Consolidated Financial Statements

Japan Airlines Co., Ltd. and Subsidiaries

For the Years ended March 31, 2024
Together with Independent
Auditor's Report

KPMG AZSA LLC
June 2024

Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Japan Airlines Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reliability of the IT systems providing information on which revenue recognition is based and the reasonableness of significant estimates related to the customer loyalty program	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 26, "Revenue" to the consolidated financial statements, Japan Airlines Co., Ltd. and subsidiaries (hereinafter collectively referred to as "the Group") recognized revenue of JPY 1,514,934 million in the air transportation business segment for the current fiscal year. Of the revenue of full service carrier in the segment, passenger revenue was JPY 1,173,425 million (consisting of international passenger revenue of JPY 622,399 million and domestic passenger revenue of JPY 551,026 million), which represented approximately 71% of total revenue in the consolidated financial statements. In addition, the Group recorded contract liabilities of JPY 368,916 million in the	The primary procedures we performed to assess the reliability of the IT systems providing information on which revenue recognition is based and the reasonableness of significant estimates related to the customer loyalty program included the following: (1) Internal control testing We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the IT systems providing information on which revenue recognition is based and the estimates related to the customer loyalty program, with a particular focus on the following:

consolidated statement of financial position, that were recognized on the receipt of consideration from customers or were recognized as a deferred revenue when the award miles were earned by customers. The Group recognizes a contract liability for passenger revenue on the receipt of consideration and then recognizes revenue at the time of completion of passenger air transportation services. Japan Airlines Co., Ltd. (hereinafter collectively referred to as "the Company") offers the customer loyalty program under which program members earn award miles through the use of passenger air transportation services or other means and can redeem them for services provided by the Group or its alliance partners. The Company recognizes a performance obligation for the award miles earned and defers related revenue as a contract liability, which is thereafter recognized as revenue once the award miles are redeemed. The transaction price for an air transportation ticket is allocated to performance obligations for the passenger air transportation services and the award miles earned on a relative stand-alone selling price basis. (1) Reliability of the IT systems providing information on which revenue recognition is based Information on air transportation tickets used in the process of recognizing passenger revenue is generated through the interfaces between different systems and the complex system processing to allocate the air transportation ticket price to each flight section, using a vast volume of transaction data including information obtained from several alliance partners. Information on award miles is also generated through the complex IT system processing involving a wide variety of services for which award miles can be redeemed, including award flights and tours offered by the Group, or award miles can be exchanged, including points and electronic money offered by alliance partners. Accordingly, the entire process of passenger revenue recognition is highly dependent upon the automated controls within the operating systems and involves complex processing using a vast volume of data. Therefore, if data related to air transportation tickets and award miles is not processed accurately or completely by the IT systems, revenue may not be recognized	● general IT controls over the relevant IT systems, including access controls and program change controls; ● controls to ensure the accuracy of data transfers between different systems through interfaces and the data processing to allocate the air transportation ticket price to each flight section; and ● controls to ensure that the expiration rates of award miles and the relative composition of services selected by program members when redeeming award miles are appropriately estimated. (2) Assessment of the accuracy and appropriateness of the timing of revenue recognition In order to assess the accuracy and appropriateness of the timing of revenue recognition, based on the results of our testing of internal controls described above, we primarily: ● estimated passenger revenue by using an estimated unit price considering the change in air transportation ticket prices reflecting demand fluctuations in the current fiscal year and compared the estimated amount with the amount reported in the consolidated statement of profit or loss and other comprehensive income, and then examined whether the reasons for the difference were reasonable; ● agreed the air ticket data used to recognize passenger revenue on the first day and last day of the current fiscal year with the information on actual flights; ● independently extracted and aggregated the data of award mile balances and compared it with the data extracted and aggregated by management to evaluate the accuracy of the data used to calculate the contract liability; and ● evaluated the appropriateness of key assumptions adopted by management to estimate the expiration rates of award miles and the relative composition of services selected by program members when redeeming award miles by analyzing historical trends and the causes of their fluctuations.

accurately in the appropriate accounting period. (2) Reasonableness of significant estimates related to the customer loyalty program When allocating the transaction price for an air transportation ticket to performance obligations for the passenger air transportation services and the award miles earned, the Company needs to estimate the stand-alone selling price of the award miles, considering the estimated expiration rates of award miles and the relative composition of services selected by program members when redeeming award miles. The estimates of the expiration rates of award miles and the relative composition of services selected by program members included key assumptions requiring significant management judgment and involved a high degree of estimation uncertainty. We, therefore, determined that our assessment of the reliability of the IT systems providing information on which revenue recognition is based and the reasonableness of significant estimates related to the customer loyalty program were one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Appropriateness of management’s judgment on the recoverability of deferred tax assets of Japan Airlines Co., Ltd.	
The key audit matter	**How the matter was addressed in our audit**
Japan Airlines Co., Ltd. and subsidiaries (hereinafter collectively referred to as “the Group”) recognized deferred tax assets of JPY 229,212 million in the consolidated statement of financial position for the current fiscal year. As described in Note 17, “Income taxes” to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to JPY 296,058 million. Of this amount, the gross deferred tax assets held by Japan Airlines Co., Ltd. (hereinafter collectively referred to as “the Company”) accounted for JPY 211,625 million, representing approximately 8% of total assets in the consolidated financial statements. The amount includes deferred tax assets of JPY 171,204 million related to carryforward of unused tax losses. Deferred tax assets are recognized to the extent	The primary procedures we performed to assess whether management’s judgment on the recoverability of deferred tax assets of the Company was appropriate included the following: (1) Internal control testing We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the process of projecting future taxable profit, including the development of the business plan. In this assessment, we particularly focused our testing on controls over the projection of air travel passenger demand and changes in market conditions, which formed the basis for the development of the business plan. (2) Assessment of the reasonableness of the estimated future taxable profit We evaluated the consistency of the estimated

that it is probable that future taxable profit will be available against which the deductible temporary differences, carryforward of unused tax credits and carryforward of unused tax losses can be utilized. In the air transportation business operated by the Company, a global pandemic of an infectious disease would decrease the air travel passenger demand significantly due to the implementation of government regulations on the movement of people including entry and travel restrictions and requests for self-restraint in each country, as well as the voluntary avoidance of air travel by companies and customers at large to prevent infection. Although the Company incurred a significant tax loss as a result of the spread of COVID-19, management determined that the above deferred tax assets of JPY 211,625 million including the total amount of those related to carryforward of unused tax losses would be recoverable on the basis of the estimated future taxable profits and so forth within the carryforward period of up to 10 years from tax losses were incurred. The estimated future taxable profit, which was used to determine the recoverability of deferred tax assets, was based on the business plan prepared by management. The plan included key assumptions such as: ・ The forecast of travel passenger demand for the Medium-term Management Plan period ・ The forecast of changes in market conditions related to fuel prices and foreign exchanges There was a high degree of estimation uncertainty because these assumptions included significant management judgment. We, therefore, determined that our assessment of the appropriateness of management's judgement on the recoverability of deferred tax assets of the Company was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	future taxable profit used in determining the recoverability of deferred tax assets with the business plan, which formed the basis for the taxable profit projections. We then inquired of management and the personnel in charge of the relevant department regarding the basis for key assumptions adopted in preparing the plan, in order to assess the appropriateness of those assumptions. In addition, we primarily: ● compared the forecast of travel passenger demand for the Medium-term Management Plan period with the market forecast reports published by The International Air Transport Association (IATA), travel passenger demand forecasts announced by other companies in the same industry, and forecast reports published by external research organizations , for consistency; and ● compared the forecast of changes in market conditions related to fuel prices and foreign exchanges with the current market conditions, forecast reports published by external research organizations, and the market forecasts published by financial institutions, for consistency. In addition, we independently estimated future taxable profit by incorporating the effect of specific uncertainty into the business plan, after considering the results of our evaluation of the appropriateness of key assumptions as well as our assessment of the achievement of past business plans including the causes of variances with actual results. We then compared the future taxable profit independently estimated with management's estimate and evaluated the conclusion on the recoverability of deferred tax assets considering whether there was any potential effect on the conclusion.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives 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 issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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 economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’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 related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the current year are 271 million yen and 103 million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Toshihiro Otsuka
Designated Engagement Partner
Certified Public Accountant

Atsushi Tanaka
Designated Engagement Partner
Certified Public Accountant

Masaya Ariyoshi
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 19, 2024

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

1.Consolidated financial statements
(1)Consolidated statement of financial position

	Notes	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Assets				
Current assets				
Cash and cash equivalents	8,34	639,247	713,867	4,714,799
Trade and other receivables	9,26,34	174,906	173,023	1,142,750
Other financial assets	10,20,34	11,202	16,472	108,795
Inventories	11	36,747	43,949	290,269
Other current assets		60,776	75,294	497,291
Total current assets		922,880	1,022,608	6,753,905
Non-current assets				
Property, plant and equipment	12,20			
Flight equipment	19	839,205	871,409	5,755,294
Advances on flight equipment		102,431	134,745	889,939
Other property, plant and equipment		86,158	89,396	590,428
Total property, plant and equipment		1,027,795	1,095,551	7,235,662
Goodwill and intangible assets	7,13	83,310	87,189	575,849
Investment property	14	3,296	3,561	23,522
Investments accounted for using equity method	16	20,200	24,259	160,221
Other financial assets	10,19,20,34	158,638	158,930	1,049,668
Deferred tax assets	17	278,655	229,212	1,513,853
Retirement benefit asset	22	8,522	12,294	81,196
Other non-current assets		17,303	15,624	103,194
Total non-current assets		1,597,722	1,626,623	10,743,170
Total assets		2,520,603	2,649,232	17,497,076

The accompanying notes are an integral part of the consolidated financial statements.

	Notes	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	21,34	136,138	160,052	1,057,079
Interest-bearing liabilities	18,19, 20,34	111,968	106,935	706,265
Other financial liabilities	18,34	58,749	44,972	297,023
Income taxes payable		2,642	2,601	17,182
Contract liabilities	26	316,873	368,916	2,436,538
Provisions	23	2,737	3,325	21,962
Other current liabilities		40,467	50,396	332,848
Total current liabilities		669,578	737,200	4,868,901
Non-current liabilities				
Interest-bearing liabilities	18,19, 20,34	813,535	780,358	5,153,942
Other financial liabilities	18,34	9,331	25,401	167,769
Deferred tax liabilities	17	3,505	3,317	21,909
Provisions	23	23,908	23,550	155,538
Retirement benefit liability	22	132,355	120,575	796,351
Other non-current liabilities		11,430	10,483	69,236
Total non-current liabilities		994,067	963,686	6,364,748
Total liabilities		1,663,645	1,700,886	11,233,649
Equity	24			
Share capital		273,200	273,200	1,804,372
Capital surplus		273,631	273,992	1,809,608
Retained earnings		225,644	306,879	2,026,814
Treasury shares		(408)	(408)	(2,699)
Accumulated other comprehensive income				
Financial assets measured at fair value through other comprehensive income		38,384	43,171	285,126
Effective portion of cash flow hedges		4,812	11,836	78,175
Exchange differences on translation of foreign operations		1,024	1,275	8,426
Total accumulated other comprehensive income		44,220	56,283	371,728
Total equity attributable to owners of parent		816,288	909,947	6,009,823
Non-controlling interests		40,669	38,398	253,603
Total equity		856,957	948,345	6,263,427
Total liabilities and equity		2,520,603	2,649,232	17,497,076

The accompanying notes are an integral part of the consolidated financial statements.

(2)Consolidated statement of profit or loss and other comprehensive income

	Notes	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Revenue	6,26			
International passenger revenue		444,662	684,523	4,520,991
Domestic passenger revenue		454,665	556,046	3,672,455
Other revenue		476,261	411,320	2,716,602
Total revenue		1,375,589	1,651,890	10,910,049
Other income	27	34,157	31,330	206,927
Operating expenses	28			
Personnel expenses		(292,312)	(334,089)	(2,206,521)
Aircraft fuel		(323,353)	(356,796)	(2,356,490)
Depreciation, amortization and impairment losses	15	(158,197)	(149,960)	(990,425)
Other operating expenses		(570,823)	(701,442)	(4,632,735)
Total operating expenses		(1,344,686)	(1,542,288)	(10,186,173)
Operating profit		65,059	140,932	930,803
Share of profit (loss) of investments accounted for using equity method	16	(3,353)	469	3,098
Profit before investing, financing and income tax	6	61,706	141,402	933,901
Income/expenses from investments	29			
Investing income		3,970	4,490	29,659
Investing expenses		(1,112)	(657)	(4,340)
Profit before financing and income tax		64,563	145,235	959,220
Finance income/expenses	30			
Finance income		2,074	9,277	61,274
Finance expenses		(14,209)	(15,206)	(100,435)
Profit before income tax	6	52,429	139,306	920,059
Income tax expense	17	(18,553)	(43,394)	(286,603)
Profit (loss)		33,876	95,911	633,456
Profit (loss) attributable to				
Owners of parent		34,423	95,534	630,963
Non-controlling interests		(547)	377	2,493
Other comprehensive income	31			
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income		2,669	4,282	28,283
Remeasurements of defined benefit plans	22	15,130	10,649	70,334
Share of other comprehensive income of investments accounted for using equity method	16	32	145	963
Total of items that will not be reclassified to profit or loss		17,832	15,077	99,581
Items that may be reclassified to profit or loss				
Effective portion of cash flow hedges	34	(34,384)	10,008	66,102
Exchange differences on translation of foreign operations		923	284	1,881
Share of other comprehensive income of investments accounted for using equity method	16	10	106	706

Total of items that may be reclassified to profit or loss		(33,450)	10,400	68,689
Other comprehensive income, net of tax		(15,618)	25,477	168,271
Comprehensive income		18,257	121,389	801,727
Comprehensive income attributable to				
Owners of parent		17,909	119,643	790,198
Non-controlling interests		348	1,745	11,529
Earnings per share	32	Yen	Yen	U.S. dollars
Basic earnings per share		78.77	218.61	1.44
Diluted earnings per share		–	–	–

The accompanying notes are an integral part of the consolidated financial statements.

(3)Consolidated statement of changes in equity
For the year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

	Notes	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 comprehensive income	Effective portion of cash flow hedges
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
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	34	–	–	–	–	–	(1,371)
Obtaining of control of subsidiaries	7	–	–	–	–	–	–
Loss of control of subsidiaries		–	–	–	–	–	–
Changes in ownership interest in subsidiaries		–	14	–	–	–	–
Transfer to retained earnings	22,34	–	–	14,814	–	256	–
Total transactions with owners and so forth		–	14	14,814	–	256	(1,371)
Balance as of March 31, 2023		273,200	273,631	225,644	(408)	38,384	4,812

	Notes	Equity attributable to owners of parent					
		Accumulated other comprehensive income					
		Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
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	34	–	–	(1,371)	(1,371)	(498)	(1,869)
Obtaining of control of subsidiaries	7	–	–	–	–	(2,653)	(2,653)
Loss of control of subsidiaries		–	–	–	–	(45)	(45)
Changes in ownership interest in subsidiaries		–	–	–	14	(14)	–
Transfer to retained earnings	22,34	–	(15,071)	(14,814)	–	–	–
Total transactions with owners and so forth		–	(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

The accompanying notes are an integral part of the consolidated financial statements.

