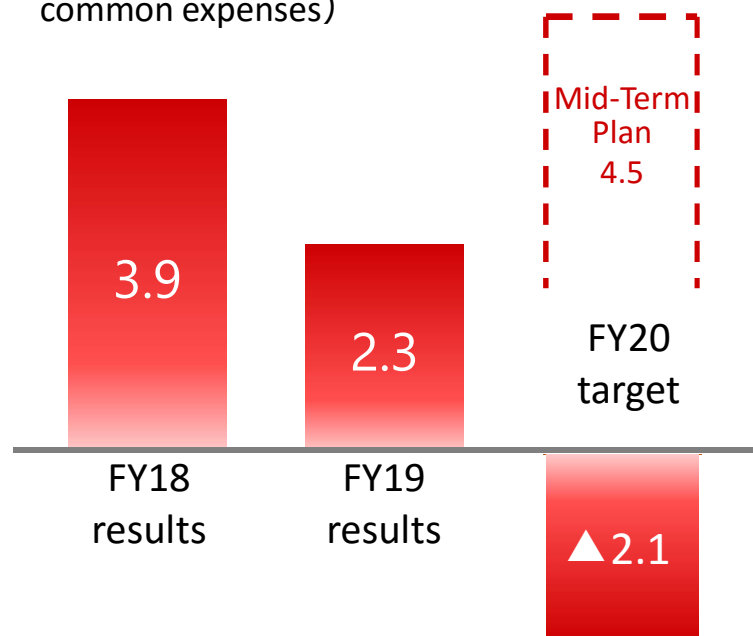
Improve MD and service to meet a variety of customer needs

Develop the global retail business

Plan and develop original products and brands

Segment profit (JPN bn)

(Operation profit before allocating common expenses)



FY2020 segment profit 4.5bn

→ ▲2.1bn (forecast)

Impact of COVID-19:

- Significant decrease in the revenue in airport shops including duty-free due to the significant decline of air passengers centering on inbound tourists
- Significant decrease in the revenue in the overseas duty-free business in Vietnam and Laos due to the rapid decline of air traffic demand

21

Forecast in FY2020: Food & Beverage Business Segment

Strategy

Expand imports and sales of global high-quality food

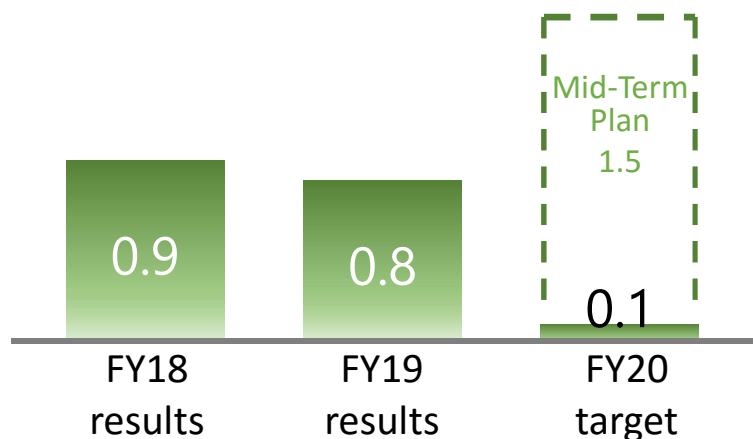
Export high-value foods overseas

Enhance the processing and manufacturing fields

Segment profit (JPN bn)

(Operation profit before allocating common expenses)

FY2020 segment profit 1.5bn
→ 0.1bn (forecast)



Impact of COVID-19:

- Decrease the whole-sales in marine, agricultural products and wine
- Increase the transportation cost in import products due to the price increase on air
- Decrease the revenue in lunch boxes for airports, daily dishes and in-flight meals due to the significant decline in air passengers

Sustainable Growth of JALUX Group

22

Foundation for Sustainable Growth of JALUX Group

Corporate philosophy

Contributing to tomorrow

Your best partner to create happiness by bringing it to the people, society and the environment a bright future.

Strategy basics

ESG and sustainability initiatives

E (Environment)
Recognize and address the global environmental issues as a steward of the Earth

S (Social)
Contribute to the community and realize a prosperous society





G (Governance)
Enhance the corporate governance system to maximize the benefits of all stakeholders

