Note: This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

NOTICE OF THE 74th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Japan Airlines Co., Ltd.

Dear Shareholders,

I would like to take this opportunity to express my sincere gratitude to our shareholders and investors for their continued support. I am pleased to notify you of the 74th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd.

In FY2022, the airline industry continued to face a challenging business environment due to the prolonged impact of the novel coronavirus (COVID-19) pandemic and the unstable global situation. On the other hand, passenger demand steadily recovered due to the relaxation of immigration restrictions and measures to stimulate demand in Japan, and cargo demand and unit prices remained at high levels. In addition, we have strictly implemented disciplined cost management by making full use of our divisional profitability system to cope with rising fuel costs and other cost increases.

As a result of these efforts, for the first time in three fiscal years since FY2019, we have achieved full-year profitability with EBIT of 64.5 billion yen and profit attributable to owners of parent of 34.4 billion yen. We would like to express our sincere gratitude to our shareholders for their support during the pandemic.

As the focus of management issues shifts from recovery and stabilization of current business performance to medium- to long-term growth, we believe it is important to build sustainable relationships with all of our stakeholders. We will resume dividend payments subject to approval at this General Meeting of Shareholders, and will continue to expand shareholder returns in the future. Additionally, to enhance corporate value, we will proactively invest in ESG strategies, particularly in human resources, which are the JAL Group's greatest strength and the driving force of value creation.

In FY2023, we are on course to achieve EBIT of 100.0 billion yen, profit attributable to owners of parent of 55.0 billion yen, and interim and fiscal year-end dividends exceeding those of FY2022 by promoting the Medium Term Management Plan Rolling Plan 2023, and due to recovering passenger demand and improved profitability through business structure reforms.

Thank you for your continued support.

May 2023

AKASAKA Yuji
Representative Director, President

Guide for Internet Live Streaming Service

Live streaming (From the opening to the closing of the General Meeting of Shareholders)

1. Date and time

From 10:00 a.m., Friday, June 23, 2023 (JST)

*The live streaming page can be accessed around 9:30 a.m. on the day.

2. How to view

(1) Please access the website for viewing live streaming below.

URL for the website for viewing live streaming	https://engagement-portal.tr.mufg.jp/ (in Japanese)

(2) On the shareholder authentication screen (log in screen), enter "login ID" and "password," confirm the terms of use, and then log in.

1) **Login ID: 0101 + shareholder number (*)**

(If your shareholder number is 12345678, it will be 0101-1234-5678.)

2) **Password: A number comprising the postcode (seven-digit number) from your registered address on the Shareholder Registry as of March 31, 2023 + "2023"**

(If your postcode is 123-4567, it will be 12345672023.)

* The shareholder number is an eight-digit number printed on the Voting Form.
You do not need to enter hyphens in your login ID and password.

3. For shareholders attending the meeting in person

Please understand that although the video cameras are placed near the chairperson's and officers' seats to protect the privacy of shareholders, it is possible that some shareholders attending the meeting will be unavoidably captured in the video.

Notes on the live streaming

- Since viewing the live streaming is not recognized as attending the General Meeting of Shareholders according to the Companies Act, you will not be able to ask questions or exercise your voting rights on the day. Please exercise your voting rights in advance via the Internet or in writing (by mail), etc.
- Shareholders are asked to bear the connection fees, etc. that may incur for viewing the live streaming.
- Depending on your device or network environment, there may be viewing problems such as video and audio disruptions and you may not be able to watch the live streaming.
- Please note that there is a possibility that we may not be able to conduct the live streaming on the day for various reasons. In such case, we will notify our shareholders on the website above.
- Please direct your inquiries regarding the live streaming as follows.

For Login ID (shareholder number) inquiries	**For troubles with the live streaming, etc.**
Mitsubishi UFJ Trust and Banking Corporation	V-cube, Inc.
0120-676-808	03-4335-8088
From 9:00 a.m. until the meeting ends.	From 9:30 a.m. until the meeting ends

Archive streaming (From the opening to the closing of the General Meeting of Shareholders)

It will be posted on the Company's website promptly afterwards.

https://www.jal.com/en/investor/stockholders_meeting/

Securities code: 9201

Date of sending by postal mail: June 1, 2023

Start date of measures for electronic provision: May 25, 2023

NOTICE OF THE 74th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We hereby announce that the 74th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the "Company") will be held on Friday, June 23, 2023, as described hereunder.

If you choose not to attend the meeting, please review the attached Reference Documents for General Meeting of Shareholders, and please exercise your voting rights no later than 6:00 p.m., Thursday, June 22, 2023 by either procedure described in "Guide for Exercising Voting Rights" on page 8.

Sincerely yours,

AKASAKA Yuji
Representative Director, President
Japan Airlines Co., Ltd.
2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo

MEETING DETAILS

1. Date and Time: 10:00 a.m., Friday, June 23, 2023 (The reception starts at 8:30 a.m.)

2. Venue: 2-1-6 Ariake, Koto-ku, Tokyo

TOKYO GARDEN THEATER (Please refer to the map of the venue at the end of this document.) (Japanese only)

3. Agenda:

Items to be reported:

1. Business Report and Consolidated Financial Statements, Audit Reports of the Accounting Auditors and Board of Corporate Auditors regarding the Consolidated Financial Statements for the 74th Fiscal Year (April 1, 2022 to March 31, 2023)
2. Non-consolidated Financial Statements for the 74th Fiscal Year (April 1, 2022 to March 31, 2023)

Items to be proposed:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of Nine (9) Directors

Proposal 3: Election of One (1) Audit and Supervisory Board Member

4. Predetermined Terms of the Convocation (Guide for Exercising Voting Rights)

Please refer to the "Guide for Exercising Voting Rights" on pages 8 to 9.

- There are no souvenirs available for shareholders attending the General Meeting of Shareholders. It is prohibited to bring any dangerous items, etc. into the meeting place.
- Proceedings on the day of the General Meeting of Shareholders will be carried out in Japanese. The Company will not be providing interpreters, however, in the event that a shareholder is accompanied by their own interpreter (including sign-language interpreters), if the shareholder informs the reception desk on the day of the General Meeting of Shareholders, it will be possible for the interpreter to enter the meeting place.
- The proceedings of the General Meeting of Shareholders may be shortened depending on the status of the spread of COVID-19, etc.
- The resolutions adopted at the General Meeting of Shareholders will be posted on the Company's website.

[Measures for Electronic Provision]

When convening this meeting, the Company takes measures for providing information that constitutes the content of Reference Documents for the General Meeting of Shareholders, etc. (matters subject to measures for electronic provision) in electronic format, and posts this information on the following websites. Please access any of these websites to review the information.

The Company's website https://www.jal.com/ja/investor/stockholders_meeting/ (in Japanese) https://www.jal.com/en/investor/stockholders_meeting/ (in English)

Tokyo Stock Exchange's website (Listed Company Search): https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese) https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show (in English) (Please access the TSE website above, enter and search for "Japan Airlines" in the "Issue name (company name)" field or "9201," the securities code of the Company in the "Code" field, select "Basic information" and "Documents for public inspection/PR information," in that order, and inspect the information posted in "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]" under "Filed information available for public inspection.")

- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the above Company's website and TSE website on the Internet.
- Of the matters subject to measures for electronic provision, the "Business results and assets," "Principal business," "Principal locations of business and plants," "Major creditors," "Other important matters concerning current status of the JAL Group," "Shares," "Company's systems and policies," "Overview of liability limitation agreement, Conclusion of a directors and officers liability insurance policy, and Outside Officers in Corporate Officers," "Accounting Auditor," and "Systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the properness of operations of the Company, and operation statuses of such systems" in the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and Audit Reports are not stated in this document in accordance with the provisions of laws and regulations and Article 27, Paragraph 2 of the Company's Articles of Incorporation. Accordingly, the Business Report stated in this document forms part of the Business Report audited by the Audit and Supervisory Board Members when preparing the Audit Report.

[For shareholders visiting the venue]

Since the seating capacity will be limited, shareholders who plan on attending the General Meeting of Shareholders are kindly requested to register on the dedicated website for shareholders beforehand.

Opening date for pre-registration: 9:00 a.m., Friday, June 2, 2023 (JST)
Pre-registration will close once the number of available seats has been filled.

Dedicated website for shareholders: https://engagement-portal.tr.mufg.jp/ (in Japanese)

If you are not able to register by the above method, we can accept the alternative registration method described below.
JAL shareholders call center: 03-6733-3090
(excluding Saturdays and Sundays; 10:00 a.m. to 12:00 a.m., 1:00 p.m. to 4:00 p.m.)

- Shareholders who arrive at the venue on the day without registering beforehand may not be allowed to enter the venue.
- The wearing of masks at the venue of the General Meeting of Shareholders is at the discretion of shareholders themselves in light of the recent government policy ruling, but we may ask for your cooperation in wearing masks depending on the prevalence of COVID-19 infection and other factors. Management staff may be wearing masks or other protective clothing.
- If there are any changes in the administration or venue of the General Meeting of Shareholders due to changes in circumstances taking place up to the day of the meeting, we will announce such changes on our website, so please be sure to check it before attending the meeting.

[Guide for Exercising Voting Rights]

Exercise of voting rights at the Company's General Meeting of Shareholders is shareholders' important right. Please by all means exercise your voting rights.

For shareholders exercising voting rights in advance

- Exercise of voting rights via the Internet

  You are kindly requested to exercise your voting right by accessing the Exercise of Voting Rights Website designated by the Company.

  https://evote.tr.mufg.jp/ (in Japanese)

  Otherwise, please scan the QR code located on the right-hand side of the Voting Form.

- Exercise of voting rights by mail

  You are kindly requested to indicate your vote of approval or disapproval of each proposal on the Voting Form, and to return the completed Voting Form to the Company. You do not need to affix a stamp.

  * For the method to fill in the Voting Form, please refer to the following section.

Guide for filling in the Voting Form

Please indicate your vote of approval or disapproval of each proposal.

Proposals 1 and 3

▶ If you approve	Put a circle in the box marked 賛 [Approve].
▶ If you disapprove	Put a circle in the box marked 否 [Disapprove].

Proposal 2

▶ If you approve of all of the candidates	Put a circle in the box marked 賛 [Approve].
▶ If you disapprove of all of the candidates	Put a circle in the box marked 否 [Disapprove].
▶ If you disapprove of some of the candidates	Put a circle in the box marked 賛 [Approve], and indicate the candidate numbers for the candidates that you disapprove of.

Exercise due date: No later than 6:00 p.m., Thursday, June 22, 2023 (JST)
(Voting by mail must arrive no later than the due date.)

For shareholders attending the General Meeting of Shareholders

- Exercise your voting rights by attending the meeting

  You are kindly requested to present the Voting Form at the reception desk on the day of the General Meeting of Shareholders. (Not required to place a seal.)

For institutional investors

The electronic platform for exercising voting rights for institutional investors operated by ICJ, Inc. is available.

The Voting Rights Exercise via the Internet

Method 1: Scanning QR Code®	Method 2: Entering "Login ID" and "Temporary Password"
You can login to the Exercise of Voting Rights Website without having to enter your "login ID" and "temporary password" provided on the Voting Form. Please scan the QR code® located on the right-hand side of the Voting Form. * "QR code" is a registered trademark of DENSO WAVE INCORPORATED.	Exercise of Voting Rights Website **https://evote.tr.mufg.jp/ (in Japanese)** 1. Please access the website for exercising voting rights. 2. Enter your "Login ID" and "Temporary Password" provided on the Voting Form, and click on Log in.

Please follow on-screen instructions to indicate your approval or disapproval of each item.

1. You will not be able to access the website from 2:00 a.m. to 5:00 a.m. each day during the exercise period.
2. Any expenses arising from access to the voting site shall be the responsibility of the shareholder.

Voting rights may be exercised by 6:00 p.m. on Thursday, June 22, 2023, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk *(only in Japanese)*.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the Internet, please contact:	Help Desk, Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation Phone: 0120-173-027 (toll free (Only within Japan)) Open: 9:00 a.m. to 9:00 p.m. (Japan Time)

Notes on exercising voting rights

- When exercising voting rights in writing (via mail) and there is no indication of a vote of approval or disapproval of each proposal on the Voting Form, it shall be treated as an indication of a vote of approval.
- If you exercise your voting rights via the Internet or by mail more than once, your final vote shall prevail.
- If you exercise your voting rights both by mail and via the Internet, your vote via the Internet shall prevail regardless of the arrival date and time.
- If you exercise your voting rights by a proxy, in accordance with the provision of Article 29 of the Articles of Incorporation of the Company, said proxy must be another shareholder of the Company who also owns voting rights. A written power of attorney must be submitted together with the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders.

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Proposal 1: Appropriation of Surplus

We regard shareholder returns as one of our most important management matters. Our fundamental policy is to actively implement shareholder returns through continuous and stable dividends and flexible share repurchases, while securing internal reserves for making investments for corporate growth in the future and changing business environments and to build a strong financial structure.

Following the spread of COVID-19, we did not pay dividends for the 72nd and 73rd fiscal years, placing the highest priority on securing liquidity on hand and strengthening our financial position. However, for the current fiscal year, we have steadily recovered our ability to generate cash flow, achieved consolidated profitability for the full year, and expect airline demand to recover further, so we propose to pay dividends as follows.

1. Type of dividend property

   Cash

2. Allocation of dividend property to our shareholders and total amount thereof

   25 yen per common stock of the Company

   Total amount of dividends: 10,925,180,225 yen

3. Effective date for dividend of surplus

   June 26, 2023

It was decided to forego the interim dividend, so an annual dividend will be 25 yen per share for the current fiscal year.

Going forward, we will strive to achieve continuous and stable shareholder returns, which has been our basic policy for some time, in line with the recovery of our business performance.

Proposal 2: Election of Nine (9) Directors

The Company's Articles of Incorporation sets out the term of office for Directors as one (1) year in order to clarify their management responsibility for each fiscal year. Accordingly, the terms of office of all nine (9) active Directors will expire at the conclusion of this General Meeting of Shareholders.

In the current term, the Company wishes to retain the number of Directors as the current nine (9). In terms of the composition of Directors, this will retain the current three (3) Outside Directors and will retain the current six (6) non-Outside Directors. With an emphasis put on securing diversity among members of the Board of Directors, the Company will further continue to enhance its corporate value by establishing a corporate governance system at a higher level, which enables more appropriate management decisions and an enhanced supervising of corporate management in a highly transparent manner.

Accordingly, the Company hereby proposes that you elect the nine (9) Directors including three (3) Outside Directors. For this proposal, the Board of Directors consulted the Nominating Committee, which comprises a majority of Outside Directors and is chaired by an Outside Director, and makes the proposal with consideration of the Committee's report.

The candidates for Directors are as follows:

No.	Name			Current position and main responsibilities at the Company	Attendance at Board of Directors meetings	Tenure
1	UEKI Yoshiharu	Reappointment	Male	Director, Chairperson Chairman of the Board of Directors	100% (18/18)	11 years
2	AKASAKA Yuji	Reappointment	Male	Representative Director, President Chief Safety Officer Chief Executive Officer of the JAL Group Chief Sustainability Officer	100% (18/18)	5 years
3	SHIMIZU Shinichiro	Reappointment	Male	Representative Director, Executive Vice President Aide to the President	100% (18/18)	5 years
4	TOTTORI Mitsuko	New appointment	Female	Senior Managing Executive Officer Senior Vice President, Customer Experience Division In charge of Brand Communication	—	—
5	SAITO Yuji	New appointment	Male	Senior Managing Executive Officer Senior Vice President, Corporate Planning Division Chief Financial Officer of the JAL Group	—	—
6	TSUTSUMI Tadayuki	Reappointment	Male	Director and Managing Executive Officer Senior Vice President, Corporate Safety & Security Division Senior Director, Family Assistance & Support Office	100% (18/18)	2 years

No.	Name			Current position and main responsibilities at the Company	Attendance at Board of Directors meetings	Tenure
7	KOBAYASHI Eizo	Reappointment, Outside, Independent	Male	Director	100% (18/18)	8 years
8	YANAGI Hiroyuki	Reappointment, Outside, Independent	Male	Director	100% (18/18)	2 years
9	MITSUYA Yuko	New appointment, Outside, Independent	Female	—	—	—

No. 1

UEKI Yoshiharu
(September 16, 1952)
70 years old
[Male]

Number of Company shares held

Ordinary shares
41,200

Tenure as Director: 11 years

Reappointment

(Career summary, position and responsibilities at the Company)

June	1975	Joined the Company
April	1994	Captain, DC10 Flight Crew Office of the Company
April	2004	Deputy Vice President, Flight Planning And Administration Office, Administration Department of the Company Deputy Vice President, Flight Planning And Administration Office, Flight Crew Planning Department of the Company
April	2005	Deputy Senior Vice President, Flight Operation Division of the Company Vice President, Flight Planning And Administration Office of the Company
April	2007	Vice President, Flight Crew Training Development Department of the Company
June	2008	Representative Director, Executive Vice President of J-AIR CO., LTD. (on secondment)
February	2010	Executive Officer of the Company Senior Vice President, Flight Operations Division
December	2010	Senior Managing Executive Officer of the Company Senior Vice President, Managing Division Route Marketing Division
February	2012	Representative Director, President of the Company Senior Vice President, Managing Division Route Marketing Division
April	2013	Representative Director, President of the Company
April	2018	Representative Director, Chairperson of the Company
April	2020	Director, Chairperson of the Company (to present)

(Important positions concurrently assumed outside the Company)
Number of important concurrent positions assumed at other listed companies: 1
Outside Director, Japan Airport Terminal Co., Ltd.

(Reasons for the nomination as Director)

After joining the Company, Mr. UEKI acquired insight related to safety operations, etc. and on-the-job experience as a flight crew at an extremely high level. He has taken control of developing the Medium Term Management Plan and certainly executed it, exercising strong leadership and decision-making skills, as Representative Director, President, since 2012. Furthermore, he has continued to contribute to strengthening of the supervisory function of the Board of Directors serving as Chairman of the Board of Directors and a member of the Corporate Governance Committee since 2018. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.

<table>
<tr><td rowspan="4">No. 2

AKASAKA Yuji
(January 3, 1962)
61 years old
[Male]

Number of Company shares held
Ordinary shares
12,400

Tenure as Director: 5 years

Reappointment</td><td colspan="3">(Career summary, position and responsibilities at the Company)</td></tr>
<tr><td>April
April

April

April

April
June</td><td>1987
2009

2014

2016

2018
2018</td><td>Joined the Company
Senior Vice President, Corporate Safety & Security Division of the Company
Vice President, Customer Relations Department of the Company
Executive Officer of the Company
Senior Vice President, Engineering & Maintenance Division
Representative Director, President of JAL ENGINEERING CO., LTD.
Managing Executive Officer of the Company
Senior Vice President, Engineering & Maintenance Division
Representative Director, President of JAL ENGINEERING CO., LTD.
President of the Company
Representative Director, President of the Company (to present)</td></tr>
<tr><td colspan="3">(Important positions concurrently assumed outside the Company)
None.</td></tr>
<tr><td colspan="3">(Reasons for the nomination as Director)
After joining the Company, Mr. AKASAKA engaged mainly in Engineering & Maintenance Division, and acquired on-the-job experience and insight related to safety operations, etc. at an extremely high level as well as significant knowledge and extensive connections in the airline engineering & maintenance industry. He has strengthened the foundation for safety operations, exercising strong leadership and decision-making skills, as Representative Director, President of JAL ENGINEERING CO., LTD., since 2014. In addition, as Representative Director and President of the Company since 2018, he has worked to uphold in the JAL Group that flight safety is the foundation of the JAL Group and by “Lead by Example” through his own practicing of JAL philosophy he has aimed to greatly contribute to the realization of JAL’s corporate philosophy with all employees. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</td></tr>
</table>

No. 3

SHIMIZU Shinichiro
(December 13, 1962)
60 years old
[Male]

Number of Company shares held

Ordinary shares
4,700

Tenure as Director: 5 years

Reappointment

(Career summary, position and responsibilities at the Company)

April	1985	Joined the Company
October	2009	Vice President, Cabin Planning Department of the Company
April	2013	Executive Officer of the Company Senior Vice President, Human Resources Division
April	2015	Managing Executive Officer of the Company Senior Vice President, Human Resources Division
April	2016	Managing Executive Officer of the Company Senior Director, Secretary’s Office
June	2018	Director and Managing Executive Officer of the Company Senior Director, Secretary’s Office
April	2019	Director and Senior Managing Executive Officer of the Company Senior Director, Secretary’s Office
April	2020	Representative Director, Executive Vice President of the Company (to present)

(Important positions concurrently assumed outside the Company)

None.

(Reasons for the nomination as Director)

After joining the Company, Mr. SHIMIZU successively engaged in personnel and labor affairs related to flight crews and cabin attendants, etc. and other divisions, and realized material achievements, exercising great leadership and strong planning and coordination capabilities. Having served as Senior Vice President of Human Resources Division since 2013 and Senior Director of Secretary’s Office since 2016, he has contributed considerably to improving and stabilizing the Company’s external presence by judging the situation which the Company is in from a higher perspective. Since 2020, he has been assisting the President as Representative Director, Executive Vice President, and considerably contributing to further strengthening and enhancement of the management structure. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.

No. 4

TOTTORI Mitsuko
(December 31, 1964)
58 years old
[Female]

Number of Company shares held

Ordinary shares
500

New appointment

(Career summary, position and responsibilities at the Company)

April	1985	Joined the Company
May	2015	Senior Director, Cabin Attendants Office II, Narita Cabin Attendants I of the Company
May	2016	Vice President, Narita Cabin Attendants II Department of the Company
April	2019	Vice President, Cabin Safety Promotion Department of the Company
April	2020	Executive Officer and Senior Vice President, Cabin Attendants Division of the Company
April	2022	Managing Executive Officer and Senior Vice President, Cabin Attendants Division of the Company
April	2023	Senior Managing Executive Officer of the Company Senior Vice President, Customer Experience Division in charge of Brand Communication (to present)

(Important positions concurrently assumed outside the Company)
None.

(Reasons for the nomination as Director)
After joining the Company, Ms. TOTTORI gained a high level of insight and field experience in safe flight operations and service through her career as a cabin attendant and through her work with Corporate Safety & Security. From 2020, she has demonstrated outstanding leadership as Senior Vice President, Cabin Attendants Division in balancing human resource development and employee motivation under the challenging management environment of the COVID-19 pandemic, making a significant contribution to maintaining safe operations. From 2023, she has contributed to improving the quality we provide to our customers as Senior Vice President, Customer Experience Division, helping to maintain and improve the quality of our services. For all of these reasons, she is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect her as Director.

No. 5

SAITO Yuji
(September 26, 1964)
58 years old
[Male]

Number of Company shares held

Ordinary shares
1,100

New appointment

(Career summary, position and responsibilities at the Company)

April	1988	Joined the Company
October	2009	Vice President, Sales Department of Tokyo Branch of the Company
January	2011	Vice President, International Route Marketing Department of the Company
April	2019	Executive Officer and Senior Vice President, Corporate Control Division of the Company
April	2021	Managing Executive Officer of the Company Senior Vice President, Corporate Planning Division Senior Vice President, Corporate Control Division
April	2023	Senior Managing Executive Officer of the Company Senior Vice President, Corporate Planning Division Chief Financial Officer of the JAL Group (to present)

(Important positions concurrently assumed outside the Company)

None.

(Reasons for the nomination as Director)

After joining the Company, Mr. SAITO has held positions in International Passenger Sales and the Corporate Planning Office, where he has proven his ability to exercise precise analysis and good judgment. After assuming the position of Executive Officer in 2019, he was appointed as Senior Vice President, Corporate Control Division. From 2021, he was appointed as Senior Vice President, Corporate Planning Division and Senior Vice President, Corporate Control Division, and since 2023, he has been undertaking the position of Senior Vice President, Corporate Planning Division and Chief Financial Officer of the JAL Group, during which time he has provided a broad and objective view of the Group’s management and made a significant contribution to our early return to profitability amid a challenging business environment.

For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.

No. 6

TSUTSUMI Tadayuki
(December 19, 1960)
62 years old
[Male]

Number of Company shares held

Ordinary shares
1,000

Tenure as Director: 2 years

Reappointment

(Career summary, position and responsibilities at the Company)

September	1982	Joined the Company
April	1997	Captain, 747-400 Flight Crew Office of the Company
July	1998	Assistant to Director, Cockpit Crew, Cabin Attendants, Engineering & Maintenance Group, Administration Department, Information Systems Office, Administration, Captain, B747-400 Flight Crew of the Company Assistant to Flight Operations Division of the Company
March	2007	Assistant to Director, Corporate Safety and Security, Safety Investigations/Research of the Company
April	2011	Vice President, Flight Operations Safety Promotion Department of the Company
April	2019	Executive Officer of the Company Senior Vice President, Flight Operations Division
April	2020	Executive Officer of the Company Senior Vice President, Corporate Safety & Security Division Senior Director, Family Assistance & Support Office
April	2021	Managing Executive Officer of the Company Senior Vice President, Corporate Safety & Security Division Senior Director, Family Assistance & Support Office
June	2021	Director and Managing Executive Officer of the Company Senior Vice President, Corporate Safety & Security Division Senior Director, Family Assistance & Support Office (to present)

(Important positions concurrently assumed outside the Company)
None.