For the year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

	Notes	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 comprehensive income	Effective portion of cash flow hedges
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2023		273,200	273,631	225,644	(408)	38,384	4,812
Profit (loss)		–	–	95,534	–	–	–
Other comprehensive income		–	–	–	–	3,881	9,334
Comprehensive income		–	–	95,534	–	3,881	9,334
Dividends	25	–	–	(24,035)	–	–	–
Share-based payment	36	–	365	–	–	–	–
Transfer to hedged non-financial assets	34	–	–	–	–	–	(2,310)
Purchase of treasury shares		–	–	–	(0)	–	–
Changes in ownership interest in subsidiaries		–	(4)	–	–	–	–
Transfer to retained earnings	22,34	–	–	9,736	–	904	–
Total transactions with owners and so forth		–	361	(14,298)	(0)	904	(2,310)
Balance as of March 31, 2024		273,200	273,992	306,879	(408)	43,171	11,836

	Notes	Equity attributable to owners of parent				Non-controlling interests	Total equity
		Accumulated other comprehensive income					
		Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total equity attributable to owners of parent		
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2023		1,024	–	44,220	816,288	40,669	856,957
Profit (loss)		–	–	–	95,534	377	95,911
Other comprehensive income		251	10,641	24,109	24,109	1,368	25,477
Comprehensive income		251	10,641	24,109	119,643	1,745	121,389
Dividends	25	–	–	–	(24,035)	(3,341)	(27,376)
Share-based payment	36	–	–	–	365	–	365
Transfer to hedged non-financial assets	34	–	–	(2,310)	(2,310)	(601)	(2,911)
Purchase of treasury shares		–	–	–	(0)	–	(0)
Changes in ownership interest in subsidiaries		–	–	–	(4)	(74)	(78)
Transfer to retained earnings	22,34	–	(10,641)	(9,736)	–	–	–
Total transactions with owners and so forth		–	(10,641)	(12,047)	(25,984)	(4,016)	(30,001)
Balance as of March 31, 2024		1,275	–	56,283	909,947	38,398	948,345

For the year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

	Notes	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 comprehensive income	Effective portion of cash flow hedges
		Thousands of U.S. dollars (Note 2)	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of April 1, 2023		1,804,372	1,807,223	1,490,288	(2,698)	253,513	31,782
Profit (loss)		–	–	630,963	–	–	–
Other comprehensive income		–	–	–	–	25,637	61,652
Comprehensive income		–	–	630,963	–	25,637	61,652
Dividends	25	–	–	(158,743)	–	–	–
Share-based payment	36	–	2,413	–	–	–	–
Transfer to hedged non-financial assets	34	–	–	–	–	–	(15,259)
Purchase of treasury shares		–	–	–	(0)	–	–
Changes in ownership interest in subsidiaries		–	(28)	–	–	–	–
Transfer to retained earnings	22,34	–	–	64,306	–	5,975	–
Total transactions with owners and so forth		–	2,384	(94,437)	(0)	5,975	(15,259)
Balance as of March 31, 2024		1,804,372	1,809,608	2,026,814	(2,699)	285,126	78,175

	Notes	Equity attributable to owners of parent					
		Accumulated other comprehensive income					
		Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Thousands of U.S. dollars (Note 2)	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Balance as of April 1, 2023		6,763	–	292,059	5,391,245	268,603	5,659,849
Profit (loss)		–	–	–	630,963	2,493	633,456
Other comprehensive income		1,662	70,281	159,235	159,235	9,036	168,271
Comprehensive income		1,662	70,281	159,235	790,198	11,529	801,727
Dividends	25	–	–	–	(158,743)	(22,068)	(180,812)
Share-based payment	36	–	–	–	2,413	–	2,413
Transfer to hedged non-financial assets	34	–	–	(15,259)	(15,259)	(3,970)	(19,230)
Purchase of treasury shares		–	–	–	(0)	–	(0)
Changes in ownership interest in subsidiaries		–	–	–	(28)	(491)	(520)
Transfer to retained earnings	22,34	–	(70,281)	(64,306)	–	–	–
Total transactions with owners and so forth		–	(70,281)	(79,566)	(171,619)	(26,530)	(198,150)
Balance as of March 31, 2024		8,426	–	371,728	6,009,823	253,603	6,263,427

(4) Consolidated statement of cash flows

	Notes	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Cash flows from operating activities				
Profit before income tax		52,429	139,306	920,059
Depreciation, amortization and impairment losses		158,197	149,960	990,425
Loss (gain) on sale and retirement of non-current assets		(7,386)	14,832	97,961
Increase (decrease) in retirement benefit liability		2,028	411	2,715
Interest and dividend income		(3,851)	(4,275)	(28,237)
Interest expenses		12,520	13,498	89,154
Foreign exchange loss (gain)		(1,431)	(9,098)	(60,090)
Share of loss (profit) of investments accounted for using equity method		3,353	(469)	(3,098)
Insurance claim income		–	(19,971)	(131,904)
Decrease (increase) in trade and other receivables		(55,997)	(583)	(3,855)
Decrease (increase) in inventories		(4,881)	(6,686)	(44,160)
Increase (decrease) in trade and other payables		42,240	21,421	141,482
Increase (decrease) in contract liabilities		76,640	52,013	343,530
Other, net		29,618	14,628	96,617
Subtotal		303,481	364,989	2,410,601
Income taxes paid		(10,572)	(1,043)	(6,893)
Net cash provided by (used in) operating activities		292,908	363,945	2,403,708
Cash flows from investing activities				
Purchase of non-current assets		(117,488)	(218,075)	(1,440,296)
Proceeds from sales of non-current assets		13,102	2,305	15,228
Purchase of other financial assets		(8,083)	(3,000)	(19,819)
Proceeds from sales of other financial assets		1,685	466	3,078
Payments for acquisition of subsidiaries	7,33	(3,087)	–	–
Payments for loans receivable		(5,076)	(3,143)	(20,760)
Collection of loans receivable		779	1,385	9,149
Interest received		792	1,415	9,351
Dividends received		2,874	2,551	16,851
Insurances payments received		–	19,971	131,904
Other, net		1,735	1,023	6,761
Net cash provided by (used in) investing activities		(112,766)	(195,099)	(1,288,550)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	33	6,756	(7,385)	(48,776)
Proceeds from long-term borrowings	33	53,231	24,606	162,513
Repayments of long-term borrowings	33	(48,777)	(70,819)	(467,736)
Proceeds from issuance of bonds	33	–	19,880	131,304
Redemption of bonds	33	(10,000)	(10,000)	(66,045)
Interest paid		(9,985)	(10,998)	(72,639)
Dividends paid	25	(2)	(23,924)	(158,013)
Dividends paid to non-controlling interests		(2,894)	(3,341)	(22,068)
Repayments of lease liabilities	33	(25,661)	(22,132)	(146,172)

Other, net		(1,132)	(916)	(6,053)
Net cash provided by (used in) financing activities		(38,465)	(105,031)	(693,689)
Effect of exchange rate changes on cash and cash equivalents		3,344	10,805	71,364
Net increase (decrease) in cash and cash equivalents		145,021	74,619	492,833
Cash and cash equivalents at beginning of period	8	494,226	639,247	4,221,966
Cash and cash equivalents at end of period	8	639,247	713,867	4,714,799

The accompanying notes are an integral part of the consolidated financial statements.

Notes to consolidated financial statements

1. Reporting company

Japan Airlines Co., Ltd. (hereinafter the “Company”) is a stock company located in Japan. The registered address of its head office is 4-11, 2-chome Higashi-shinagawa, Shinagawa-ku, Tokyo. The Company’s consolidated financial statements for the year ended March 31, 2024 consist of financial statements for the Company and its subsidiaries (hereinafter collectively the “JAL Group”) and its interests in the Company’s associates and joint ventures. The Company is the ultimate parent company of the JAL Group.

The JAL Group’s main business is the air transportation business. Details of each business are described in Note “26. Revenue.”

2. Basis of preparation

(1) Consolidated financial statements in accordance with IFRS Accounting Standards

As the Company satisfies the requirements of “Specified Company Complying with Designated International Accounting Standards” set forth in Article 1-2 of the “Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976), the JAL Group’s consolidated financial statements were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”), pursuant to the provisions set forth in Article 93 of the Regulation.

Issuance of these consolidated financial statements was approved by TOTTORI Mitsuko, Representative Director, President on June 18, 2024.

(2) Functional currency and presentation currency

The JAL Group’s consolidated financial statements are stated in Japanese yen, the Company’s functional currency, rounded down to the nearest million yen.

(3) Changes in accounting policies

The JAL Group has adopted the following standards from the current fiscal year.

IFRS		Summary of Addition and Revision
IAS 12	Income taxes	Clarify the accounting for deferred taxes on leases and decommissioning obligations
IAS 12	Income taxes	Amendments to require disclosure of a company's exposure to income taxes arising from tax law enacted or substantively enacted to implement the Pillar two model rules published by the Organization for Economic Cooperation and Development (OECD)

The adoption of the above standards do not have a material impact on the JAL Group's consolidated financial statements.

(4) U.S. Dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. A rate of ¥151.41 = US$1.00, the approximate exchange rate prevailing on March 31, 2024, has been used for conversion. The conversions made for convenience should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

3. Material accounting policies

(1) Basis of consolidation

1) Subsidiaries

A subsidiary is an entity that is controlled by the JAL Group. The JAL Group considers that it has control over an entity when it has exposures or rights to variable returns arising from its involvement with the entity, and when it has the ability to affect those returns through power over the entity.

As a general rule, financial statements of the subsidiaries are included into the JAL Group's consolidated financial statements from the date on which the JAL Group obtained control of the subsidiaries until the date on which the JAL Group loses their control.

In cases where the accounting policies applied by a subsidiary are different from those applied by the JAL Group, adjustments are made to the subsidiary's financial statements, if necessary. All intragroup receivables and payables balances and intragroup transactions as well as profits or losses resulting from intragroup transactions eliminated in preparation of the consolidated financial statements.

Changes in the JAL Group's ownership interests in subsidiaries without a loss of control are accounted for as equity transactions. Any difference between the adjustment to the non-controlling interests and the fair value of the consideration is recognized directly in equity as the equity attributable to owners of parent.

If the JAL Group loses control over a subsidiary, gains or losses arising from loss of control of the subsidiary are recognized in profit or loss.

2) Associates

An associate is an entity over which the JAL Group has significant influence on the entity's financial and operational policies, but does not have control or joint control. It is presumed that the JAL Group has significant influence when it has 20% or more of the voting power of the entity concerned.

As a general rule, investments in associates are accounted for using equity method from the date on which the JAL Group obtained the significant influence until the date on which it ceases to have the significant influence on them. Investments in associates include goodwill (net of any accumulated impairment loss) recognized on acquisition.

In cases where the accounting policies applied by an associate are different from those applied by the JAL Group, adjustments are made to the associate's financial statements, if necessary.

3) Joint ventures

A joint venture is an entity under a contractual agreement whereby two or more parties including the JAL Group share the control of an arrangement of an economic activity, and whose strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The joint ventures held by the JAL Group are accounted for using equity method.

(2) Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the JAL Group. Identifiable assets and liabilities of the acquiree are generally measured at fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred in a business combination, the amount of non-controlling interests in the acquiree, and the fair value of the JAL Group's previously held equity interests in the acquiree over the net value of identifiable assets and liabilities in the acquiree at the acquisition date.

The choice of whether to measure non-controlling interests at fair value or as a proportionate share of the recognized amount of identifiable net assets is made for each business combination.

If the initial accounting for a business combination has not been completed by the end of the period in which the business combination occurred, the business combination is accounted for using provisional amounts. For measurement periods within one year from the acquisition date, provisional amounts are retrospectively adjusted when new information becomes available about facts and circumstances that existed at the acquisition date.

(3) Foreign currency translations

1) 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 the translation of financial assets measured at fair value through other comprehensive income (hereinafter "FVTOCI") and the effective portion of cash flow hedges are recognized in other comprehensive income.

2) 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 in the reporting period unless there are significant changes 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 of, the cumulative amount of the exchange differences is recognized in profit or loss.

(4) 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 (hereinafter "FVTPL"), financial assets measured at FVTOCI or financial assets measured at amortized cost. The classification is determined at the time of initial recognition. The JAL Group recognizes these financial assets on the transaction date when it becomes a party to the contractual provisions of the financial instruments.

Non-derivative financial assets are measured at fair value plus transaction costs, unless the assets are classified as financial assets measured at FVTPL. However, trade receivables that do not contain a significant financing component are measured at the transaction price.

1) Financial assets that are debt instruments

Financial assets that are debt instruments 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 financial 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 that are debt instruments are classified as financial assets measured at FVTOCI if both of the following conditions are met, and are otherwise, classified as financial assets measured at FVTPL:

・ 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 FVTOCI in the reporting period.

2) 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 FVTOCI, except for those held for trading that must be measured at FVTPL. 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 FVTPL in the reporting period.

(b) Subsequent measurement
After initial recognition, financial assets are measured based on the classification as follows:
1) Financial assets measured at amortized cost
Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

2) 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 FVTOCI 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.
When an equity instrument measured at FVTOCI is derecognized, or the fair value decreases significantly, the amount accumulated in other comprehensive income is transferred 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 substantially all the risks and rewards of ownership of the financial assets.

(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 the 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, the 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. If an event occurs that reduces the allowance for doubtful accounts, the reversal of the 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 and derivatives that are liabilities as financial liabilities measured at FVTPL. 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 liabilities on the transaction date when it becomes a party to the contractual provisions of the financial instruments.
All financial liabilities are initially measured at fair value. However, financial liabilities

measured at amortized cost are measured at cost 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:

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

2) Financial liabilities measured at amortized cost
Financial liabilities measured at amortized cost are measured at amortized cost 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 changes in foreign exchange rates associated with liabilities denominated in specific foreign currencies. In addition, commodity derivative contracts are also used for the purpose of controlling the risk of changes in prices of commodities including aviation 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 incurred. After initial recognition, they are subsequently measured at fair value.

At the inception of a 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.

The JAL Group sets appropriate hedge ratios 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 the JAL Group conducts highly effective hedging transactions. However, the value changes of the hedging instrument may exceed those of the hedged item since the JAL Group designated forecast transactions as hedged items. In such a 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 adjusts the hedging ratio to reestablish the effectiveness of the hedge relationship. 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 accumulated 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 accumulated in other comprehensive income are included directly in initial cost or other 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 recognized in equity until such future cash flows occur.

(5) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand; demand deposits including time deposits maturing within one year; and short-term investments that are readily convertible to cash and subject to insignificant risk of change in value, and due within three months from the date of acquisition.

(6) Inventories
Inventories are measured at the lower of 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.

(7) Property, plant and equipment (excluding leases)
1) Recognition and measurement
The JAL Group measures property, plant and equipment by using the cost model at cost less accumulated depreciation and accumulated impairment losses. Cost includes any costs directly attributable to the acquisition of the asset as well as the initially estimated costs for dismantlement, removal, and restoration of the site in which the asset is located.

2) Depreciation and useful life
Depreciation is calculated on depreciable value mainly by the straight-line method over the estimated useful life of each component. Land, advances on flight equipment and other construction in progress are not depreciated.
The estimated useful lives of major property, plant and equipment are as follows:

Flight equipment: 8 to 20 years
Other: 2 to 65 years

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

(8) Goodwill

Goodwill arising from business combinations is stated at cost less accumulated impairment losses. Goodwill is not amortized, but is allocated to cash-generating units or groups of cash-generating units and tested for impairment annually and whenever there is an indication of impairment. Goodwill impairment losses are recognized in profit or loss and are not subsequently reversed. The measurement of goodwill on initial recognition is described in "(2) Business combinations".

(9) 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 cost at 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.

(10) Investment property

Investment property is property held to earn rental income. Investment property is measured by using the cost model, in accordance with the property, plant and equipment, and is disclosed at cost less accumulated depreciation and impairment losses.
Depreciation of an investment property is mainly calculated on a straight-line basis over their respective estimated useful lives of the asset. Land and construction in progress are not depreciated. The estimated useful lives of major investment property is as follows:

Investment property: 1-47 years

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

(11) Leases

The JAL Group determines that a contract, or part of a contract, that transfers the right to control the use of a specified asset over a certain period of time in exchange for consideration constitutes a lease or includes a lease, and recognizes right-of-use assets and lease liabilities on the lease commencement date. 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 lease liabilities 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 liabilities 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 measures the right-of-use asset at cost including the amount of initial measurement of the lease liability as well as already made lease payments and 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.

(12) Impairment of non-financial assets

The JAL Group assesses at the end of each accounting period whether there is any indication of impairment of non-financial assets, except inventories and deferred tax assets. When there is such 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 and intangible assets not yet available for use at the same timing of every fiscal year irrespective of whether there is 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 costs to dispose. 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. For impairment testing, assets on which an impairment testing is not performed individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units.

The JAL Group's corporate assets do not generate independent cash inflows. When there is any indication of impairment of 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 recoverable amount of the asset or cash generating unit. For such impairment loss recognized in association with the cash generating unit, the carrying amount of assets within the cash generating unit is reduced proportionally.

The JAL Group assesses at the end of the 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, except for goodwill, is reversed if there has been a change in the estimates used to measure the asset's recoverable amount. An impairment loss is reversed and the asset's carrying amount is increased to its recoverable amount, only to the extent that its carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortization, had no impairment loss been recognized.

(13) Employee benefits

(a) Post-employment benefits

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

1) 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 determined 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 determined 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.

2) Defined contribution plans

The retirement benefit expenses of defined contribution plans are recognized as an expense in the period in which employees render the related service.

(b) Short-term employee benefit obligations

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

(14) Provisions

Provisions are recognized when the JAL Group has a present legal or constructive obligation as a result of past events, if it is likely that an outflow of economic resources will be required to settle the obligation, and if 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 a finance expense.

1) Asset retirement obligations

Asset retirement obligations are recognized as the amount expected to be paid in the future based on historical restoration track records, quotations, and others in preparation for the obligations to restore to their original condition of the rented offices, buildings, flight equipment, and so forth used by the JAL Group. These expenses are expected to be paid after the lapsing of an estimated period of use, measured based on the useful life of interior fixtures and fittings to its offices and buildings as well as the lease period, and are affected by future business plans.

2) 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 future losses 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 judgement of antitrust authorities and/or the results of the litigation. An outflow of economic benefits is expected to take place after one year from 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.

(15) 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 the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies performance obligations

The JAL Group mainly provides services related to the international and domestic transportation of passengers, cargo and mail, and baggage by aircraft.

Generally, revenue is recognized when the performance obligations are satisfied at the completion of air transportation services.

For details of the criteria for revenue recognition, see Note “26. Revenue.”

(16) Government grants

Government grants are recognized at fair value when the conditions attached to them are met and there is reasonable assurance that the grants will be received.

Government grants related to revenue/expenses are recognized in profit or loss on a periodical basis over the periods in which the related costs that are intended to be compensated by the grants are recognized as expenses. Government grants related to assets are subtracted when calculating the carrying amount for the assets.

(17) Income taxes expenses

Income tax expenses consist of current income taxes and deferred taxes. Income tax expenses are recognized in profit and loss, except for items related to business combinations and items recognized in other comprehensive income or equity.

Current income taxes are measured at the estimated amount of income taxes payable to or receivable from taxing authorities. The tax rates and tax laws used to calculate tax amount have been enacted or substantially enacted at the end of reporting period in countries where the JAL Group operates business and earns taxable profits.

Deferred taxes are calculated based on the temporary differences between the carrying amount at the end of a reporting period and the tax base of assets and liabilities. Deferred tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is recognized to the extent that it is highly probable that the JAL Group will earn taxable profits sufficient enough to realize the benefits of deferred tax assets.