Operation

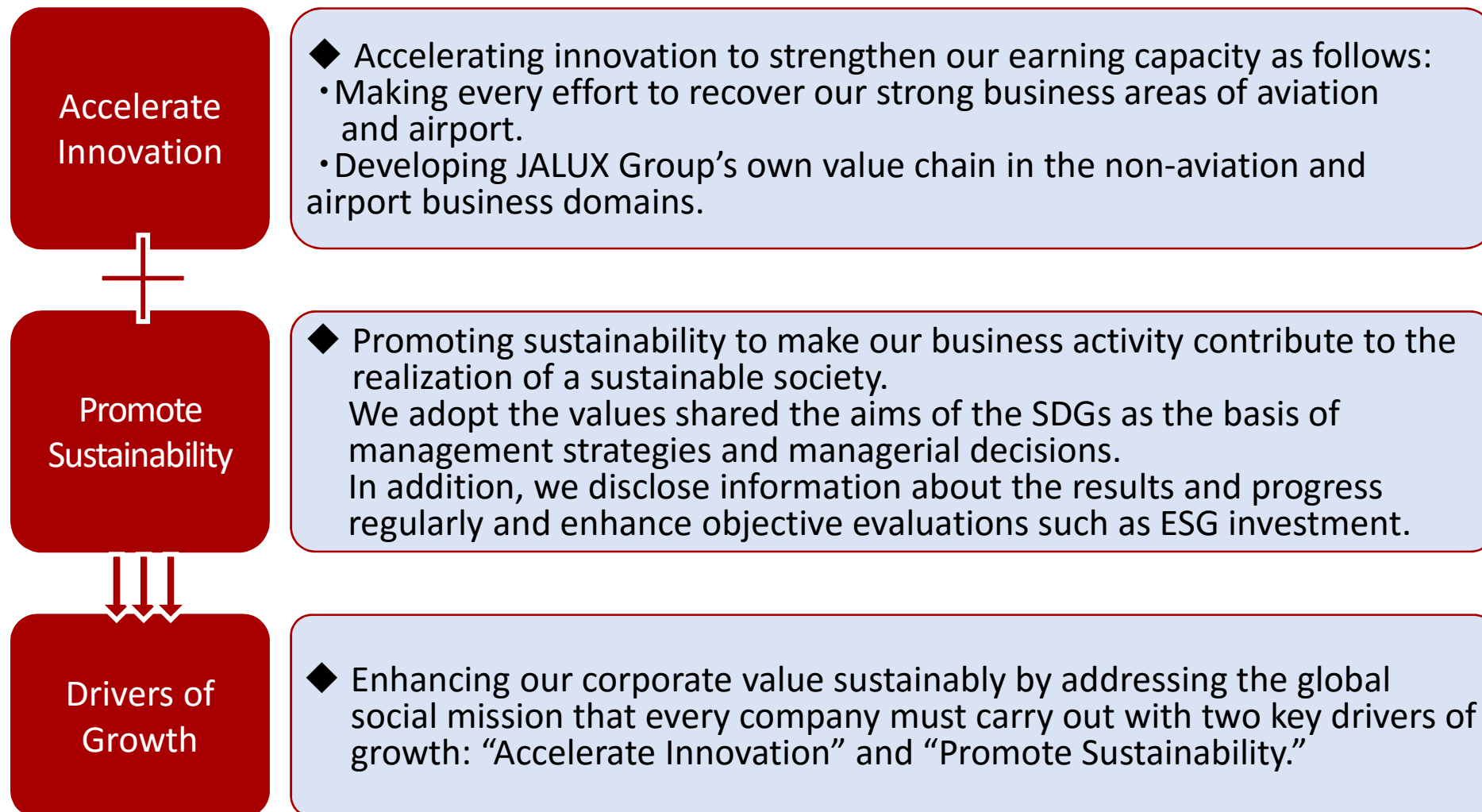
Resolving social issues through our business activity



Our Business Activities to Address Social Issues

Approach to social issues	Company activity	SDGs
ASEAN region Economic growth/ Expansion of employment	[LAOS] Airport operation in Vientiane (NS: 450 people), duty-free shops (NS: 30 people)	
	[Myanmar] Airport operation in Mandalay (NS: 720 people)	
	[Vietnam] Duty-free shops (NS: 100 people), fisheries processing business	
	[Thailand] Serviced apartment, Thonglor Nihon Ichiba, trade of sweets made in Japan	
Regional revitalization and overseas expansion Promote growth in the agribusiness industry	Export agricultural products made in Japan and marine products caught in Japan to Thailand for “Thonglor Nihon Ichiba”	
	Create value chains of agricultural products, marine products, and dairy products made in various locations in Japan to promote the agribusiness industry	
	Sell Japanese regional specialties in collaboration with Japan Airlines’ project	
	Import and sell vegetables such as red peppers, okra, asparagus, tomatoes and so on from around the world	
	Import and sell fish such as salmon and mackerel from around the world	
	Import and sell wines from countries around the world such as USA, France, and Chile	
Protection of life in the forest, on land, and under water	Sell eco-friendly road-related materials and equipment (AQUA PATCH/AQUA BLACK)	
	Protect forest resources by promoting paperless initiatives in JALUX Group	
	Develop supply-chain of marine products in compliance with the law and avoid over-fishing	
	Using paper straws instead of plastic products in the Airport retail business	
	Replace shopping bag material with eco-friendly biomass plastic in the Airport retail business	
Food loss and waste reduction	Reduce food loss cooperating with NPOs in the Marine products business	
	Reduce food waste by providing an eating area at “Thonglor Nihon Ichiba” in Thailand.	
	Contribute to reducing food loss by developing the frozen food business	
Maintenance and development of the social infrastructure	Expand residential environment infrastructure through real estate development	
	Maintain domestic infrastructure by importing bridge inspection vehicles	
	Enhance aviation infrastructure in the overseas airport operation businesses	
Aging society	Operations of senior apartments and nursery care centers	
Work-style reform	Adopting flexible hours and remote working	
	Promote taking annual leave and child-raising leave	

24 Strategic Summary for Sustainable Growth of JALUX



Caution Regarding Forward-Looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable.

JALUX makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including changes in economic conditions in key markets, both in Japan and overseas, and exchange rate movements.

<https://www.jalux.com/en/profile/>

www.jalux.com