(Reasons for the nomination as Director)
After joining the Company, Mr. TSUTSUMI acquired insight related to safety operations, etc. and on-the-job experience as a flight crew at an extremely high level. As Executive Officer and Senior Vice President, Flight Operations Division since 2019, Senior Vice President, Corporate Safety & Security Division since 2020, and Director since 2021, he has greatly contributed to supporting flight safety with his strong sense of responsibility and sense of ethics. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.

No. 7

KOBAYASHI Eizo
(January 7, 1949)
74 years old
[Male]

Number of Company shares held

Ordinary shares
9,200

Tenure as Director: 8 years

Reappointment,
Outside,
Independent

(Career summary, position and responsibilities at the Company)

April	1972	Joined ITOCHU Corporation
June	2000	Executive Officer of ITOCHU Corporation
April	2002	Managing Executive Officer of ITOCHU Corporation
June	2003	Representative Director, Managing Director of ITOCHU Corporation
April	2004	Representative Director, Senior Managing Director of ITOCHU Corporation
June	2004	President and Chief Executive Officer of ITOCHU Corporation
April	2010	Representative Director Chairman of ITOCHU Corporation
July	2010	Outside Auditor of Asahi Mutual Life Insurance Company
June	2011	Director Chairman of ITOCHU Corporation
June	2013	Director (Outside) of OMRON Corporation
June	2015	Outside Director of the Company (to present)
June	2016	Chairman of ITOCHU Corporation Outside Director of Japan Exchange Group, Inc. (to present)
April	2018	Senior Representative for Business Community Relations of ITOCHU Corporation
April	2020	Director Emeritus of ITOCHU Corporation (to present)

(Important positions concurrently assumed outside the Company)
Number of important concurrent positions assumed at other listed companies: 1
Outside Director of Japan Exchange Group, Inc.

(Reasons for the nomination as Outside Director)
Mr. KOBAYASHI has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a member of top management of a general trading company which develops businesses around the world. With such experience and insight, he gives advice to the Company's management and appropriately supervises the performance of duties from practical and diversified perspectives, and if he is elected, the Company expects that he will continue to fulfil those duties. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Outside Director who meets the Independence Standards of Outside Officers stipulated by the Company. He is currently serving as the Company's Outside Director. As of the conclusion of this General Meeting of Shareholders, his tenure as Outside Director will be eight (8) years.

* Japan Exchange Group, Inc., of which Mr. KOBAYASHI is an Outside Director, received a business improvement order on November 30, 2020 by the Financial Services Agency in relation to a system failure at its subsidiary Tokyo Stock Exchange, Inc.

No. 8	(Career summary, position and responsibilities at the Company)		
 YANAGI Hiroyuki (November 20, 1954) 68 years old [Male]	April	1978	Joined Yamaha Motor Co., Ltd.
Number of Company shares held	March	2007	Executive Officer of Yamaha Motor Co., Ltd.
Ordinary shares 4,000	March	2009	Senior Executive Officer of Yamaha Motor Co., Ltd.
Tenure as Director: 2 years	March	2010	President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.
Reappointment, Outside, Independent	January	2018	Chairman and Representative Director of Yamaha Motor Co., Ltd.
	March	2019	Outside Director of AGC Inc. (to present) Outside Director of Kirin Holdings Company, Limited (to present)
	March	2021	Chairman and Director of Yamaha Motor Co., Ltd.
	June	2021	Outside Director of the Company (to present)
	January	2022	Director of Yamaha Motor Co., Ltd.
	March	2022	Advisor of Yamaha Motor Co., Ltd. (to present)
	June	2022	Outside Director of Mitsubishi Electric Corporation (to present)

(Important positions concurrently assumed outside the Company)
Number of important concurrent positions assumed at other listed companies: 3
Outside Director of AGC Inc.
Outside Director of Kirin Holdings Company, Limited
Outside Director of Mitsubishi Electric Corporation

(Reasons for the nomination as Outside Director)
Mr. YANAGI has deep insight and extensive experience as a member of top management in a company pushing ahead with international expansion. With such insight and experience, he gives advice to the Company’s management and appropriately supervises the performance of duties from practical and diversified perspectives, and if he is elected, the Company expects that he will continue to fulfil those duties. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Outside Director who meets the Independence Standards of Outside Officers stipulated by the Company. He is currently serving as the Company’s Outside Director. As of the conclusion of this General Meeting of Shareholders, his tenure as Outside Director will be two (2) years.

No. 9

MITSUYA Yuko
(July 29, 1958)
64 years old
[Female]

Number of Company shares held

Ordinary shares
0

New appointment,
Outside,
Independent

(Career summary, position and responsibilities at the Company)

April	1981	Joined Hitachi, Ltd.
July	2010	Representative Director of Cipher Co., Ltd.
March	2014	Outside Audit & Supervisory Board Member of ASICS Corporation
March	2015	Outside Director of Fujita Kanko Inc.
April	2015	Outside Director of Paloma Co., Ltd.
June	2016	President of Japan Basketball Association (to present)
March	2018	Representative Director of SORA Corporation (to present)
June	2018	Outside Director of The Fukui Bank, Ltd. (to present)
June	2019	Outside Director (Audit and Supervisory Committee Member) of JXTG Holdings, Inc. (currently ENEOS Holdings, Inc.) (to present) Outside Member of the Board of DENSO CORPORATION (to present)
June	2021	Vice President of Japanese Olympic Committee (to present)

(Important positions concurrently assumed outside the Company)
Number of important concurrent positions assumed at other listed companies: 3
Outside Director of The Fukui Bank, Ltd.
Outside Director (Audit and Supervisory Committee Member) of ENEOS Holdings, Inc.
Outside Member of the Board of DENSO CORPORATION
President of Japan Basketball Association
Representative Director of SORA Corporation
Vice President of Japanese Olympic Committee

(Reasons for the nomination as Outside Director)
Ms. MITSUYA has gained extensive experience and broad insight as a corporate manager, as well as a wealth of experience and practical knowledge in human resource development, and we expect her to fulfill these roles after her appointment. For all of these reasons, she is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect her as Outside Director who meets the Independence Standards of Outside Officers stipulated by the Company.

(Reference) Independence Standards of Outside Officers

A person to whom none of the following Independence Standards apply shall be judged to be independent and Outside Officers who do not qualify as being highly independent will not be nominated as Outside Directors or Outside Audit and Supervisory Board Members. In addition, individuals who concurrently serve as directors or audit & supervisory board members at more than four (4) listed companies other than the Company will not be nominated.

1. An individual who has executed business (Note) of the Company and the Company's consolidated subsidiaries at present or in the past ten years.
2. An individual who corresponded to the any of the items a ~ f in the past three years.
   a. A business counterpart or a person who executed business of such business counterpart, whose transactions with the Company for one business year exceeded 1% of consolidated revenue of the Company or the business counterpart.
   b. A major shareholder or a person executing business of such shareholder having an equity ratio of 5% or more in the Company.
   c. A major lender of borrowings of the Company or a person executing business of such lender.
   d. An individual receiving contributions of over 10 million yen a year from the Company or a person belonging to an organization receiving such contributions.
   e. An individual receiving remuneration of over 10 million yen excluding Director's remuneration from the Company or a person belonging to an organization receiving remuneration exceeding 1% of consolidated revenue of the Company.
   f. In case a person executing business of the Company is assigned as Outside Director of another company, the person executing business of such other company.
3. The spouse or relative within second degree of kinship of individuals corresponding to 1 and 2.

(Note) A person executing business refers to an Executive Director or Executive Officer.

- Special interest

  The candidate, Ms. MITSUYA Yuko, is the President of the Japan Basketball Association, and the Company pays sponsorship fees to this Association.

  There is no special interest between other candidates for Directors and the Company.

- Conclusion of a directors and officers liability insurance policy

  The Company has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, Paragraph (1) of the Companies Act with an insurance company, thereby covering compensation for damages, litigation expenses, etc. incurred by Directors and Audit and Supervisory Board Members as a result of receiving claims for damages arising from the performance of their duties (unless a coverage exclusion in the insurance policy is applied). All of the candidates presently serving as Directors are covered under the D&O insurance policy. If each of the candidates, including new candidates, are elected and assume their posts, all of them will be covered by the D&O insurance policy. The full amount of the insurance premiums for the D&O insurance policy is borne by the Company.

  The term of the D&O insurance policy is one (1) year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

- Independent Officers

  Mr. KOBAYASHI Eizo and Mr. YANAGI Hiroyuki meet the requirements of Independent Officers who are unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of Outside Officers stipulated by the Company described on page 22. The Company, therefore, has designated them as the Independent Officers and provided the notification to the stock exchange. If they are reappointed as Director and assume the post of Outside Director, they will continue to be Independent Officers.

  Additionally, Ms. MITSUYA Yuko is a new candidate for Outside Director and meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of Outside Officers stipulated by the Company described on page 22. If she is appointed as Director and assumes the post of Outside Director, she will become an Independent Officer.

- Overview of limited liability agreement

  In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into agreements with Mr. KOBAYASHI Eizo and Mr. YANAGI Hiroyuki to limit their liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If they are reappointed as Director and assume the post, the Company will continue the agreements with them.

  Additionally, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, if Ms. MITSUYA Yuko is appointed as Director and assumes the post, the Company will enter into the agreement with her to limit her liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability.

Proposal 3: Election of One (1) Audit and Supervisory Board Member

The term of office of Mr. SAITO Norikazu, active Audit and Supervisory Board Member, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one (1) Audit and Supervisory Board Member.

For this proposal, the Board of Directors consulted the Nominating Committee, which comprises a majority of Outside Directors and is chaired by an Outside Director, the Nominating Committee formulated their report while reviewing the requirements for candidates provided by the Board of Corporate Auditors, and the Board of Directors makes the proposal with consideration of the Committee's report.

In addition, submission of this proposal to this General Meeting of Shareholders was approved in advance by the Board of Corporate Auditors.

The candidate for Audit and Supervisory Board Member is as follows:

Name			Current position at the Company	Attendance at Board of Directors meetings	Attendance at Board of Corporate Auditors meetings	Tenure
KIKUYAMA Hideki	New appointment	Male	Director	—	—	—

(Note) Mr. KIKUYAMA attended 18 times out of 18 times at the Board of Directors meetings held during the fiscal year ended March 31, 2023 as a Representative Director of the Company.

(Reference) The composition of the Board of Corporate Auditors after the election

In the event that Proposal 3 is approved, the number of Audit and Supervisory Board Members will be five (5) including three (3) Outside Audit and Supervisory Board Members, and the composition of the Board of Corporate Auditors will be as follows.

Name			Important positions concurrently assumed outside the Company	Attendance at Board of Directors meetings	Attendance at Board of Corporate Auditors meetings	Tenure	Number of Company shares held
KITADA Yuichi		Male	—	100% (18/18)	100% (15/15)	2 years	1,500
KIKUYAMA Hideki		Male	—	—	—	—	1,800
KAMO Osamu	Outside, Independent	Male	Attorney at law, Ginza Sogo Law Office External Audit & Supervisory Board Member, Azearth Corporation	100% (18/18)	100% (15/15)	7 years	10,000
KUBO Shinsuke	Outside, Independent	Male	Representative Partner, Kyoei Accounting Office External Audit and Supervisory Board Member, KAWASAKI KISEN KAISHA, Ltd.	100% (18/18)	100% (15/15)	5 years	6,300
OKADA Joji	Outside, Independent	Male	Governor (Outside), Japan Exchange Regulation	100% (18/18)	100% (15/15)	3 years	4,000

KIKUYAMA Hideki
(March 19, 1960)
63 years old

Number of Company shares held
Ordinary shares
1,800

New appointment

(Career summary and position at the Company)

April	1983	Joined the Company
September	2005	Vice President, General Affairs Department, the Americas Office of the Company
April	2007	Vice President, Corporate Planning Office of the Company
February	2010	Executive Officer of the Company Deputy Senior Vice President, Corporate Planning Division
February	2012	Managing Executive Officer of the Company Senior Vice President, Managing Division Route Marketing Division (Domestic Route Marketing)
April	2013	Senior Managing Executive Officer of the Company Senior Vice President, Managing Division Route Marketing Division
June	2016	Director and Senior Managing Executive Officer of the Company Senior Vice President, Managing Division Route Marketing Division
April	2019	Director and Senior Managing Executive Officer of the Company Senior Vice President, Finance & Accounting Division
April	2020	Representative Director, Senior Managing Executive Officer of the Company Senior Vice President, Finance & Accounting Division
April	2023	Director of the Company (to present)

(Important positions concurrently assumed outside the Company)
None.

(Reasons for the nomination as Audit and Supervisory Board Member)
After joining the Company, Mr. KIKUYAMA has worked primarily in general administrative roles in, for example, the IT Planning Department, Human Resources Department, Labor Relations Department, as well as serving as the Vice President of the General Affairs Department, the Americas Office, and Vice President of the Corporate Planning Office. After assuming the position of Executive Officer in 2010, he has been considerably contributing to maximizing route profits as Senior Vice President of Managing Division Route Marketing Division since 2013. Since 2019, furthermore, serving as Senior Vice President of Finance & Accounting Division, he has worked to provide highly transparent information disclosure and exercise proper management decisions and decision-making skills that benefit the interests of shareholders. He is believed to be the right person for the sound development of the Company, as he has a high sense of ethics and a sense of mission, in addition to a company-wide perspective and high vision, and so the Company hereby proposes that you elect him as Audit and Supervisory Board Member.

(Overview of limited liability agreement)
In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, if he is appointed as Audit and Supervisory Board Member and assumes the post, the Company will enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability.

(Note) There is no special interest between the candidate for Audit and Supervisory Board Member and the Company.

(Note) Conclusion of a directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, Paragraph (1) of the Companies Act with an insurance company, thereby covering compensation for damages, etc. incurred by Directors and Audit and Supervisory Board Members in cases where the insureds are liable for damages arising from the performance of their duties (unless a coverage exclusion in the insurance policy is applied). The candidate is currently an insured under the D&O insurance policy as a current Director, and if the candidate is elected as an Audit and Supervisory Board Member and assumes his post, he will be included as an insured under the D&O insurance policy. The full amount of the insurance premiums for the D&O insurance policy is borne by the Company. The term of the D&O insurance policy is one (1) year, and the Company plans to renew the policy before the expiration of that term by resolution of the Board of Directors.

(Reference) Skill matrix

With regard to the specialized knowledge and experience that the Company's Directors and Audit and Supervisory Board Members should possess, the necessary skill set includes the basic corporate management skills of "Management Experience," "Finance & Accounting," "Legal/Risk Management," "Personnel Affairs/Talent Development," as well as "Safety Management," which is particularly important given the business characteristics of the Company, and also "Global Experience," "CX/Marketing," "DX/IT/Technology," and "GX/Environment."

In the event that Proposal 2 and 3 are approved, the skill matrix of Directors and Audit and Supervisory Board Members will be as follows.

Position at the Company	Name	Management Experience	Finance & Accounting	Legal/ Risk Management (G)	Personnel Affairs/ Talent Development (S)	Safety Management	Global Experience	CX/ Marketing (S)	DX/ IT/ Technologies	GX/ Environment (E)
Director, Chairperson	UEKI Yoshiharu	○				○				○
Representative Director, President	AKASAKA Yuji	○				○			○	○
Representative Director, Executive Vice President	SHIMIZU Shinichiro			○	○		○	○		
Representative Director, Senior Managing Executive Officer	TOTTORI Mitsuko				○	○		○		
Director and Senior Managing Executive Officer	SAITO Yuji		○					○	○	○
Director and Managing Executive Officer	TSUTSUMI Tadayuki					○				○
Outside Director	KOBAYASHI Eizo	○					○	○		
Outside Director	YANAGI Hiroyuki	○					○	○	○	○
Outside Director	MITSUYA Yuko	○			○			○		
Audit and Supervisory Board Member	KITADA Yuichi	○		○		○	○		○	○
Audit and Supervisory Board Member	KIKUYAMA Hideki		○	○	○		○		○	
Outside Audit and Supervisory Board Member	KAMO Osamu			○		○				
Outside Audit and Supervisory Board Member	KUBO Shinsuke		○	○			○			
Outside Audit and Supervisory Board Member	OKADA Joji		○	○			○			

(Attached Documents)

Business Report

(April 1, 2022 to March 31, 2023)

1. Current state of the JAL Group

(1) Business progress and results

Even during the COVID-19 pandemic, the JAL Group has been working to develop its structure in preparation for a potential counteroffensive by holding onto its existing staff and improving their skill sets for safe flight operations, and by replacing our main domestic aircraft with the state-of-the-art and highly fuel-efficient Airbus A350.

During the fiscal year under review, air passenger demand in Japan and abroad steadily began to recover as moves to prevent the spread of COVID-19 infection and to balance socioeconomic activities became more widespread.

As for international passenger business, the number of passengers in the fourth quarter recovered to about 60% of pre-COVID FY2019 levels, thanks to flexible measures such as setting up convenient transit timetables to capture transit demand via Japan amid the easing of immigration restrictions, and flexible supply adjustments in response to changes to border restrictions in many countries. In the case of domestic passenger business, in line with a steady recovery in demand, especially for tourism, the number of passengers during high-demand periods recovered to about 90% of the FY2019 level, thanks to a full supply system, including the establishment of extra flights and the expansion of our air fleet. For cargo business, we strived to maximize sales by aggressively utilizing our own passenger aircraft and other companies' dedicated cargo aircraft for cargo flights.

As for expenses, all employees did their utmost to improve profitability by curbing actual fixed costs through disciplined cost management utilizing the divisional profitability management system against a backdrop of soaring fuel oil market prices and foreign exchange fluctuations.

As a result, the consolidated financial results of the JAL Group for the fiscal year under review were as follows.

(Billions of yen)

	FY2019	FY2020	FY2021	**FY2022**
Revenue	1,385.9	481.2	682.7	**1,375.5** (+692.8 year on year)
Earnings before interest and taxes (EBIT)	88.8	(398.3)	(239.4)	**64.5** (+304.0 year on year)
Profit attributable to owners of parent	48.0	(286.6)	(177.5)	**34.4** (+211.9 year on year)

In promoting ESG, we procured funds to upgrade to fuel-efficient aircraft through a transition-linked loan, the first of its kind among airlines in Japan, and implemented various initiatives, including CO_2 reduction, such as expanding the number of sources of SAF (Sustainable Aviation Fuel). Furthermore, in December, we received high acclaim for our ESG-related information disclosure and performance, and was selected for the first time as a constituent of the "DJSI Asia Pacific Index," a leading ESG investment index.

(Note) Hereinafter, all mention of months falling inside FY2022 are expressed by stating only the month with the year omitted.

Management targets

The JAL Group has set management targets respectively for “safety and comfort,” “finances,” and “sustainability” to be achieved by FY2025, and has prioritized them as its most pressing management issues.

In the case of “safety and comfort,” we have been striving for “zero aircraft accidents and zero serious incidents,” however, three cases of bone fractures suffered by passengers and flight attendants were recognized by the Ministry of Land, Infrastructure, Transport and Tourism as airline accidents. We will work fully to prevent recurrence of such accidents and continue our ceaseless efforts to ensure safety.

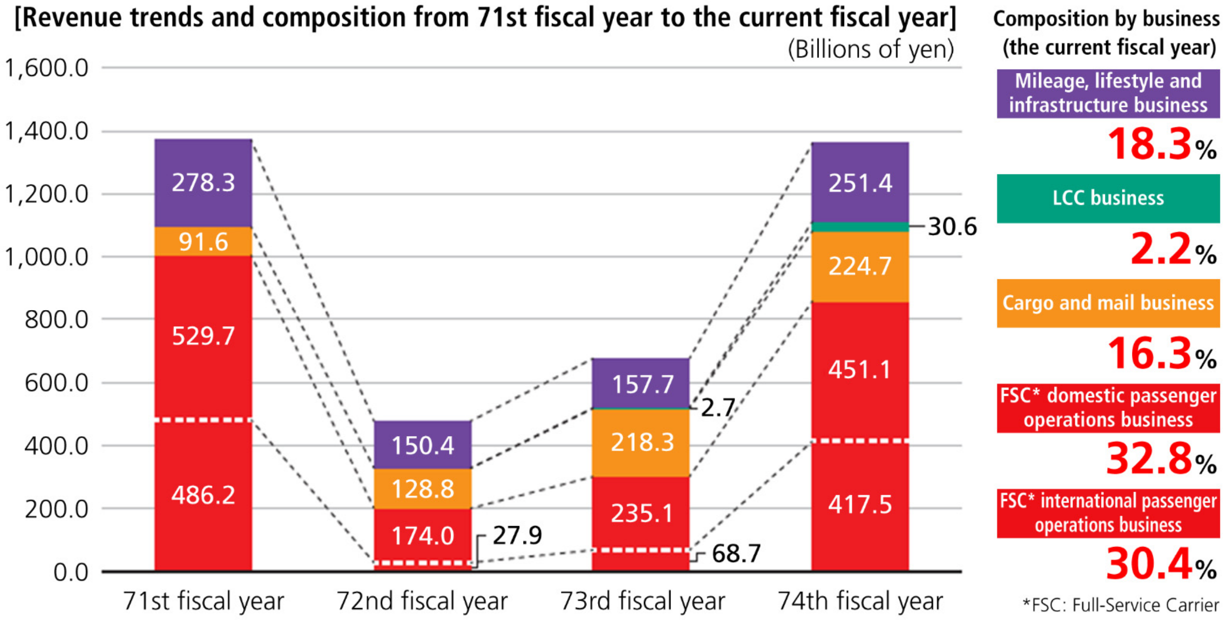
			FY2025 target value	FY2022 results
Safety and Comfort	Safety		Aircraft Accidents and Serious Incidents: 0 (during the entire period of the Medium-term management plan)	3*3
	Comfort		NPS*1 +4.0pt (International/domestic frights)	Domestic +3.0pt International (3.3)pt
Finances	EBIT Margin		10% or Higher	4.7 %
	ROIC		9%	3.3 %
	EPS		290 yen level	79 yen
Sustainability	Environment	CO_2 Emission Reduction	Total emission: below 9.09 million tons	8.21 million tons
		Reduction of Single-use Plastic	Cabin/Lounge: No use of virgin petroleum-based plastic Cargo/Airports: 100% switch to eco-friendly materials	45 % abolished 91 % change
	Communities	Regional Revitali-zation	Domestic passenger*2 and Cargo transport volume + 10% vs FY2019	Passenger (15) % Cargo (17) %
	People	Promotion of D&I	Group female managers ratio: 30%	22.8 %

*1: Net Promoter Score: Objective indicator of customer satisfaction (compared to the beginning of FY2021)

*2: Growth in passenger traffic between major cities and local cities achieved mainly by stimulating tourism demand and creating new flows

*3: October 3, Flight NU036: A cabin attendant (1 person) suffered a fracture due to turbulence during cruising
November 7, Flight JL3760: A passenger (1 person) suffered a fracture due to impact during landing
January 7, Flight JL687: A passenger (1 person) suffered a fracture due to turbulence during descent

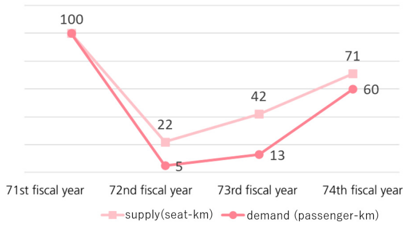
(2) State of each department



Full-service carrier (international)

Capturing transit demand in addition to recovering inbound demand

Regarding international passenger demand, full-year demand recovered to about 60% of the FY2019 level due to the removal of the cap on the number of passengers entering Japan, as well as significant easing of restrictions such as exemptions from obtaining short-term visas for tourism purposes, which increased the number of visitors to Japan from the second half of the year.



Supply and demand with FY 2019 as 100

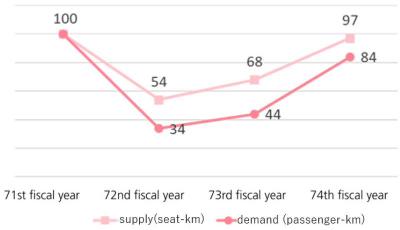
In business operations, we flexibly responded to changes in the business environment by establishing a flight schedule with convenient connections at Narita Airport in order to capture transit demand between Asia and North America via Japan, where demand is recovering quickly, and by making flexible supply adjustments in response to changes in border control regulations in many countries.

Sakura Lounge, Haneda Airport

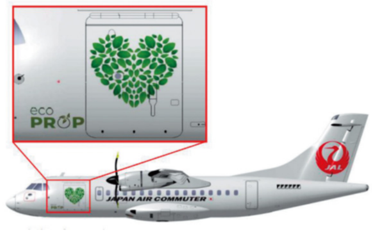
In products and services, the Sakura Lounge at Haneda Airport was expanded in March to respond to recovery trends. Furthermore, we were highly acclaimed as providing the best quality in the world, including receiving the SKYTRAX (*1) "5-Star" certification for the sixth consecutive year and being the only airline in Japan to receive the APEX (*2) "WORLD CLASS" for the second consecutive year.