Deferred tax liabilities are in principle recognized for all taxable temporary differences.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- Deductible temporary differences related to investments in subsidiaries and associates or equity interests in jointly controlled entities to the extent that the JAL Group will probably not reverse them in the foreseeable future or that the JAL Group will probably not earn taxable profits against which the deductible temporary differences are utilized.
- Taxable temporary differences related to investments in subsidiaries and associates, or equity interests in jointly controlled entities to the extent that the JAL Group is able to control the timing of the reversal of the temporary differences and that it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured by estimating the statutory effective tax rate expected to be applied in the period in which the assets are realized or liabilities are settled, based on the tax rate enacted or substantially enacted at end of the fiscal year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities, and deferred tax assets and liabilities are related to income taxes levied on the same taxable entity by the same tax authority.

The Company and certain subsidiaries apply the Japanese Group Relief System.

The JAL Group applies the exception to recognition and disclosure with respect to deferred tax assets and deferred tax liabilities for income taxes arising from tax laws enacted or substantively enacted to implement the Pillar two model rules published by the Organization for Economic Cooperation and Development.

(18) Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to be ready for its intended use or sale are capitalized as part of the cost of the asset.

Other borrowing costs are recognized as an expense in profit or loss in the period they were incurred.

(19) Share-based payment

The JAL Group has an equity-settled performance-linked share-based remuneration system for Directors and Executive Officers (excluding Outside Directors). The JAL Group measures the remuneration for the execution of duties of its Directors and Executive Officers (excluding Outside Directors) based on the fair value of the Company's shares to be granted and recognizes the remuneration for the execution of duties as an expense and an increase in equity.

4. Significant accounting estimates and judgements

In preparing the consolidated financial statements, the management makes estimates and judgements based on assumptions that affect the application of the JAL Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and judgements 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. However, actual

future results may differ from these estimates and judgements.
These estimates and underlying assumptions are reviewed/revised on an ongoing basis. The impact of a revision is recognized in the accounting period in which the review is conducted and in future accounting periods.
The estimates of future business performance are recognized based on the JAL Group's Medium-Term Management Plan and incorporates the following major assumptions: demand forecasts for Medium-Term Management Plan period, and forecasts of changes in market conditions in terms of fuel prices and foreign exchange rates.
These assumptions are still uncertain and may impact the JAL Group’s future financial position and operating results.

(1) Estimates

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 (Note “3. Material accounting policies, (15) Revenue” and Note “26. Revenue”)
For revenues from air transportation, contract liabilities are recognized when consideration is received, and the revenues are recognized when air transportation service is completed. 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, given the contractual terms of 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 JAL Group deems miles granted that are to be redeemed by customers in the future as performance obligations, estimates the stand-alone selling price, taking into account the proportion of services chosen by customers to redeem miles, and allocates a transaction price to such performance obligations on the basis of a percentage of the stand-alone selling price of each service. The JAL Group recognizes the transaction price allocated to the performance obligations of the customer loyalty program as contract liabilities and recognizes revenue as customers redeem miles.
Such contract liabilities at the end of the current fiscal year amounted to ¥368,916 million ($2,436,538 thousands).

2) Depreciation of flight equipment (Note “3. Material accounting policies, (7) Property, plant and equipment (excluding leases)”)
Depreciation costs are calculated in consideration of the future economically expected usable period when determining the useful life of each component such as aircraft, aircraft engine parts, and cabin related assets.
The balance of the JAL Group’s flight equipment at the end of the current fiscal year was ¥871,409 million ($5,755,294 thousands).

3) Impairment of non-current assets (Note “3. Material accounting policies, (12) Impairment of non-financial assets” and Note “15. Impairment of non-financial assets”)
The JAL Group assesses whether there is any indication of impairment of assets at the end of the reporting period (the carrying amount of property, plant and equipment, goodwill, intangible assets and investment property as of March 31, 2024 is ¥1,095,551 million ($7,235,662 thousands), ¥87,189 million ($575,849 thousands) and ¥3,561 million ($23,522 thousands), respectively). If such indication of impairment exists for any of the assets, the JAL Group considers the necessity of recognizing impairment losses of such assets.
In the current fiscal year, since operating profit recorded and future earnings estimates continue to anticipate operating profit, the JAL Group determined that there is no indication of impairment.
The impairment loss for the current fiscal year was due to change of cash-generating unit and reduction of the carrying amount to the value in use or the estimated recoverable amount of

trademark rights mainly, and flight equipment decided to be sold.

4) Recognition of deferred tax assets (Note “3. Material accounting policies, (17) Income tax expenses” and Note “17. Income taxes”)
Deferred tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized.
The Company and some of its domestic consolidated subsidiaries use the Japanese Group Relief System. For companies subject to the Japanese Group Relief System, the recoverability of deferred tax assets is determined based on the future taxable profits of a group corporation for corporate tax purposes and on the future taxable profits of each company for local tax purposes. Unused tax losses are recognized as deferred tax assets in the amount expected to be recovered by scheduling the expected years and amounts of unused tax losses deduction based on the estimated future taxable profits and so forth within the carryforward.
Deferred tax assets and deferred tax liabilities at the end of the current fiscal year amounted to ¥229,212 million ($1,513,853 thousands) and ¥3,317 million ($21,909 thousands), respectively.

(2) Judgements
1) Scope of consolidation (Note “3. Material accounting policies, (1) Basis of consolidation”)
The JAL Group considers that it has control over an entity when it has exposures to or rights on variable returns arising from its involvement in the entity and has the ability to affect the returns through the exercise of its power over the entity.

5. Unapplied new accounting standards
Among new or revised standards and interpretations issued by the date of approval of the consolidated financial statements, the following is the main standard which has not been early adopted by the JAL Group. The impact of the adoption of the new IFRS on the JAL Group is under consideration.

Standards	Standards name	Mandatory application period (Fiscal year starting after)	Application period for the JAL Group	Summary of Addition and Revision
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Undecided	Establishment of new requirements regarding presentation and disclosure of financial performance in Profit and Loss Statement to improve companies’ reporting of financial performance

6. Segment information

(1) Overview of segment reporting

The reportable segments for the JAL Group are the components constituting the group about which separated information is available and evaluated regularly by the Board of Directors in deciding how to allocate management resources and evaluating business performance.

The main business operations of the JAL Group are international and domestic transportation services.

Therefore, the JAL Group recognizes the "air transportation business" as the reportable segment.

(2) Information on reportable segment

Revenue and business performance by the JAL Group's reportable segment are as follows.

Intersegment sales are based on the prevailing market prices.

Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

	Reportable segment Air transportation	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue					
Sales to external customers	1,191,091	184,497	1,375,589	–	1,375,589
Intersegment sales	69,960	28,893	98,854	(98,854)	–
Total	1,261,052	213,391	1,474,443	(98,854)	1,375,589
Profit before investing, financing and income tax	50,713	10,990	61,703	2	61,706
Investing income	–	–	–	–	3,970
Investing expenses	–	–	–	–	(1,112)
Finance income	–	–	–	–	2,074
Finance expenses	–	–	–	–	(14,209)
Profit before income tax	–	–	–	–	52,429
Other items					
Depreciation, amortization and impairment losses	(154,087)	(4,784)	(158,872)	675	(158,197)
Share of profit (loss) of investments accounted for using equity method	(4,775)	1,422	(3,353)	(0)	(3,353)

(Notes)
1. "Others" generally comprise planning and sales of travel packages.
2. Adjustment includes intersegment elimination.
3. Segment profit has been adjusted with profit before investing, financing and income tax on the consolidated statement of profit or loss and other comprehensive income.

Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Air transportation				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Revenue					
Sales to external customers	1,446,480	205,410	1,651,890	–	1,651,890
Intersegment sales	68,454	30,934	99,389	(99,389)	–
Total	1,514,934	236,345	1,751,280	(99,389)	1,651,890
Profit before investing, financing and income tax	132,208	9,415	141,624	(222)	141,402
Investing income	–	–	–	–	4,490
Investing expenses	–	–	–	–	(657)
Finance income	–	–	–	–	9,277
Finance expenses	–	–	–	–	(15,206)
Profit before income tax	–	–	–	–	139,306
Other items					
Depreciation, amortization and impairment losses	(143,993)	(6,929)	(150,922)	962	(149,960)
Share of profit (loss) of investments accounted for using equity method	(1,014)	1,643	628	(159)	469

Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Air transportation				
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Revenue					
Sales to external customers	9,553,398	1,356,651	10,910,049	–	10,910,049
Intersegment sales	452,115	204,311	656,427	(656,427)	–
Total	10,005,514	1,560,962	11,566,477	(656,427)	10,910,049
Profit before investing, financing and income tax	873,182	62,186	935,369	(1,467)	933,901
Investing income	–	–	–	–	29,659
Investing expenses	–	–	–	–	(4,340)
Finance income	–	–	–	–	61,274
Finance expenses	–	–	–	–	(100,435)
Profit before income tax	–	–	–	–	920,059
Other items					
Depreciation, amortization and impairment losses	(951,015)	(45,766)	(996,782)	6,357	(990,425)
Share of profit (loss) of investments accounted for using equity method	(6,703)	10,853	4,150	(1,051)	3,098

(Notes)
1. "Others" generally comprise planning and sales of travel packages.
2. Adjustment includes intersegment elimination.
3. Segment profit has been adjusted with profit before investing, financing and income tax on the consolidated statement of profit or loss and other comprehensive income.

(3) Information on products and services

This information is omitted because the classification of products and services is the same as those of the reportable segments.

(4) Information on geographical areas

Revenue from external customers

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

Japan	Asia and Oceania	North America	Europe	Total
724,921	239,500	298,786	112,382	1,375,589

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

Japan	Asia and Oceania	North America	Europe	Total
850,898	324,556	352,569	123,865	1,651,890

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Thousands of U.S. dollars)

Japan	Asia and Oceania	North America	Europe	Total
5,619,832	2,143,559	2,328,577	818,080	10,910,049

(Notes) Classification of countries or regions and major countries or regions belonging to each classification

1) Classification of countries or regions

Countries or regions are classified by geographical proximity.

2) Countries or regions belonging to each classification

Asia and Oceania: China, South Korea, Taiwan, India, Indonesia, Australia, Guam, Singapore, Thailand, the Philippines, Vietnam and Malaysia

North America: the United States of America (excluding Guam) and Canada

Europe: the United Kingdom, France, Germany, Finland and Russia

Non-current assets (excluding financial assets and deferred tax assets)

This information is omitted because the amount of non-current assets located in Japan accounts for the majority of non-current assets in the consolidated statement of financial position.

(5) Information on major customers

This information is omitted because none of the external customers accounts for 10% or more of the revenue presented in the consolidated statement of profit or loss and other comprehensive income.

7. Business combinations

Previous fiscal year (from April 1, 2022 to March 31, 2023)

（Additional acquisition of JALUX Inc.）

In the previous fiscal year, The JAL Group additionally acquired shares of JALUX Inc. which became a consolidated subsidiary in the fiscal year ended March 31, 2022, through a squeeze-out procedure. The JAL Group determined that it is appropriate to account for this acquisition as a single transaction with take over bid in March 24, 2022.

As a result, percentage of voting equity interests in JALUX Inc. held by the JAL Group increased from 60.3% to 69.7%. The acquisition cost of the additional shares of JALUX Inc. acquired through a squeeze-out procedure was ¥3,087 million, and the additional acquisition resulted in a decrease in non-controlling interest of ¥2,653 million and an increase in goodwill of ¥434 million, which are presented in " Changes in ownership interest in subsidiaries" in the consolidated statement of changes in equity and “Payments for acquisition of subsidiaries” in the consolidated statement of cash flows.

Acquisition-related costs for this business combination amounted to ¥68 million and are recognized in "Investing expenses " in the consolidated statement of profit or loss and other comprehensive income.

Current fiscal year (from April 1, 2023 to March 31, 2024)

There were no individually significant business combinations in the current fiscal year.

8. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and deposits (including time deposits maturing within one year)	639,247	711,868	4,701,591
Short-term investments	–	1,999	13,207
Total	639,247	713,867	4,714,799

All cash and deposits as well as short-term investments are classified as financial assets measured at amortized cost.

9. Trade and other receivables

The breakdown of trade and other receivables is as follows.
There is no materiality in the amount not expected to be collected within one year.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Notes and operating accounts receivable	153,507	155,051	1,024,053
Lease receivable	1,577	2,695	17,802
Other	19,821	15,276	100,894
Total	174,906	173,023	1,142,750

Trade and other receivables, excluding lease receivable, are classified as financial assets measured at amortized cost.

10. Other financial assets

(1) Breakdown of other financial assets

The breakdown of other financial assets is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Financial assets measured at FVTOCI			
Shares and so forth (Note 1)	90,855	97,426	643,459
Financial assets measured at amortized cost			
Guarantee deposits	34,395	29,549	195,164
Loans receivable	7,254	6,499	42,927
Bonds receivable	5,720	5,836	38,548
Other	391	264	1,746
Financial assets measured at FVTPL			
Derivative assets (Note 2)	12,023	16,162	106,747
Investments in investment limited partnerships	12,777	15,069	99,526
Lease receivable	6,424	4,594	30,342
Total	169,841	175,403	1,158,464
Current assets	11,202	16,472	108,795
Non-current assets	158,638	158,930	1,049,668
Total	169,841	175,403	1,158,464

(Notes)
1. These financial assets are designated as those measured at FVTOCI because they are held for purposes other than pure investment.
2. Derivative assets are classified as financial assets measured at FVTPL. However, as the Company uses highly effective hedges, it recognizes almost all changes in the fair value of derivative assets as an effective portion of cash flow hedges in other comprehensive income.

(2) Financial assets measured at FVTOCI

The breakdown of equity financial assets measured at FVTOCI is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Marketable	53,550	56,133	370,739
Non-marketable	37,304	41,292	272,720
Total	90,855	97,426	643,459

The fair values of major marketable issues among the above are as follows. Such marketable issues are held for the purpose of building, maintaining and strengthening business relationships and partnerships.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan Airport Terminal Co., Ltd.	29,028	26,081	172,257
AEON Co., Ltd.	8,850	12,399	81,896
Oriental Land Co., Ltd.	8,512	9,116	60,208

Non-marketable issues are mainly investments in business partners that manage and operate airport terminals, and are held for the purpose of building, maintaining and strengthening business relationships and partnerships.

(3) Derecognition of financial assets measured at FVTOCI

The JAL Group derecognizes some of financial assets measured at FVTOCI by selling them for the purposes of increasing asset efficiency, reviewing business relationships, and so forth.

The fair value at derecognition and the cumulative gains or losses recognized in other comprehensive income at the time of sale in each fiscal year are as follows:

Previous fiscal year (from April 1, 2022 to March 31, 2023)		Current fiscal year (from April 1, 2023 to March 31, 2024)	
Fair value	Accumulated gains (losses)	Fair value	Accumulated gains (losses)
Millions of yen	Millions of yen	Millions of yen	Millions of yen
1,332	611	466	209

Current fiscal year (from April 1, 2023 to March 31, 2024)	
Fair value	Accumulated gains (losses)
Thousands of U.S. dollars	Thousands of U.S. dollars
3,078	1,380

When financial assets measured at FVTOCI are derecognized or when their fair value decreases significantly, accumulated gains or losses that have been recognized as other comprehensive income are transferred to retained earnings. Accumulated gains or losses of other comprehensive income (net of tax) transferred to retained earnings amounted to ¥(276) million and ¥(852) million ($(5,632) thousands) for the previous and current fiscal years, respectively.

The following is the breakdown of dividend income recognized from equity financial instruments measured at FVTOCI:

Previous fiscal year (from April 1, 2022 to March 31, 2023)		Current fiscal year (from April 1, 2023 to March 31, 2024)	
Investments derecognized during the year	Investments held as of the year end	Investments derecognized during the year	Investments held as of the year end
Millions of yen	Millions of yen	Millions of yen	Millions of yen
47	2,468	23	2,227

Current fiscal year (from April 1, 2023 to March 31, 2024)	
Investments derecognized during the year	Investments held as of the year end
Thousands of U.S. dollars	Thousands of U.S. dollars
154	14,713

11. Inventories

The breakdown of inventories is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Flight equipment spare parts and supplies	27,010	31,927	210,869
Goods	9,737	12,021	79,400
Total	36,747	43,949	290,269

Inventories recognized as expenses for the previous and current fiscal years amounted to ¥381,133 million and ¥439,709 million ($2,904,100 thousands), respectively.
Write-downs of inventories recognized as expenses for the previous and current fiscal years were ¥448 million and ¥801 million ($5,296 thousands), respectively.

