Consolidated Financial Statements

Japan Airlines Co., Ltd. and Subsidiaries

For the Years ended March 31, 2025
Together with Independent
Auditor’s Report

KPMG AZSA LLC
June 2025

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, 2025, 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, 2025, 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.

Emphasis of matter

As described in Note 38, "Subsequent events" to the consolidated financial statements, the Company issued the 1st Unsecured Perpetual Bonds with interest payment deferral clause and optional redemption clause (subordinated bonds with subordination clause applicable in liquidation bankruptcy proceedings) and the 2nd Unsecured Perpetual Bonds with interest payment deferral clause and optional redemption clause (subordinated bonds with subordination clause applicable in liquidation bankruptcy proceedings) on April 16, 2025.

Our opinion is not modified in respect of this matter.

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 25, "Revenue" to the consolidated financial statements, Japan Airlines Co., Ltd. and subsidiaries (hereinafter collectively referred to as "the Group") recognized revenue of	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

JPY 1,451,810 million in the full service carrier business segment for the current fiscal year. Of this total, passenger revenue was JPY 1,268,194 million (consisting of international passenger revenue of JPY 696,529 million and domestic passenger revenue of JPY 571,665 million), which represented approximately 69% of total revenue in the consolidated financial statements. In addition, the Group recorded contract liabilities of JPY 437,927 million in the 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	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: ● 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 actual reported amount, 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

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 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.	● 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.

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 190,312 million in the consolidated statement of financial position for the current fiscal year. As described in Note 16, "Income taxes" to the consolidated financial statements, the amount of gross deferred tax assets before being offset by deferred tax liabilities amounted to JPY 252,273 million. Of this amount, the gross deferred tax	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

assets held by Japan Airlines Co., Ltd. (hereinafter collectively referred to as “the Company”) accounted for JPY 184,802 million, representing approximately 7% of total assets in the consolidated financial statements. The amount includes deferred tax assets of JPY 138,741 million related to carryforward of unused tax losses. Deferred tax assets are recognized to the extent 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 184,802 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	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 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: ● understood how to forecast the travel passenger demand for the Medium-term Management Plan period and compared the forecast with the market forecast reports published by The International Air Transport Association (IATA) for international passengers, as well as available forecast multiple data related to demand, published by external organizations for domestic passengers, 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.

statements for the current fiscal year, and accordingly, a key audit matter.	

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 265 million yen and 97million yen, respectively.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 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.

Michitaka Shishido
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 20, 2025

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, 2024	As of March 31, 2025	As of March 31, 2025
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Assets				
Current assets				
Cash and cash equivalents	7,33	713,867	749,030	5,009,567
Trade and other receivables	8,25,33	173,023	210,211	1,405,906
Other financial assets	9,19,33	16,472	3,502	23,423
Inventories	10	43,949	49,723	332,551
Other current assets		75,294	82,899	554,436
Total current assets		1,022,608	1,095,366	7,325,886
Non-current assets				
Property, plant and equipment	11,19			
Flight equipment	18	871,409	974,253	6,515,873
Advances on flight equipment		134,745	147,534	986,721
Other property, plant and equipment		89,396	92,226	616,817
Total property, plant and equipment		1,095,551	1,214,014	8,119,412
Goodwill and intangible assets	12	87,189	94,317	630,798
Investment property	13	3,561	2,998	20,056
Investments accounted for using equity method	15	24,259	24,333	162,745
Other financial assets	9,18,19,33	158,930	144,056	963,461
Deferred tax assets	16	229,212	190,312	1,272,822
Retirement benefit asset	21	12,294	15,865	106,108
Other non-current assets		15,624	13,648	91,282
Total non-current assets		1,626,623	1,699,547	11,366,689
Total assets		2,649,232	2,794,913	18,692,575

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

	Notes	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	20,33	160,052	179,207	1,198,553
Interest-bearing liabilities	17,18, 19,33	106,935	94,562	632,443
Other financial liabilities	17,33	44,972	63,645	425,666
Income taxes payable		2,601	4,960	33,176
Contract liabilities	25	368,916	437,927	2,928,887
Provisions	22	3,325	1,821	12,183
Other current liabilities		50,396	56,180	375,736
Total current liabilities		737,200	838,306	5,606,648
Non-current liabilities				
Interest-bearing liabilities	17,18, 19,33	780,358	801,461	5,360,228
Other financial liabilities	17,33	25,401	10,581	70,767
Deferred tax liabilities	16	3,317	3,694	24,711
Provisions	22	23,550	23,046	154,135
Retirement benefit liability	21	120,575	92,278	617,163
Other non-current liabilities		10,483	8,872	59,337
Total non-current liabilities		963,686	939,934	6,286,343
Total liabilities		1,700,886	1,778,240	11,892,991
Equity	23			
Share capital		273,200	273,200	1,827,180
Capital surplus		273,992	274,242	1,834,153
Retained earnings		306,879	395,719	2,646,600
Treasury shares		(408)	(1,473)	(9,857)
Accumulated other comprehensive income				
Financial assets measured at fair value through other comprehensive income		43,171	35,745	239,071
Effective portion of cash flow hedges		11,836	(3,860)	(25,822)
Exchange differences on translation of foreign operations		1,275	1,484	9,927
Total accumulated other comprehensive income		56,283	33,369	223,176
Total equity attributable to owners of parent		909,947	975,057	6,521,253
Non-controlling interests		38,398	41,615	278,330
Total equity		948,345	1,016,673	6,799,583
Total liabilities and equity		2,649,232	2,794,913	18,692,575