(*1) UK-based airline rating agency
(*2) APEX: A U.S.-based non-profit organization working to improve customers' flight experience, which comprises airline companies, aviation-related manufacturers, travel-related companies, etc.

Full-service carrier (domestic)	Capturing recovering tourism demand with a complete supply system



Supply and demand with FY2019 as 100

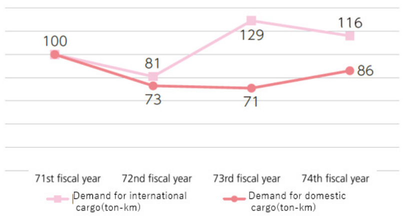


JAC ATR 42-600 (Eco design)

Domestic passenger demand recovered steadily, particularly for tourism, due in part to the implementation of the nationwide travel support program, a government initiative to stimulate demand. We have established a full supply system by setting up extra flights and increasing the size of our air fleet, and the number of passengers during Golden Week, the New Year holidays, and spring break has recovered to approximately 90% and full-year demand recovered to 84% of the FY2019 level.

Regarding business operations, we maintained a route network that included remote islands and lifestyle routes by utilizing the resources of JAL Group companies, and the scale of operations was almost the same throughout the year as it was before COVID-19. With the aim of revitalizing the region, in October we began code-sharing beyond major affiliations on some remote island routes in Kyushu within the framework of EAS LLP (*), which was established by three regional airlines (JAPAN AIR COMMUTER CO., LTD. [JAC], Amakusa Airlines, and ORIENTAL AIR BRIDGE) and two major airlines in Kyushu.
(*) Essential Air Service Alliance LLP

Cargo and mail business	Capturing demand through aggressive supply and speeding up preparations for new business



Demand with FY2019 as 100


Cargo-only aircraft (a conceptual image)

International cargos
As total airfreight demand began to decline due to the quietening of maritime transport disruptions, we proactively utilized cargo-only flights on our own passenger aircraft and the cargo-only aircraft of foreign carriers to secure cargo volume and maximize revenues. As a result, revenues exceeded those of the previous strong year. We also established JAL MEDI PORT, a temperature-controlled storage facility dedicated to pharmaceuticals, at Narita Airport to provide high-quality handling and storage services. Furthermore, we have started the high-speed and high-freshness transportation of perishable cargo in the vicinity of Narita Airport in cooperation with local markets and air freight forwarding.

Domestic cargos
As supply recovered in line with the resumption of passenger flights, we strived to maximize revenues by capturing demand through flexible pricing policies. Furthermore, in order to resolve the issue of securing land transportation capacity after 2024, we have been preparing for the operation of a dedicated cargo plane from April 2024 with YAMATO HOLDINGS CO., LTD., and will decide on routes, number of flights, etc.

LCC

Building networks with Narita Airport as the hub

	73rd fiscal year	74th fiscal year
Supply (Million seat-km)	1,955	5,435
Demand (Million passenger-km)	175	2,880
Load factor	9.0%	53.0%

(Note) The above include ZIPAIR's full-fiscal year results and SPRING JAPAN's results from July to the end of the 73rd fiscal year, and do not include the results of Jetstar Japan, an affiliate accounted for by the equity method.

ZIPAIR "the newly-launched Narita-San Jose route"

ZIPAIR

Overseas, we have achieved profitability due mainly to our raised profile among customers and greater passenger rates, and established a medium- to long-haul international LCC business model. Additionally, ZIPAIR increased the number of Boeing 787 to five and newly opened the Narita-San Jose route in December, steadily expanding its network.

SPRING JAPAN

Due to a delay in the recovery of demand in China caused by strict immigration restrictions, we worked to improve profitability by temporarily increasing the number of domestic flights.

Jetstar Japan (an affiliate accounted for by the equity method)

In addition to steadily increasing passenger volume by capturing the recovering demand for domestic flights, the Narita-Manila route, Narita-Taipei route, and the Nagoya-Manila route were successively resumed on international flights to capture inbound demand.

Mileage, Lifestyle and Infrastructure Business

Creation of new human, commercial, and logistics flows

User interface of JAL Pay (a conceptual image)

Pouch made of recycled Class J seat leather

Creation of mileage-related services in everyday life situations

Under the "JAL Mileage and Lifestyle Concept" with the slogan "make everyday life and all life stages even better with miles," JAL has started services in various aspects of daily life including mutual exchange with Rakuten Point and a new payment service "JAL Pay."

Product development through synergy with JALUX, our core company in the non-aeronautical domain

By leveraging the product planning know-how of JALUX, which became a consolidated subsidiary at the end of FY2021, and the synergy of the JAL brand, we developed new products, such as merchandise made from recycled leather of Class J seats, and initiatives to deliver fresh seasonal foods from across Japan by air.

Building a solution sales structure

In October, we decided to absorb JAL SALES CO., LTD. and shifted to a solution sales structure that leverages the assets of the JAL Group aiming to solve the problems of local governments, companies, and other customers, including regional revitalization.

(3) Initiatives related to safety and comfort

Detailed safety and comfort information and our Safety Report are available on our corporate website:
https://www.jal.com/en/safety/

Ongoing initiatives for enhancing safety

Aiming to be the leading company in safety, we have been working to accumulate safety layers and set "respond to diversifying risks," "safety innovation," and "create next-generation safety" as priority issues to achieve our management target "zero aircraft accidents and zero serious incidents," and promoted various initiatives.

- Concerning the air travel environment, which is undergoing dramatic changes due to the emergence of geo-political risks, we have formulated measures such as strengthening our systems for collecting and analyzing information through cooperation with countries and other companies, and establishing alternative safe flight routes to avoid risks.
- With the increase in the number of flights over central Tokyo, we have taken independent initiatives, including enhanced inspection and investigation of internal engine parts of Boeing 787 and Airbus A350 aircraft, in order to curb the number of cases of parts falling off from aircraft.
- In order to predict defects to aircraft, we have created our own logic to predict defects by analyzing big data acquiring from aircraft. During the fiscal year under review, we promoted the development of this logic through the new use of AI technology.
- To prepare for diversifying threats such as terrorism, we introduced an aviation security check lane "JAL SMART SECURITY" at Haneda Airport, which enables advanced security inspection, while improving customers' convenience.

Inspecting internal engine parts to prevent them from falling out

Efforts to predict defects by using AI technology, etc.

Advanced security inspection made possible with "JAL SMART SECURITY"

Initiatives to enhance "safety and comfort" for customers

Detailed information on "JAL FlySafe," our initiatives to enhance "safety and comfort" for customers, is available on our corporate website:
https://www.jal.co.jp/jp/ja/info/2020/other/flysafe/ (in Japanese)

(4) Initiatives related to ESG

> Detailed information on our initiatives related to ESG is available on our corporate website:
> https://www.jal.com/en/sustainability/

a. Environment [E]

Efforts to Reduce CO_2 Emissions

Replacing our fleet by more fuel-efficient aircraft

We have made progress on the replacement of our fleet with fuel-efficient aircraft such as Airbus A350 and Boeing 787. In addition, we have decided to update to a new smaller Boeing 737-8 aircraft. In order to gradually upgrade our fleet to the latest aircrafts, we raised approximately 26.5 billion yen in March through a transition-linked loan, the first of its kind in the airline industry in Japan.

Airbus A350 (Own 16 aircraft (+1 aircraft from the previous fiscal year))	Boeing 787 (Own 52 aircraft (+1 aircraft from the previous fiscal year incl. ZIPAIR))	Boeing 737-8 (Ordered 21 aircraft in the fiscal year under review)
		
CO_2: -15~25% (compared to conventional aircraft)	CO_2: -15~25% (compared to conventional aircraft)	CO_2: -15% (compared to conventional aircraft)

Utilizing SAF ("SAF": Sustainable Aviation Fuel)

We have expanded future SAF suppliers such as Neste OYJ (Finland) and Raven SR Inc. (U.S.) Moreover, we have worked to raise awareness and implemented various efforts through "ACT FOR SKY," a voluntary organization with the aim of commercializing domestically produced SAF.

In November, we operated "Sustainable Charter Flight" with about 40% SAF in all fuel on the Tokyo -Okinawa route, the first flight in Japan to achieve virtually zero CO_2 emissions.

Filling SAF

Effective use of limited resources

As part of our "3Rs (Reduce, Reuse, Recycle) + 1R (Redesign)," we have replaced various plastic service goods with materials that take sustainability and resource recycling into consideration. Regarding the progress on reduction of single-use plastics, which is one of our management targets, we have achieved "eliminating 45% of virgin petroleum-derived plastics on board and at lounges (+20pt year on year)" and "switching 91% of single-use plastics to environmentally sustainable materials at airport and cargos (+1pt year on year)."

A plastic lid (left) and a paper lid (right)

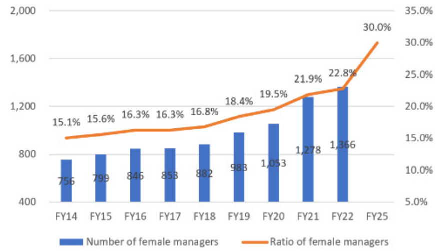
b. Human [S]

Respect for human rights

We have worked on various initiatives based on mechanisms for human rights due diligence to fulfill our responsibilities concerning the universal value of respect for human rights. During the fiscal year under review, we determined important issues from three points of view of “supply chain management,” “provision of products and services,” and the “enhancement of our internal environment,” and we have promoted initiatives such as confirming the soundness of human rights at our suppliers’ sites and requesting them to rectify any injustices, replacing service supplies and inflight meals with certified products that respect human rights, and providing education to prevent harassment.

Promotion of Diversity, Equity, and Inclusion (DEI)

Regarding diversity at the management level, we have hired Executive Officers from overseas regions since the previous fiscal year. As a result, we have two more female appointees to make seven women in Executive Officer positions in the fiscal year under review. Progress toward the management target of 22.8% (+0.9pt from the previous year) in the ratio of female managers was also achieved, further accelerating the advancement of our female employees. Furthermore, we have provided more opportunities for employees with disabilities.



Number/ratio of female managers

Wellness promotion

Under the strong leadership of the Chief Wellness Officer, we stepped up efforts focusing on women’s health and health promotion activities led by health promotion officers assigned to each workplace from the previous fiscal year, based on the five-year plan.

In recognition of these efforts, the Company was selected as “2023 Health & Productivity Stock” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for two consecutive years. Additionally, 24 JAL Group companies were selected as “2023 Certified Health & Productivity Management Outstanding Organization” by NIPPON KENKO KAIGI.

2023
健康経営銘柄
Health and Productivity

c. Governance [G]

Responsible Procurement

In order to construct a sustainable supply chain together with our suppliers, we have been proceeding with confirming our approximately 450 major suppliers’ status of compliance with the “JAL Group Sustainability Code of Conduct,” which sets forth initiatives of sustainability awareness relating to the environment, human rights and labor, and the rate of confirmed suppliers was 81% (+19pt year on year) at the end of the fiscal year under review.

Disclosure

We were rated highly for our disclosure efforts and received following awards.

Award for Excellence in Corporate Disclosure
The first place in the transportation industry category (the fourth time in the past five years)


NIKKEI Integrated Report Award 2022
“Grand Prix E (Environment) Award”

2023 ESG FINANCE AWARDS JAPAN

The 4th ESG Finance Award Japan
“Environmentally Sustainable Company”

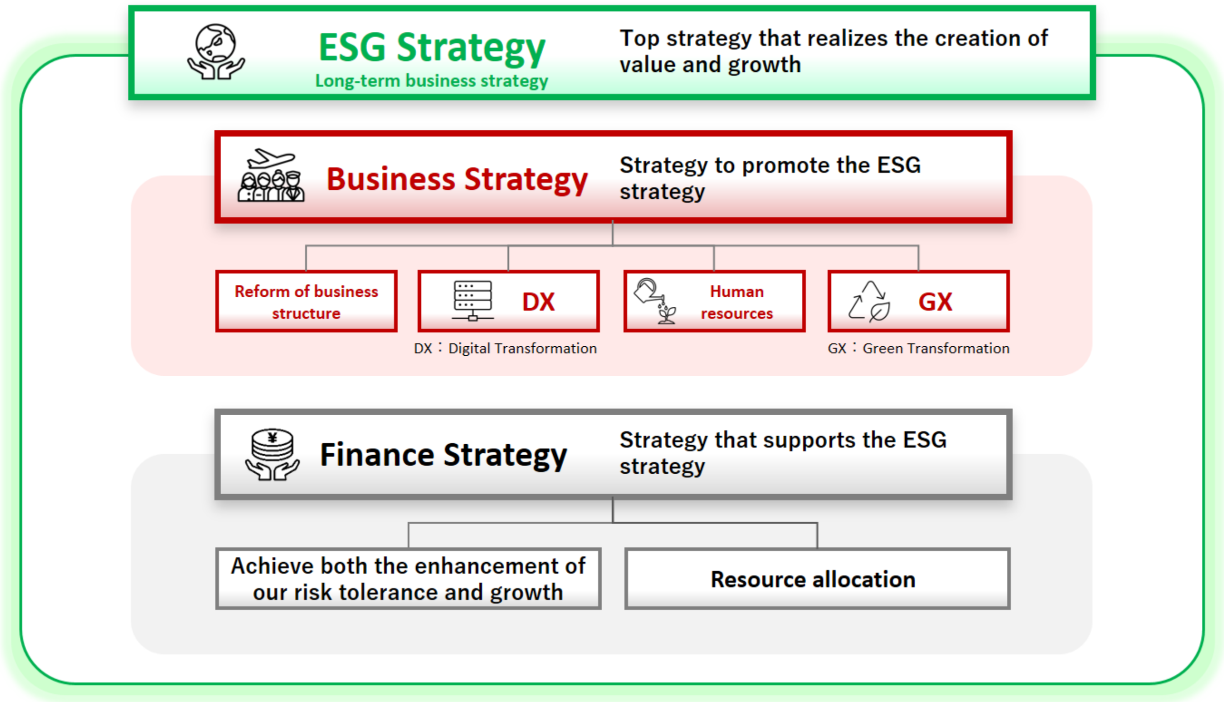
(5) Issues to be addressed

In FY2022, the second year of the "FY2021-2025 JAL Group Medium-term Management Plan," despite achieving full-year profitability, we faced new challenges common to all of society, such as unstable global conditions, rising prices, and a cross-industry shortage of human resources.

In light of these changes in the business environment, we have formulated the "Medium-term Management Plan Rolling Plan 2023 (Rolling Plan)" in order to shift from "recovery and stability" to "growth."

"Social connections" created through the "movement of people and goods" are indispensable for a Well-being society in which everyone can feel prosperity and hope. Through our ESG strategy, which is the core of our management strategy, we will create sustainable human, commercial, and logistic flows, solve social issues through the power of "mobility" and "connections," and achieve medium- to long-term growth. Additionally, through our business and financial strategies, we will quickly restore sales, profits, and finances to pre-COVID levels.

To medium- to long-term growth by realizing the creation of value through the ESG strategy

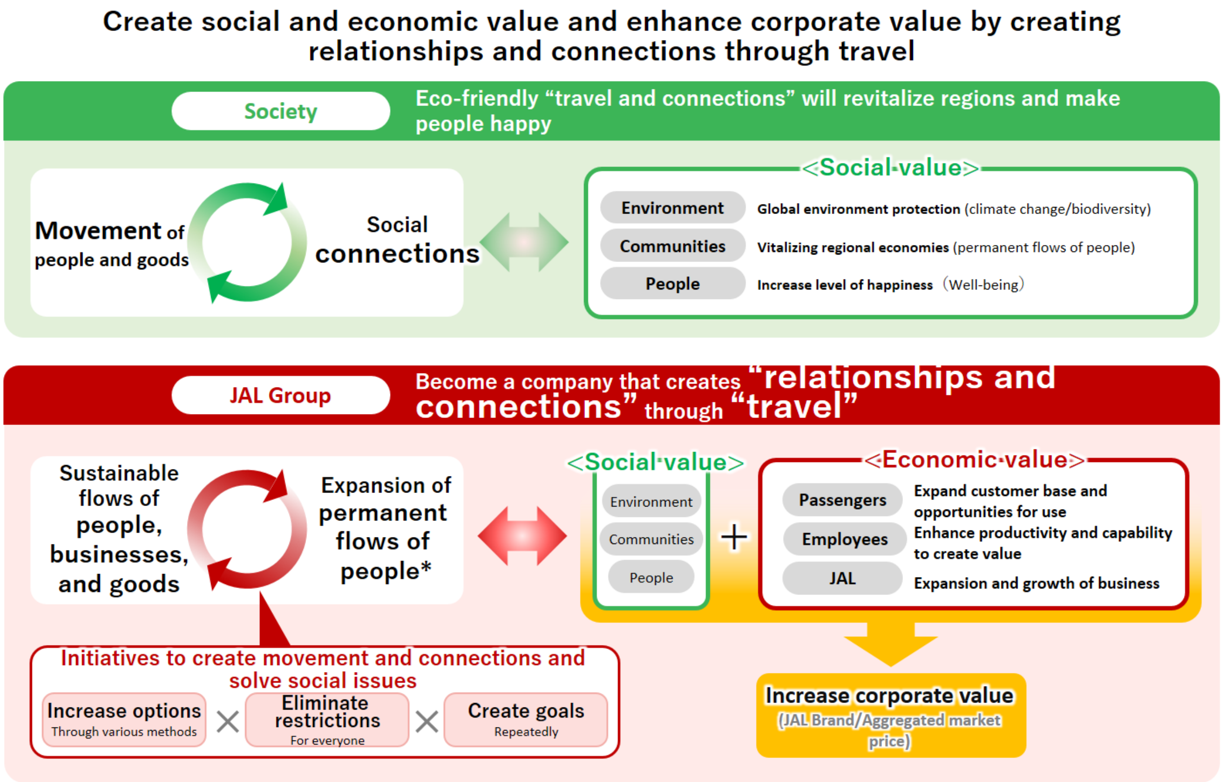


As for the issues that the JAL Group is to address, we will advance our initiatives through the following strategies in the Rolling Plan.

(1) ESG strategy (long-term business strategy): Top-level strategy for value creation and growth
(2) Business strategy: A strategy to promote the ESG strategy
(3) Financial strategy: A strategy to support the ESG strategy

(1) ESG strategy (long-term business strategy): Top-level strategy for value creation and growth

In addition to creating social value such as regional revitalization and increased well-being through environmentally friendly "mobility and connections," we will create economic value for our customers, employees, and ourselves by creating "relationships and connections" through sustainable human, commercial and logistic flows, and the expansion of the related population, thereby enhancing corporate value.



(*) Related population: People who have ongoing and diverse relationships with a particular area.

(2) Business strategy: A strategy to promote the ESG strategy

Business structure reform

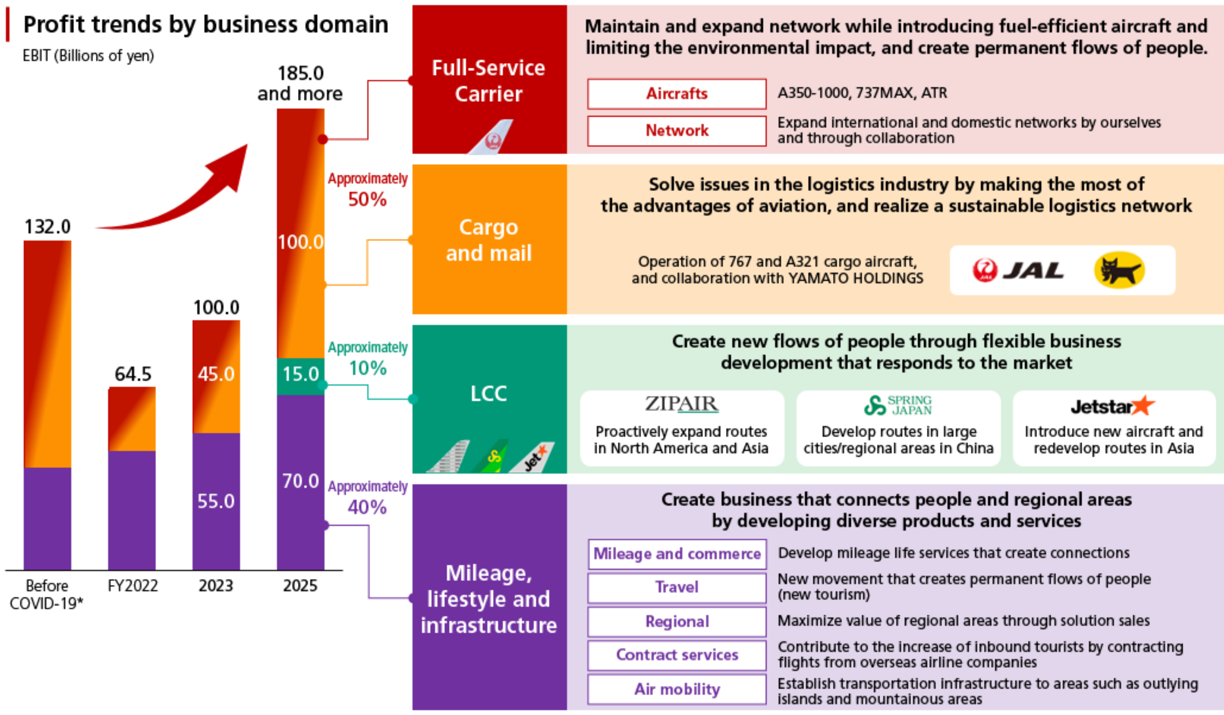
We will restructure our business portfolio and increase profits by promoting ESG strategies.

Full-service carriers will maintain and expand their networks and create a related population while reducing their environmental footprint by installing fuel-efficient equipment.

In the case of cargo mail, we will leverage the advantages of aviation to solve the challenges of the logistics industry and create a sustainable logistics network.

With LCCs, we will create new human flow through flexible business development in response to the market.

In mileage, lifestyle and infrastructure, we will create business that connects people and communities through the development of diverse products and services.



(*) Figures exclude the impact of COVID-19 from FY2019 actual results (forecast disclosed at the time of the announcement of FY 2019 third quarter financial result) (IFRS)

DX strategy

We will speed up the utilization of digital technology in all JAL Group businesses to provide safe and secure travel and new experiences to our customers. We will promote four initiatives: “personalized service,” “stress-free anytime, anywhere,” “connectivity through new mobility,” and “safer and more secure travel.”

Human resource strategy (human capital management)

We will promote human capital management, respect diverse values, and develop and recruit human resources who will take on the challenge of creating new value and initiating change.

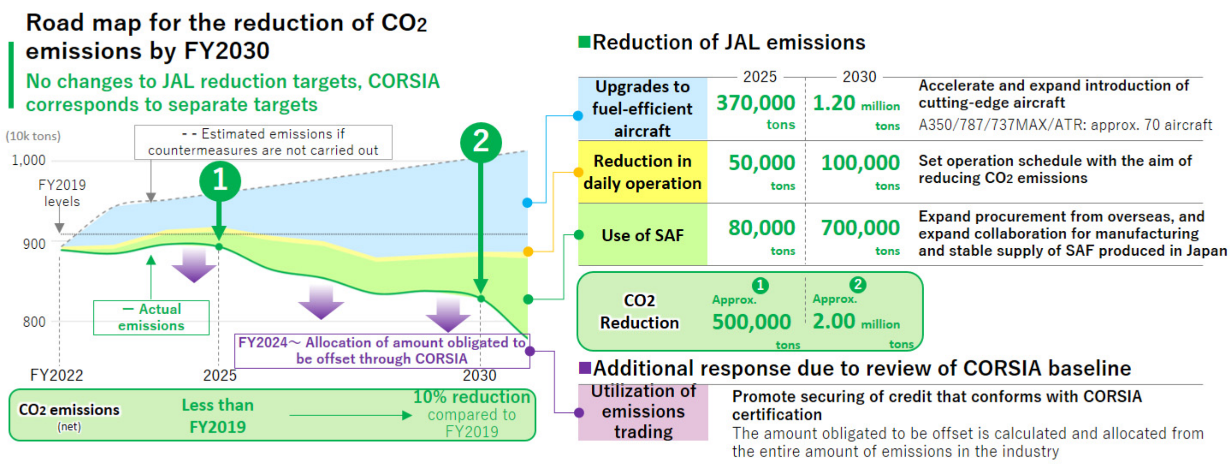
Human resource portfolio	**Formulate dynamic human resource portfolio that responds the environmental changes**	• Transition to a system[*1] that can eliminate seniority-based elements and quickly promote young employees • Increase hiring of persons with experience (including alumni): 50%[*1] of annual recruits • Expand results-based remuneration system: 100 posts • Introduce new personnel system to secure highly specialized human resources • Assign an additional 3,500 employees in growing business areas (vs. FY2019)
DEI	**Promote active participation of diverse human resources (values, specialties, experience, etc.)**	• Female Managers Ratio: 30% • Continuation of proactive recruitment of foreign employees in Japan (scale of 100 people annually) • Expand dispatch of overseas employees to Japan (scale of 50 people annually) • Employment of people with disabilities: +30% compared with FY2022
Career/ reskill	**Provide opportunities for growth and learning for independent career building**	• Internal/external transfers through open recruitment: 100 people annually • Increase of secondment and dispatch within and outside of the Group • 100% dispatch rate overseas and outside of the company (including study abroad) by 10th year of employment • Implementation of reskilling for second career • Implementation of DX training: Basic training/all employees; specialized training/300 people
Engagement	**Align vectors of growth for the Company and employees to enhance productivity and enhance motivation for employees to take on challenges themselves**	• Increase highly engaged employees by 10 percentage points (vs. FY2019) • Net sales per person: +15% compared with FY2019 • Return value created by employees and enhancement of productivity to employees

*1: Business planning positions in JAL *2: As of June 1, 2022

GX strategy

We will speed up our efforts to achieve carbon neutrality by 2050. In line with the review in the CORSIA (*) baseline, emissions trading will be utilized in addition to reducing our own emissions. We will also accelerate our efforts through a variety of methods, including the introduction of Internal Carbon Pricing (ICP) in GX promotion investment decisions and promoting collaboration with partners who possess new technologies, such as synthetic fuels and CO_2 capture.