12. Property, plant and equipment

(1) Changes

Changes in the carrying amounts, and cost, accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

Carrying amounts

	Flight equipment	Advances on flight equipment	Land	Buildings	Other construction in progress	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	834,287	70,409	761	35,203	1,898	23,844	966,405
Acquisition (Note 1, 2)	11, 178	75,433	–	1,124	7,040	1,941	96,716
Depreciation	(95,333)	–	–	(3,652)	–	(6,360)	(105,345)
Impairment losses	(293)	–	–	(421)	–	(23)	(738)
Transfer	43,410	(43,410)	–	1,384	(4,239)	2,854	–
Disposal	(5,257)	–	–	(123)	–	(152)	(5,533)
Exchange differences on translation of foreign operations	–	–	–	2	0	12	14
Other	95	–	–	368	(2,134)	(5)	(1,676)
As of March 31, 2023	788,087	102,431	761	33,886	2,565	22,109	949,842
Acquisition (Note 1, 2)	23,733	153,616	–	1,055	7,300	3,257	188,963
Depreciation	(91,917)	–	–	(3,641)	–	(6,488)	(102,047)
Impairment losses	(322)	–	–	(123)	–	(141)	(588)
Transfer	121,302	(121,302)	–	1,385	(5,902)	4,516	–
Disposal	(16,613)	–	–	(59)	–	(52)	(16,725)
Exchange differences on translation of foreign operations	–	–	–	1	–	8	9
Other	21	–	–	10	(589)	(36)	(594)
As of March 31, 2024	824,292	134,745	761	32,514	3,374	23,172	1,018,860

Carrying amounts

	Flight equipment	Advances on flight equipment	Land	Buildings	Other construction in progress	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	5,204,992	676,519	5,026	223,808	16,943	146,023	6,273,314
Acquisition (Note 1, 2)	156,750	1,014,574	–	6,968	48,219	21,515	1,248,028
Depreciation	(607,075)	–	–	(24,052)	–	(42,854)	(673,982)
Impairment losses	(2,129)	–	–	(818)	–	(936)	(3,884)
Transfer	801,155	(801,155)	–	9,153	(38,982)	29,829	–
Disposal	(109,726)	–	–	(392)	–	(345)	(110,464)
Exchange differences on translation of foreign operations	–	–	–	6	–	57	64
Other	139	–	–	68	(3,893)	(242)	(3,927)
As of March 31, 2024	5,444,106	889,939	5,026	214,741	22,287	153,046	6,729,148

(Notes) 1. Government grants received from the government and local municipalities associated with flight equipment renewals for operations to remote islands amounted to ¥174 million and ¥83 million ($551 thousands) for the previous and current fiscal years, respectively. The tax purpose reduction entry was applied for these government grants, and cost presented net of government grants. There are no unfulfilled conditions or other contingencies associated with these government grants.

2. In the previous and current fiscal years, borrowing costs attributable to the acquisition of property, plant and equipment were capitalized as part of the cost of the assets. Borrowing costs capitalized in the previous and current fiscal years amounted to ¥1,302 million and ¥943 million ($6,231 thousands), respectively. The capitalization rates applied were 0.41% and 0.44%, respectively.

Cost

	Flight equipment	Advances on flight equipment	Land	Buildings	Other construction in progress	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2022	1,517,344	70,409	761	73,699	1,898	61,913	1,726,027
March 31, 2023	1,446,708	102,431	761	75,930	2,565	63,086	1,691,484
March 31, 2024	1,587,651	134,745	761	77,916	3,374	68,391	1,872,839

Cost

	Flight equipment	Advances on flight equipment	Land	Buildings	Other construction in progress	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
March 31, 2024	10,485,774	889,939	5,026	514,605	22,287	451,694	12,369,328

Accumulated depreciation and accumulated impairment losses

	Flight equipment	Advances on flight equipment	Land	Buildings	Other construction in progress	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 1, 2022	(683,056)	–	–	(38,496)	–	(38,069)	(759,621)
March 31, 2023	(658,620)	–	–	(42,043)	–	(40,977)	(741,642)
March 31, 2024	(763,358)	–	–	(45,402)	–	(45,218)	(853,979)

Accumulated depreciation and accumulated impairment losses

	Flight equipment	Advances on flight equipment	Land	Buildings	Other construction in progress	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
March 31, 2024	(5,041,667)	–	–	(299,864)	–	(298,648)	(5,640,179)

13. Goodwill and intangible assets

(1) Changes

Changes in the carrying amounts, cost, accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows:

Carrying amounts

	Goodwill	Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	3,239	81,324	7,140	91,703
Increase (Note)	–	21,114	4	21,119
Acquisition through business combinations	434	–	–	434
Amortization	–	(27,964)	(328)	(28,293)
Impairment losses	–	(4)	–	(4)
Disposal	–	(201)	(2)	(204)
Exchange differences on translation of foreign operations	–	0	0	0
Other	–	(1,445)	–	(1,445)
As of March 31, 2023	3,673	72,822	6,814	83,310
Increase (Note)	–	28,581	4	28,586
Acquisition through business combinations	317	–	–	317
Amortization	–	(21,167)	(329)	(21,496)
Impairment losses	–	(57)	(1,758)	(1,815)
Disposal	–	(534)	(12)	(547)
Exchange differences on translation of foreign operations	–	3	0	3
Other	–	(1,168)	–	(1,168)
As of March 31, 2024	3,990	78,479	4,719	87,189

The carrying amount of intangible assets with indefinite useful lives (excluding goodwill) was ¥1,758 million for the previous fiscal year. These were trademark rights acquired in business combination. As these trademark rights existed as long as business was continued, useful lives of these intangible assets were assumed to be indefinite. In the current fiscal year, a full of impairment loss is recorded and the carrying amount is reduced to zero.

Carrying amounts

	Goodwill	Software	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	24,260	480,963	45,004	550,229
Increase (Note)	–	188,766	32	188,799
Acquisition through business combinations	2,096	–	–	2,096
Amortization	–	(139,799)	(2,175)	(141,975)
Impairment losses	–	(379)	(11,610)	(11,990)
Disposal	–	(3,532)	(82)	(3,614)
Exchange differences on translation of foreign operations	–	24	0	24
Other	–	(7,720)	–	(7,720)
As of March 31, 2024	26,357	518,322	31,169	575,849

Cost

	Goodwill	Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	3,239	271,389	7,205	281,833
As of March 31, 2023	3,673	259,177	7,214	270,065
As of March 31, 2024	3,990	249,227	5,449	258,667

Cost

	Goodwill	Software	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	26,357	1,646,043	35,991	1,708,392

Accumulated amortization and accumulated impairment losses

	Goodwill	Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2022	–	(190,064)	(64)	(190,129)
As of March 31, 2023	–	(186,354)	(400)	(186,755)
As of March 31, 2024	–	(170,748)	(730)	(171,478)

Accumulated amortization and accumulated impairment losses

	Goodwill	Software	Other	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	–	(1,127,720)	(4,822)	(1,132,543)

(Notes) The increase in a cost of software is mainly due to internal development.

14. Investment property

(1) Changes

Changes in the cost, accumulated depreciation and accumulated impairment losses of investment property are as follows:

Cost

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	3,154	4,005	26,452
Acquisition	1,431	827	5,462
Disposal	(107)	(508)	(3,358)
Transfer to inventories	(472)	–	–
Other	–	–	–
Balance at end of period	4,005	4,323	28,556

Accumulated depreciation and accumulated impairment losses

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	(238)	(709)	(4,683)
Depreciation	(606)	(561)	(3,709)
Impairment losses	–	–	–
Disposal	107	508	3,358
Transfer to inventories	28	–	–
Other	–	–	–
Balance at end of period	(709)	(762)	(5,034)

The carrying amounts and fair value are as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amounts	3,296	3,561	23,522
Fair values	3,245	2,990	19,754

The fair value of investment property is amounts that the JAL Group calculated based on the "real estate appraisal standards".
Upon an acquisition from a third party or at the time of the most recent appraisal, if there is no significant change in the index which is believed to reflect a certain appraised value (market or assessed price) or appropriate market value, the fair value is the amounts adjusted using such appraised value or index.

The level of the fair value hierarchy of investment property is level 3.
As set forth under Note “34. Financial instruments,” fair value is categorized into three levels in a fair value hierarchy based on the inputs used in the valuation techniques.

(2) Income and expense from investment property

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Rental income	783	800	5,286
Rental expenses	633	545	3,600
Profit or loss	150	255	1,686

Rental income from investment property is mainly recognized in “Other revenue” in the consolidated statement of profit or loss and other comprehensive income.
Rental expenses are the expenses corresponding to rental income (depreciation, repairs, insurance and tax and others.), and recognized in “Depreciation, amortization and impairment losses” and “Other operating expenses” in the consolidated statement of profit or loss and other comprehensive income.

15. Impairment of non-financial assets

(1) Impairment loss

In determining impairment losses, the JAL Group classifies its assets into asset groups based on cash-generating units, which are the smallest identifiable groups of assets generating cash flows that are largely independent of cash inflows from other assets or groups of assets. In addition, assets to be sold or retired, or idle assets are grouped by individual property.
Impairment losses were recognized in “Depreciation, amortization and impairment losses” in the consolidated statement of profit or loss and other comprehensive income.

The impairment loss on property, plant and equipment recognized in the previous fiscal year mainly relates to parts related to flight equipment that have been decided to be sold and airport building structures that have been decided to be returned. The use and grouping unit of such assets were changed. The carrying amount of such assets was reduced to their recoverable amount of ¥34 million , which was calculated by measuring the fair value net of disposal costs based on a sales agreement and other factors, because the JAL Group has no plan on those assets to make alternative investments while its estimated selling price is expected to be less than their carrying amount. The fair value hierarchy is classified as Level 3.

The breakdown of impairment losses recognized for the previous fiscal year is as follows:

(Millions of yen)

Segment	Usage	Type of assets	Amount
Air transportation business	Assets to be sold or retired, or idle assets	Buildings Flight equipment Other	381 293 17
Others	Assets for business use	Property, plant and equipment Intangible assets	50 0
Total			743

The impairment loss recognized in the current fiscal year mainly relates to trademark rights and parts related to flight equipment that have been decided to be sold or retired. The use and grouping unit of parts related to flight equipment were changed. The carrying amount of such assets was reduced to their recoverable amount of ¥95 million ($631 thousands), which was calculated by measuring the fair value net of disposal costs based on a sales agreement and other factors, because the JAL Group has no plan on those assets to make alternative investments while its estimated selling price is expected to be less than their carrying amount. The fair value hierarchy is classified as Level 3. Regarding trademark rights, the value in use was estimated to be zero and an impairment loss was recognized.

The breakdown of impairment losses recognized for the current fiscal year is as follows:

(Millions of yen)

Segment	Usage	Type of assets	Amount
Air transportation business	Assets to be sold or retired, or idle assets	Flight equipment Other	322 30
Others	Assets for business use	Property, plant and equipment Intangible assets	258 1,792
Total			2,403

(Thousands of U.S. dollars)

Segment	Usage	Type of assets	Amount
Air transportation business	Assets to be sold or retired, or idle assets	Flight equipment Other	2,129 199
Others	Assets for business use	Property, plant and equipment Intangible assets	1,705 11,840
Total			15,875

(2) Goodwill and intangible assets with indefinite useful lives impairment test

The following table shows the segments and their carrying amounts to which goodwill and intangible assets with indefinite useful lives are allocated with respect to the impairment of non-financial assets.

Goodwill

Segment	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Air transportation business	505	505	3,340
Others	3,167	3,484	23,016
Total	3,673	3,990	26,357

Intangible assets with indefinite useful lives

Segment	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Others	1,758	–	–
Total	1,758	–	–

The cash-generating units to which goodwill and intangible assets with indefinite useful lives are allocated are tested for impairment annually and whenever an indication of impairment exists.

The recoverable amount of a cash-generating unit to which goodwill and intangible assets with indefinite useful lives have been allocated is the greater of its value in use and its fair value less costs

to dispose of.
Estimated future cash flows are calculated by reflecting historical experience and external information. The calculation of cash flows is based on a business plan approved by management for a period of five years or less, and for periods beyond the period covered by the business plan, the calculation is based on projected cash flows with a growth rate of zero for each period.
Regarding the estimated future cash flows of the business of the cash-generating unit to which goodwill was allocated, the JAL Group calculated and reviewed the estimated recoverable amount, which is the value in use obtained by discounting the cash flows corresponding to the estimated useful life of the main asset used in the business, to the present value using the pre-tax discount rate that reflects the time value of money and the inherent risks of the asset. As a result, no impairment loss was recognized because the estimated recoverable amount was determined to exceed the carrying amount.
Since the estimated recoverable amount is well in excess of the carrying amount, it is considered unlikely that a material impairment loss would be recognized even if the key assumptions used in the impairment assessment were to change within a reasonably foreseeable range.
Regarding intangible assets with indefinite useful lives, the value in use was estimated to be zero and an impairment loss was recognized.

16. Investments accounted for using equity method

(1) Investments in associates

The carrying amount of investments in individually immaterial associates is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	16,646	19,858	131,158

Equity share in comprehensive income of individually immaterial associates is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Equity share in profit	(3,915)	(270)
Equity share in other comprehensive income	27	145
Equity share in comprehensive income	(3,888)	(124)

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Equity share in profit	(1,787)
Equity share in other comprehensive income	963
Equity share in comprehensive income	(823)

(2) Investments in joint ventures

The carrying amount of investments in individually immaterial joint ventures is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	3,553	4,400	29,063

Equity share in comprehensive income of individually immaterial joint ventures is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Equity share in profit	561	739
Equity share in other comprehensive income	15	106
Equity share in comprehensive income	577	846

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Equity share in profit	4,885
Equity share in other comprehensive income	706
Equity share in comprehensive income	5,591

No individually material associates or joint ventures exist in the JAL Group.

(3) Unrecognized equity in losses of associates following discontinued recognition by JAL Group

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Unrecognized equity in losses of associates for the year	–	–
Accumulated unrecognized equity in losses of associates	1,050	–

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Unrecognized equity in losses of associates for the year	–
Accumulated unrecognized equity in losses of associates	–

17. Income taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of major factors for deferred tax assets and deferred tax liabilities and changes in these assets and liabilities are as follows:

Previous fiscal year (from April 1, 2022 to March 31, 2023)

	As of April 1, 2022	Recognized through profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Business combinations	Other	As of March 31, 2023
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets							
Retirement benefit liability	44,864	1,177	(6,302)				39,739
Lease liabilities	21,943	(1,908)					20,034
Long-term borrowings	11,727	2,881					14,609
Contract liabilities	21,869	(12,526)					9,342
Excess of maximum amount of tax deductible depreciation	3,066	1,957					5,023
Unrealized gains	3,308	(284)					3,024
Deferred liability on flight equipment	2,738	56					2,794
Impairment losses	2,330	(12)					2,317
Asset retirement obligations	5,143	(128)					5,014
Accrued bonuses	358	2,209					2,568
Effective portion of cash flow hedges	22		1,666				1,689
Unused tax losses	239,081	(8,749)					230,331
Other	5,723	366				148	6,237
Total	362,177	(14,962)	(4,636)	–	–	148	342,726
Deferred tax liabilities							
Flight equipment (Note 1)	23,195	(1,376)					21,819
Financial assets measured at FVTOCI	16,526		1,164				17,690
Right-of-use assets (Note 2)	9,099	(1,246)					7,852
Effective portion of cash flow hedges	17,697		(13,119)	(861)			3,716
Retirement benefit asset	1,558	859	386				2,805
Asset retirement obligations	3,942	(1,405)					2,537
Other	9,978	1,175					11,154
Total	81,998	(1,992)	(11,567)	(861)	–	–	67,576

(Notes)
1. Deferred tax liability associated with carrying amounts related to the estimated cost of restoring the underlying asset is excluded, which is included in "Asset retirement obligations".
2. Deferred tax liability associated with right-of-use assets with the underlying assets of flight equipment is excluded, which is included in "Flight equipment".

As described in Note “2. Basis of Preparation (3) Changes in accounting policies”, the JAL Group has applied "Clarify the accounting for deferred taxes on leases and decommissioning obligations (Amendment of IAS 12)" from the current fiscal year, and figures for the previous fiscal year have been retrospectively adjusted.

Current fiscal year (from April 1, 2023 to March 31, 2024)

	As of April 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Business combinations	Other	As of March 31, 2024
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Deferred tax assets							
Retirement benefit liability	39,739	(63)	(3,737)				35,938
Lease liabilities	20,034	111					20,146
Long-term borrowings	14,609	(2,617)					11,991
Contract liabilities	9,342	(3,832)					5,509
Excess of maximum amount of tax deductible depreciation	5,023	173					5,197
Unrealized gains	3,024	310					3,334
Deferred liability on flight equipment	2,794	(364)					2,430
Impairment losses	2,317	(8)					2,309
Asset retirement obligations	5,014	(250)					4,764
Accrued bonuses	2,568	(602)					1,965
Effective portion of cash flow hedges	1,689		(1,532)				156
Unused tax losses	230,331	(34,364)					195,967
Other	6,237	58				51	6,348
Total	342,726	(41,449)	(5,270)	–	–	51	296,058
Deferred tax liabilities							
Flight equipment (Note 1)	21,819	(1,400)					20,418
Financial assets measured at FVTOCI	17,690		1,959				19,650
Right-of-use assets (Note 2)	7,852	600					8,453
Effective portion of cash flow hedges	3,716		2,747	(1,257)			5,206
Retirement benefit asset	2,805	158	1,137				4,100
Asset retirement obligations	2,537	(536)					2,001
Other	11,154	(821)					10,332
Total	67,576	(1,998)	5,843	(1,257)	–	–	70,163

Current fiscal year (from April 1, 2023 to March 31, 2024)

	As of April 1, 2023	Recognized through profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Business combinations	Other	As of March 31, 2024
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Deferred tax assets							
Retirement benefit liability	262,461	(418)	(24,683)				237,359
Lease liabilities	132,320	737					133,057
Long-term borrowings	96,490	(17,289)					79,200
Contract liabilities	61,702	(25,314)					36,388
Excess of maximum amount of tax deductible depreciation	33,177	1,147					34,324
Unrealized gains	19,972	2,048					22,020
Deferred liability on flight equipment	18,458	(2,406)					16,051
Impairment losses	15,306	(54)					15,252
Asset retirement obligations	33,116	(1,651)					31,464
Accrued bonuses	16,963	(3,980)					12,982
Effective portion of cash flow hedges	11,155		(10,124)				1,031
Unused tax losses	1,521,242	(226,961)					1,294,281
Other	41,198	389				342	41,930
Total	2,263,566	(273,755)	(34,807)	–	–	342	1,955,345
Deferred tax liabilities							
Flight equipment (Note 1)	144,107	(9,250)					134,857
Financial assets measured at FVTOCI	116,840		12,940				129,781
Right-of-use assets (Note 2)	51,863	3,968					55,832
Effective portion of cash flow hedges	24,548		18,144	(8,306)			34,386
Retirement benefit asset	18,528	1,045	7,509				27,084
Asset retirement obligations	16,758	(3,542)					13,215
Other	73,668	(5,423)					68,244
Total	446,314	(13,201)	38,594	(8,306)	–	–	463,401

(Notes)
1. Deferred tax liability associated with carrying amounts related to the estimated cost of restoring the underlying asset is excluded, which is included in "Asset retirement obligations".
2. Deferred tax liability associated with right-of-use assets with the underlying assets of flight equipment is excluded, which is included in "Flight equipment".