(*) CORSIA: A system that requires international airlines to purchase emissions units for any excess of actual CO_2 emissions in 2019.



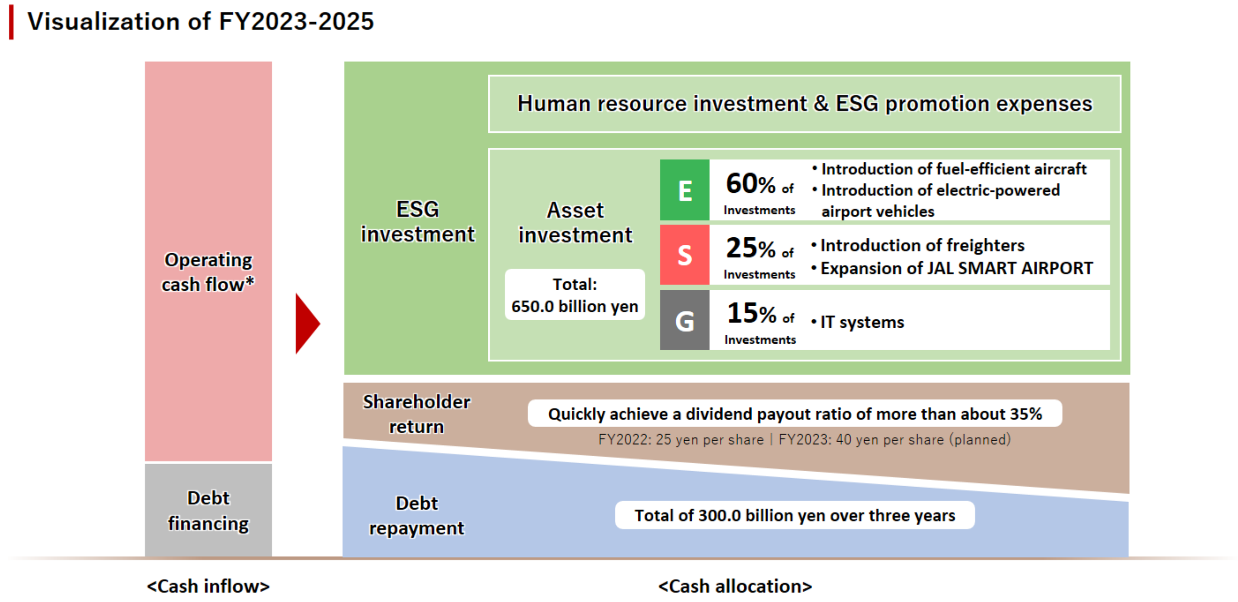
(3) Financial strategy: A strategy to support the ESG strategy

We will speed up sustainable growth through strategic allocation of management resources, aiming to achieve both “enhancement of our risk tolerance” and “growth.”

We will rebuild our financial base and maintain and improve our fund-raising capacity with the goals of achieving an “equity ratio of approximately 50% (in terms of rating evaluation)” and “obtaining a credit rating of A flat” by the end of FY2025. Additionally, taking the cost of capital into consideration, we will strive to improve capital efficiency to achieve “ROIC of 9%” and “ROE of 10% or more” in FY2025.

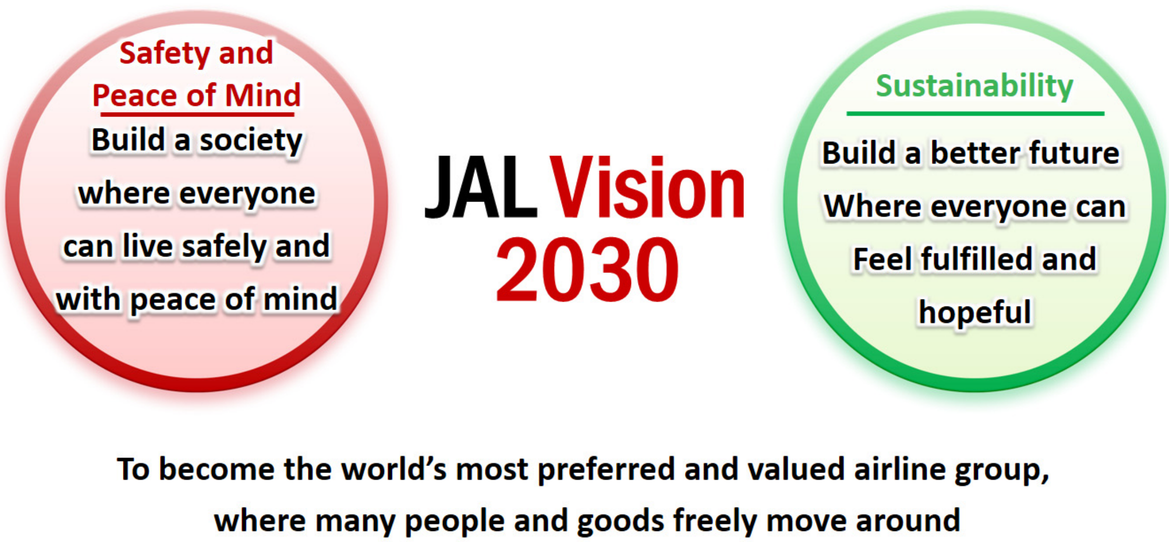
In terms of management resource allocation, we will aggressively promote investment in ESG including human resource investments, and gradually increase shareholder returns as our business performance recovers.

Image of resource allocation



(*) Operating CF excluding investment in human capital and ESG promotion expenses

Through these initiatives, we will strive to achieve “JAL Vision 2030” and all employees will move forward as one to realize a vibrant society and future where many people and various goods freely move.



(6) Capital expenditures

During the current fiscal year, the JAL Group's capital expenditures totaled 117.4 billion yen, which is broken down into 86.1 billion yen for aircraft-related capital expenditures, 10.2 billion yen for ground-based assets, etc., and 21.1 billion yen for intangible fixed assets.

Three new aircraft were purchased during the fiscal year under review. In addition, two aircraft that had been leased were purchased. In contrast, 28 aircraft were sold off and one leased aircraft was returned.

Of the aircraft currently on order, we made advance or other payments on 31 aircraft during the fiscal year under review.

◇ Newly introduced: 3 airplanes

Airbus A350-900	1 airplane
Boeing 787-8	1 airplane
ATR42-600	1 airplane

◇ Sold or disposed: 28 airplanes

Boeing 777-200	9 airplanes
Boeing 777-300	4 airplanes
Boeing 767-300	13 airplanes (11 of these aircraft are currently being leased following the sale)
Boeing 737-800	2 airplanes

(7) Financing

In order to make solid progress on the effort to replace our aircraft with advanced fuel-efficient aircraft, we have conducted the debt financing of about 53.9 billion yen in total (excluding increases or decreases of short-term borrowings), including the finance of about 26.5 billion yen from a transition-linked loan in March 2023, which was the first of its kind among airlines in Japan.

(8) Major parent companies and subsidiaries (as of March 31, 2023)

a. Parent companies

None

b. Subsidiaries

Name	Capital	Ratio of voting rights	Principal business
JAPAN TRANSOCEAN AIR CO., LTD.	4,537 million yen	72.8%	Air transportation business (full-service carrier)
JAPAN AIR COMMUTER CO., LTD.	300 million yen	60.0%	Air transportation business (full-service carrier)
J-AIR CO., LTD.	100 million yen	100.0%	Air transportation business (full-service carrier)
ZIPAIR Tokyo Inc.	100 million yen	100.0%	Air transportation business (LCC)
SPRING JAPAN Co., Ltd.	100 million yen	66.7%	Air transportation business (LCC)
JALUX Inc.	2,558 million yen	* 69.7%	Wholesale
JALCARD, Inc.	360 million yen	50.6%	Credit card business
JALPAK CO., LTD.	80 million yen	* 97.8%	Travel agency

(Note) ZIPAIR Tokyo Inc. and SPRING JAPAN Co., Ltd. are positioned in the LCC business domain and JALUX Inc. as a core company in the non-aviation domain.
Figures with an asterisk (*) show the ratio of voting rights including those owned by subsidiaries.

(9) **Employees** (as of March 31, 2023)

	Number of Employees	Increase (decrease) from the previous fiscal year
Air transportation business	32,101 persons [539 persons]	+725 [+144]
Other	3,938 persons [317 persons]	-109 [+49]
Total	36,039 persons [856 persons]	+616 [+193]

(Notes) 1 The number of employees excludes employees on leave and employees seconded to companies outside the Group, but does include employees temporarily seconded from outside the Group to inside the Group.

2. For the number of employees dispatched from temporary employment agencies, the average annual number of temporary employees is provided separately in brackets. The increase (decrease) in dispatched employees from the previous fiscal year shows, in brackets, the difference between the average annual number of temporary employees in the previous fiscal year and the current fiscal year.

(10) **Aircraft** (as of March 31, 2023)

Aircraft	Number of aircraft			Number of seats
	Owned	Leased	Total	
Large-sized aircrafts				
Airbus A350-900	12	4	16	369, 391
Boeing 777-200ER	3	0	3	312
Boeing 777-300ER	13	0	13	244
(Subtotal)	(28)	(4)	(32)	
Middle-sized aircrafts				
Boeing 787-8	30	0	30	186, 206, 290, 291
Boeing 787-9	19	3	22	195, 203, 239
Boeing 767-300ER	16	11	27	199, 227, 252, 261
(Subtotal)	(65)	(14)	(79)	
Small-sized aircrafts				
Boeing 737-800	47	15	62	144, 165, 189
(Subtotal)	(47)	(15)	(62)	
Regional aircrafts				
Embraer 170	18	0	18	76
Embraer 190	14	0	14	95
De Havilland DHC8-400CC	5	0	5	50
ATR42-600	11	1	12	48
ATR72-600	2	0	2	70
(Subtotal)	(50)	(1)	(51)	
Total	190	34	224	

2. Corporate Officers

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2023)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations (* indicates a listed company)
Director, Chairperson	UEKI Yoshiharu	Chairman of the Board of Directors	Outside Director, Japan Airport Terminal Co., Ltd.(*)
Representative Director, President	AKASAKA Yuji	Chief Safety Officer Chairman of the Management Committee Chairman of the Group Management Council Chairman of the Council for Group Safety Enhancement Chairman of the JAL Philosophy Committee Chairman of the Group Risk Management Council Chair of the Sustainability Promotion Council Chief Sustainability Officer	
Representative Director, Executive Vice President	SHIMIZU Shinichiro	Aide to the President, Chief Wellness Officer, Chair of the JAL Wellness Promotion Committee	
Representative Director, Senior Managing Executive Officer	KIKUYAMA Hideki	Senior Vice President, Finance & Accounting Division	
Director, Senior Managing Executive Officer	TOYOSHIMA Ryuzo	Senior Vice President, Route Marketing Division	
Director, Managing Executive Officer	TSUTSUMI Tadayuki	Senior Vice President, Corporate Safety and Security Division, Senior Director, Family Assistance & Support Office	
Director	KOBAYASHI Eizo		Outside Director, Japan Exchange Group, Inc.(*)
Director	HATCHOJI Sonoko		External Director, Daicel Corporation (*) External Director, Maruha Nichiro Corporation (*)
Director	YANAGI Hiroyuki		Outside Director, AGC Inc.(*) Outside Director, Kirin Holdings Company, Limited (*) Outside Director, Mitsubishi Electric Corporation (*)
Audit and Supervisory Board Member, full-time	SAITO Norikazu		
Audit and Supervisory Board Member, full-time	KITADA Yuichi		
Outside Audit and Supervisory Board Member	KAMO Osamu		Attorney at law, Ginza Sogo Law Office External Audit & Supervisory Board Member, Azearth Corporation(*)
Outside Audit and Supervisory Board Member	KUBO Shinsuke		Representative Partner, Kyoei Accounting Office External Audit and Supervisory Board Member, KAWASAKI KISEN KAISHA, Ltd.(*)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations (* indicates a listed company)
Outside Audit and Supervisory Board Member	OKADA Joji		Governor (Outside), Japan Exchange Regulation

(Notes) 1. Changes in important concurrent occupations or positions at other organizations of Directors and Audit and Supervisory Board Members during the current fiscal year

(1) Assumption

Director, Mr. YANAGI Hiroyuki, was newly appointed as Outside Director, Mitsubishi Electric Corporation on June 29, 2022.

(2) Retirement

Director, Mr. KOBAYASHI Eizo, retired from office of Director (Outside), OMRON Corporation on June 23, 2022.

Audit and Supervisory Board Member, Mr. OKADA Joji, retired from office of Member, Business Accounting Council of Financial Services Agency on February 19, 2023.

2. Directors, Mr. KOBAYASHI Eizo, Ms. HATCHOJI Sonoko and Mr. YANAGI Hiroyuki are Outside Directors who meet the Independence Standards of Outside Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to have conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange. In addition, Mr. KOBAYASHI Eizo is the Lead Independent Outside Director.
3. Audit and Supervisory Board Members, Mr. KAMO Osamu, Mr. KUBO Shinsuke and Mr. OKADA Joji are Outside Audit and Supervisory Board Members who meet the Independence Standards of Outside Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to have conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.
4. Audit and Supervisory Board Member, Mr. SAITO Norikazu has considerable knowledge of finance and accounting, having been engaged mainly in the finance and accounting departments over his many years since joining the Company, and having served as Senior Vice President of Finance & Accounting Division for the last nine years since 2010.
5. Audit and Supervisory Board Member, Mr. KUBO Shinsuke is qualified to be a certified public accountant and has considerable knowledge of finance and accounting.
6. Audit and Supervisory Board Member, Mr. OKADA Joji has considerable knowledge of finance and accounting, having been engaged mainly in the finance and accounting departments over his many years since joining Mitsui & Co., Ltd., and having served as Executive Vice President, CFO of Mitsui & Co., Ltd.
7. Important positions which Outside Officers concurrently assumed outside the Company are as stated in the above table. There is no special interest between the Company and each of the companies of which important positions are concurrently held.
8. Effective April 1, 2023, the positions and responsibilities of Directors have been changed as follows:

Position	Name	Responsibility
Representative Director, President	AKASAKA Yuji	Chief Safety Officer Chief Executive Officer of the JAL Group Chairman of the Management Committee Chairman of the Group Management Council Chairman of the Council for Group Safety Enhancement Chairman of the JAL Philosophy Committee Chairman of the Group Risk Management Council Chair of the Sustainability Promotion Council Chief Sustainability Officer
Director	KIKUYAMA Hideki	
Director	TOYOSHIMA Ryuzo	

(2) Remuneration, etc. paid to Directors and Audit and Supervisory Board Members

a. Remuneration, etc. paid for the fiscal year under review

Classification	Number of Directors and Audit and Supervisory Board Members	Total amount paid (Millions of yen)	Total amount paid by type (Millions of yen)		
			Basic remuneration	Performance-linked remuneration (Bonus)	Performance-linked remuneration (Non-monetary remuneration claims, etc.)
Directors (Of which, Outside Directors)	9 (3)	406 (34)	250 (34)	122 (–)	32 (–)
Audit and Supervisory Board Members (Of which, Outside Audit and Supervisory Board Members)	5 (3)	77 (28)	77 (28)	–	–
Total	14	484	328	122	32

* Performance-linked remuneration (Bonus) shall be referred to as "Performance-linked bonus," and Performance-linked remuneration (Non-monetary remuneration claims, etc.) shall be referred to as "Performance-linked share-based remuneration" in this section.

(Notes)
1. The amounts of performance-linked bonuses and performance-linked share-based remuneration, etc. are amounts that were posted as expenses for the current fiscal year.
2. The total amount of remuneration, etc. paid to Directors does not include salaries for employees serving concurrently as Directors.
3. The maximum annual remuneration (total amount) for Audit and Supervisory Board Members was determined by a resolution at the Special Meeting of Shareholders on July 10, 2012, to be no more than 100 million yen. To ensure independence, remuneration for Audit and Supervisory Board Members consists only of fixed remuneration (monthly remuneration) and is determined through consultation with Audit and Supervisory Board Members. At the time of conclusion of such General Meeting of Shareholders, the number of Audit and Supervisory Board Members was five (including three Outside Audit and Supervisory Board Members).

b. Policy on determination of remuneration in kind for Directors

The total amount of remuneration, etc. was determined by a resolution at 68th Ordinary General Meeting of Shareholders held on June 22, 2017 as follows. At the time of conclusion of such General Meeting of Shareholders, the number of Directors was ten (including three Outside Directors).

<u>The total amount of remuneration, etc.</u>

1) The total amount of monetary remuneration, etc.: No more than 700 million yen (consisting of fixed basic remuneration of 350 million yen or less (of which, 50 million yen or less for Outside Directors), and a performance-linked bonus of 350 million yen or less)

2) The total amount of remuneration in the form of monetary remuneration receivables under the performance-linked share-based remuneration plan per each performance evaluation period (refers to the three most recent consecutive completed fiscal years): The amount obtained by multiplying the upper limit on the number of shares to be delivered per performance evaluation period (100,000 shares), by the upper limit on amount to be paid in* per share

(*) Upper limit on amount to be paid in:
The highest closing price of ordinary transactions of ordinary shares of the Company on the Tokyo Stock Exchange for three months before and three months after (total six months) the point of expiration of the performance evaluation period that forms the target period for execution of the duties which are to be compensated by the monetary remuneration receivables allocated for payment.

The Company has decided the following policies regarding the determination of Director remuneration, etc. at the Board of Directors meeting after deliberation and reporting to the Compensation Committee.

Fundamental policies

(1) The JAL Group will encourage the performance of duties consistent with our Corporate Policy and management strategies and provide strong incentives for the achievement of specific management targets, with the aim of sustainable and steady growth of the Company and the Group and of medium to long-term improvement in corporate value.

(2) The Company will establish appropriate proportions for performance-linked bonus linked to fiscal year performance and, for the purpose of further promoting the aligning of interests with shareholders, a performance-linked share-based remuneration linked to corporate value in accordance with medium to long-term performance, in order to contribute to the demonstration of sound entrepreneurial spirit.

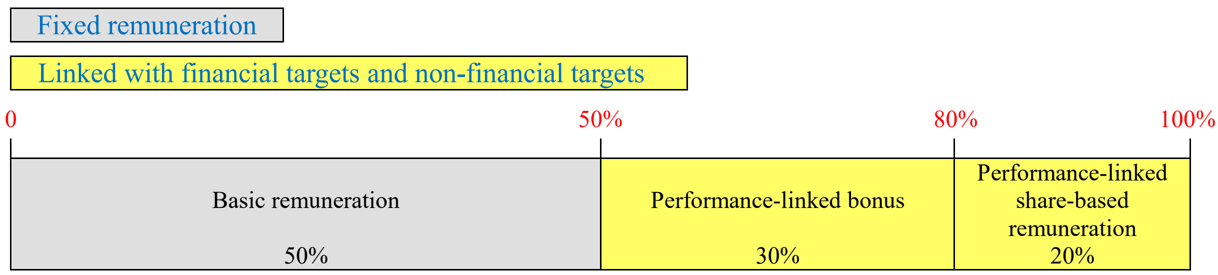
(3) The Company will provide treatment that is appropriate to the management team of the Company, in accordance with the Company's business performance.

Remuneration levels and remuneration composition ratios

(1) The Company will set appropriate remuneration levels with reference to objective data on remuneration in the marketplace, and based on the business conditions of the Company.

(2) Taking into account factors including the content of the Company's business and the effectiveness of performance-linked remuneration, the Company sets the proportions of (A) amount of fixed basic remuneration*, (B) amount of performance-linked bonus to be paid according to degree of achievement against targets, and (C) amount of performance-linked share-based remuneration to be issued according to the degree of achievement against targets, as follows. (The below ratios are provided as a general guideline only, and may vary according to changes in the market price, etc.)

If the degree of achievement of targets is 100%:



* The amount excludes the amounts of allowances in cases in which an Executive Officer serves concurrently as Director, and the amounts of allowances when the Executive Officer has representative authority.

Framework for performance-linked remuneration

The performance-linked bonus and the performance-linked share-based remuneration will be reviewed as necessary in accordance with changes in the business conditions, the roles of officers, etc. In order to strongly advance our finance strategy, business strategy and ESG strategy, the three pillars of our management strategy under the Medium-term Management Plan, we have revised the performance evaluation indices for the performance-linked bonus and the performance-linked share-based remuneration and other factors for FY2022 and beyond.

There is no provision of performance-linked share-based remuneration for each of the periods which started in FY2019, FY2020 and FY2021, respectively, in light of our performance and other factors.

	The performance-linked bonus (*1)	The performance-linked share-based remuneration
Range of variation (with 100 in the case when performance targets are achieved)	The amount to be paid will vary from 0 to 150	The number of shares to be granted will vary from 0 to 150 (*2)
Performance evaluation indices and ratios	0 / 25% / 50% / 75% / 100%: EBIT (50%); Personal performance evaluation (*3) (20%) (30%)	0 / 25% / 50% / 75% / 100%: TSR (*4) (25%); ROIC (*5) (25%); ESG (*6) (25%); CO_2 (*7) (25%)
Performance evaluation period	1 year	3 years

Legend: financial targets | non-financial targets

*1 For Chairperson and President, "individual performance evaluation indices for each officer" is not set, and instead, "EBIT" is used for performance evaluation. The level of achievement in terms of indicators related to safety operation will be considered.

*2 For the final fiscal year of the Medium-term Management Plan period, the number will vary from 0 to 200, adjusted by addition or subtraction according to the level of achievement of the targets.

*3 Individual indices for each officer

*4 TSR: Evaluated based on the ratio of the total shareholder return of the Company's share to the return of TOPIX including dividends.

*5 Evaluated based on consolidated ROIC.

*6 Evaluated based on the number of major ESG stock indices etc., by which JAL has been listed or recognized (DJSI World Index, FTSE Blossom Japan Index, APEX WORLD CLASS, CDP A-, and MSCI WIN).

*7 Evaluated based on CO_2 emissions per revenue-ton-km.

Procedures for determination of remuneration, etc.

Matters related to remuneration of Directors will be decided by the Board of Directors, following deliberation and reporting within a Compensation Committee arbitrarily established by the Company. A majority of the members of the Compensation Committee will be Outside Directors, and its Chairman will be appointed from among the Outside Directors.

Basic remuneration is to be paid monthly and performance-linked bonuses and performance-linked share-based remuneration is to be paid annually.

Reasons why the Board of Directors judged that the details of individual remuneration, etc. comply with the policies

Regarding the individual remuneration, etc., after a discussion based on the policies concerning the determination of the Director remuneration etc. described above at the Compensation Committee, which has an Outside Director serving as Chairperson and a majority of members who are Outside Directors, it was decided at the Board of Directors meeting held on February 17, 2022, with due respect for the deliberations and reports of that committee that the details of the individual remuneration, etc. are judged to be in compliance with the above policies established by the Company.

3. Basic stance on capital strategy and policy on shareholder return

Basic stance on capital strategy

1) In order to plan for future corporate growth and adapt to changes in the management environment so as to be prepared for business risks unique to the air transportation business, JAL Group strives to secure net assets required for capital expenditures and to keep the equity ratio stable.
2) It has established a system to secure diverse and flexible means of procuring capital and strives to maintain a good credit rating to realize this.
3) JAL Group is also aware of cost of equity and to achieve a level of capital efficiency that exceeds the costs, establishes a management plan and financial targets and discloses and explains them including concrete measures to achieve its targets.

Outlook for the future

The JAL Group will strive to steadily implement the "FY2021-2025 JAL Group Medium Term Management Plan Rolling Plan 2023" announced on May 2, 2023, in order to further promote ESG management aimed at achieving the management vision set forth in the "FY 2021-2025 JAL Group Medium-term Management Plan."

In the fiscal year under review, we were able to return to consolidated profitability for the full year as the COVID-19 crisis began to settle down, and we plan to resume dividend payments. In the fiscal year ending March 31, 2024, we will establish a stable post-COVID profit structure. With regard to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2024, we forecast revenue of 1,658.0 billion yen, EBIT of 100.0 billion yen, and profit attributable to owners of parent of 55.0 billion yen based on the business environment and other factors presented in the said Medium Term Management Plan Rolling Plan.