In recognizing deferred tax assets, the JAL Group considers the possibility that the deductible temporary differences and some or all of the unused tax losses will be available for future taxable profits. In respect to evaluation of the recoverability of deferred tax assets, the JAL Group considers scheduled reversal of deferred tax liabilities, expected future taxable profits and tax planning. The JAL Group believes that it is highly probable that tax benefits of the recognized deferred tax assets are to be realized based on the past taxable profits levels and future taxable profits expected to be earned in the deductible period of deferred tax assets.

Unused tax losses and deductible temporary differences for unrecognized deferred tax assets are as follows. The amounts below are presented on their tax base:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Unused tax losses	19,457	18,685	123,411
Deductible temporary differences	14,150	16,786	110,864
Total	33,607	35,471	234,275

The expiration year of unused tax losses for unrecognized deferred tax assets is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Year 1	1,610	1,225	8,092
Year 2	1,225	1,369	9,045
Year 3	1,369	1,610	10,639
Year 4	1,610	814	5,380
Year 5 or later	13,640	13,665	90,252
Total	19,457	18,685	123,411

The aggregate amount of taxable temporary differences related to investments in subsidiaries and associates for unrecognized deferred tax liabilities as of March 31, 2023 and March 31, 2024 was ¥172,743 million and ¥181,732 million ($1,200,268 thousands). The deferred tax liabilities associated with such temporary differences were not recognized because the JAL Group is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

(2) Income tax expenses

The breakdown of income tax expenses for the previous and current fiscal years is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Current tax expense	5,582	3,944
Deferred tax expense	12,970	39,450
Total	18,553	43,394

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Current tax expense	26,049
Deferred tax expense	260,553
Total	286,603

Deferred tax expense is mainly related to the occurrence and elimination of temporary differences, except for the following

Deferred tax expenses decreased by ¥879 million and ¥666 million ($4,399 thousands) for the previous and current fiscal years respectively, by recognizing deferred tax assets for unused tax losses incurred in the reporting period.

The amount of the benefit from a previously unrecognized tax loss or temporary difference of a prior period that is used to reduce deferred tax expense for the previous and current fiscal years was ¥1,404 million and ¥23 million ($157 thousands) included in deferred tax expense.

The amount of income taxes expected to be affected by the "International Tax Reform – the Pillar two model rules (Amendment to IAS 12)" is minimal.

The statutory effective tax rate applied to the Company and its domestic consolidated subsidiaries for the previous and current fiscal years was 29.9% and 29.9%, respectively.

The factors of differences between the statutory effective tax rate and the average effective tax rate are as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	%	%
Statutory effective tax rate	29.9	29.9
Share of profit (loss) of investments accounted for using equity method	1.9	(0.1)
Changes in unrecognized deferred tax assets	0.6	2.2
Correction of tax rate reduction	2.3	0.3
Other	0.7	(1.1)
Average effective tax rate after application of tax effect accounting	35.4	31.2

18. Interest-bearing liabilities and other financial liabilities

(1) Breakdown of interest-bearing liabilities

The breakdown of interest-bearing liabilities is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024	Average interest rate (Note 1)	Repayment schedule
	Millions of yen	Millions of yen	Thousands of U.S. dollars	%	
Current					
Short-term borrowings	3,050	1,264	8,349	0.3	–
Commercial paper	7,597	1,999	13,203	0.3	–
Current portion of long-term borrowings	70,456	71,462	471,983	0.5	–
Current portion of bonds payable (Note 3)	9,988	9,991	65,989	0.1	–
Current portion of lease liabilities	20,872	22,214	146,718	0.9	–
Accounts payable – installment purchase	2	3	21	2.7	–
Non-current					
Long-term borrowings (Note 2)	514,216	469,415	3,100,292	1.5	June 30, 2025 through November 30, 2057
Bonds payable (Note 3)	248,566	258,732	1,708,823	1.2	June 10, 2026 through October 11, 2058
Lease liabilities	50,744	52,205	344,792	1.0	April 22, 2025 through March 19, 2036
Long-term accounts payable – installment purchase	7	5	33	2.8	June 28, 2026 through September 26, 2026
Total	925,504	887,294	5,860,207	–	–
Current liabilities	111,968	106,935	706,265	–	–
Non-current liabilities	813,535	780,358	5,153,942	–	–
Total	925,504	887,294	5,860,207	–	–

Borrowings, commercial paper, bonds payable, and accounts payable – installment purchase are classified as financial liabilities measured at amortized cost.

(Notes)
1. The average interest rates are the weighted average interest rates on the outstanding liabilities as of March 31, 2024.
2. Some long-term borrowings are subject to interest rate step-up after a certain period of time. The contract also allows early repayment on each interest payment date after a certain period.
3. The summary of conditions to issue corporate bonds is as follows:

Company name	Issue	Date of issue	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024	Interest rate	Collateral	Date of maturity
			Millions of yen	Millions of yen	Thousands of U.S. dollars	%		
Japan Airlines Co., Ltd.	Series 1 Unsecured Corporate Bond	Dec. 20, 2016	9,975	9,982	65,929	0.470	None	Dec. 18, 2026
Japan Airlines Co., Ltd.	Series 3 Unsecured Corporate Bond	Sep. 21, 2018	9,962	9,969	65,842	0.399	None	Sep. 21, 2028
Japan Airlines Co., Ltd.	Series 4 Unsecured Corporate Bond	Sep. 21, 2018	9,938	9,942	65,666	0.960	None	Sep. 21, 2038
Japan Airlines Co., Ltd.	Series 5 Unsecured Corporate Bond	Mar. 20, 2019	9,988 (9,988)	–	–	0.220	None	Mar. 19, 2024
Japan Airlines Co., Ltd.	Series 6 Unsecured Corporate Bond	Dec. 16, 2019	9,980	9,991 (9,991)	65,989 (65,989)	0.130	None	Dec. 16, 2024
Japan Airlines Co., Ltd.	Series 7 Unsecured Corporate Bond	Dec. 16, 2019	9,955	9,961	65,793	0.280	None	Dec. 14, 2029
Japan Airlines Co., Ltd.	Series 9 Unsecured Corporate Bond	Mar. 19, 2020	9,933	9,937	65,631	0.700	None	Mar. 19, 2040
Japan Airlines Co., Ltd.	Series 10 Unsecured Corporate Bond	Jun. 10, 2021	29,899	29,930	197,675	0.580	None	Jun. 10, 2026
Japan Airlines Co., Ltd.	Series 11 Unsecured Corporate Bond	Mar. 1, 2022	9,950	9,962	65,799	0.700	None	Mar. 1, 2027
Japan Airlines Co., Ltd.	Series 12 Unsecured Corporate Bond	Jun. 19, 2023	–	19,890	131,369	1.200	None	Jun. 17, 2033
Japan Airlines Co., Ltd.	Series 1 Unsecured subordinated bond with interest payment deferrable clause and optional early redemption conditions (Note 2)	Oct. 12, 2021	148,972	149,156	985,116	1.600	None	Oct. 11, 2058
Total			258,555 (9,988)	268,724 (9,991)	1,774,812 (65,989)			

(Notes)
1. ( ) is the amount to be redeemed within one year.
2. The interest rate step-up will occur on or after the day following the interest payment date in October 2028. The contract also allows early redemption on each interest payment date on or after October 2028.

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(2) Breakdown of other financial liabilities

The breakdown of other financial liabilities is as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Financial liabilities measured at amortized cost			
Long-term notes payable on non-current assets	18,227	18,366	121,300
Deposits received	44,154	51,400	339,478
Other	15	15	101
Financial liabilities measured at FVTPL			
Derivative liabilities (Note)	5,683	592	3,912
Total	68,081	70,374	464,793
Current liabilities	58,749	44,972	297,023
Non-current liabilities	9,331	25,401	167,769
Total	68,081	70,374	464,793

(Note) Derivative liabilities are classified as financial liabilities measured at FVTPL. However, as the Company uses highly effective hedges, it recognizes almost all changes in the fair value of derivative liabilities as an effective portion of cash flow hedges in other comprehensive income.

19. Assets pledged as collateral

Assets pledged as collateral and obligations secured by such collateral

Assets pledged as collateral are as follows.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Flight equipment	433,429	396,651	2,619,715
Others	8,520	8,619	56,926
Total	441,949	405,270	2,676,642

Obligations secured by such collateral are as follows.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current portion of long-term borrowings	56,192	57,410	379,170
Long-term borrowings	244,394	194,194	1,282,572
Total	300,586	251,604	1,661,742

It is confirmed in each agreement in accordance with general arrangements 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 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, the JAL Group’s associate
· Kyushu Kumamoto International Airport Co., Ltd.
· Hokkaido Airports Co., Ltd.

20. Leases

(1) Lessees

The JAL Group has entered into lease contracts for aircraft, real estate and other equipment for the primary purposes of managing funds efficiently, reducing administrative workloads associated with asset management, ensuring the flexibility of asset replacement, and so forth. Out of these contracts, the JAL Group determines that a contract, or part of a contracts, that transfers the right to control the use of a specified asset over a certain period of time in exchange for consideration constitutes a lease or includes a lease, and recognizes right-of-use assets and lease liabilities on the lease commencement date. 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.

Some of the above lease contracts contain options for the lessee to extend or terminate the lease and an option for the lessee to purchase the underlying asset.

The JAL Group exercises these options to extend or terminate the lease and the option to purchase the underlying asset when it deems it necessary to do so, taking into comprehensive consideration such factors as the profitability of the underlying asset, changes in the neighboring markets, and conditions to exercise such options. However, if it is not reasonably certain to exercise such options at the commencement date of the lease, the JAL Group does not include the extension or termination period in the lease term or include lease payments in the term and the exercise price of the purchase option in the measurement of the lease liabilities.

The JAL Group reassesses whether it is reasonably certain to exercise any of the options to extend or terminate the lease and the option to purchase the underlying asset upon the occurrence of either a significant event or a significant change in circumstances. The JAL Group did not make such reassessment in the current fiscal year.

The JAL Group does not have any materiality of leases with variable lease payments, leases for which the underlying asset is of low value, leases with residual value guarantees, and leases not yet commenced to which the JAL Group is committed.

The breakdown of right-of-use assets as of March 31, 2023 and March 31, 2024 is as follows:

(Millions of yen)

	Type of underlying assets			Total
	Flight equipment	Buildings	Other	
As of March 31, 2023	51,117	18,120	8,715	77,953
As of March 31, 2024	47,116	21,302	8,271	76,691

(Thousands of U.S. dollar)

	Type of underlying assets			Total
	Flight equipment	Buildings	Other	
As of March 31, 2024	311,187	140,693	54,632	506,513

(Note) The right-of-use assets of flight equipment are included in “Flight equipment” in the consolidated statement of financial position. The right-of-use assets of buildings and other are included in “Other property, plant and equipment” in the consolidated statement of financial position.

The following tables show increases in right-of-use assets, and expenses and cash outflows associated with leases for the previous and current fiscal years:

(Millions of yen)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Depreciation for right-of-use assets		
Those with the underlying assets of flight equipment	11,950	11,797
Those with the underlying assets of buildings	6,673	6,995
Those with the underlying assets of other	2,811	2,618
Total depreciation for right-of-use assets	21,436	21,410
Interest expenses on lease liabilities	582	629
Expenses associated with short-term leases	6,811	7,295
Cash outflows associated with leases	35,606	33,631
Increase in right-of-use assets	15,853	20,600

(Thousands of U.S. dollars)

	Current fiscal year (from April 1, 2023 to March 31, 2024)
Depreciation for right-of-use assets	
Those with the underlying assets of flight equipment	77,915
Those with the underlying assets of buildings	46,199
Those with the underlying assets of other	17,293
Total depreciation for right-of-use assets	141,408
Interest expenses on lease liabilities	4,158
Expenses associated with short-term leases	48,184
Cash outflows associated with leases	222,120
Increase in right-of-use assets	136,054

The maturity analysis of lease liabilities as of March 31, 2023, and March 31, 2024 is as follows. In addition, the contractual cash flows are the cash flows before discount, including the amount of interest payments.

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of March 31, 2023	71,617	73,282	21,219	38,224	13,838
As of March 31, 2024	74,419	75,752	22,761	43,886	9,104
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2024	491,511	500,314	150,333	289,850	60,130

(2) Lessors

The JAL group leases real estate and machinery and equipment classified as finance leases. Finance income on net investment in the leases amounted to ¥75 million and ¥88 million ($585 thousands) for the previous and current fiscal years, respectively. The maturity analysis of lease payments receivable (undiscounted) under finance leases is as follows.

(Millions of yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Within 1 year	1,658	1,657
More than 1 year, but within 2 years	917	697
More than 2 years, but within 3 years	681	690
More than 3 years, but within 4 years	675	641
More than 4 years, but within 5 years	625	594
More than 5 years	4,024	3,507
Total	8,583	7,788
Unearned finance income	581	498
Net investment in the lease	8,002	7,289

(Thousands of U.S. dollars)

	Current fiscal year (As of March 31, 2024)
Within 1 year	10,946
More than 1 year, but within 2 years	4,603
More than 2 years, but within 3 years	4,562
More than 3 years, but within 4 years	4,237
More than 4 years, but within 5 years	3,928
More than 5 years	23,162
Total	51,440
Unearned finance income	3,294
Net investment in the lease	48,145

21. Trade and other payables

The breakdown of trade and other payables is as follows.

There is no materiality in the amount expected to be settled over a year.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Operating accounts payable	129,910	151,894	1,003,200
Other	6,228	8,157	53,878
Total	136,138	160,052	1,057,079

Trade and other payables are classified as financial liabilities measured at amortized cost.

22. Employee benefits

The Company and its major consolidated subsidiaries have adopted funded and non-funded defined benefit plans and defined contribution plans to fund post-employment benefits for employees, and almost all employees are eligible for these plans. When employees retire, and on other occasions, the Company and its major consolidated subsidiaries may also provide premium severance packages, which are not included in calculations of the actuarial difference for defined benefit obligations in accordance with IFRS. These pension plans are exposed to general investment risk, interest rate risk, life risk and other risks, but the employers deem these risks insignificant.

A pension fund that is legally separate from the JAL Group manages funded defined benefit plans. The board and trustee of the pension fund are required by law to act in the best interest of plan participants and are responsible for managing plan assets based on a prescribed policy.

As of March 31, 2024, the Company and 35 consolidated subsidiaries had lump-sum retirement plans. The JAL Group also had three corporate pension funds, including the Japan Airlines Welfare Pension Fund. Certain overseas subsidiaries had defined benefit plans.

The Japan Airlines Welfare Pension Fund also introduces an option similar to a cash-balance plan as well as other alternatives. The JAL Group Pension Fund, which is used by some domestic consolidated subsidiaries, uses a cash balance pension plan.

(1) Defined benefit plans

1) Reconciliations of defined benefit obligations and plan assets

Defined benefit obligations and plan assets as well as the net defined benefit liability and asset recognized in the consolidated statement of financial position are as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Present value of funded defined benefit obligations	364,694	347,635	2,295,988
Fair value of plan assets	(339,758)	(334,824)	(2,211,374)
Subtotal	24,935	12,811	84,614
Present value of non-funded defined benefit obligations	98,897	95,470	630,540
Net defined benefit liability and asset	123,833	108,281	715,154
Amounts in the consolidated statement of financial position			
Retirement benefit liability	132,355	120,575	796,351
Retirement benefit asset	(8,522)	(12,294)	(81,196)
Net defined benefit liability and asset recognized in the consolidated statement of financial position	123,833	108,281	715,154

2) Reconciliations of the present value of defined benefit obligations

Changes in the present value of defined benefit obligations are as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Present value of defined benefit obligations at the beginning of the year	491,807	463,592
Current service cost	14,893	13,471
Interest expense	2,362	4,147
Remeasurement		
Actuarial gains and losses arising from changes in financial assumptions	(20,383)	(10,324)
Actuarial gains and losses arising from experience adjustments	(1,888)	1,480
Payment of benefits	(27,525)	(29,244)
Other	4,326	(16)
Present value of defined benefit obligations at the end of the year	463,592	443,105

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Present value of defined benefit obligations at the beginning of the year	3,061,834
Current service cost	88,971
Interest expense	27,391
Remeasurement	
Actuarial gains and losses arising from changes in financial assumptions	(68,188)
Actuarial gains and losses arising from experience adjustments	9,776
Payment of benefits	(193,145)
Other	(110)
Present value of defined benefit obligations at the end of the year	2,926,528

The weighted average duration of defined benefit obligations as of March 31, 2023 and 2024 was 11.1 years and 10.7 years, respectively.