The calculation is based on an exchange rate of 135 yen to the U.S. dollar and a market price of US$115 per barrel for Singapore Jet Kerosene, an indicator of aviation fuel costs.

Policy on shareholder return

The Company regards the return of profits to shareholders as one of its top management priorities. Its basic policy is to actively return profits to shareholders by flexibly purchasing treasury stock in addition to paying continuous and stable dividends, while securing internal reserves that will contribute to investment and the building of a strong financial position in order to support future corporate growth and respond to changes in the business environment.

Following the spread of COVID-19, we did not pay dividends for the fiscal years ended March 31, 2021 and March 31, 2022, placing the highest priority on securing liquidity on hand and strengthening our financial position. However, for the fiscal year under review, we plan to pay a year-end dividend of 25 yen per share. This is due to the fact that our ability to generate cash flow is steadily recovering, we have achieved a consolidated profit for the full year, and aviation demand is expected to recover further. Once again, we would like to extend our thanks to shareholders for their continued support during the period of the COVID-19 pandemic.

Since the company expects demand for airline services to continue to recover in the fiscal year ending March 31, 2024, and expects a steady recovery in its ability to generate cash flow, the dividend forecast for the fiscal year ending March 31, 2024 is 40 yen per share, of which the interim dividend forecast is 20 yen per share. In line with the recovery of our business results, we will strive to realize continuous and stable shareholder returns, which has been our basic policy for some time.

4. Shareholder benefit programs, etc.

> Detailed information on our shareholder benefit programs is available on our corporate website:
> https://www.jal.com/en/investor/guidance/

Basic concept of shareholder benefit

In addition to returning profits to our shareholders, something of prime importance to us, we have established a shareholder benefit program. The shareholder benefit program has been established in the hope that through the use of our products and services, shareholders will become familiar with our company and become JAL fans by experiencing our products and services firsthand. The shareholder benefit program is designed and operated so that it will be a source of shareholder returns and enhance corporate value. (*)

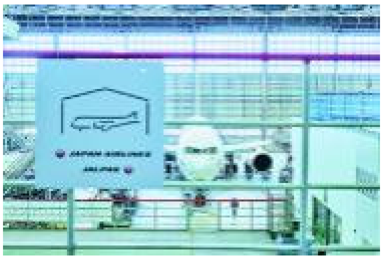
Details of shareholder benefit

As a benefit program, JAL Group 50% discount coupons for domestic flights and travel coupons (2%-7% discount) will be issued to shareholders as of March 31 and September 30 of each year, based on the number of shares held and other issuance criteria.

To become more familiar with JAL

We plan and implement special campaigns for our products and services aimed exclusively at shareholders, which are announced when we issue special benefit coupons. During the fiscal year under review, we implemented special promotions on our official mail-order website, "JAL shopping," and other websites.

We also offer plant tours and various information seminars as opportunities for people to become more familiar with our company. During the fiscal year under review, we held plant tours and online sustainability-related information seminars in the Tokyo and Osaka areas. We will inform you of future events through our e-mail magazine (IR Information E-Mail Newsletter Service) and other means. We look forward to your participation.


Haneda hangar tour (a conceptual image)

Online information seminar on sustainability

(*) The 50% discount for domestic flights may not be available on some flights. The number of seats sold on each flight is capped according to passenger demand in order to maximize revenues for the purpose of enhancing corporate value. Additionally, we do not plan to introduce the awarding of miles or eJAL points as a new benefit program, as we do not believe it is appropriate as a benefit program that leads to increased corporate value since it may directly result in an expense.

Business results and assets

The JAL Group has adopted the International Financial Reporting Standards (IFRS) since the 72nd fiscal year. As a result, the figures for the 71st fiscal year are listed as reference figures based on the IFRS.

Classification	Japanese GAAP (JGAAP)
	71st fiscal year ended March 31, 2020
Operating revenues (Millions of yen)	1,387,201
Operating profit (Millions of yen)	86,532
Operating profit margin (%)	6.2
Ordinary profit (Millions of yen)	88,471
Profit attributable to owners of parent (Millions of yen)	43,600
Basic earnings per share (Yen)	127.08
Return On Invested Capital (ROIC) (%)	4.3
Return On Equity (ROE) (%)	4.2
Total assets (Millions of yen)	1,880,116
Net assets (Millions of yen)	1,036,530
Net assets per share (Yen)	2,971.97
Equity ratio (%)	53.3

(Notes)
1. Basic earnings per share is calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of treasury shares and shares in the Company held by associated companies. Net assets per share is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury shares and shares in the Company held by associated companies.
2. Return On Invested Capital (ROIC) (%) = Net operating profit after taxes / Average fixed assets (including future rental expenses under operating leases)
3. Starting from the beginning of the 72nd fiscal year, “Accounting Standards for Revenue Recognition” (Corporate Accounting Standards No. 29, March 31, 2020) and “Guidelines for the Application of Accounting Standards for Revenue Recognition” (Guidelines for the Application of Corporate Accounting Standards No. 30, March 31, 2020) are applied. For the key business indicators, etc. pertaining to the 71st fiscal year, these accounting standards, etc. have been applied retroactively.
4. The figures based on JGAAP for the 71st fiscal year have not been audited based on the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

Classification	International Financial Reporting Standards (IFRS)			
	[Reference] 71st fiscal year ended March 31, 2020	72nd fiscal year ended March 31, 2021	73rd fiscal year ended March 31, 2022	74th fiscal year ended March 31, 2023
Revenue (Millions of yen)	1,385,914	481,225	682,713	1,375,589
Profit (loss) before financing and income tax (EBIT) (Millions of yen)	88,807	(398,306)	(239,498)	64,563
EBIT margin (%)	6.4	(82.8)	(35.1)	4.7
Profit attributable to owners of parent (Millions of yen)	48,057	(286,693)	(177,551)	34,423
Basic earnings (loss) per share (Yen)	140.04	(764.99)	(406.29)	78.77
Return On Invested Capital (ROIC) (%)	4.7	(20.6)	(12.4)	3.3
Return On Equity (ROE) (%)	4.6	(29.2)	(20.3)	4.3
Total assets (Millions of yen)	1,982,254	2,107,279	2,375,724	2,520,603
Total equity (Millions of yen)	1,049,617	981,535	846,067	856,957
Equity per share attributable to owners of the parent (Yen)	3,009.71	2,168.06	1,830.03	1,867.91
Ratio of equity attributable to owners of the parent to total assets (%)	51.2	45.0	33.7	32.4

(Notes)
1. Basic earnings per share is calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of treasury shares. Equity per share attributable to owners of the parent is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury shares.
2. The Company regards "Profit before financing and income tax," a profit from which income tax expense, interest, and other financial income and expense have been deducted, as EBIT.
3. EBIT margin (%) = EBIT / Revenue
4. Return On Invested Capital (ROIC) (%) = EBIT (after tax) / Average fixed assets (*)
   *Fixed assets = Inventories + Non-current assets - Deferred tax assets - Retirement benefit asset
5. In the fiscal year under review, the Company finalized the provisional accounting treatment for the business combination, and the amounts for the 73rd fiscal year reflect the details of the said treatment.

Principal business (as of March 31, 2023)

Air transportation business and other businesses incidental or related thereto.

Principal locations of business and plants (as of March 31, 2023)

Business Office	
Head Office	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Japan	Sapporo, Hakodate, Asahikawa, Obihiro, Kushiro, Kitami, Aomori, Akita, Sendai, Iwate, Tokyo, Niigata, Nagoya, Kanazawa, Osaka, Kyoto, Okayama, Hiroshima, Matsue, Yamaguchi, Matsuyama, Kochi, Takamatsu, Tokushima, Fukuoka, Nagasaki, Oita, Kumamoto, Miyazaki, Kagoshima, Amami, Okinawa
Overseas	Seoul, Beijing, Tianjin, Shanghai, Dalian, Guangzhou, Hong Kong, Taipei, Manila, Bangkok, Hanoi, Ho Chi Minh City, Singapore, Kuala Lumpur, Jakarta, Sydney, Melbourne, New Delhi, Bengaluru, Moscow, Vladivostok, Helsinki, Frankfurt, London, Paris, Guam, Vancouver, New York, Boston, Chicago, Dallas, Los Angeles, San Diego, San Francisco, Seattle, Honolulu, Kona
Plants	Haneda Maintenance Center, Narita Maintenance Center, Osaka Maintenance Center

Major creditors (as of March 31, 2023)

The status of major creditors of the Company is as follows.

Creditor	Loans outstanding at the end of the period
Mizuho Bank, Ltd.	166,902 million yen
MUFG Bank, Ltd.	166,902 million yen
Development Bank of Japan Inc.	84,550 million yen
Sumitomo Mitsui Banking Corporation	47,440 million yen

(Note) Since the Company accounts for the majority of the JAL Group's borrowings, we are stating the Company's situation in light of its importance.

Other important matters concerning current status of the JAL Group

a. As regards the case that the Company was charged with forming a price cartel on air cargo by European Union antitrust authorities, a judgment by the European Court of Justice became final in February 2016, revoking the monetary penalty payment ordered by authorities. However, the authorities again issued an order of monetary penalty payment in March 2017. Accordingly, we filed a suit in the European Court of Justice again in May 2017 to confirm nullity of the order. A judgment was made in the first trial that part of the order shall be null and that the amount of monetary penalty payment shall be reduced in March 2022. In response, we appealed to the European Court of Justice in June of the same year, seeking a further reduction of the surcharge by means such as confirming the invalidity of the order. At the same time, as a civil suit, cargo owners are suing several airlines including the Company in the Netherlands, etc., claiming damages arising from the alleged air cargo cartel. In regard to reserve for loss on antitrust liabilities, for which the probability and amount of possible losses can be reasonably estimated, an estimated amount of possible losses is recorded. The JAL Group provides training for employees on overseas assignments before they are stationed abroad, and holds seminars on antitrust and provides e-learning mainly for staff in the sales departments, in order to prevent occurrence of cartel behavior, while requiring managerial staff in the sales departments to confirm compliance every six months. Thus, the JAL Group endeavors to strengthen the structure for compliance with the antimonopoly law.

b. In October 2022, a cabin attendant fractured the right metatarsal sesamoid bone (*) due to a sudden jolt during cruise; in November, a passenger suffered a lumbar injury upon landing, resulting in a compression fracture of the second lumbar vertebra; and in January 2023, a passenger fractured a rib due to a jolt during descent. These were designated as aircraft accidents by the Civil Aviation Bureau in the Ministry of Land, Infrastructure, Transport and Tourism. For these cases, investigations by the Transport Safety Board of the Ministry of Land, Infrastructure, Transport and Tourism are underway. The Company will fully cooperate in the investigations by the investigation agency and strive to prevent recurrence of accidents.
(*) Metatarsal sesamoid bone: base of the big toe

Depending on how these matters develop, they could negatively affect our business performance. In addition, the JAL Group is at risk of various legal proceedings concerning its business activities that could affect its business or business performance.

Shares (as of March 31, 2023)

1. Status of shares issued by the Company

(1) Total number of shares issued and number of shareholders

Classification	Total number of shares issued	Number of shareholders
Ordinary shares	437,143,500 shares	488,003 persons

(Note) The total number of shares issued includes 136,291 shares of treasury shares.

(2) Major shareholders

(As of March 31, 2023)

Name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	69,809,900	15.97
Custody Bank of Japan, Ltd. (Trust account)	19,064,000	4.36
KYOCERA Corporation	7,638,400	1.74
Daiwa Securities Group Inc.	5,000,000	1.14
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	4,395,079	1.00
GOVERNMENT OF NORWAY	3,350,686	0.76
NOMURA INTERNATIONAL PLC A/C JAPAN FLOW	2,445,000	0.55
STATE STREET BANK WEST CLIENT - TREATY 505234	2,376,062	0.54
Nomura Securities Co., Ltd.	2,320,108	0.53
SSBTC CLIENT OMNIBUS ACCOUNT	2,209,460	0.50

(Note) Shareholding ratio is calculated with 136,291 shares of treasury shares excluded, rounded down to two decimal places.

2. Status of shares held by the Company (Cross-shareholdings)

Building cooperative and collaborate relationships over a broad range of fields such as sales, procurement, and service provision, and maintaining good relationships with local communities are indispensable in operating the air transport business. It is necessary to strengthen relationships with partners in various areas to survive in global competition and achieve growth. To achieve these goals, we may buy and hold shares in other companies. In these cases, we will carefully select and hold shares of companies that will contribute to enhancing our corporate value, on the precondition of maintaining trusting relationships with our stakeholders.

The fundamental policy of holding shares in listed companies is that we will hold the minimum number shares to meet the above goals.

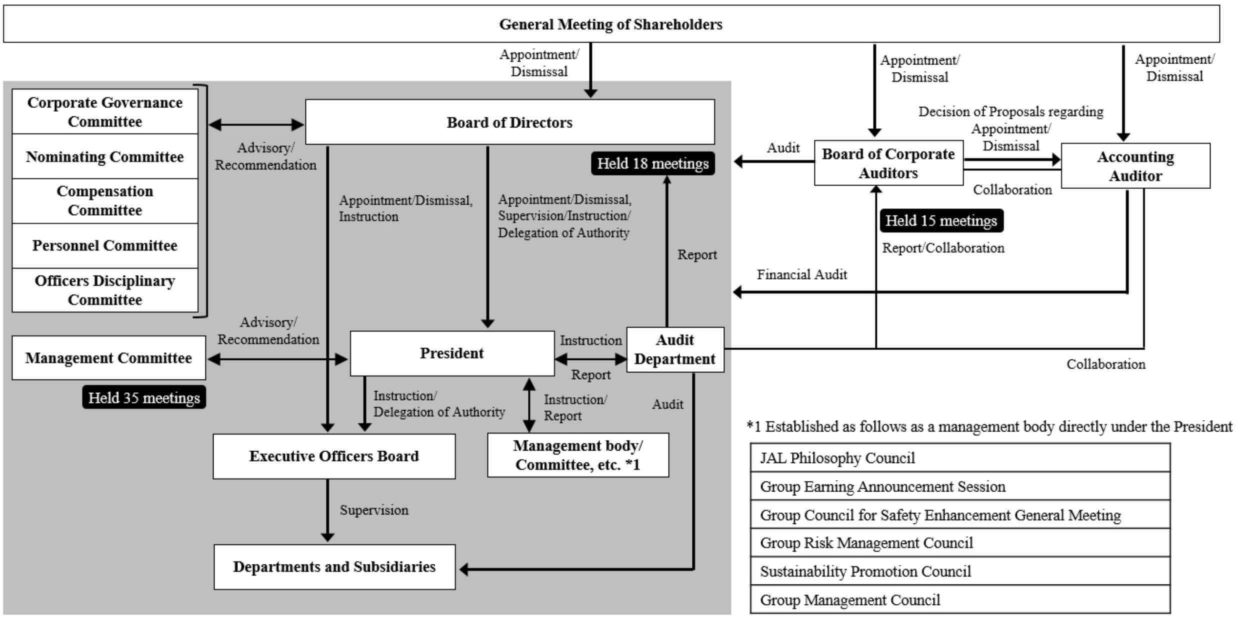
We will always verify the degree of contribution to corporate value enhancement of holding shares. Specifically, we compare profit on transactions attributable to dividends received and shares held with target capital cost, conduct quantitative study and take into consideration qualitative factors. We also pay attention to market value. If we judge that it is meaningless to hold certain shares in terms of enhancing our corporate value, we will consider selling them, while taking into account the impact on the market and other business matters.

We confirmed the appropriateness of continuing to hold shares of listed companies at the Board of Directors meeting on February 22, 2023 and implemented reduction of shares in two companies. We will continue to consider reductions as necessary.

Company's systems and policies

We have established JAL Philosophy in accordance with the JAL Group Corporate Policy (https://www.jal.com/ja/philosophy-vision/group-philosophy/), and engage in speedy and appropriate management decision making. At the same time, we will establish a corporate governance system that demonstrates a strong management monitoring function, based on a high level of management transparency, and through such means strive to increase corporate value and achieve accountability.

■ Corporate Governance System



Other detailed information on the JAL Group's corporate governance and risk management approaches is available on the following websites.

Board of Directors and Directors	https://www.jal.com/en/philosophy-vision/governance/#directors
Board of Corporate Auditors and Audit and Supervisory Board Members	https://www.jal.com/en/philosophy-vision/governance/#auditor
Various voluntary committees	https://www.jal.com/en/philosophy-vision/governance/#committee
Evaluation of effectiveness of the Board of Directors	https://www.jal.com/en/philosophy-vision/governance/#effectiveness
Risk management	https://www.jal.com/en/sustainability/governance/riskmanagement/

Corporate Officers

(1) Overview of liability limitation agreement

In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with each Outside Director and Audit and Supervisory Board Member, by which they are bound to be liable for damages specified in Article 423, Paragraph (1) of the Companies Act, to the extent of the amount of the minimum liability specified in Article 425, Paragraph (1) of the said Act.

(2) Conclusion of a directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance ("D&O insurance") policy covering Directors, Audit and Supervisory Board Members and Executive Officers as the insured, which is provided for in Article 430-3, Paragraph (1) of the Companies Act. The insurance policy covers damages, litigation expenses, etc., incurred by the insured resulting from any claim filed due to an act of the insured in the performance of their duties, provided that the insurance policy provides for certain indemnification conditions and the amount of indemnification. The Company pays for the entire amount of insurance premiums.

(3) Outside Officers

Position	Name	Attendance at meetings of the Board of Directors and the Board of Corporate Auditors	Major activities during the current fiscal year
Director	KOBAYASHI Eizo	Board of Directors meetings attended: 100% (18/18)	Mr. KOBAYASHI has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a member of top management of a general trading company which develops businesses around the world. With such attributes, he was expected to give advice to the Company's management and appropriately supervise the performance of duties from practical and diversified perspective. He used this experience and so forth, as well as activities as Chairman of the Corporate Governance Committee and Chairman of the Compensation Committee to give advice to the Company's management and supervise the performance of duties.
Director	HATCHOJI Sonoko	Board of Directors meetings attended: 100% (18/18)	Ms. HATCHOJI has significant knowledge and extensive experience in the areas of financial product development, loans and risk management at banks, and customer-centric marketing and management strategy in hotel management. She also has diversified perspectives gained in the areas including educational reforms at universities. With such attributes, she was expected to give advice to the Company's management and appropriately supervise the performance of duties. She used this knowledge and so forth, as well as activities as Chairman of the Nominating Committee to give advice to the Company's management and supervise the performance of duties.
Director	YANAGI Hiroyuki	Board of Directors meetings attended: 100% (18/18)	Mr. YANAGI has extensive experience and broad knowledge as a member of top management of a globally operating company. With such attributes, he was expected to give advice to the Company's management and appropriately supervise the performance of duties from practical and diversified perspective. He used the experience and so forth to give advice to the Company's management and supervise their performance of duties.
Audit and Supervisory Board Member	KAMO Osamu	Board of Directors meetings attended: 100% (18/18) Board of Corporate Auditors meetings attended: 100% (15/15)	Mr. KAMO was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal expert, based on his many years of experience regarding compliance and corporate governance in the legal field such having held positions as a member of an investigation committee on misconduct cases. He used this experience and so forth to give advice and suggestions to the Company's management.
Audit and Supervisory Board Member	KUBO Shinsuke	Board of Directors meetings attended: 100% (18/18) Board of Corporate Auditors meetings attended: 100% (15/15)	Mr. KUBO was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional, based on his many years of experience as a certified public accountant, where he has dealt with corporate auditing, stock listing, corporate restructuring, M&A support, etc. He used this experience and so forth to give advice and suggestions to the Company's management and supervise the performance of duties.
Audit and Supervisory Board Member	OKADA Joji	Board of Directors meetings attended: 100% (18/18) Board of Corporate Auditors meetings attended: 100% (15/15)	Mr. OKADA was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the practical perspective on all aspects of audit, based on his practical experience and professional expertise as a manager in the management and the finance & accounting department of a general trading company, as well as rich experience as a Full-time Audit & Supervisory Board Member of the general trading company and Chairperson of the Japan Audit & Supervisory Board Members Association. He used this experience and so forth to give advice and suggestions to the Company's management.

Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc., for Accounting Auditor

a. Remuneration, etc., for Accounting Auditor for the current fiscal year	159 million yen
b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries	274 million yen

(Notes)
1. The amount in a. above is all attributed to services in the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan.
2. In the audit agreement by and between the Company and the Accounting Auditor, the Company does not keep accounts by each category of the amount of audit fee, etc., for auditing services under the Companies Act and under the Financial Instruments and Exchange Act. As the amount of auditing services may be difficult to classify, the Company states the total amount thereof in a. above.
3. The Board of Corporate Auditors shall provide consent to remuneration, etc. of the Accounting Auditor as provided for in Article 399, Paragraph (1) of the Companies Act based on the result of examining the suitability, etc. of the proposed audit time and remuneration amount of the current fiscal year, giving consideration to a comparison of the audit plan and results of the previous fiscal year and the trend of audit time and remuneration amount based on important obtained materials and reports from the Directors, internal related offices and the Accounting Auditor.

(3) Non-auditing services

The Company and some of its subsidiaries commission the Accounting Auditor to provide agreed upon procedures (AUP) related to joint businesses that are outside the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan (non-auditing services).

(4) Policy regarding determination of removal or refusal of reappointing of Accounting Auditor

In addition to removal of the Accounting Auditors by the Board of Corporate Auditors in accordance with Article 340, Paragraph (1) of the Companies Act, the Board of Corporate Auditors may resolve the agenda regarding removal or refusal of reappointment of Accounting Auditors, and the Directors may submit the said agenda to the shareholders meeting if there is any event that has a substantial detriment on the Company's audit activities, or any other event in which serious doubts arise about the Accounting Auditors' ability to continue to perform their duties.

Systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the properness of operations of the Company, and operation statuses of such systems

<Fundamental Policies on the Internal Controls System>

To provide unparalleled service to the customers, increase corporate value, and contribute to the betterment of society, JAL Group has established the Fundamental Policies of Corporate Governance. To increase its effectiveness, we have established rules and organizations concerning the following systems and matters, and ensure that business operations are conducted appropriately in accordance with the Companies Act and Companies Act Enforcement Regulations. We evaluate and verify development and operation of the internal control system and implement corrective action when correction is required.

1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of Directors and employees.

a. We have established "JAL Philosophy" as behavioral guidelines of the Company. Directors and employees are encouraged to abide by these practices.

b. The Board of Directors decides the Fundamental Policies on the Internal Controls System and the General Affairs Department promotes development of the internal control system.

c. The Risk Management Department supervises compliance operations and monitors development and operation of relevant company regulations.

d. We have developed an audit system to ensure the duties of Directors and employees are executed in compliance with applicable laws and regulations.

2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of Directors

We preserve and manage information concerning the performance of duties of Directors in compliance with applicable laws and regulations and company regulations.

3) We have developed regulations and other systems concerning risk management of losses.

In order to manage risks to JAL Group, we have established a Council for Safety Enhancement and a Group Risk Management Council, etc. to appropriately manage risks, and have established Guidance for JAL Group Internal Control. The General Affairs Department monitors the appropriateness of duties and proactively prevent risks of losses. In addition, we are prepared in the event of a risk of losses and strive to minimize losses.

4) We have developed a system to ensure that the duties of Directors are executed efficiently.

a. We hold ordinary Board of Directors meetings once a month and extraordinary meetings when it is necessary to make important decisions regarding group management policies and plans. In addition, to ensure the duties of Directors are executed efficiently, we have established meeting structures such as the Management Committee and Group Earning Announcement Session.

b. We have defined administrative authority, authority of managerial posts, division of duties, etc. in accordance with company regulations, and have segregated authority in order to ensure that duties are executed efficiently.

5) We have developed a system to ensure that duties in JAL Group are executed appropriately.

a. We have established JAL Group Business Management Regulations to ensure that each subsidiary has established a system to carry out management in a fair and efficient manner in accordance with JAL Philosophy. We have also enacted Guidance for JAL Group Internal Control, and the General Affairs Department continuously monitors the appropriateness of duties.

b. We have developed a system to report matters concerning the execution of the duties of Directors, etc. of subsidiaries to the Company.

c. We have developed regulations and other systems for risk management of losses of subsidiaries.

d. We have developed a system to ensure the duties of Directors, etc. of subsidiaries are executed efficiently.

e. We have developed a system to ensure that Directors, etc., and employees of subsidiaries execute duties in compliance with applicable laws and regulations and the Articles of Incorporation.

6) We have developed a system concerning employees in case Audit and Supervisory Board Members require the assignment of employees to support their duties, a system concerning independence of such employees from Directors, and a system to ensure that instructions by Audit and Supervisory Board Members to those employees are effective.