3) Reconciliations of the fair value of plan assets

Changes in the fair value of plan assets are as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Fair value of plan assets at the beginning of the year	345,274	339,758
Interest income	2,081	3,388
Remeasurement		
Return on plan assets excluding interest income	(451)	6,679
Contributions by the employer	6,938	7,408
Contributions by plan participants	706	700
Payment of benefits	(21,075)	(21,455)
Other	6,284	(1,655)
Fair value of plan assets at the end of the year	339,758	334,824

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Fair value of plan assets at the beginning of the year	2,243,965
Interest income	22,377
Remeasurement	
Return on plan assets excluding interest income	44,115
Contributions by the employer	48,928
Contributions by plan participants	4,624
Payment of benefits	(141,704)
Other	(10,933)
Fair value of plan assets at the end of the year	2,211,374

The JAL Group plans to make contributions of ¥6,999 million ($46,229 thousands) in the next fiscal year ending March 31, 2025.

4) Breakdown of plan assets by class

The breakdown of plan assets by major class is as follows:

	As of March 31, 2023			As of March 31, 2024			As of March 31, 2024		
	With quoted price in an active market	With no quoted price in an active market	Total	With quoted price in an active market	With no quoted price in an active market	Total	With quoted price in an active market	With no quoted price in an active market	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Cash and cash equivalents	10,724	–	10,724	4,362	–	4,362	28,814	–	28,814
Equity instruments									
Shares issued by Japanese companies	3,197	–	3,197	3,212	–	3,212	21,219	–	21,219
Shares issued by foreign companies	17,859	–	17,859	17,847	–	17,847	117,875	–	117,875
Debt instruments									
Bonds issued by Japanese companies	11,012	–	11,012	11,123	–	11,123	73,465	–	73,465
Bonds issued by foreign companies	28,012	–	28,012	30,154	–	30,154	199,156	–	199,156
General accounts for life insurance	–	258,542	258,542	–	250,760	250,760	–	1,656,171	1,656,171
Other	–	10,410	10,410	–	17,362	17,362	–	114,671	114,671
Total	70,806	268,952	339,758	66,700	268,123	334,824	440,532	1,770,842	2,211,374

The JAL Group's policy for managing plan assets is to ensure stable returns in the medium and long-term so as to ensure payments of defined benefit obligations over future years in accordance with provisions. More specifically, the JAL Group manages plan assets by regularly setting a target rate of return and a target asset allocation by investment asset within defined permissible risk parameters while maintaining the asset allocation. When revising the asset allocation, the JAL Group reviews the asset allocation and plan assets to invest in to ensure that the plan assets are better aligned with changes in the defined benefit obligations.

The JAL Group also regularly reviews the amount of contributions, for example, by recalculating the amount once every five years to balance the future financial position of the pension plan in compliance with the Defined-Benefit Corporate Pension Law.

5) Significant actuarial assumptions

Significant actuarial assumptions used are as follows:

	As of March 31, 2023	As of March 31, 2024
	%	%
Weighted average discount rate	Mainly 0.9	Mainly 1.1

6) Sensitivity analysis

The following table shows the impact on the present value of the defined benefit obligations when the discount rate used for actuarial assumptions changes by 0.1 percentage point. This sensitivity analysis was performed based on the assumption that all other variables were constant. However, changes in other assumptions may affect the sensitivity analysis.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
If the discount rate increases by 0.1%	(4,689)	(4,466)	(29,497)
If the discount rate decreases by 0.1%	4,747	4,521	29,862

(2) Defined contribution plans

The amount of required contributions for the defined contribution plans made by the Company and its consolidated subsidiaries for the previous and current fiscal years was ¥2,202 million and ¥2,350 million ($15,522 thousands), respectively.

23. Provisions

The breakdown of provisions and changes in them are as follows:

	Asset retirement obligations	Reserve for loss on antitrust litigation	Total
	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	22,361	4,284	26,645
Increase during the period	2,381	–	2,381
Interest expense during the discounting period	71	–	71
Decrease (intended use)	(2,026)	–	(2,026)
Decrease (reversal)	(196)	–	(196)
As of March 31, 2024	22,591	4,284	26,875

	Asset retirement obligations	Reserve for loss on antitrust litigation	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2023	147,690	28,294	175,984
Increase during the period	15,728	–	15,728
Interest expense during the discounting period	471	–	471
Decrease (intended use)	(13,382)	–	(13,382)
Decrease (reversal)	(1,300)	–	(1,300)
As of March 31, 2024	149,207	28,294	177,501

The breakdown of provisions in the consolidated statement of financial position is as follows:

	As of April 1, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current liabilities	2,737	3,325	21,962
Non-current liabilities	23,908	23,550	155,538
Total	26,645	26,875	177,501

Provisions are described in Note “3. Material accounting policies, (14) Provisions.”

24. Equity and other components of equity

(1) The number of shares authorized and the total number of shares issued

Changes in the number of shares authorized and the total number of shares issued are as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of shares	Thousands of shares
Number of shares authorized		
Common stock	700,000	700,000
Class 1 Preferred stock	12,500	12,500
Class 2 Preferred stock	12,500	12,500
Class 3 Preferred stock	12,500	12,500
Class 4 Preferred stock	12,500	12,500
Total	750,000	750,000
Total number of shares issued (Note)		
At the beginning of the year	437,143	437,143
Changes during the year	–	–
At the end of the year	437,143	437,143

(Notes) All of the Company’s shares issued are no-par value common stock without restriction on rights, and all of the shares issued are fully paid in.

(2) Treasury shares and the Company’s shares held by its associates

The number of treasury shares held by the Company and the number of treasury shares held by its associates are as follows:

	As of March 31, 2023	As of March 31, 2024
	Thousands of shares	Thousands of shares
Number of treasury shares held by the Company	136	136
Number of treasury shares held by the Company`s associates	294	294

(3) Details and purpose of surplus included in equity

(a) Capital surplus

1) Legal capital reserve

The Companies Act of Japan (hereinafter “the Companies Act”) requires that at least half of paid-in capital be appropriated as share capital and the rest be appropriated as legal capital reserve. In addition, under the Companies Act, legal capital reserve can be transferred to share capital upon approval at the General Meeting of Shareholders.

2) Other capital surplus

Other capital surplus arises from certain equity transactions such as changes in ownership interest in subsidiaries that do not result in a loss of control.

(b) Retained earnings

Retained earnings consist of earnings recognized as profit or loss for prior periods and the current fiscal year and earnings transferred from accumulated other comprehensive income.

(4) Details and purpose of accumulated other comprehensive income

1) Financial assets measured at FVTOCI

There are valuation differences in fair value of financial assets measured at FVTOCI.

2) Effective portion of cash flow hedges

The JAL Group uses hedges to avoid the risk of change in future cash flows. The effective portion of cash flow hedges is the effective portion of any changes in the fair value of derivative transactions designated as cash flow hedges.

3) Exchange differences on translation of foreign operations

These are exchange differences arising from the translation of financial statements of foreign operations, which denominated in foreign currencies to prepare the consolidated financial statements.

4) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans comprise actuarial gains and losses on the defined benefit obligations, the return on plan assets, excluding amounts included in interest income, and any change in the effect of the asset ceiling, excluding amounts included in interest income. Actuarial gains and losses are changes in the present value of the defined benefit obligations resulting from experience adjustments (the effects of differences between the actuarial assumptions as of the beginning of the year and actual occurrences) and the effects of changes in actuarial assumptions.

These actuarial gains and losses are recognized in other comprehensive income as incurred, and immediately transferred from accumulated other comprehensive income to retained earnings.

25. Dividends

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(1) Dividends paid are as follows.

Not applicable

(2) Dividends whose record date is before the end of the reporting period and whose effective date is after the end of the reporting period.

Resolution	Type of shares	Source of dividends	Record date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2023	Common shares	Retained earnings	March 31, 2023	June 26, 2023

Total amount of dividends (Millions of yen)	Dividends per share (Yen)
10,925	25.00

Current fiscal year (from April 1, 2023 to March 31, 2024)

(1) Dividends paid are as follows.

Resolution	Type of shares	Source of dividends	Record date	Effective date
Ordinary General Meeting of Shareholders on June 23, 2023	Common shares	Retained earnings	March 31, 2023	June 26, 2023
Board of Directors Meeting on October 31, 2023	Common shares	Retained earnings	September 30, 2023	December 4, 2023

Total amount of dividends (Millions of yen)	Total amount of dividends (Thousands of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)
10,925	72,156	25.00	0.17
13,110	86,587	30.00	0.20

(2) Dividends whose record date is before the end of the reporting period and whose effective date is after the end of the reporting period.

Resolution	Type of shares	Source of dividends	Record date	Effective date
Ordinary General Meeting of Shareholders on June 18, 2024	Common shares	Retained earnings	March 31, 2024	June 19, 2024

Total amount of dividends (Millions of yen)	Total amount of dividends (Thousands of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)
19,665	129,881	45.00	0.30

26.Revenue

(1) Breakdown of revenue

Revenue and segment revenue

Previous fiscal year (from April 1, 2022 to March 31, 2023)

	Segment				
	Air transportation	Others	Sub-total	Internal transaction adjustment	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
International					
(Full Service Carrier)					
Passenger	417,526	–	417,526	–	–
Cargo and mail	201,144	–	201,144	–	–
Baggage	1,766	–	1,766	–	–
Sub-total	620,437	–	620,437	–	–
Domestic					
(Full Service Carrier)					
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	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. Segment revenue is stated before elimination of intersegment transactions.
2. Revenues recognized from other sources include lease revenues under IFRS 16 and so forth.

Current fiscal year (from April 1, 2023 to March 31, 2024)

	Segment				
	Air transportation	Others	Sub-total	Internal transaction adjustment	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
International					
(Full Service Carrier)					
Passenger	622,399	–	622,399	–	–
Cargo and mail	110,133	–	110,133	–	–
Baggage	1,556	–	1,556	–	–
Sub-total	734,090	–	734,090	–	–
Domestic					
(Full Service Carrier)					
Passenger	551,026	–	551,026	–	–
Cargo and mail	23,234	–	23,234	–	–
Baggage	491	–	491	–	–

Sub-total	574,751	–	574,751	–	–
Total revenues from international and domestic operations	1,308,841	–	1,308,841	–	–
Passenger (LCC)	67,335	–	67,335	–	–
Travel agency	–	120,836	120,836	–	–
Other	138,757	115,508	254,266	–	–
Total revenue	1,514,934	236,345	1,751,280	(99,389)	1,651,890
Revenue recognized from contracts with customers					1,648,166
Revenue recognized from other sources					3,724

Current fiscal year (from April 1, 2023 to March 31, 2024)

	Segment				
	Air transportation	Others	Sub-total	Internal transaction adjustment	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
International					
(Full Service Carrier)					
Passenger	4,110,691	–	4,110,691	–	–
Cargo and mail	727,388	–	727,388	–	–
Baggage	10,281	–	10,281	–	–
Sub-total	4,848,361	–	4,848,361	–	–
Domestic					
(Full Service Carrier)					
Passenger	3,639,297	–	3,639,297	–	–
Cargo and mail	153,451	–	153,451	–	–
Baggage	3,243	–	3,243	–	–
Sub-total	3,795,991	–	3,795,991	–	–
Total revenues from international and domestic operations	8,644,353	–	8,644,353	–	–
Passenger (LCC)	444,726	–	444,726	–	–
Travel agency	–	798,074	798,074	–	–
Other	916,434	762,888	1,679,322	–	–
Total revenue	10,005,514	1,560,962	11,566,477	(656,427)	10,910,049
Revenue recognized from contracts with customers					10,885,453
Revenue recognized from other sources					24,596

(Notes)
1. Segment revenue is stated before elimination of intersegment transactions.
2. Revenues recognized from other sources include lease revenues under IFRS 16 and so forth.

Business lines of the JAL Group comprise “air transportation business”, mainly involving passengers and baggage, as well as cargo and mail, on both international and domestic routes; and “other business”. Revenues arising from these businesses are recognized primarily in accordance with contracts with customers. There are no significant financing components in the contracts. All 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 the earned miles with the JAL Group or other partners’ services. Miles granted are deemed as performance obligations and contract liabilities are recognized. A transaction price is allocated to performance obligations on the basis of a ratio of the stand-alone selling price of each service, and reflecting the miles that will likely expire. A transaction price allocated to performance obligations of the mileage program is deferred on the consolidated statement of financial position as contract liabilities, and recognized in revenue when the miles are redeemed for services.

Air transportation
In the air transportation business segment, the JAL Group provides services related to the international and domestic transportation of “Passengers”, “Cargo and mail”, and “Baggage” by aircraft. The main revenues are recognized at a point in time when the performance obligations are satisfied, as follows.

Passengers
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 consideration for transactions may include a variable amount 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 primarily within two months after completion of cargo or mail air transportation services.

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 award tickets, and business consignment services related to air transportation. The performance obligation is satisfied upon completion of the services.

Others
“Other businesses” include mainly planning and sales of air travel package tours, sales of goods through wholesale, retail and a credit card business.
These revenues of air travel package tours and credit card business are mainly recognized over a certain period time as the service is provided. In addition, consideration for transaction is mainly received in advance at a certain point before the performance obligation is satisfied.

Revenue from the sale of goods is recognized when the goods are delivered or upon a completion of acceptance inspection by the customer, consideration for transaction is mainly received at a certain point after the performance obligation is satisfied.

(2) Contract balances

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

	As of April 1, 2022	As of March 31, 2023	As of March 31, 2024
	Millions of yen	Millions of yen	Millions of yen
Receivables from contracts with customers	99,630	153,507	155,051
Contract liabilities	240,224	316,873	368,916

	As of March 31, 2024
	Thousands of U.S. dollars
Receivables from contracts with customers	1,024,047
Contract liabilities	2,436,538

Contract liabilities mainly comprise those associated with advance consideration 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 in the previous fiscal year, mainly due to an increase in the balance of the JAL Group's airline tickets.

The balance of contract liabilities increased by ¥52,042 million ($343,718 thousands) in the current fiscal year, mainly due to an increase in the balance of the JAL Group's airline tickets.

The following tables show the revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period	144,582	228,475

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Revenue recognized in the reporting period that was included in the contract liabilities balance at the beginning of the period	1,508,988

There is no significant revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods.

(3) Transaction price allocated to the remaining performance obligations

The following tables show the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied (or partially unsatisfied):

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
	Millions of yen	Millions of yen
Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied	316,873	368,916

	Current fiscal year (As of March 31, 2024)
	Thousands of U.S. dollars
Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied	2,436,538

The amount of the transaction price allocated to the remaining performance obligations include 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.

(4) Contract costs

The JAL Group does not have any assets recognized from the incremental costs of obtaining a contract with a customer and the costs incurred to fulfil a contract. The JAL Group has adopted a practical expedient described in paragraph 94 of IFRS 15, and recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the JAL Group otherwise would have recognized is one year or less.

27. Other income

Components of other income are as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Insurance claim income	–	19,999
Subsidy income (Note)	10,625	6,133
Gain on disposal of non-current assets	8,747	1,425
Compensation income	8,497	711
Other	6,286	3,060
Total	34,157	31,330

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Insurance claim income	132,090
Subsidy income (Note)	40,506
Gain on disposal of non-current assets	9,414
Compensation income	4,698
Other	20,216
Total	206,927

(Note) Subsidy income mainly includes domestic flight operation subsidies and employment adjustment subsidies.

28. Operating expenses

The breakdown of operating expenses is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Personnel expenses	292,312	334,089
Aircraft fuel	323,353	356,796
Depreciation, amortization and impairment losses (Note 1)	158,197	149,960
Landing and navigation fees	52,640	72,350
Expenses of travel agency	45,776	50,981
Maintenance	100,354	124,390
Passenger and cargo services	32,953	46,801
Sales commissions (Air Transportation)	22,039	26,004
Other (Note 2)	317,060	380,914
Total	1,344,686	1,542,288

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Personnel expenses	2,206,521
Aircraft fuel	2,356,490
Depreciation, amortization and impairment losses (Note 1)	990,425
Landing and navigation fees	477,843
Expenses of travel agency	336,708
Maintenance	821,550
Passenger and cargo services	309,107
Sales commissions (Air Transportation)	171,747
Other (Note 2)	2,515,779
Total	10,186,173

(Notes) 1. Impairment losses for the previous and current fiscal years amounted to ¥743 million and ¥2,403 million ($ 15,875 thousands), respectively.

2. Other includes loss on disposal of non-current assets of ¥1,443 million and ¥16,260 million ($107,395thousands) for the previous and current fiscal years, respectively.