7) We have developed a system concerning reports, etc. to Audit and Supervisory Board Members

a. We have developed a system for Directors and employees to report to Audit and Supervisory Board Members.

b. We have developed a system for Directors, Audit and Supervisory Board Members, employees or persons who receive reports from them to report to Audit and Supervisory Board Members.

c. We have developed a system to ensure that persons who report are not subjected to disadvantageous treatment as a result of reporting.

8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit and Supervisory Board Members and the policy for processing of costs or liabilities arising from the execution of other duties.

9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or Audit and Supervisory Board Members are executed effectively.

<Operation of the Internal Controls System>

1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of Directors and employees.

a. We established the JAL Philosophy and the JAL Group Code of Conduct, Commitment to Society, and penetrate and put them into action throughout the Group through education and other means.

b. We established Fundamental Policies on the Internal Controls System and Guidance for JAL Group Internal Control, and develop, operate and evaluate internal controls in accordance with the Companies Act and Financial Instruments and Exchange Act.

c. We established our hotline for whistleblowers for public interest including a hotline accessible in both Japanese and English (for internal and external use), which operates 24 hours a day, 365 days a year, and put in place a system that enables early detection of and quick response to incidents etc., related to compliance by regularly providing employees with information on the hotline. In FY2022, in light of the revised Whistleblower Protection Act, we have been working to improve the environment related to whistleblowing and strengthen systems to detect risks before they occur.

d. We inspect attributes of new business partner candidates and conduct a review every three years as a regular inspection to verify whether there are any changes in attributes and/or information.

e. We explain legal considerations to Directors to ensure that they are aware of their duties, authorities, and responsibilities including the fiduciary duty of loyalty and the duty of care as a prudent manager. We provide education courses for employees, etc. to ensure that they acquire the necessary knowledge to perform their duties.

f. The Audit Department inspects the development and operation of the internal controls system stipulated by Guidance for JAL Group Internal Control according to the fiscal year plan, reports audit results of each audit to management, and regularly reports progress of audits and audit results to Audit and Supervisory Board Members. From FY2022, the Audit Department has been regularly reporting audit results to the Board of Directors.

g. The Maintenance Audit Department conducts inspections to verify that maintenance work is performed according to laws, regulations, and internal rules.

h. The Safety Audit Department checks safety-related deliberations, engagement, instructions, and other operations regarding management by attending Group Safety Enhancement Council meetings and checking materials submitted to the meetings according to the Safety Audit Plan. It also conducts internal audits of production divisions, the Corporate Safety and Security Division, and airports.

2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of Directors.

- We prepare, keep, and manage information (documents and minutes) and “Ringi,” official internal documents for circulation and approval, related to decision making of the Board of Directors and other important meetings according to laws and regulations as well as internal regulations.

3) We have developed regulations and other systems concerning risk management of losses.

a. In order to prevent the risk of losses from occurring, we operate and implement the PDCA cycle of preventive risk management. The results of these efforts are reported to the Group Risk Management Council and the Board of Directors for management evaluation.

b. To improve the effectiveness of our business continuity plan, we established a branch office of the Operations Control Center in Osaka, and have been utilizing the knowledge of outside experts in expanding the plan and conducting training in preparation for contingencies such as an earthquake directly hitting the Tokyo area. In addition, we conduct periodic training as well as regular JAL group wide reporting drills to raise awareness of risk management and check the situation of staff quickly using a safety confirmation system.

c. We continuously train care givers who take care of victims and bereaved families, and Accident Command Board members to conduct risk management quickly and accurately in case of an aircraft accident or incident.

4) We have developed a system to ensure that the duties of Directors are executed efficiently.

- Through processes such as evaluation of effectiveness of the Board of Directors, we review administrative authorities and board operation methods and develop an environment for strategic discussions to achieve sustainable growth. In order to make appropriate and quick management decisions, we established the Management Committee and Group Earnings Announcement Sessions directly under the President. In addition, to advance ESG management toward achieving the SDGs, we established the Sustainability Promotion Council chaired by the President.

5) We have developed a system to ensure that duties in the JAL Group are executed appropriately.

a. We established JAL Group Business Management Regulations and Guidance for JAL Group Internal Control and the General Affairs Department plays the central role in monitoring the appropriateness of duties.

b. Implementation of initiatives aimed at achieving targets are monitored through expanded Business Performance Reporting Meetings, and guidance and support are provided.

c. We provide the General Affairs Department of each JAL Group company, through daily and regular coordination and information sharing, with guidance and support that contribute to strengthening the risk management systems.

d. The Company and each Group company have concluded the basic agreement to make clear the basic relationship between the companies with regard to business operations.

e. We guide directors and others involved in the management of group companies to reaffirm their own responsibilities and roles and to ensure fair and efficient management.

f. The Audit Department conducts appropriate audits of group companies, and since FY2022, the Board of Directors has been regularly informed of the results of these audits.

g. The Maintenance Audit Department conducts inspections at each subsidiary to verify that maintenance work is performed according to laws, regulations, and internal rules.

h. The Safety Audit Department checks safety-related deliberations, engagement, instructions, and other operations regarding management by attending Group Safety Enhancement Council meetings in accordance with the Safety Audit Plan and checking materials submitted to the meetings. It also conducts internal audits of production divisions, the Corporate Safety and Security Division, and airports.

6) We have developed a system concerning employees in case Audit and Supervisory Board Members require the assistance of employees, a system concerning independence of such employees from Directors, and a system to ensure that instructions by Audit and Supervisory Board Members to those employees are effective.

- We established an organization independent from Directors and assign employees to serve as Audit and Supervisory Board Members to increase effectiveness of audits by Audit and Supervisory Board Members and execute audit duties smoothly. They receive work instructions and orders from and are appointed with the consent of Audit and Supervisory Board Members.

7) We have developed a system concerning reports, etc. to Audit and Supervisory Board Members.

a. Audit and Supervisory Board Members attend the Board of Directors meetings and other important meetings, read Ringi documents requiring approval from Directors and above, and audit the execution of corporate duties through interviews with the President, hearings with related departments, visits to internal departments, etc. Audit and Supervisory Board Members report to the Board of Corporate Auditors and the Board of Directors on issues etc., recognized in audits twice a year, and confirm the status of follow-up work.

b. Audit and Supervisory Board Members exchange opinions and information regularly with Audit and Supervisory Board Members of Group companies and visit them.

c. Audit and Supervisory Board Members check the development of systems to ensure that persons who have reported to them do not receive disadvantageous treatment for making such reports.

8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit and Supervisory Board Members and the policy for processing of costs or liabilities arising from the execution of other duties.

- Necessary expenses for audits by Audit and Supervisory Board Members are paid for appropriately.

9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or Audit and Supervisory Board Members are executed effectively.

- Audit and Supervisory Board Members exchange opinions and information regularly with the Audit Department and auditing company and increase effectiveness of audits.

Consolidated Statement of Financial Position

As of March 31, 2023

(Millions of yen)

ASSETS	Amount	(Reference) Amount of previous fiscal year
I Current assets		
Cash and cash equivalents	639,247	494,226
Trade and other receivables	174,906	120,322
Other financial assets	11,202	43,359
Inventories	36,747	31,279
Other current assets	60,776	61,316
Subtotal	**922,880**	**750,504**
II Non-current assets		
Tangible fixed assets		
Flight equipment	839,205	887,212
Advances on flight equipment	102,431	70,409
Other tangible fixed assets	86,158	92,250
Total tangible fixed assets	**1,027,795**	**1,049,871**
Goodwill and intangible assets	**83,310**	**91,703**
Investment property	3,296	2,915
Investments accounted for using equity method	20,200	19,664
Other financial assets	158,638	152,233
Deferred tax assets	278,655	284,287
Retirement benefit asset	8,522	4,496
Other non-current assets	17,303	20,046
Subtotal	**1,597,722**	**1,625,219**
Total assets	**2,520,603**	**2,375,724**

Consolidated Statement of Financial Position

As of March 31, 2023

(Millions of yen)

LIABILITIES	Amount	(Reference) Amount of previous fiscal year
I Current liabilities		
Trade and other payables	136,138	94,046
Interest-bearing liabilities	111,968	86,786
Other financial liabilities	58,749	16,564
Income taxes payable	2,642	3,602
Contract liabilities	316,873	240,224
Provisions	2,737	2,188
Other current liabilities	40,467	27,073
Subtotal	**669,578**	**470,486**
II Non-current liabilities		
Interest-bearing liabilities	813,535	841,677
Other financial liabilities	9,331	26,464
Deferred tax liabilities	3,505	4,108
Provisions	23,908	26,289
Retirement benefit liability	132,355	151,028
Other non-current liabilities	11,430	9,601
Subtotal	**994,067**	**1,059,170**
Total liabilities	**1,663,645**	**1,529,657**
EQUITY		
I Equity attributable to owners of parent		
Share capital	273,200	273,200
Capital surplus	273,631	273,617
Retained earnings	225,644	176,406
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	38,384	35,512
Effective portion of cash flow hedges	4,812	41,018
Exchange differences on translation of foreign operations	1,024	390
Total accumulated other comprehensive income	**44,220**	**76,921**
Subtotal	**816,288**	**799,736**
II Non-controlling interests	**40,669**	**46,330**
Total equity	**856,957**	**846,067**
Total liabilities and equity	**2,520,603**	**2,375,724**

Note: In the fiscal year under review, we finalized provisional accounting treatment related to a business combination, and figures for the previous fiscal year reflect these changes.

Consolidated Statement of Profit or Loss

(April 1, 2022 – March 31, 2023)

(Millions of yen)

	Amount	(Reference) Amount of previous fiscal year
Revenue		
International passenger revenue	444,662	70,887
Domestic passenger revenue	454,665	235,736
Other revenue	476,261	376,089
Total revenue	1,375,589	682,713
Other income	34,157	22,745
Personnel expenses	(292,312)	(245,724)
Aircraft fuel	(323,353)	(145,456)
Depreciation, amortization and impairment losses	(158,197)	(178,785)
Other operating expenses	(570,823)	(370,259)
Total operating expenses	(1,344,686)	(940,226)
Operating profit (loss)	65,059	(234,767)
Share of profit (loss) of investments accounted for using equity method	(3,353)	(9,901)
Profit (loss) before investing, financing and income tax	61,706	(244,668)
Investing income	3,970	10,878
Investing expenses	(1,112)	(5,708)
Profit (loss) before financing and income tax	64,563	(239,498)
Finance income	2,074	1,986
Finance expenses	(14,209)	(9,105)
Profit (loss) before tax	52,429	(246,617)
Income tax expense	(18,553)	65,272
Profit (loss)	33,876	(181,345)
Profit (loss) attributable to		
Owners of parent	34,423	(177,551)
Non-controlling interests	(547)	(3,793)

Consolidated Statement of Changes in Equity

(April 1, 2022 – March 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at fair value through other comprehen-sive income	Effective portion of cash flow hedges
Balance as of April 1, 2022	273,200	273,617	176,406	(408)	35,512	41,018
Profit (loss)	–	–	34,423	–	–	–
Other comprehensive income	–	–	–	–	2,615	(34,835)
Comprehensive income	–	–	34,423	–	2,615	(34,835)
Dividends	–	–	–	–	–	–
Transfer to hedged non-financial assets	–	–	–	–	–	(1,371)
Obtaining of control of subsidiaries	–	–	–	–	–	–
Loss of control of subsidiaries	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	14	–	–	–	–
Transfer to retained earnings	–	–	14,814	–	256	–
Total transactions with owners	–	14	14,814	–	256	(1,371)
Balance as of March 31, 2023	273,200	273,631	225,644	(408)	38,384	4,812

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income			Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income			
Balance as of April 1, 2022	390	–	76,921	799,736	46,330	846,067
Profit (loss)	–	–	–	34,423	(547)	33,876
Other comprehensive income	633	15,071	(16,514)	(16,514)	896	(15,618)
Comprehensive income	633	15,071	(16,514)	17,909	348	18,257
Dividends	–	–	–	–	(2,798)	(2,798)
Transfer to hedged non-financial assets	–	–	(1,371)	(1,371)	(498)	(1,869)
Obtaining of control of subsidiaries	–	–	–	–	(2,653)	(2,653)
Loss of control of subsidiaries	–	–	–	–	(45)	(45)
Changes in ownership interest in subsidiaries	–	–	–	14	(14)	–
Transfer to retained earnings	–	(15,071)	(14,814)	–	–	–
Total transactions with owners	–	(15,071)	(16,186)	(1,357)	(6,009)	(7,367)
Balance as of March 31, 2023	1,024	–	44,220	816,288	40,669	856,957

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Standards for the preparation of consolidated financial statements

The consolidated financial statements of the JAL Group are prepared in accordance with International Financial Reporting Standards (hereinafter, "IFRS"), in line with the provisions of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. However, in accordance with the provisions in the second sentence of the same Paragraph, some matters and notes required by IFRS are omitted.

2. Scope of consolidation

Consolidated subsidiaries
Number of consolidated subsidiaries: 56
Names of principal consolidated subsidiaries:
J-Air Corporation, Japan Transocean Air Co., Ltd.

In the current fiscal year, the JAL Group removed three affiliates from the scope of consolidation as the liquidation of the affiliates was completed.

3. Application of the equity method

Affiliates accounted for by the equity method
Number of affiliates accounted for by the equity method: 9
Names of affiliates accounted for by the equity method:
AGP CORPORATION, Airport Facility Co., Ltd.

In the current fiscal year, one company was excluded from the scope of the application of the equity method due to the sale of held shares.

4. Summary of significant accounting policies

(1) Valuation of significant assets

I. Financial instruments

a. Financial assets

(a) Initial recognition and measurement

The JAL Group classifies financial assets into financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. The classification is determined at the time of initial recognition.
The JAL Group recognizes these financial instruments on the transaction date when it becomes a party to the contractual provisions of the financial assets.
Non-derivative financial assets are measured at fair value plus transaction costs, unless the assets are classified as financial assets measured at fair value through profit or loss. However, trade receivables that do not contain a significant financing component are measured at the transaction price.

(i) Financial assets that are debt instruments

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

・ the asset is held based on JAL Group's business model whose objective is to hold assets in order to collect contractual cash flows; and
・ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Meanwhile, financial assets are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met, and otherwise, classified as financial assets measured at fair value through profit or loss.

・ the financial asset is held based on JAL Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The JAL Group held no debt instrument classified as financial assets measured at fair value through other comprehensive income during the reporting period.

(ii) Financial assets that are equity instruments

Equity financial assets designated as those whose subsequent changes in fair value are recognized in other comprehensive income at initial recognition are classified as financial assets measured at fair value through other comprehensive income, except for those held for trading that must be measured at fair value through profit or loss.

Such designations are made for each equity financial asset and applied consistently assuming that they are irrevocable.

The JAL Group held no equity instruments classified as financial assets measured at fair value through profit or loss during the reporting period.

(b) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

(i) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(ii) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized in profit or loss.

However, changes in fair value of equity financial assets designated as measured at fair value through other comprehensive income are recognized in other comprehensive income. Dividends from such financial assets are recognized as part of investing income in profit or loss for the current fiscal year.

If an equity instrument measured at fair value through other comprehensive income is derecognized, or the fair value decreases significantly, the amount accumulated in other comprehensive income is reclassified to retained earnings.

(c) Derecognition of financial assets

The JAL Group derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when the JAL Group transfers the financial assets and substantially all the risks and rewards of ownership.

(d) Impairment of financial assets

For financial assets measured at amortized cost, the JAL Group recognizes an allowance for doubtful accounts for expected credit losses.

The JAL Group assesses at the end of reporting period whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the amount equal to expected credit losses for 12 months is recognized as allowance for doubtful accounts. On the other hand, if the credit risk has increased significantly since initial recognition, the amount equal to lifetime expected credit losses is recognized as allowance for doubtful accounts.

However, for trade receivables that do not contain a significant financing component, allowance for doubtful accounts is always recognized at the amount equal to lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since initial recognition.

Expected credit losses are measured at the present value of the difference between the contractual cash flows that are due to the JAL Group under the contract and all the cash flows that the JAL Group expects to receive.

An allowance for doubtful accounts for financial assets is recognized in profit or loss. In case any event occurs that reduces the allowance for doubtful accounts, the reversal of allowance for doubtful accounts is recognized in profit or loss.

b. Financial liabilities

(a) Initial recognition and measurement

The JAL Group classifies financial liabilities classified as held for trading or derivatives as financial liabilities measured at fair value through profit or loss. Other financial liabilities are classified as financial liabilities measured at amortized cost. The classification is determined at the time of initial recognition. The JAL Group recognizes these financial instruments on the transaction date when it becomes a party to the contractual provisions of the financial liabilities.
All financial liabilities are initially measured at fair value. However, financial liabilities measured at amortized cost are measured at an amount after deducting transaction costs that are directly attributable to the financial liabilities.

(b) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows:

(i) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value after initial recognition, and the changes are recognized in profit or loss for the current fiscal year.

(ii) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the effective interest method after initial recognition.
Amortization under the effective interest method and gains or losses on derecognition are recognized as part of finance expenses in profit or loss for the current fiscal year.

(c) Derecognition of financial liabilities

The JAL Group derecognizes financial liabilities when they are extinguished, i.e., when the obligations specified in the contract are discharged or cancelled or expire.

c. Presentation of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the JAL Group currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d. Derivatives and hedge accounting

The JAL Group utilizes currency option contracts, foreign exchange forward contracts and other contracts to avoid risk of future fluctuations in foreign exchange rate associated with liabilities denominated in specific foreign currencies. In addition, commodity derivative contracts are also used for the purpose of controlling risk of fluctuations in prices of commodities including aircraft fuel and stabilizing costs. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into, and the relevant transaction costs are recognized as expense when it incurred. After initial recognition, they are remeasured at fair value.

At the inception of the hedge, the JAL Group documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The documentation includes specific hedging instruments, the hedged items or transactions, the nature of the risks being hedged and how the effectiveness of changes in the fair value of hedging instruments is assessed in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risks.
Specifically, a hedge is considered to be effective if all of the following items are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from the economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of hedged item.

We set an appropriate hedge ratio in light of economic relationships such as the degree of price changes of the hedging instrument corresponding to the price changes of the hedged item as well as the risk management strategies.

The JAL Group assesses on an ongoing basis whether the hedging relationship is effective prospectively. Generally, no material hedge ineffectiveness is expected to arise as we conduct highly effective hedging transactions. However, the value changes of the hedging instrument may exceed those of the hedged item since we have designated forecast transactions as hedged items. In such case, hedge ineffectiveness will arise.
In cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the JAL Group readjusts the hedging ratio to reestablish the effectiveness of the hedge relationship. Furthermore, the JAL Group discontinues hedge accounting in cases where there is a change in the risk management objective for the hedging relationship.

The JAL Group only uses cash flow hedges as a hedge accounting method.
The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income while the ineffective portion is recognized immediately in profit or loss.
The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.
When forecast transactions are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is reclassified to profit or loss. In cases where hedged forecast transactions become less likely to occur but are still expected to occur, the amounts that have been recognized in equity through other comprehensive income continue to be recorded in equity until such future cash flows occur.

II. Inventories

Inventories are measured at the lower of acquisition cost or net realizable value.
Net realizable value is measured as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The costs are measured by primarily using the moving-average method, and include costs of purchase and all other costs incurred in bringing the inventories to their present storage location and condition.

III. Tangible fixed assets (excluding leases)

(i) Recognition and measurement

The JAL Group measures tangible fixed assets by using the cost model at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost include any costs directly attributable to the acquisition of the asset as well as the initially estimated costs for dismantlement, removal and restoration for the site in which the asset has been located.

(ii) Depreciation and useful life

Depreciation is measured by primarily using the straight-line method, with the depreciable amount, over the estimated useful life of each component. Land and advances on flight equipment and other purchases are not depreciated.
The estimated useful lives of major tangible fixed assets are as follows:

Flight equipment:	8 to 20 years
Other:	2 to 60 years

The depreciation method, estimated useful lives and residual values are reviewed every fiscal year, with the effect of any changes in estimate being accounted for on a prospective basis.

IV. Goodwill

Goodwill arising from business combinations is stated at acquisition cost less accumulated impairment losses. Goodwill is not amortized, and is allocated to a cash-generating unit or a group of cash generating units and tested for impairment annually or whenever there is any indication of impairment. Impairment losses on goodwill are recognized in net gain or loss, and no subsequent reversal is made.
The measurement of goodwill at the time of initial recognition is described in “(7) Business combinations.”

V. Intangible assets

The JAL Group measures intangible assets by using the cost model at cost less accumulated amortization and accumulated impairment losses.
Separately acquired intangible assets are measured at an acquisition cost at the initial recognition.
After the initial recognition, intangible assets, except those with indefinite useful lives, are amortized by using the straight-line method over their estimated useful lives. The estimated useful lives of major intangible assets are as follows:

Software: 5 years

The amortization method, estimated useful lives and residual values are reviewed every fiscal year, with the effect of any changes in estimate being accounted for on a prospective basis.

VI. Investment property

Investment property is real estate owned for rental income. Investment properties are measured using the cost model in conformity with tangible fixed assets and are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.
Investment properties are depreciated primarily on a straight-line basis over their respective estimated useful lives. Land and the construction suspense account are not depreciated. The estimated useful lives of major investment properties are as follows:

Investment property: 1 to 47 years

VII. Leases

The JAL Group determines a contract, or part of a contract is, or contains, a lease, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and recognizes a right-of-use asset and a lease liability at the commencement date of the lease. A right of use asset is included in flight equipment or other tangible fixed assets in the consolidated statement of financial position. A lease liability is included in interest-bearing liabilities in the consolidated statement of financial position. However, for short-term leases and leases for which the underlying asset is of low value, the JAL Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.
The JAL Group measures a lease liability at the present value of the total lease payments that are not paid at the commencement date of the lease based on the individual contract, and recognizes the repayments of the principal and the payment of interest on the lease liability by using the effective interest method over the lease term depending on the lease payments. The JAL Group generally uses the interest rate implicit in the lease or its incremental borrowing rate (if the lease or the interest rate implicit cannot be readily measured) as a discount rate.
The JAL Group records the right-of-use asset at acquisition cost including the already paid consideration for the recorded amount of the lease liability and adjustment of the estimated amount of restoration cost to be incurred at the end of the lease, and depreciates the right-of-use asset using the straight-line method over the lease term.

VIII. Impairment of non-financial assets

The JAL Group assesses at the end of reporting period year whether there is any indication that the carrying amount of its non-financial assets, except inventories and deferred tax assets, may be impaired. When there is any indication of impairment, the recoverable amount of the assets is estimated. The JAL Group estimates the recoverable amount of goodwill, intangible assets with indefinite useful lives or intangible assets not yet available for use at the same timing of every fiscal year regardless of any indication of impairment.
The recoverable amount of an asset or cash generating unit is measured at the higher of its value in use and its fair value less cost of disposal. In determining the value in use, estimated future cash flows are discounted to the present value, using pretax discount rates that reflect the time value of money and the risks specific to the asset. Due to continuing use, assets on which an impairment test is not performed individually are integrated into the smallest cash generating unit that generates largely independent cash inflows from cash inflows of other assets or groups of assets.
The JAL Group's corporate assets do not generate independent cash inflows. When there is any indication of impairment for the corporate assets, the JAL Group measures the recoverable amount of the cash generating unit to which the corporate assets belong.
Any impairment loss is recognized in profit or loss if the carrying amount of an asset or cash generating unit exceeds the estimated recoverable amount of the asset or cash generating unit. Impairment losses that are

recognized in association with a cash generating unit proportionally reduce the carrying amount of the principal assets within the cash generating unit.
The JAL Group assesses at the end of reporting period whether there is any indication that an impairment loss recognized in prior years for an asset may have decreased or may no longer exist. An impairment loss is reversed if there has been a change in the estimates used to measure the asset's recoverable amount. An impairment loss is reversed to the asset's recoverable amount only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortization, had no impairment loss been recognized.

(2) Method for depreciation of fixed assets

(a) Tangible fixed assets
Principally the straight-line method is used.

(b) Intangible assets
The straight-line method is used.

(c) Investment property
Principally the straight-line method is used.

(d) Leases
Depreciation using the straight-line method is carried out over the period of a lease.

(3) Criteria for the recording of major provisions

Provisions are recognized when the JAL Group has a present legal or constructive obligation as a result of past events, it is likely that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. When the time value of money is material, provisions are measured at the present value by discounting the expected future cash flows at a pretax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense.

(i) Asset retirement obligations
Expenses for restoration of leased properties, including rented offices, buildings and aircraft, used by the JAL Group to its original condition are estimated based on its historical experience in restoration and quotations as the amount of provision for asset retirement obligations. These expenses are expected to be paid after the elapse of an estimated period of use, measured based on the useful life and rental period of interior fixtures and fittings to its offices etc., which, however, is affected by future business plan.

(ii) Reserve for loss on antitrust litigation
To prepare for payment of court fees. relating to a price cartel, the JAL Group has estimated, and recognized/measured an amount of losses for the future based on the amount of a payment order for penalties. The amount of such court fees and compensation, however, may differ from the estimated amount depending on the judgment of antitrust authorities and/or the results of the litigation. An outflow of economic benefits is expected to take place one year after the end of the current fiscal year, but is affected by judgements of antitrust authorities in each country and the future course of the litigation.