29. Investment income and expenses

The breakdown of investment income is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Interest income		
Lease receivable	75	69
Financial assets measured at amortized cost		
Loans receivable, bonds receivable, and so forth	588	700
Dividend income		
Financial assets measured at FVTOCI		
Shares	2,515	2,251
Gain on valuation of other financial assets		
Financial assets measured at FVTPL		
Investment in investment limited partnership	631	980
Other	159	489
Total	3,970	4,490

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Interest income	
Lease receivable	457
Financial assets measured at amortized cost	
Loans receivable, bonds receivable, and so forth	4,628
Dividend income	
Financial assets measured at FVTOCI	
Shares	14,867
Gain on valuation of other financial assets	
Financial assets measured at FVTPL	
Investment in investment limited partnership	6,475
Other	3,231
Total	29,659

The breakdown of investment expenses is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Loss on valuation of other financial assets		
Financial assets measured at amortized cost		
Loans receivable, bonds receivable, and so forth	1,006	378
Other	106	278
Total	1,112	657

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Loss on valuation of other financial assets	
Financial assets measured at amortized cost	
Loans receivable, bonds receivable, and so forth	2,500
Other	1,839
Total	4,340

30. Finance income and expenses

The breakdown of finance income is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Interest income		
Financial assets measured at amortized cost		
Cash and cash equivalents	661	1,240
Other	10	14
Foreign exchange gain	1,369	8,005
Other	33	18
Total	2,074	9,277

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Interest income	
Financial assets measured at amortized cost	
Cash and cash equivalents	8,190
Other	92
Foreign exchange gain	52,871
Other	119
Total	61,274

The breakdown of finance expenses is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Interest expenses		
Lease liabilities	582	629
Financial liabilities measured at amortized cost		
Borrowings, bonds payable, and so forth	11,938	12,869
Commission fees and so forth	1,336	877
Other	351	830
Total	14,209	15,206

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Interest expenses	
Lease liabilities	4,158
Financial liabilities measured at amortized cost	
Borrowings, bonds payable, and so forth	84,996
Commission fees and so forth	5,795
Other	5,485
Total	100,435

31. Other comprehensive income

The following are amounts arising in the year by item of other comprehensive income, reclassification adjustments to profit or loss, and impact of tax effects:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Items that will not be reclassified to profit or loss			
Financial assets measured at FVTOCI			
Amount arising during the year	3,717	6,306	41,649
Tax effects	(1,048)	(2,023)	(13,365)
Financial assets measured at FVTOCI	2,669	4,282	28,283
Remeasurements of defined benefit plans			
Amount arising during the year	21,820	15,523	102,528
Tax effects	(6,689)	(4,874)	(32,193)
Remeasurements of defined benefit plans	15,130	10,649	70,334
Share of other comprehensive income of investments accounted for using equity method			
Amount arising during the year	32	145	963
Share of other comprehensive income of investments accounted for using equity method	32	145	963
Total of items that will not be reclassified to profit or loss	17,832	15,077	99,581
Items that may be reclassified to profit or loss			
Effective portion of cash flow hedges			
Amount arising during the year	4,431	31,168	205,858
Reclassification adjustments	(53,602)	(16,880)	(111,486)
Before tax effects	(49,170)	14,288	94,371
Tax effects	14,786	(4,280)	(28,268)
Effective portion of cash flow hedges	(34,384)	10,008	66,102
Exchange differences on translation of foreign operations			
Amount arising during the year	942	590	3,903
Reclassification adjustments	(19)	(306)	(2,022)
Before tax effects	923	284	1,881
Tax effects	–	–	–
Exchange differences on translation of foreign operations	923	284	1,881
Share of other comprehensive income of investments accounted for using equity method			
Amount arising during the year	10	106	706
Share of other comprehensive income of investments accounted for using equity method	10	106	706
Total of items that may be reclassified to profit or loss	(33,450)	10,400	68,689
Total other comprehensive income	(15,618)	25,477	168,271

32. Earnings per share

The calculation basis for basic earnings per share is as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (Millions of yen)	34,423	95,534
Profit not attributable to common shareholders of parent (Millions of yen)	–	–
Profit used to calculate basic earnings per share (Millions of yen)	34,423	95,534
Average number of common shares outstanding during the year (Thousands of shares)	437,007	437,007
Basic earnings per share (Yen)	78.77	218.61

	Current fiscal year (from April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (Thousands of U.S. dollars)	630,963
Profit not attributable to common shareholders of parent (Thousands of U.S. dollars)	–
Profit used to calculate basic earnings per share (Thousands of U.S. dollars)	630,963
Basic earnings per share (U.S. dollars)	1.44

(Note) Diluted earnings per share is not stated because there are no potential shares.

33. Cash flow information

(1) Payments for and proceeds from acquisition of subsidiaries

In the previous fiscal year, the JAL group purchased additional shares of a subsidiary, which was accounted for as a single transaction with the business combination in the fiscal year ended March 31, 2022, and the total consideration paid amounted to ¥3,087 million. The entire amount of the consideration paid consists of cash and cash equivalents.

In the current fiscal year, not applicable.

(2) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

Previous fiscal year (from April 1, 2022 to March 31, 2023)

	As of April 1, 2022	Changes with cash flows	Changes without cash flows			As of March 31, 2023
			Exchange differences on translation	New leases	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Short-term borrowings	1,292	1,758	–	–	–	3,050
Commercial paper	2,598	4,998	–	–	–	7,597
Long-term borrowings	577,673	4,453	–	–	2,546	584,672
Bonds payable	268,259	(10,000)	–	–	295	258,555
Lease liabilities	78,625	(25,661)	1,403	17,445	(194)	71,617
Accounts payable – installment purchase	12	(2)	–	–	–	10
Total	928,463	(24,453)	1,403	17,445	2,647	925,504

Current fiscal year (from April 1, 2023 to March 31, 2024)

	As of April 1, 2023	Changes with cash flows	Changes without cash flows			As of March 31, 2024
			Exchange differences on translation	New leases	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Short-term borrowings	3,050	(1,786)	–	–	–	1,264
Commercial paper	7,597	(5,598)	–	–	–	1,999
Long-term borrowings	584,672	(46,213)	–	–	2,419	540,878
Bonds payable	258,555	9,880	–	–	288	268,724
Lease liabilities	71,617	(22,132)	2,528	22,444	(39)	74,419
Accounts payable – installment purchase	10	(1)	–	–	–	8
Total	925,504	(65,851)	2,528	22,444	2,667	887,294

Current fiscal year (from April 1, 2023 to March 31, 2024)

	As of April 1, 2023	Changes with cash flows	Changes without cash flows			As of March 31, 2024
			Exchange differences on translation	New leases	Other	
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Short-term borrowings	20,149	(11,800)	–	–	–	8,349
Commercial paper	50,179	(36,976)	–	–	–	13,203
Long-term borrowings	3,861,521	(305,222)	–	–	15,976	3,572,275
Bonds payable	1,707,649	65,258	–	–	1,904	1,774,812
Lease liabilities	473,004	(146,172)	16,702	148,239	(262)	491,511
Accounts payable – installment purchase	66	(10)	–	–	–	55
Total	6,112,571	(434,924)	16,702	148,239	17,618	5,860,207

34. Financial instruments

(1) Capital management

The JAL Group manages capital, aiming to maximize corporate value through sustainable growth. The JAL Group's major indicators used for capital management are equity ratio, return on invested capital (ROIC), return on equity (ROE; calculated by dividing net profit attributable to owners of parent by the average of shareholder's equity at the beginning and end of a fiscal year), and basic earnings per share (EPS). The JAL Group's equity ratio, ROIC, ROE and EPS are as follows.

	As of March 31, 2023	As of March 31, 2024
Equity ratio (%)	32.4	34.3

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
ROIC (%)	3.3	7.3
ROE (%)	4.3	11.1
EPS (Yen)	78.77	218.61

	Current fiscal year (from April 1, 2023 to March 31, 2024)
EPS (U.S. dollars)	1.44

These indicators are regularly monitored and reported to the management.
The ROIC formula is as follows. The Company defines profit before financing and income tax as EBIT, which is profit less income tax expenses, interest, and other finance income and expenses. "Invested capital" in the ROIC formula is the sum of inventories and non-current assets less deferred tax assets and retirement benefit asset.

- ROIC = EBIT (after tax) / average of invested capital at beginning and end of a fiscal year

(2) 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.

(3) Credit risk management

Credit risk is the risk that a counterparty to a financial asset will cause the JAL Group a financial loss by failing 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 due dates and balances of receivables from them. The JAL Group determines whether or not a 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. Credit impaired financial assets include financial assets whose debtor is in default or in serious financial difficulties.
The impact of derivative transactions that the JAL Group has entered into on credit risk is limited because such transactions involve only highly creditworthy financial institutions.

The JAL Group has no credit risk excessively 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 credit risk exposures for each category of the JAL Group's receivables (before deduction of allowances for doubtful accounts) are as follows.

・Category 1 : Receivables not applicable to Category 2 or Category 3
・Category 2 : Receivables from business partners and others whose payment is delayed for a considerable period of time
・Category 3 : Receivables of which delinquency of a debtor is caused not by temporary funding needs but primarily by significant financial difficulty of the debtor, and the collectability of receivables is considered to be of particular concern

As of March 31, 2023

	Trade and other receivables	Other financial assets
	Trade and other receivables on which allowances for doubtful accounts have been recorded at an amount equal to 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

As of March 31, 2024

	Trade and other receivables	Other financial assets
	Trade and other receivables on which allowances for doubtful accounts have been recorded at an amount equal to the lifetime expected credit losses	Credit-impaired financial assets
	Millions of yen	Millions of yen
Category 1	173,445	–
Category 2	405	–
Category 3	5,724	12,811
Total	179,575	12,811

As of March 31, 2024

	Trade and other receivables	Other financial assets
	Trade and other receivables on which allowances for doubtful accounts have been recorded at an amount equal to the lifetime expected credit losses	Credit-impaired financial assets
	Thousands of U.S. dollars	Thousands of U.S. dollars
Category 1	1,145,535	–
Category 2	2,676	–
Category 3	37,809	84,612
Total	1,186,021	84,612

In respect to guarantees, the total of the following guarantees outstanding represents the maximum exposure to credit risk of guarantees provided by the JAL Group. The breakdown of guarantees outstanding is as follows.

(Guarantees for bank loans)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
B eleven LLC	16,863	12,076	79,758
Jetstar Japan Co., Ltd.	5,317	–	–
JRE DEVELOPMENT Co.,Ltd.	1,332	1,358	8,972
JALUX AMERICAS,Inc.	–	741	4,900
Employees	22	15	104
Other	13	–	–

The Company has been provided with a re-guarantee from another company for ¥2,658million of its outstanding guarantee for bank loans to Jetstar Japan Co., Ltd at the end of the previous fiscal year.

(Guarantees for lease liabilities)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Jetstar Japan Co., Ltd.	2,204	1,828	12,075

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 guarantee amounts at the end of the reporting period are as follows.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Fukuoka Airport Holdings Co., Ltd.	7,867	–	–

The following are guarantee deposits that the JAL Group accepted and held for a credit enhancement purpose in order to reduce the exposure to credit risk:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Long-term deposits received	6,885	6,773	44,732

The JAL Group determines allowances for doubtful accounts based on customer creditworthiness and the collection status of receivables from customers.
The JAL Group records allowances for doubtful accounts on trade receivables that do not contain a significant financing component by category of similar credit risk at an amount equal to the lifetime expected credit losses. The amount is determined by multiplying the carrying amount of 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 allowances for doubtful accounts on other receivables in respect of which it determines that 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 allowances for doubtful accounts on assets and credit-impaired financial assets in respect of which it determines credit risk has increased significantly 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 the collection of all or a portion of a receivable is considered impossible or extremely difficult, the receivable is deemed to be in default.
When a delinquency of a debtor is caused not by a temporary funding 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 the allowance for doubtful accounts.
Changes in allowances for doubtful accounts recorded by the JAL Group are as follows:

	Trade and other receivables	Other financial assets
	Trade and other receivables on which allowances for doubtful accounts have been recorded at an amount equal to the lifetime expected credit losses	Credit-impaired financial assets
	Millions of yen	Millions of yen
As of April 1, 2022	4,109	3,792
Increase	2,147	1,041
Decrease	(121)	(1,031)
As of March 31, 2023	6,136	3,803
Increase	607	523
Decrease	(192)	(4)
As of March 31, 2024	6,551	4,322

	Trade and other receivables	Other financial assets
	Trade and other receivables on which allowances for doubtful accounts have been recorded at an amount equal to the lifetime expected credit losses	Credit-impaired financial assets
	Thousands of U.S. dollars	Thousands of U.S. dollars
As of March 31, 2023	40,528	25,121
Increase	4,014	3,456
Decrease	(1,271)	(28)
As of March 31, 2024	43,271	28,550

The impact of significant changes in trade and other receivables in the fiscal year on changes in allowances for doubtful accounts is minimal.

(4) 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 by continuously monitoring its cash flow plan and results. In addition, the Company has entered into commitment line agreements with counterparty financial institutions for the purpose of securing liquidity in the event of emergencies, and certain consolidated subsidiaries have also entered into commitment line agreements.

The balances of non-derivative financial liabilities by maturity are as follows. The table below does not include current liabilities whose maturity dates are within one year and whose carrying amounts align with contractual cash flows.

The contractual cash flows stated are the cash flows before discount, including the amount of interest payments.

As of March 31, 2023

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Bonds payable	258,555	392,378	12,948	71,269	308,159
Long-term borrowings	584,672	856,664	78,074	250,885	527,704
Long-term notes payable on non-current assets	18,227	18,227	18,227	–	–
Long-term deposits received	6,885	6,885	–	–	6,885

As of March 31, 2024

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Bonds payable	268,724	409,314	13,171	71,912	324,231
Long-term borrowings	540,878	810,167	79,149	226,894	504,123
Long-term notes payable on non-current assets	18,366	18,366	–	18,366	–
Long-term deposits received	6,773	6,773	–	–	6,773

As of March 31, 2024

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Bonds payable	1,774,812	2,703,352	86,911	474,949	2,141,410
Long-term borrowings	3,572,275	5,350,819	522,748	1,498,542	3,329,527
Long-term notes payable on non-current assets	121,300	121,300	–	121,300	–
Long-term deposits received	44,732	44,732	–	–	44,732

(Note) Certain bonds payable and long-term borrowings have contracts that allow for early redemption and early repayment.
The above contractual cash flows are based on the contractual redemption and repayment dates for such bonds payable and long-term borrowings, but there is a possibility of earlier redemption and repayment than the contractual maturities.

The balances of derivative financial liabilities by maturity are as follows:

As of March 31, 2023

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Derivative financial liabilities	5,683	5,683	3,252	2,430	–

As of March 31, 2024

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Derivative financial liabilities	592	592	345	247	–

As of March 31, 2024

	Carrying amount	Contractual cash flows	One year or less	More than one year and less than five years	More than five years
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Derivative financial liabilities	3,912	3,912	2,278	1,634	–

The total commitment line amount and non-drawn down balance as of the reporting date are as follows:

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total commitment line amount	258,000	158,000	1,043,524

Drawn down balance	–	–	–
Net total	258,000	158,000	1,043,524

(5) Foreign currency risk management

As the JAL Group operates in countries other than Japan, changes 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. The JAL Group also enters into hedging transactions to avoid foreign currency risk of receivables and payables denominated in foreign currencies related to import purchases and export sales of products. As a result, the JAL Group deems its exposure to foreign currency risk to be minimal.

(6) 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 the impact of changes in interest rates affect funding costs borne by the JAL Group is immaterial.

The JAL Group monitors interest rates in the market.

(7) Fuel price fluctuation risk management

The JAL Group is exposed to the risk of changes 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 its exposure to fuel price fluctuation risk to be minimal.

(8) Hedging activities

At inception of a hedging relationship and over the term of a hedging relationship, the JAL Group assesses the existence of an economic relationship between a hedged item and the hedging instrument through the following two types of analyses in order to assess the existence of an economic relationship in which changes in cash flows from the transaction of the hedged item are offset by changes in cash flows of the hedging instrument.

- Qualitative analysis to evaluate whether the principal terms of the hedged item and those of the hedging instrument are matched or closely matched; or
- Quantitative analysis to evaluate the existence of a relationship in which changes in the value of the hedged item are offset by changes in the value of the hedging instrument with the same risk.

At inception of a hedging relationship, the JAL Group also sets an appropriate hedge ratio based on the quantities of hedged items and hedging instruments. As a general rule, the hedge ratio is one to one. As the JAL Group uses highly effective hedges, significant ineffectiveness is generally not expected to arise.

The details of hedging instruments designated as cash flow hedges are as follows:

As of March 31, 2023

	Contract amount	Of which, more than one year	Carrying amounts		Line item in the consolidated statement of financial position	Average rate
			Assets	Liabilities		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Foreign currency risk						
Forward exchange contracts	36,763	–	371	850	Other financial assets/liabilities	131.3 yen/U.S. dollar 142.9 yen/Euro and so forth
Purchased currency options	101,653	41,574	4,297	493	Other financial assets/liabilities	96.0 yen to 150.9 yen/U.S. dollar
Written currency options	76,423	34,165				
Fuel price fluctuation risk						
Commodity swaps	93,628	43,016	6,923	4,339	Other financial assets/liabilities	73.6 U.S. dollars/barrel
Purchased commodity options	26,726	–	429	–	Other financial assets	99.1 U.S. dollars/barrel

As of March 31, 2024

	Contract amount	Of which, more than one year	Carrying amounts		Line item in the consolidated statement of financial position	Average rate
			Assets	Liabilities		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Foreign currency risk						
Forward exchange contracts	18,820	–	182	150	Other financial assets/liabilities	147.6 yen/U.S. dollar 160.1 yen/Euro and so forth
Purchased currency options	145,666	64,101	6,655	–	Other financial assets	98.4 yen to 153.9 yen/U.S. dollar
Written currency options	120,319	50,184				
Fuel price fluctuation risk						
Commodity swaps	165,682	73,114	9,325	441	Other financial assets/liabilities	76.0 U.S. dollars/barrel

As of March 31, 2024

	Contract amount	Of which, more than one year	Carrying amounts		Line item in the consolidated statement of financial position	Average rate
			Assets	Liabilities		
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars		
Foreign currency risk						
Forward exchange contracts	124,304	–	1,206	996	Other financial assets/liabilities	147.6 yen/U.S. dollar 160.1 yen/Euro and so forth
Purchased currency options	962,066	423,365	43,953	–	Other financial assets	98.4 yen to 153.9 yen/U.S. dollar
Written currency options	794,661	331,450				
Fuel price fluctuation risk						
Commodity swaps	1,094,262	482,890	61,587	2,916	Other financial assets/liabilities	76.0 U.S. dollars/barrel

Foreign currency hedging transactions hedge the entire hedged items. There are no transactions to hedge partial risk components of an item.
As the JAL Group uses highly effective hedges in fuel price fluctuation hedging transactions, it calculates an oil price as a risk component by subtracting a refining margin and other cost from a fuel price and designates the oil price as a hedged item. The purchase price of fuel for the JAL Group is determined in a way that links to a product or oil price indicator. Almost all fuel price volatility excluding the effect of exchange rate arise from oil price changes.
The longest term in which changes in cash flows have been hedged is approximately 15 months for forward exchange contracts and approximately three years for currency options, commodity swaps and commodity options.
Information on changes in the fair value of hedging instruments used as a basis to recognize hedge ineffectiveness is omitted because the amount of hedge ineffectiveness recognized in profit or loss is immaterial.