(4) Criteria for the translation of major foreign currency-denominated assets or liabilities into Japanese currency

Foreign currency translations

(i) Foreign currency transactions
Foreign currency transactions are translated into the functional currencies of each entity of the JAL Group at the exchange rates on the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into the functional currencies at the exchange rates at the end of the reporting period.
Non-monetary assets and liabilities denominated in foreign currencies to be measured at fair value are translated into the functional currencies at the exchange rates on the date when the fair value is measured.
Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from translation of financial assets measured through other comprehensive income and from cash flow hedges are recognized other comprehensive income.

(ii) Financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rates at the end of the reporting period, whereas income and expenses are translated using the average exchange rate during the period unless there are significant fluctuations in the exchange rates. Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. When a foreign operation is disposed, the cumulative amount of the exchange differences is recognized in profit or loss on disposal.

(5) Accounting treatment of post-employment benefits

The JAL Group has adopted the defined benefit plans and the defined contribution plans as the post-employment benefit plans for employees.

(i) Defined benefit plans

The JAL Group measures net retirement benefit liabilities (assets) of defined benefit plans at the present value of defined benefit obligations less fair value of plan assets. Independent actuaries measure every fiscal year the present value of defined benefit obligations, the relevant service cost for the current fiscal year, and the past service cost using the projected unit credit method.

The discount period is measured based on the estimated term of the retirement benefit obligations through the estimated dates of future benefit payments of each fiscal year. The discount rate is measured by reference to market yields of high-quality corporate bonds at the end of each reporting period consistent with the discount period.

Remeasurements of all net benefit liabilities (assets) arising from the defined benefit plans are recognized at once in other comprehensive income for the period of occurrence and are transferred to retained earnings immediately.

The past service cost is recognized immediately in profit or loss.

(ii) Defined contribution plans

Short-term employee benefit obligations are measured on an undiscounted basis, and are recorded as an expense when the related services are rendered.

(6) Accounting standards for revenue

The JAL Group recognizes revenue under the following five-step approach for contracts with customers, excluding interest and dividend income. under IFRS 9 “Financial Instruments” and lease income under IFRS 16 “Leases.”

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Measure the transaction price
Step 4: Allocate transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

As its primary business, the JAL Group provides passenger, cargo and mail, and baggage air transportation services using aircraft on international and domestic routes. Normally, the Company’s performance obligations are satisfied and revenue is recognized at the time when air transportation service has been completed.

Other specific criteria for revenue recognition are described in “11. Notes concerning revenue recognition.”

(7) Business combinations

Business combinations are accounted for using the acquisition method in the event that control is transferred to the Group. The identifiable assets and liabilities of the acquired company are, in principle, measured at fair value on the acquisition date. If the sum of the consideration transferred for the business combination, the non-controlling interests in the acquired company, and the fair value of the equity in the acquired company already held by the acquiring company exceeds the net amount of the identifiable assets and liabilities of the acquired company on the acquisition date, the excess is measured as goodwill.

Whether the non-controlling interests are measured at fair value or as the proportionate share of the recognized amount of the identifiable net assets of the acquired company is determined individually for each case of business combinations.

If the initial accounting for a business combination is not completed by the end of the period in which the business combination has occurred, the business combination is accounted for at a provisional amount. If, in the measurement period not later than one year from the acquisition date, new information is obtained about the facts and situation that existed on the acquisition date, the provisional amount is retroactively adjusted accordingly.

(8) Treatment of consumption taxes

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes.

(9) Other important matters for the preparation of consolidated financial statements

All amounts of less than one million yen have been rounded down in the accounts.

5. Estimates in accounting

In preparing the consolidated financial statements, the management makes estimates based on assumptions that affect the application of the JAL Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates are based on the management's best estimates and judgements reflecting historical experience and a variety of other factors that are considered to be reasonable at the end of the reporting period. Actual results in future, however, may differ from these estimates.
These estimates and underlying assumptions are reviewed/revised on an ongoing basis. The impact of the revision is recognized in the accounting period there were revised and future accounting period.
Estimates of future business performance, which form the basis for matters including recognition of impairment of fixed assets and deferred tax assets, are based on the JAL Group's Medium Term Management Plan. The main assumptions built into estimates include the time from the COVID pandemic to demand recovery during the recovery phase, post-recovery demand forecasts as well as fuel prices, and forecasts of exchange rate related market fluctuations. Moreover, with regard to demand during the COVID pandemic recovery phase, the JAL Group is referring to demand recovery scenarios created by the International Air Transport Association (IATA) in creating its accounting estimates based on the assumption that demand will recover over a certain period of time going forward and largely recover to a pre-pandemic level by the end of FY2025.
There are uncertainties in the demand recovery scenario during the COVID pandemic recovery phase, and this may impact the JAL Group's future financial position and operating results.
The management's estimates that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

(1) Recognition of revenues

Revenues from air transportation are recognized in contract liabilities at collecting consideration, and then recognized in revenue at completion of air transportation services.
The sales of air tickets that will not be used for air transportation (unused air tickets that are about to expire) are recognized in revenue at an appropriate timing, taking into account the contractual terms of the air tickets and historical trends.
The JAL Group also operates a customer loyalty program called "JAL Mileage Bank." Members of the JAL Mileage Bank can earn miles through flights with the airlines or other services, and can redeem them with the JAL Group or other partners' services.
The portion of granted miles that is expected to be redeemed by customers in the future is recognized as a performance obligation. The stand-alone selling price is estimated with the composition ratio of services selected by customers when using the miles taken into account; the transaction price is allocated on the basis of the ratio of the stand-alone selling price to the performance obligation. The transaction prices allocated to performance obligations under the mileage program are recognized as contract liabilities and are recorded as revenue in line with use of the miles.
As of the end of the current fiscal year, such contract liabilities amounted to 316,873 million yen.

(2) Depreciation expenses of flight equipment

In determining the useful life of each component, including flight equipment, aircraft engine components and cabin related assets, we calculate the depreciation expenses in consideration of their future estimated economically useful life.
As of the end of the current fiscal year, flight equipment amounted to 839,205 million yen.

(3) Impairment of fixed assets

The JAL Group examines whether events that indicate a possibility of impairment of targeted assets (carrying amount: tangible fixed assets of 1,027,795 million yen, goodwill and intangible assets of 83,310 million yen and investment properties of 3,296 million yen) exist as of the end of the fiscal year, and, if signs of impairment are present, considers whether or not to record an impairment loss with respect to the assets.

Since operating profit was recorded in the fiscal year under review and the Company expects to continue to post an operating profit in its future results estimates, the Company has determined that there are no signs of an impairment loss.
Regarding the impairment loss for the current fiscal year, the cash generation unit was changed mainly for aircraft parts that are to be sold and the construction, etc. of airport buildings that are to be returned, and the amount was reduced to the estimated recoverable amount.

(4) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that there will be sufficient taxable profits against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. The Company and certain domestic consolidated subsidiaries apply the group totalization system. Those companies subject to the group totalization system judge recoverability of deferred tax assets with regard to corporate taxes based on the future taxable income, etc., of the Group in total, and with regard to local taxes based on the future taxable income, etc., of each of the companies. With regard to tax losses brought forward, the JAL Group schedules the expected fiscal year and amount of deduction from tax losses brought forward based on the estimate of future taxable income, etc., projected within the carryforward period and records the amount expected to be recovered as deferred tax assets.
As of the end of the current fiscal year, deferred tax assets and deferred tax liabilities amounted to 278,655 million yen and 3,505 million yen respectively.

6. Notes to consolidated statement of financial position

(1) Allowance for doubtful accounts deducted directly from assets 9,940 million yen

(2) Accumulated depreciation of tangible fixed assets and investment property 741,893 million yen

(3) Assets pledged as collateral and obligations secured by such collateral

Assets pledged as collateral	
・Flight equipment	433,429 million yen
・Others	8,520 million yen
Obligations secured by such collateral	
・Current portion of long-term borrowings	56,192 million yen
・Long-term borrowings	244,394 million yen

It is confirmed under general arrangements for transactions with financial institutions that the financial institutions have the right to dispose of the assets pledged as collateral and appropriate the amount to or offset the amount with the amount to be repaid in cases where the principal of and/or interest on past-due borrowings are not repaid, giving rise to a default.
The assets pledged as collateral include assets for which revolving pledges have been established to secure debts of the following three companies, under the syndicated loan agreements concluded between each company and financial institutions for the business that is the objective of each company's establishment.
・ Tokyo International Air Terminal Corporation (associate)
・ Kyushu Kumamoto International Airport Co., Ltd.
・ Hokkaido Airports Co., Ltd.

(4) Contingent liabilities

Guarantee liabilities
(Guarantee for bank loans)

・B eleven, LLC	16,863 million yen
・Jetstar Japan Co., Ltd.	5,317 million yen
・JRE DEVELOPMENT Co., Ltd.	1,332 million yen
・Other	36 million yen

As of March 31, 2023, the Company has been provided a reguarantee from other company for 2,658 million yen of its outstanding guarantee for bank loans to Jetstar Japan Co., Ltd.

(Guarantee for lease liabilities)

・Jetstar Japan Co., Ltd.	2,204 million yen

The Company provides guarantees for damages resulting from breach of an obligation, assertion or guarantee under the stock transfer reservation agreement concluded between Fukuoka Airport Holdings Co., Ltd. (“transferor”), in which the Company holds an investment, and the Ministry of Land, Infrastructure, Transport and Tourism Civil Aviation Bureau (“transferee”). Capped amount of guarantees at the end of the fiscal year is as follows.

7,867 million yen

7. Notes to consolidated statement of changes in equity

(1) Total number of issued shares at the end of the current fiscal year

Total number of issued shares	Ordinary shares	437,143 thousand shares
	Treasury shares	136 thousand shares

(2) Dividends for which the record date for dividend payment belongs to the current fiscal year but for which the effective date of dividend payment is in the following fiscal year

Proposal	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
June 23, 2023 Ordinary General Meeting of Shareholders (Plan)	Ordinary shares	Retained earnings	10,925	25.0	March 31, 2023	June 26, 2023

8. Financial instruments

1. Status of financial instruments

(1) Financial risk management

The JAL Group is exposed to financial risks (credit risk, liquidity risk, foreign currency risk, interest rate risk, and fuel price fluctuation risk) in the course of its operating activities, and has established risk management policies and frameworks to mitigate these financial risks. The JAL Group also enters into derivative transactions to avoid foreign currency risk or fuel price fluctuation risk, and does not carry out any speculative transactions.

The JAL Group holds marketable securities for the purpose of building, maintaining and strengthening business relationships and partnerships. Information on market price fluctuation risk is omitted because the risk is insignificant.

(2) Credit risk management

Credit risk is the risk that a counterparty to a financial asset will cause the JAL Group a financial loss by falling to discharge a contractual obligation.

Pursuant to its Credit Control Rules, the JAL Group regularly assesses the credit status of each major customer while managing the due dates and balances of receivables from them. The JAL Group determines whether or not the credit risk has increased significantly, taking into consideration the passage of time, adverse changes in the debtor’s business circumstances or financial condition, and other factors. Objective evidence indicating a significant increase in credit risk includes a default or the debtor’s serious financial difficulties.

In addition, the impact of derivative transactions that the JAL Group has entered into on credit risk is limited because such transactions are only with highly creditworthy financial institutions.

The JAL Group has no excessive credit risk concentrated on a specific counterparty or a group to which the counterparty belongs.

The carrying amount of financial assets presented in the consolidated financial statements represents the maximum exposure to credit risk of financial assets held by the JAL Group.
The JAL Group's exposure to credit risk (before deduction of allowance for doubtful accounts) for each category of receivables is as follows:

・Category 1: Receivables other than the receivables in Categories 2 and 3
・Category 2: Receivables from customers etc., whose payments have been delayed for a considerable time
・Category 3: Receivables the recoverability of which has been deemed particularly doubtful as the delay in payment is due to the debtor's significant financial difficulty etc., rather than temporary cash demand

	Trade and other receivables	Other financial assets
	Items recorded as allowance for doubtful accounts in the same amount as the lifetime expected credit losses	Credit-impaired financial assets
	Millions of yen	Millions of yen
Category 1	175,259	－
Category 2	581	－
Category 3	5,201	12,207
Total	181,043	12,207

Guarantees outstanding presented in Note "6. Notes to consolidated statement of financial position (4) Contingent liabilities" represent the maximum exposure to credit risk of guarantees provided by the JAL Group.

The JAL Group determines allowance for doubtful accounts based on customer creditworthiness and the collection status of receivables from customers.
The JAL Group records allowance for doubtful accounts on trade receivables that do not contain a significant financing component by group of similar trade receivables at an amount equal to the lifetime expected credit losses. The amount is determined by multiplying the carrying amount of similar trade receivables by the provision rate, which reflects forecasts of future economic conditions and other circumstances in the historical credit loss rate of such assets.
As a general rule, the JAL Group records allowance for doubtful accounts on other receivables on which it determines credit risk has not increased significantly at an amount equal to the 12-month expected credit losses. The amount is determined by multiplying the carrying amount of other receivables by the provision rate, which reflects forecasts of future economic conditions and other circumstances in the historical credit loss rate of such assets.
However, the JAL Group records allowance for doubtful accounts on assets on which it determines credit risk has increased significantly and credit-impaired financial assets at an amount equal to the lifetime expected credit losses. The amount is determined by the difference between the carrying amount of such assets and the individually calculated recoverable amount of them after reflecting forecasts of future economic conditions in the counterparty's financial condition.

When collection of all or portion of receivables is considered impossible or extremely difficult, it is deemed to be a default.
When delinquency of a debtor is caused not by temporary fund requirement but primarily by significant financial difficulty of the debtor, and the collectability of receivables is considered to be of particular concern, such financial assets are deemed to be credit-impaired.
When it is evident that the amount of such financial assets cannot be collected in the future, the JAL Group writes it off and reduces the corresponding amount of allowance for doubtful accounts.
Changes in allowance for doubtful accounts recorded by the JAL Group are as follows.

	Trade and other receivables	Other financial assets
	Items recorded as allowance for doubtful accounts in the same amount as the lifetime expected credit losses	Credit-impaired financial assets
	Millions of yen	Millions of yen
March 31, 2022	4,109	3,792
Increase	2,147	1,041
Decrease	(121)	(1,031)
March 31, 2023	6,136	3,803

Significant changes in trade and other receivables during the current fiscal year have a negligible impact on changes in the allowance for doubtful accounts.

(3) Liquidity risk management

Liquidity risk is the risk that the JAL Group becomes unable to repay financial liabilities for debts on the due date.

The JAL Group manages liquidity risk by preparing repayment funds in a timely manner and continuously monitoring its cash flow plan and results. In addition, the Company has entered into commitment line agreements with three counterparty financial institutions for the purpose of ensuring liquidity to brace itself for an emergency, and some of its consolidated subsidiaries have also entered into commitment line agreements.

(4) Foreign currency risk management

As the JAL Group operates in countries other than Japan, fluctuations in foreign exchange rates mainly those of the U.S. dollar significantly influence its operating performance.

To mitigate foreign currency risk, the JAL Group uses foreign currency revenues to offset foreign currency expenses, and enters into foreign currency hedging transactions to purchase aircraft fuel and flight equipment whose prices are closely linked to the U.S. dollar. As a result, the JAL Group deems exposure to foreign currency risk minimized.

(5) Interest rate risk management

The JAL Group needs to make significant capital investments, such as the purchase of flight equipment. To meet funding needs for these investments, the JAL Group may procure funds from financial institutions or capital markets. The disclosure of a sensitivity analysis for interest rate risk is omitted because although fluctuations in interest rates affect funding costs borne by the JAL Group, such impact is immaterial.

The JAL Group monitors interest rates in the market.

(6) Fuel price fluctuation risk management

The JAL Group is exposed to the risk of fluctuations in aircraft fuel payments arising from fuel price volatility. To mitigate fuel price fluctuation risk, the JAL Group enters into commodity derivative transactions, and charges a fuel surcharge to partly cover the impact of higher fuel prices. As a result, the JAL Group deems exposure to fuel price fluctuation risk minimized.

2. Matters concerning the fair value of financial instruments

The inputs to valuation techniques used to measure fair value are classified into either of the following in accordance with the observability in the markets.

Level 1:	Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2:	Inputs that are observable for the asset or liability, either directly or indirectly, other than quoted prices included within Level 1
Level 3:	Inputs that are not based on observable market data

(1) Method of fair value measurement

The methods of measurement of the fair value of financial instruments are as follows.

(Cash and cash equivalents, trade and other receivables, trade and other payables, and current interest-bearing liabilities)
The carrying amounts are used as fair value of these assets, given that the fair value is almost the same as the carrying amounts, as they are mostly settled in a short time.

(Other financial assets and other financial liabilities)
The fair value of equity financial instruments traded in active markets is measured based on quoted prices at the end of reporting period. Meanwhile, the fair value of equity financial instruments for which an active market does not exist is measured using valuation techniques based on quoted prices of comparable companies. The fair value of investments in investment limited partnerships is measured at the amount equivalent to the equity interest in the properties of such partnerships.

The fair value of derivatives is measured based on observable inputs, such as exchange rates, obtained from counterparty financial institutions.

(Non-current interest-bearing liabilities)
The fair value is measured at the present value of future cash flows discounted at an interest rate assumed if similar contracts were newly executed.

(2) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost are as follows. Financial instruments measured at fair value, those whose carrying amount closely approximates to the fair value and those not significant are not included in the table below:

	Carrying amount	Fair value
	Millions of yen	Millions of yen
Financial liabilities measured at amortized cost		
Non-current		
Bonds payable	248,566	238,157
Long-term borrowings	514,216	522,826
Total	762,783	760,983

(Note) The fair values of bonds payable and other non-current interest-bearing liabilities are classified as Level 2 and Level 3, respectively.

(3) Financial instruments measured at fair value

The hierarchy of fair value of financial instruments measured at fair value is as follows:

The fair value hierarchy of financial instruments measured at fair value is as follows:	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through other comprehensive income				
Shares	53,550	–	37,304	90,855
Financial assets measured at fair value through profit or loss				
Investments in investment limited partnerships	–	–	12,777	12,777
Derivative assets designated as hedges	–	12,023	–	12,023
Total	53,550	12,023	50,082	115,655
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities designated as hedges	–	5,683	–	5,683
Total	–	5,683	–	5,683

9. Notes on investment property

(1) Matters concerning the status of investment property

The Group owns buildings (including land) for lease.

(2) Matters concerning the fair value of investment property

Fair value 3,245 million yen

(Note) The fair value at the end of the current fiscal year is the amount measured by the Group with reference to the "Japanese Real Estate Appraisal Standards." In cases where there have been no material changes in a certain valuation amount (actual value or appraised value) or an index that is considered to appropriately reflect market prices since the time of acquisition from a third party or the most recent valuation, the amount is based on the amount adjusted using such valuation amount or index.

10. Notes on per share information

(1) Owners' equity per share 1,867.91 yen

(2) Basic earnings per share 78.77 yen

11. Notes on revenue recognition

1. Information on breakdown of revenue

	Segment			Internal transaction adjustment	Total
	Air transportation	Others	Sub-total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
International (FSC)					
Passenger	417,526	–	417,526	–	–
Cargo and mail	201,144	–	201,144	–	–
Baggage	1,766	–	1,766	–	–
Sub-total	620,437	–	620,437	–	–
Domestic (FSC)					
Passenger	451,127	–	451,127	–	–
Cargo and mail	23,649	–	23,649	–	–
Baggage	409	–	409	–	–
Sub-total	475,187	–	475,187	–	–
Total revenues from international and domestic operations (FSC)	1,095,624	–	1,095,624	–	–
Passenger (LCC)	30,674	–	30,674	–	–
Travel agency	–	112,670	112,670	–	–
Other	134,753	100,720	235,474	–	–
Total revenue	1,261,052	213,391	1,474,443	(98,854)	1,375,589
Revenue recognized from contracts with customers					1,371,684
Revenue recognized from other sources					3,905

(Notes) 1: Figures of segment revenue are those before elimination of intersegment transactions.
2: FSC refers to Full-service carrier.
3: Revenue recognized from other sources includes lease revenue based on IFRS 16, etc.

2. Basic information for understanding revenue

The JAL Group operates “air transportation business,” mainly of passenger and baggage, and cargo and mail in both international and domestic routes, and “other business.”
Revenues arising from these businesses are recognized primarily in accordance with contracts with customers, and there are no significant financing components in the contracts. All of consideration from contracts with customers is reflected in transaction prices.
The JAL Group also operates a customer loyalty program called “JAL Mileage Bank.” Members of the JAL Mileage Bank can earn miles through flights with the airlines or other services, and can redeem them with the JAL Group or other partners’ services. Miles granted are deemed as performance obligations and recognized in contract liabilities. A transaction price is allocated to each performance obligation based on the ratio of the stand-alone selling price, taking into consideration usage proportion and miles expected to expire. The transaction prices allocated to performance obligations under the mileage program are deferred as contract liabilities in the consolidated statement of financial position, and are recognized as revenue in line with use of the miles.

Air transportation business

In the air transportation business segment, the JAL Group provides services related to the transport of "Passengers," "Cargo and mail," and "Baggage" by aircraft on domestic and international routes. The main revenues are recognized at the time that the following performance obligations are satisfied.

Passenger

Passenger revenues are earned mainly from passenger transportation services using aircraft. The JAL Group has the obligation to provide customers with international and domestic air transportation services according to the Conditions of Carriage. The performance obligation is satisfied at completion of the passenger air transportation service. The transaction price may fluctuate due to potential discounts on sales or payment of incentives based on the amount of sales. In addition, consideration for transactions is generally received in advance before the performance obligation is satisfied.

Cargo and mail

Cargo and mail revenues are earned mainly from air cargo and air mail handling operations. The JAL Group has obligations to provide international and domestic cargo and mail transportation services. The performance obligation is satisfied at completion of cargo or mail air transportation. The amount of variable consideration included in revenue is not significant. Consideration for a transaction is generally received within two months of completion of cargo or mail air transportation.

Baggage

Baggage revenues are earned mainly from baggage transportation services that accompany passenger transportation on aircraft. The JAL Group has the obligation to provide customers with international and domestic baggage transportation services. The performance obligation is satisfied at completion of baggage air transportation. The amount of variable consideration included in revenue is not significant. Consideration for a transaction is generally received on the day of baggage transportation.

Other

Other revenues are earned mainly from mileage award services excluding Mileage Award Tickets and from contract operation services related to air transportation, and the performance obligations for these services are satisfied at completion of service.

Other

"Other business" includes mainly the JAL Group's planning and sales of tours utilizing air transportation, sales of products through wholesale, retail, and other means, and a credit card business. Revenues from tour planning and sales and credit card business are mainly recognized over a certain period of time when the services are provided, and consideration for a transaction is mainly received in advance at a certain time before the performance obligation is satisfied. Revenues from sales of products are recognized at the time of delivery of the products or at the time of acceptance of the goods by the customer, and consideration for a transaction is mainly received at a certain time after the performance obligation is satisfied.

3. Information for understanding amount of revenue for the current fiscal year and from the following fiscal year

(1) Balance of receivables and contract liabilities, etc.

The breakdown of receivables from contracts with customers and contract liabilities is as follows:

	At the beginning of the year	At the end of the year
	Millions of yen	Millions of yen
Receivables from contracts with customers	99,630	153,507
Contract liabilities	240,224	316,873

Contract liabilities mainly comprise those associated with advance consideration received from customers for air transportation contracts and travel contracts and such consideration is recognized as revenue at the time such services are provided; and those associated with unredeemed miles granted to customers when they use the JAL Group's air tickets, JAL credit cards, and services provided by partners of the JAL Group.

The balance of contract liabilities increased by 76,649 million yen during the fiscal year due to an increase in the balance of the JAL Group's air tickets.

Of revenue recognized in the fiscal year, the amount included in the balance of contract liabilities at the beginning of the fiscal year was 144,582 million yen. The amount of revenue recognized from performance obligations that were fulfilled (or partially fulfilled) in previous periods is not significant.

(2) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the remaining performance obligations was 316,873 million yen in the current fiscal year. The amount included contract liabilities associated with advance consideration received from customers who are expected to be provided with services in the future and those associated with miles expected to be redeemed by customers in the future. Revenue will be recognized primarily over a period of three years or less according to the progress of service provision to customers.

(3) Contract costs

The JAL Group has no assets recognized from incremental costs for obtaining contracts with customers or costs incurred to fulfill contracts with customers. The JAL Group applies the practical expedient in Paragraph 94 of IFRS 15 and recognizes the incremental costs for obtaining contracts as expense if the amortization period of the assets to be recognized is one year or less.

12. Notes on Business combinations

Business combinations of subsidiaries

The business combination with JALUX Inc. on March 24, 2022 was accounted for on a provisional basis since the allocation of the acquisition consideration had not been completed in the previous fiscal year, however, because the allocation of the acquisition consideration was completed in the current fiscal year, the figures at the beginning of the fiscal year have been retroactively adjusted.

The initial allocation of the acquisition price has been revised significantly in accordance with the finalization of the provisional accounting treatment, and the main effects on the acquired assets and assumed liabilities are an increase of 6,989 million yen in non-current assets including identifiable intangible assets and an increase of 2,140 million yen in non-current liabilities including deferred tax liabilities. As a result, non-controlling interests increased by 1,926 million yen and goodwill decreased by 2,922 million yen.

Non-consolidated Balance Sheet

As of March 31, 2023

(Millions of yen)

ASSETS	Amount	(Reference) Amount of previous fiscal year
I Current assets		
Cash and time deposits	615,481	472,672
Accounts receivable	165,354	110,291
Flight equipment spare parts and supplies	25,474	22,932
Short-term prepaid expenses	14,951	12,234
Other current assets	77,411	105,607
Allowance for doubtful accounts	(28,458)	(15,583)
Subtotal	**870,215**	**708,155**
II Fixed assets		
Tangible fixed assets	**848,993**	**861,458**
Buildings, net	29,015	30,100
Structure, net	236	246
Machinery, equipment, net	9,110	9,458
Flight equipment, net	696,223	738,308
Vehicles, net	2,863	3,037
Tools, furniture and equipment	7,497	8,326
Land	747	747
Construction suspense account	103,300	71,232
Intangible fixed assets	**71,886**	**80,545**
Software	71,885	80,545
Other intangible fixed assets	0	0
Investments and other assets	**454,384**	**465,698**
Investments in securities	70,352	68,118
Investment securities in subsidiaries and associates	77,150	78,239
Corporate bonds of subsidiaries and associates	5,185	5,185
Investments in other securities of subsidiaries and associates	8,651	8,021
Long-term loans receivable	25,427	29,709
Long-term prepaid expenses	10,885	12,468
Prepaid pension costs	13,747	21,027
Deferred tax assets	226,037	229,205
Other investments	35,567	34,348
Allowance for doubtful accounts	(18,619)	(20,626)
Subtotal	**1,375,264**	**1,407,701**
Total assets	**2,245,480**	**2,115,857**

Non-consolidated Balance Sheet

As of March 31, 2023

(Millions of yen)

LIABILITIES	Amount	(Reference) Amount of previous fiscal year
I Current liabilities		
Accounts payable-trade	146,626	106,449
Short-term borrowings	140,783	129,479
Current portion of corporate bonds	10,000	10,000
Current portion of long-term borrowings	55,222	41,225
Accounts payable - other	12,483	8,117
Lease liabilities	480	524
Accrued income taxes	2,150	865
Accrued expenses	18,173	13,583
Contract liabilities	289,591	224,619
Deposits received	18,714	10,032
Air transport deposits received	24,277	8,806
Other current liabilities	23,677	2,550
Subtotal	**742,180**	**556,254**
II Non-current liabilities		
Corporate bonds	250,000	260,000
Long-term borrowings	440,531	469,189
Lease liabilities	2,798	3,099
Accrued pension and severance costs	68,973	69,636
Reserve for loss on antitrust liabilities	4,284	6,242
Other non-current liabilities	31,234	46,165
Subtotal	**797,820**	**854,332**
Total liabilities	**1,540,001**	**1,410,586**
NET ASSETS		
I Shareholders' equity		
Share capital	273,200	273,200
Capital surplus		
Capital reserves	266,341	266,341
Total capital surplus	**266,341**	**266,341**
Retained earnings		
Other retained earnings		
Retained earnings brought forward	132,473	99,733
Total retained earnings	**132,473**	**99,733**
Treasury shares		
Treasury shares	(408)	(408)
Total treasury shares	**(408)**	**(408)**
Total shareholders' equity	**671,606**	**638,866**
II Valuation, translation adjustments and other		
Net unrealized gain on other securities, net of taxes	29,010	25,421
Net unrealized gain on hedging instruments, net of taxes	4,862	40,982
Total valuation, translation adjustments and other	**33,872**	**66,404**
Total net assets	**705,478**	**705,270**
Total liabilities and net assets	**2,245,480**	**2,115,857**

Non-consolidated Statement of Income

(April 1, 2022 – March 31, 2023)

(Millions of yen)

	Amount	(Reference) Amount of previous fiscal year
Operating revenues	**1,161,145**	**600,319**
Cost of operating revenues	1,009,774	728,272
Gross operating profit (loss)	**151,370**	**(127,953)**
Selling, general and administrative expenses	141,261	120,021
Operating profit (loss)	**10,109**	**(247,975)**
Non-operating income	**48,923**	**24,528**
Interest income and dividend income	10,340	4,386
Foreign exchange gains	–	4,203
Other non-operating income	38,583	15,938
Non-operating expenses	**15,577**	**17,817**
Interest expense	10,468	5,751
Foreign exchange losses	234	–
Other non-operating expenses	4,875	12,065
Ordinary profit (loss)	43,455	(241,264)
Extraordinary gains	**11,064**	**1,316**
Compensation income	8,000	–
Reversal of reserve for loss on antitrust litigation	1,958	–
Other	1,106	1,316
Extraordinary losses	**8,128**	**39,318**
Provision of allowance for doubtful accounts	5,968	7,746
Loss on valuation of investment securities	954	5,760
Loss on support to subsidiaries and associates	–	12,708
Other	1,204	13,103
Profit (loss) before income taxes	**46,392**	**(279,266)**
Income taxes – current	(3,595)	(5,706)
Income taxes – deferred	17,247	(67,267)
Profit (loss)	**32,740**	**(206,292)**

Non-consolidated Statement of Changes in Net Assets

(April 1, 2022 – March 31, 2023)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital Surplus		Retained earnings		Treasury shares	Total share-holders' equity
		Capital reserves	Total capital surplus	Other retained earnings: Retained earnings brought forward	Total retained earnings		
Balance at the end of previous period	273,200	266,341	266,341	99,733	99,733	(408)	638,866
Changes of items during the period							
Profit (loss)				32,740	32,740		32,740
Net changes of items other than shareholders' equity during the period							
Total changes during the period	–	–	–	32,740	32,740	–	32,740
Balance at the end of the period	273,200	266,341	266,341	132,473	132,473	(408)	671,606

	Valuation, translation adjustments and other			Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Total valuation, translation adjustments and other	
Balance at the end of previous period	25,421	40,982	66,404	705,270
Changes of items during the period				
Profit (loss)				32,740
Net changes of items other than shareholders' equity during the period	3,588	(36,120)	(32,531)	(32,531)
Total changes during the period	3,588	(36,120)	(32,531)	208
Balance at the end of the period	29,010	4,862	33,872	705,478

Notes to Non-Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Valuation of securities

Bonds held to maturity: Amortized cost method

Investment securities in subsidiaries and associates

Cost method based on the moving-average method

Other securities (securities classified as such):

Securities other than shares, etc. that do not have a market price:

Evaluated at fair value according to market price, etc. on the date of financial closing (the difference in market price is reported in as a component of net assets, and the cost of securities sold is calculated by the moving-average method.)

Shares, etc. that do not have a market price:

Stated at cost based on the moving-average method or the amortized cost method

Investments in other securities of subsidiaries and associates:

Stated at cost based on the moving-average method

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the net amounts equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement

(2) Valuation principles and methods of inventories

Inventories are principally stated at cost based on the moving-average method (regarding balance sheet values, however, they are calculated by a method that reduces carrying amount on the basis of declines in profitability).

(3) Depreciation of fixed assets

Tangible fixed assets (excluding leased assets): Straight-line method

Intangible fixed assets (excluding leased assets): Straight-line method

Leased assets

Leased assets in finance lease transactions that transfer ownership

We use the same method as the depreciation method applied to fixed assets owned by the Company.

Leased assets in finance lease transactions that do not transfer ownership

We use the straight-line depreciation method with the lease period as the useful life, and residual value as zero.

(4) Accounting standards of provisions

Accrued pension and severance costs

Net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets. Actuarial gains and losses are amortized using the straight-line method over a period of 11 to 14 years from the period subsequent to the period in which they are incurred.

Past service cost is charged to income as incurred.

Allowance for doubtful accounts

Ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to unrecoverable considering the recoverability.

Reserve for loss on antitrust liabilities

To prepare for payment of court fees relating to a price cartel, an estimated amount of losses in the future is recorded.

(5) Accounting standards for revenue

As its primary business, the Company provides passenger, cargo and mail, and baggage transportation services using aircraft on international and domestic routes. Normally, the Company’s performance obligations are satisfied and revenue is recognized at the time when air transportation service has been completed.

(6) Hedge accounting
Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized.

(7) Treatment of consumption taxes
Recorded at amounts exclusive of consumption taxes.

(8) Application of tax effect accounting for transition from consolidated taxation system to group totalization system
Effective from the beginning of the fiscal year under review, the Company has transitioned from a consolidated taxation system to a group totalization system. Accordingly, the accounting treatment and disclosure of corporate taxes, local corporate taxes, and tax effect accounting are in accordance with "Treatment of Accounting and Disclosure when Applying the Group Totalization System" (Practical Response Report No. 42, August 12, 2021. Hereafter referred to as "Practical Response Report No. 42"). In accordance with Paragraph 32(1) of Practical Response Report No. 42, the Company has deemed that there is no impact from the change in accounting policy resulting from the adoption of Practical Response Report No. 42.

2. Change of accounting policy

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)
The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31; June 17, 2021) (the "Fair Value Measurement Accounting Standard") has been applied from the beginning of the fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Accounting Standard, the new accounting policy stipulated by the Fair Value Measurement Accounting Standard will be applied prospectively.
The application has no impact on the financial statements.

3. Change of presentation

(Non-consolidated statement of income)
"Gain on sale of property, plant and equipment," which was separately presented as "Extraordinary gains" in the previous fiscal year, is included in "Other" from the fiscal year under review because it is less than or equal to 10/100 of the total extraordinary gains. "Gain on sale of property, plant and equipment" for the fiscal year under review was 10 million yen.
"Loss on valuation of investment securities in subsidiaries and associates," which was separately presented as "Extraordinary losses" in the previous fiscal year, is included in "Other" from the fiscal year under review because it is less than or equal to 10/100 of the total extraordinary losses. "Loss on valuation of investment securities in subsidiaries and associates" for the fiscal year under review was 56 million yen.

4. Estimates in accounting

In preparing the non-consolidated financial statements, the management makes estimates based on assumptions that affect the application of the JAL Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates are based on the management's best estimates reflecting historical experience and a variety of other factors that are considered to be reasonable at the end of the fiscal year. Actual results in future, however, may differ from these estimates. These estimates and underlying assumptions are reviewed/revised on an ongoing basis. The impact of the revision is recognized in the period there were revised and future period.
Estimates of future business performance, which form the basis for matters including recognition of impairment of fixed assets and deferred tax assets, are based on the JAL Group's Medium Term Management Plan. The main assumptions built into estimates include the time from the COVID pandemic to demand recovery during the recovery phase, post-recovery demand forecasts as well as fuel prices, and forecasts of exchange rate related market fluctuations. Moreover, with regard to demand during the COVID pandemic recovery phase, the JAL Group is referring to demand recovery scenarios created by the International Air Transport Association (IATA) in creating its accounting estimates based on the assumption that demand will recover over a certain period of time going forward and largely recover to a pre-pandemic level by the end of FY2025.
There are uncertainties in the demand recovery scenario during the COVID pandemic recovery phase, and this may impact the JAL Group's future financial position and operating results.

The management's estimates that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

(1) Recognition of revenues
Revenues from air transportation are recognized in contract liabilities at collecting consideration, and then recognized in revenue at completion of air transportation services.
The sales of air tickets that will not be used for air transportation (unused air tickets that are about to expire) are recognized in revenue at an appropriate timing, taking into account the contractual terms of the air tickets and historical trends.
The JAL Group also operates a customer loyalty program called "JAL Mileage Bank." Members of the JAL Mileage Bank can earn miles through flights with the airlines or other services, and can redeem them with the JAL Group or other partners' services.
The portion of granted miles that is expected to be redeemed by customers in the future is recognized as a performance obligation. The stand-alone selling price is estimated with the composition ratio of services selected by customers when using the miles taken into account; the transaction price is allocated on the basis of the ratio of the stand-alone selling price to the performance obligation. The transaction prices allocated to performance obligations under the mileage program are recognized as contract liabilities and are recorded as revenue in line with use of the miles.
As of the end of the current fiscal year, such contract liabilities amounted to 289,591 million yen.

(2) Depreciation expenses of flight equipment
In determining the useful life of each component, including flight equipment, aircraft engine components and cabin related assets, we calculate the depreciation expenses in consideration of their future estimated economically useful life.
As of the end of the current fiscal year, flight equipment amounted to 696,223 million yen.

(3) Impairment of fixed assets
Regarding the target assets as of the end of the fiscal year (carrying amount: tangible fixed assets 848,993 million yen and intangible fixed assets 71,886 million yen), the Company examines whether events that indicate a possibility of impairment of targeted assets present, and, if signs of impairment are present, considers whether or not to record an impairment loss with respect to the assets.
Since the Company recorded an operating profit in the fiscal year under review and expects to continue to record an operating profit in the estimated future results, there is no indication of an impairment loss.
Regarding the impairment loss for the current fiscal year, the unit of asset grouping was mainly changed for aircraft parts that are to be sold and the construction, etc. of airport buildings that are to be returned, and the amount was reduced to the estimated recoverable amount.

(4) Recognition of deferred tax assets
The Company recognizes deferred tax assets within the limits that future deductible amounts and tax losses brought forward can mitigate future tax burdens.
The Company applies the group totalization system, and judges recoverability of deferred tax assets with regard to corporate taxes based on the future taxable income, etc., of the Group in total, and with regard to local taxes based on the future taxable income, etc., of the Company. With regard to tax losses brought forward, the JAL Group schedules the expected fiscal year and amount of deduction from tax losses brought forward based on the estimate of future taxable income, etc., projected within the carryforward period, and records the amount expected to be recovered as deferred tax assets.
As of the end of the current fiscal year, deferred tax assets amounted to 226,037 million yen.

5. Notes to non-consolidated balance sheet

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Accumulated depreciation for tangible fixed assets 691,821 million yen

(3) Assets pledged as collateral and obligations secured by such collateral

(Assets pledged as collateral)

Flight equipment	424,161 million yen
Investment securities in subsidiaries and associates	0 million yen
Corporate bonds of subsidiaries and associates	5,185 million yen
Long-term loans receivable	3,330 million yen
Investments in securities	2,018 million yen

(Obligations secured by such collateral)

Current portion of long-term borrowings	55,222 million yen
Long-term borrowings	240,531 million yen

It is confirmed under general arrangements for transactions with financial institutions that for assets pledged as collateral, when a default in the repayment of principal and/or payment of interest of the debt that became due or other similar case has occurred, the financial institution can exercise its right to dispose of the assets pledged as collateral and appropriate the proceeds from such disposal for repaying or offsetting the debt.

In addition, the assets pledged as collateral include assets for which revolving pledges have been established to secure debts of the following three companies, under the syndicated loan agreements concluded between each company and financial institutions for the business that is the objective of each company's establishment

- Tokyo International Air Terminal Corporation (associate)
- Kyushu Kumamoto International Airport Co., Ltd.
- Hokkaido Airports Co., Ltd.

(4) Liabilities for guarantee, etc.

Liabilities for guarantee

(Guarantee for bank loans, etc.)

B eleven, LLC	16,863 million yen
Jetstar Japan Co., Ltd.	5,317 million yen
Hokkaido Air System Co., LTD.	2,177 million yen
Japan Air Commuter Co., LTD.	1,260 million yen
Other	2 million yen

As of March 31, 2023, the Company has been provided a reguarantee from other company for 2,658 million yen of its outstanding guarantee for bank loans to Jetstar Japan Co., Ltd.

(Guarantee for lease liabilities)

Jetstar Japan Co., Ltd.	2,204 million yen

(Guarantee for settlement of contract liabilities)

ZIPAIR Tokyo Inc.	3,600 million yen

The Company provides guarantees for damages resulting from breach of an obligation, assertion or guarantee under the stock transfer reservation agreement concluded between Fukuoka Airport Holdings Co., Ltd. ("transferor"), in which the Company holds an investment, and the Ministry of Land, Infrastructure, Transport and Tourism Civil Aviation Bureau ("transferee"). Capped amount of guarantees at the end of the fiscal year is as follows.

7,867 million yen

(5) Monetary claims and liabilities to subsidiaries and associates

Short-term monetary claims	94,463 million yen
Short-term monetary liabilities	201,016 million yen
Long-term monetary claims	29,334 million yen
Long-term monetary liabilities	924 million yen

6. Non-consolidated statement of income

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total transactions with subsidiaries and associates

Operating revenues	79,588 million yen
Operating expense	308,775 million yen
Amount resulting from non-business transactions	25,810 million yen

7. Notes to non-consolidated statement of changes in net assets

(1) All amounts of less than one million yen have been rounded down in the accounts.

(2) Total number of issued shares at the end of the current fiscal year

Total number of issued shares	Ordinary shares	437,143 thousand shares
	Treasury shares	136 thousand shares

8. Tax effect accounting

Principal sources of deferred tax assets are tax loss brought forward and accrued pension and severance costs, etc., while principal sources of deferred tax liabilities are net unrealized gain on other securities, net of taxes, etc.

9. Transactions with related parties

Subsidiaries and associates, etc.

Attribute	Name	Percentage of voting rights holding or being held (%)	Relations		Details of transaction	Amount (millions of yen)	Item	Ending balance (millions of yen)
			Concurrently serving, etc.	Business relations				
Subsidiary	JALCARD, Inc.	Holding direct 50.6%	–	Consignment of card related business	Borrowing and lending of money (Note 1)	–	Short-term borrowings	22,599
Subsidiary	JAL ENGINEERING CO., LTD.	Holding direct 100%	–	Consignment of maintenance related operations	Maintenance of aircraft, engines and equipment, and maintenance management operations (Note 2)	161,340	Accounts payable - trade	17,024

Terms of transactions and method for determining them

(Notes) 1. Since these transactions are conducted under the cash management system operated by the JAL Group, the amount of transaction is omitted. Interest rate is reasonably determined in light of the market interest rate.

2. Contractual price is reasonably determined in light of the market price.

10. Notes on per share information

(1) Net assets per share 1,614.34 yen

(2) Basic earnings per share 74.92 yen

11. Notes on revenue recognition

(Information forming the basis for understanding revenue)

This information is the same as the information provided in “11. Notes on revenue recognition” in the Notes to Consolidated Financial Statements.

Independent Auditor's Report for the Consolidated Financial Statements

Independent Auditor's Report

May 12, 2023

To the Board of Directors of
Japan Airlines Co., Ltd.

KPMG AZSA LLC
Tokyo Office

OTSUKA Toshihiro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

TANAKA Atsushi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

ARIYOSHI Masaya
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444-4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Japan Airlines Co., Ltd. for the 74th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the consolidated financial statements referred to above, are pursuant to accounting standards under which a part of the disclosures required under International Financial Reporting Standards are omitted as stipulated in the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, and present fairly, in all material respects, the financial position and the results of operations of Japan Airlines Co., Ltd. and its consolidated subsidiaries for the period.

Rationale for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility with respect to auditing standards is described in "Auditor's Responsibility in Auditing the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Board Members and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Management, Corporate Auditors and Board of Corporate Auditors' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to accounting standards under which a part of the disclosures required under International Financial Reporting Standards are omitted as stipulated in the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and for disclosing, as necessary, matters related to going concern pursuant to accounting standards under which a part of the disclosures required under International Financial Reporting Standards are omitted as stipulated in the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

Audit and Supervisory Board Members and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibility in Auditing the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express our opinion on the consolidated financial statements in an auditor's report based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the audit objective of the consolidated financial statements is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express an opinion with exceptive items on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are pursuant to accounting standards under which a part of the disclosures required under International Financial Reporting Standards are omitted as stipulated in the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit and Supervisory Board Members and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit and Supervisory Board Members and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report for the Non-consolidated Financial Statements

Independent Auditor's Report

May 12, 2023

To the Board of Directors of
Japan Airlines Co., Ltd.

KPMG AZSA LLC
Tokyo Office

OTSUKA Toshihiro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

TANAKA Atsushi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

ARIYOSHI Masaya
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436 (2) (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet as of March 31, 2023, and the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules (hereinafter the "non-consolidated financial statements, etc.") of Japan Airlines Co., Ltd. for the 74th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations of Japan Airlines Co., Ltd. for the period, for which the non-consolidated financial statements, etc. were prepared, in accordance with accounting principles generally accepted in Japan.

Rationale for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility with respect to auditing standards is described in "Auditor's Responsibility in Auditing the Non-consolidated Financial Statements, etc." We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. The Audit and Supervisory Board Members and the Board of Corporate Auditors are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, etc., and we express no opinion on the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements, etc. or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Management, Corporate Auditors and Board of Corporate Auditors' Responsibility for the Non-consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the non-consolidated financial statements, etc. that are free from material misstatements, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit and Supervisory Board Members and the Board of Corporate Auditors are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibility in Auditing the Non-consolidated Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express our opinion on the non-consolidated financial statements, etc. in an auditor's report based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the audit objective of the non-consolidated financial statements, etc. is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express an opinion with exceptive items on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and notes to the non-consolidated financial statements are pursuant to accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly present the underlying transactions and accounting events.

We report to the Audit and Supervisory Board Members and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit and Supervisory Board Members and the Board of Corporate Auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Board of Corporate Auditors

Audit Report

Based on the audit reports prepared by Audit and Supervisory Board Members with regard to the performance of duties by the Directors of Japan Airlines Co., Ltd. (the "Company") for the 74th fiscal year from April 1, 2022 to March 31, 2023, the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

1. Auditing methods used by Audit and Supervisory Board Members and the Board of Corporate Auditors, and details of audit

(1) The Board of Corporate Auditors specified auditing policies, assigned duties to each Audit and Supervisory Board Member, and received reports from each Audit and Supervisory Board Member on the status of implementation and results of audit, and it also received reports from Directors, etc. and accounting auditors on the status of their duties and asked them for explanation as necessary.

(2) All Audit and Supervisory Board Members executed their audits in conformity with the Standard for Audit and Supervisory Board Members established by the Board of Corporate Auditors and in accordance with the audit policy, audit plan, etc. while endeavoring to collect information and establish audit environment and maintaining proper communication with Directors, internal audit staff and other employees through using the Internet, etc. as well as face-to-face meetings and in-person inspections.

1) Audit and Supervisory Board Members attended the meetings of the Board of Directors and other important meetings of the Company, received reports from Directors and employees, etc. on the status and results of the execution of their duties and asked them for explanations as necessary, reviewed important approval documents, etc. and conducted investigation on the status of business operations and assets related to Head Office and at major offices. Also, Audit and Supervisory Board Members have maintained good communications and exchanged information with Directors, Audit and Supervisory Board Members and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.

2) Audit and Supervisory Board Members periodically received reports, sought explanations as necessary and made opinions, regarding the contents of the resolution by the Board of Directors regarding the establishment of a system as stipulated in Article 100 (1) and (3) of the Regulation for Enforcement of the Companies Act as necessary for ensuring that the performance of duties by the Directors conforms to the laws and regulations and the Articles of Incorporation, as well as for ensuring an appropriateness of operations of a corporate organization consisting of a stock company and its subsidiaries, and the internal control system established based on said resolution.

3) Audit and Supervisory Board Members have also monitored and verified whether the accounting auditors maintain independence and properly implement audit, received from the accounting auditors reports on the execution of their duties and asked them for explanations as necessary. In addition, Audit and Supervisory Board Members were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) from the accounting auditors and requested explanations as necessary. Also, Audit and Supervisory Board Members have cooperated with the KPMG AZSA LLC, Accounting Auditor, on key audit matters, received reports regarding the status of their audits and also requested explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report and its supplementary schedules, the non-consolidated financial statements (balance sheet, statement of income, statement of changes in net assets and notes to non-consolidated financial statements) and their supplementary schedules and the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements).

2. Audit Results

(1) Results of audit of the business reports, etc.

1) We confirm that the business reports and supplementary schedules thereto present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.

2) We found no wrongful act or material fact in violation of law or regulations or in violation of the Company's Articles of Incorporation with respect to the performance of duties by the Directors.

3) We confirm that resolutions of the Board of Directors on the internal control system are proper. We found no matter to be pointed out concerning either the descriptions in the business report or the performance of duties by the Directors with respect to the internal control system.

(2) Result of audit of non-consolidated financial statements and supplementary schedules thereto

We confirm that the auditing methods used and results of KPMG AZSA LLC, Accounting Auditor, are proper and correct.

(3) Result of audit of consolidated financial statements

We confirm that the auditing methods used and results of KPMG AZSA LLC, Accounting Auditor, are proper and correct.

May 15, 2023

The Board of Corporate Auditors of Japan Airlines Co., Ltd.

Audit and Supervisory Board Member	SAITO Norikazu (Seal)
Audit and Supervisory Board Member	KITADA Yuichi (Seal)
Outside Audit and Supervisory Board Member	KAMO Osamu (Seal)
Outside Audit and Supervisory Board Member	KUBO Shinsuke (Seal)
Outside Audit and Supervisory Board Member	OKADA Joji (Seal)