The details of hedged items designated as cash flow hedges are as follows:

Cash flow hedge reserve for continuous hedges

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Foreign currency risk	2,683	5,107	33,731
Fuel price fluctuation risk	2,128	6,729	44,443

Information on changes in the fair value of hedged items used as a basis to recognize hedge ineffectiveness is omitted because the amount of hedge ineffectiveness recognized in profit or loss is immaterial.
There is no cash flow hedge reserve from the hedging relationships for which the JAL Group has discontinued hedge accounting.

The tables show the impact of the application of hedge accounting on the consolidated statement of profit or loss and other comprehensive income for the previous and current fiscal years:

Previous fiscal year (from April 1, 2022 to March 31, 2023)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount reclassified from cash flow hedge reserve to profit or loss	Amount transferred to non-financial assets	Line item in profit or loss affected by the reclassification adjustment
	Millions of yen	Millions of yen	Millions of yen	
Foreign currency risk				
Forward exchange contracts (Note)	1,818	(1,533)	(1,869)	Other income, Other revenue, Other operating expenses
Currency options	6,987	(8,259)	–	Aircraft fuel
Fuel price fluctuation risk				
Commodity swaps	(5,543)	(27,770)	–	Aircraft fuel
Commodity options	(84)	–	–	–

(Note) Of the amount reclassified from cash flow hedge reserve to profit or loss, ¥(1,445) million is a reclassification adjustment due to the discontinued hedge accounting.

Current fiscal year (from April 1, 2023 to March 31, 2024)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount reclassified from cash flow hedge reserve to profit or loss	Amount transferred to non-financial assets	Line item in profit or loss affected by the reclassification adjustment
	Millions of yen	Millions of yen	Millions of yen	
Foreign currency risk				
Forward exchange contracts	3,557	(376)	(2,911)	Other revenue, Other operating expenses
Currency options	8,448	(6,221)	–	Aircraft fuel
Fuel price fluctuation risk				
Commodity swaps	10,193	(5,676)	–	Aircraft fuel
Commodity options	(358)	442	–	Aircraft fuel

Current fiscal year (from April 1, 2023 to March 31, 2024)

	Changes in the value of hedging instruments recognized in other comprehensive income	Amount reclassified from cash flow hedge reserve to profit or loss	Amount transferred to non-financial assets	Line item in profit or loss affected by the reclassification adjustment
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	
Foreign currency risk				
Forward exchange contracts	23,495	(2,489)	(19,230)	Other revenue, Other operating expenses
Currency options	55,799	(41,091)	–	Aircraft fuel
Fuel price fluctuation risk				
Commodity swaps	67,321	(37,489)	–	Aircraft fuel
Commodity options	(2,366)	2,922	–	Aircraft fuel

The amount of hedge ineffectiveness recognized in profit or loss is immaterial.

(9) Offsetting financial assets and financial liabilities

Derivative assets and derivative liabilities are subject to a master netting arrangement or similar arrangements. The right of set-off becomes enforceable only in the event of bankruptcy or other specific circumstances that result in a counterparty being unable to meet its obligations.

The following tables show the breakdown of financial instruments that are not offset because they do not meet all or part of the requirements for offsetting financial assets and financial liabilities recognized for the same counterparty although such financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar arrangement.

As of March 31, 2023

	Other financial assets Derivatives	Other financial liabilities Derivatives
	Millions of yen	Millions of yen
Financial assets and financial liabilities on a net basis presented in the consolidated statement of financial position	12,023	5,683
Amounts not subject to offsetting in the consolidated statement of financial position	(4,733)	(4,733)
Exposure on a net basis	7,289	950

As of March 31, 2024

	Other financial assets Derivatives	Other financial liabilities Derivatives
	Millions of yen	Millions of yen
Financial assets and financial liabilities on a net basis presented in the consolidated statement of financial position	16,162	592
Amounts not subject to offsetting in the consolidated statement of financial position	(591)	(591)
Exposure on a net basis	15,570	0

As of March 31, 2024

	Other financial assets Derivatives	Other financial liabilities Derivatives
	Thousands of U.S. dollars	Thousands of U.S. dollars
Financial assets and financial liabilities on a net basis presented in the consolidated statement of financial position	106,747	3,912
Amounts not subject to offsetting in the consolidated statement of financial position	(3,908)	(3,908)
Exposure on a net basis	102,839	4

(10) 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 in 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)
Valuation at book value as short settlement dates render fair value almost equal to carrying amounts.

(Other financial assets and other financial liabilities)
The fair value of equity instruments traded in active markets is measured based on quoted prices at the end of reporting period. Meanwhile, the fair value of equity 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 interests in the assets 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)
Fair value is measured at the present value of future cash flows discounted at an interest rate assumed applicable if similar contracts were newly executed.

2) Financial instruments measured at amortized cost
The carrying amounts 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 with immateriality are not included in the table below:

	As of March 31, 2023		As of March 31, 2024		As of March 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars	Thousands of U.S. dollars
Financial liabilities measured at amortized cost						
Non-current						
Bonds payable	248,566	238,157	258,732	255,241	1,708,823	1,685,760
Long-term borrowings	514,216	522,826	469,415	475,901	3,100,292	3,143,130
Total	762,783	760,983	728,148	731,142	4,809,115	4,828,890

(Note) The fair values of bonds payable and long-term borrowings are classified as Level 2 and Level 3, respectively.

3) Financial instruments measured at fair value
The fair value hierarchy of financial instruments measured at fair value is as follows:
As of March 31, 2023

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at FVTOCI				
Shares and so forth	53,550	–	37,304	90,855
Financial assets measured at FVTPL				
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 FVTPL				
Derivative liabilities designated as hedges	–	5,683	–	5,683
Total	–	5,683	–	5,683

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at FVTOCI				
Shares and so forth	56,133	–	41,292	97,426
Financial assets measured at FVTPL				
Investments in investment limited partnerships	–	–	15,069	15,069
Derivative assets designated as hedges	–	16,162	–	16,162
Total	56,133	16,162	56,361	128,658
Liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities designated as hedges	–	592	–	592
Total	–	592	–	592

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
Assets:				
Financial assets measured at FVTOCI				
Shares and so forth	370,739	–	272,720	643,459
Financial assets measured at FVTPL				
Investments in investment limited partnerships	–	–	99,526	99,526
Derivative assets designated as hedges	–	106,747	–	106,747
Total	370,739	106,747	372,247	849,734
Liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities designated as hedges	–	3,912	–	3,912
Total	–	3,912	–	3,912

Transfer between levels in the fair value hierarchy is recognized on the date of the event or change in circumstances that caused the transfer. No significant transfer between fair value Levels 1 and 2 has occurred for each fiscal year.

4) Valuation process

Financial instruments, such as equity instruments for which an active market does not exist, are classified into Level 3. For such financial instruments, a valuator decides on the valuation method for each issue to measure its fair value, in accordance with the valuation policy and procedures, including a valuation method for fair value measurement, approved by an appropriate authorized person. The results of such fair value measurements are reviewed and approved by an appropriate authorized person.

5) Valuation techniques and inputs for financial instruments classified as Level 3

The fair value of financial instruments, such as equity instruments for which an active market does not exist, classified as Level 3 is measured based on reasonably available inputs, using the comparable multiple valuation method and such other methods. The price-to-book ratios (PBR) ranged from 1.0 times to 1.5 times in the previous and current fiscal years. The JAL Group also takes into account any necessary adjustments including certain illiquidity discounts. When the PBR increases, the fair value also increases.

6) Reconciliation of financial instruments classified as Level 3 from the beginning to the end of the period

Changes in financial instruments classified as Level 3 from the beginning to the end of the period are as follows:

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	49,857	50,082	330,772
Gains (losses)			
Profit (loss) (Note 1)	592	975	6,444
Other comprehensive income (Note 2)	(310)	3.413	22,547
Increase due to purchase	–	1,999	13,204
Decrease due to sale	(57)	(25)	(167)
The transfer from Level 3 (Note 3)	–	(83)	(554)
Balance at end of period	50,082	56,361	372,247
Changes in unrealized gains (losses) relating to assets held at the end of the reporting period, which are recorded in profit or loss for the fiscal year (Note 1)	592	975	6,444

(Notes)
1. The amounts are included in “Investing income” and “Investing expenses” in the consolidated statement of profit or loss and other comprehensive income.
2. The amounts are included in “Financial assets measured at FVTOCI” in the consolidated statement of profit or loss and other comprehensive income.
3. The transfer from Level 3 recognized during the current fiscal year is due to an investment being listed on the stock exchange.

35. Significant subsidiaries

Information on the JAL Group's significant subsidiaries is as follows. The JAL Group has no subsidiaries with significant non-controlling interests.

As of March 31, 2024

Company name	Paid-in capital	Paid-in capital	Percentage of voting rights	Main businesses
	Millions of yen	Thousands of U.S. dollars	Total (%)	
JAPAN TRANSOCEAN AIR CO., LTD.	4,537	29,966	72.8	Air transportation business (FSC)
JAPAN AIR COMMUTER CO., LTD.	300	1,981	60.0	Air transportation business (FSC)
J-AIR CO., LTD.	100	660	100.0	Air transportation business (FSC)
ZIPAIR Tokyo Inc.	100	660	100.0	Air transportation business (LCC)
SPRING JAPAN Co., Ltd.	100	660	66.7	Air transportation business (LCC)
JALUX Inc.	2,558	16,898	*69.7	Wholesale business
JALCARD, INC.	360	2,377	50.6	Credit card business
JALPAK CO., LTD.	80	528	*97.8	Travel services

(Notes)
1. ZIPAIR Tokyo Inc. and SPRING JAPAN Co., Ltd. are positioned as LCC business domain companies, and JALUX Inc. is positioned as a core company in the non-aviation business domain.
2. * Percentage of voting rights includes those held by subsidiaries.

36. Share-based payment

(1) Details of share-based payment system

The JAL Group has a performance-linked share-based remuneration system as an equity-settled share-based remuneration system for Directors and Executive Officers (excluding Outside Directors).

(2) Performance-linked share-based remuneration system

1) Outline of the System

The JAL Group grants monetary remuneration receivables in accordance with the business performance, etc., using the most recent three consecutive fiscal years ended each applicable period as the performance evaluation period, and the Company delivers shares of the Company's common stock by receiving from each Company's Director and Executive Officers (excluding Outside Directors) all such monetary remuneration receivables as in-kind contributions. This system is intended for the Company's Directors and Executive Officers (excluding Outside Directors).The standard number of shares to be delivered is the standard amount set for each Director position, divided by the average value of the closing price of ordinary transactions of common stock of the Company on the Tokyo Stock Exchange for one month prior to the starting date of the performance evaluation period.

The number of shares of the Company's common stock to be delivered to each of the Subject Directors and Executive Officers (excluding Outside Directors) is designed to be calculated by multiplying the standard number of shares to be delivered, by a performance evaluation factor based on the degree of achievement of the Company's performance and other targets during the performance evaluation period.

The fair value under the system is calculated based on the market value of the Company's shares and is not adjusted to take into account expected dividends.

2) Standard number of shares to be delivered during the year

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Standard number of shares to be delivered	Standard number of shares to be delivered
Balance as of April 1	–	132,268
Grants	132,268	111,200
Other increases	–	–
Delivery or Payment	–	–
Other decreases	–	–
Balance as of March 31	132,268	243,468
Weighted-average fair value (yen)	2,582	2,917.5
Weighted-average fair value (U.S. dollars)	–	19.27

3) Share-based payment expenses

The amount of share-based payment expenses included in "Personnel expenses" in the Consolidated Statement of Profit or Loss and Other Comprehensive Income was ¥113 million and ¥251 million ($1,661 thousands) for the previous and current fiscal years respectively.

37. Related parties

(1) Transactions with related parties

Transactions with subsidiaries are not included as they are eliminated on consolidation.
Other transactions with related parties are as follows:

Previous fiscal year (from April 1, 2022 to March 31, 2023)
No significant transactions existed.

Current fiscal year (from April 1, 2023 to March 31, 2024)
No significant transactions existed.

(2) Compensation of main senior management personnel

The following tables show information on the compensation of main senior management personnel. Main senior management personnel refers to the Company's Directors and Audit and Supervisory Board Members (including Outside Directors and Outside Audit and Supervisory Board Members).

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Millions of yen	Millions of yen
Short-term employee benefits	451	487
Share-based payment	32	72
Total	484	560

	Current fiscal year (from April 1, 2023 to March 31, 2024)
	Thousands of U.S. dollars
Short-term employee benefits	3,221
Share-based payment	477
Total	3,699

Basic policies and other details of main senior management personnel remuneration are as follows.

Basic policy

a. To achieve sustainable and steady growth of the Company and JAL Group, and to enhance the corporate value over the medium- to long-term, the Company promotes business execution in accordance with the corporate policy and management strategies, and strongly motivate main senior management personnel to achieve specific management goals.
b. The Company appropriately sets the ratio of performance-linked bonus, which is linked to annual business performance, and performance-linked share-based remuneration, which is linked to corporate value based on medium- to long-term business performance with the aim of further promoting the sharing of interests with shareholders, thereby contributing to the exercise of sound entrepreneurial spirit.
c. The Company provides remuneration that is appropriate to management in accordance with the Company's business performance.

Remuneration levels and remuneration composition ratios

a. The Company sets appropriate remuneration levels with reference to the business environment and objective remuneration data in the marketplace.
b. Considering the business characteristics of the Company and the effectiveness of performance-linked remuneration, the ratios of (1) "fixed remuneration " (Note), (2) "performance-linked bonus to be paid based on the degree of achievement against targets", (3) "performance-linked share-based remuneration to be delivered based on the degree of achievement against targets" are set as follows:

If the degree of achievement against the target is 100%: (1): (2): (3) = 50%: 30%: 20%
The above ratios are only a guide and may change depending on changes in the Company's share price and other factors.

(Notes) The amount of the allowance for an executive director who concurrently serves as a director and the amount of the allowance for an executive director who has the right to represent the Company shall be excluded.

Framework for performance-linked remuneration

a. The amount of performance-linked bonuses to be paid each fiscal year varies between 0 and 150, depending on the degree of achievement of the performance targets, with 100 being the amount to be paid if the performance targets are met. Performance evaluation indicators are "EBIT", "individual performance evaluation of each director" and so forth, and will be reviewed as appropriate according to changes in the management environment and the roles of each director.

b. The number of shares to be delivered each fiscal year as performance-linked share-based remuneration varies between 0 and 150, depending on the degree of achievement of the performance targets, with 100 being the number of shares to be delivered if the performance targets are met.
The performance evaluation period is three years, and the performance of three consecutive fiscal years will be evaluated each year. Performance indicators are the indicators emphasized in the mid-term management plan, such as "TSR (in comparison with TOPIX including dividends)", "consolidated ROIC", "CO2 emissions per revenue ton-kilometer", and "number of ESG stocks selected", and will be reviewed each mid-term management plan period.
In addition, with respect to the common stock issued under the share-based remuneration plan, the target number of shares to be held by each director and executive director is set and certain restrictions are imposed on the sale of such shares in order to further promote the sharing of interests with the shareholders.
There is no provision of performance-linked share-based remuneration for each of the periods which started in fiscal years 2020 and 2021 respectively in light of our performance and other factors.

38. Commitments

Commitments for the purchase of assets after the end of the reporting period are as follows.

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2024
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Flight equipment	934,650	923,634	6,100,222
Other property, plant and equipment	–	70	466
Intangible assets	372	2,515	16,611
Total	935,023	926,220	6,117,301

39. Subsequent events

The company has issued unsecured corporate bonds (Transition Bonds) with the following conditions.

Name	Japan Airlines Co., Ltd. 13th Series of Unsecured Corporate Bond (with inter-bond pari passu clause)	Japan Airlines Co., Ltd. 14th Series of Unsecured Corporate Bond (with inter-bond pari passu clause)
Issue amount	65,000 million yen ($429,297 thousands)	15,000 million yen ($99,068 thousands)
Interest rate	1.634% per annum	2.278% per annum
Date of Issue	May 23, 2024	
Date of Maturity	May 23, 2034	May 23, 2039
Use of proceeds	Upgrading to fuel-efficient aircraft (Airbus A350, Boeing-787,etc.)	

40. Additional information

(Change in segment information)

The JAL Group announced the “JAL Group Medium-Term Management Plan FY2021-2025 Rolling Plan 2024” on March 21,2024 and plans to change its reportable segments to “Full Service Carrier Business”, “LCC Business”, and “Mileage/Finance and Commerce Business” in accordance with refining its existing income/expenses management method by business domain from the next fiscal year (ending March 2025).

Information on sales, profit or loss, and other items by reportable segment for the current fiscal year based on the new segment classifications is under calculation.