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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Revenue	6,25			
International passenger revenue		684,523	781,882	5,229,281
Domestic passenger revenue		556,046	574,851	3,844,644
Other revenue		411,320	487,362	3,259,511
Total revenue		1,651,890	1,844,095	12,333,437
Other income	26	31,330	17,992	120,336
Operating expenses	27			
Personnel expenses		(334,089)	(363,471)	(2,430,919)
Aircraft fuel		(356,796)	(380,014)	(2,541,566)
Depreciation, amortization and impairment losses	14	(149,960)	(155,907)	(1,042,719)
Other operating expenses		(701,442)	(794,089)	(5,310,926)
Total operating expenses		(1,542,288)	(1,693,483)	(11,326,130)
Operating profit		140,932	168,605	1,127,644
Share of profit of investments accounted for using equity method	15	469	939	6,284
Profit before investing, financing and income tax		141,402	169,545	1,133,928
Income/expenses from investments	28			
Investing income		4,490	5,325	35,614
Investing expenses		(657)	(2,417)	(16,169)
Profit before financing and income tax	6	145,235	172,452	1,153,373
Finance income/expenses	29			
Finance income		9,277	1,789	11,966
Finance expenses		(15,206)	(15,341)	(102,604)
Profit before income tax	6	139,306	158,900	1,062,736
Income tax expense	16	(43,394)	(46,264)	(309,421)
Profit		95,911	112,635	753,314
Profit attributable to				
Owners of parent		95,534	107,038	715,878
Non-controlling interests		377	5,597	37,436
Other comprehensive income	30			
Items that will not be reclassified to profit or loss				
Financial assets measured at fair value through other comprehensive income		4,282	(8,205)	(54,877)
Remeasurements of defined benefit plans	21	10,649	19,951	133,434
Share of other comprehensive income of investments accounted for using equity method	15	145	(108)	(723)
Total of items that will not be reclassified to profit or loss		15,077	11,637	77,832
Items that may be reclassified to profit or loss				
Effective portion of cash flow hedges	33	10,008	(14,816)	(99,097)
Exchange differences on translation of foreign operations		284	544	3,642
Share of other comprehensive income of investments accounted for using equity method	15	106	(62)	(419)
Total of items that may be reclassified to profit or loss		10,400	(14,335)	(95,873)
Other comprehensive income, net of tax		25,477	(2,697)	(18,040)
Comprehensive income		121,389	109,938	735,273
Comprehensive income attributable to				
Owners of parent		119,643	103,727	693,739

	Notes			
Non-controlling interests		1,745	6,210	41,534
Earnings per share	31	Yen	Yen	U.S. dollars
Basic earnings per share		218.61	245.09	1.63
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, 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		–	–	95,534	–	–	–
Other comprehensive income		–	–	–	–	3,881	9,334
Comprehensive income		–	–	95,534	–	3,881	9,334
Dividends	24	–	–	(24,035)	–	–	–
Share-based payment	35	–	365	–	–	–	–
Transfer to hedged non-financial assets	33	–	–	–	–	–	(2,310)
Purchase of treasury shares		–	–	–	(0)	–	–
Changes in ownership interest in subsidiaries		–	(4)	–	–	–	–
Transfer to retained earnings	21,33	–	–	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					
		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, 2023		1,024	–	44,220	816,288	40,669	856,957
Profit		–	–	–	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	24	–	–	–	(24,035)	(3,341)	(27,376)
Share-based payment	35	–	–	–	365	–	365
Transfer to hedged non-financial assets	33	–	–	(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	21,33	–	(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, 2025 (April 1, 2024 to March 31, 2025)

	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, 2024		273,200	273,992	306,879	(408)	43,171	11,836
Profit		–	–	107,038	–	–	–
Other comprehensive income		–	–	–	–	(8,260)	(15,022)
Comprehensive income		–	–	107,038	–	(8,260)	(15,022)
Dividends	24	–	–	(37,127)	–	–	–
Share-based payment	35	–	249	–	–	–	–
Transfer to hedged non-financial assets	33	–	–	–	–	–	(674)
Purchase of treasury shares	23	–	–	–	(1,065)	–	–
Changes in ownership interest in subsidiaries		–	0	–	–	–	–
Transfer to retained earnings	21,33	–	–	18,929	–	835	–
Total transactions with owners and so forth		–	249	(18,198)	(1,065)	835	(674)
Balance as of March 31, 2025		273,200	274,242	395,719	(1,473)	35,745	(3,860)

	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, 2024		1,275	–	56,283	909,947	38,398	948,345
Profit		–	–	–	107,038	5,597	112,635
Other comprehensive income		208	19,764	(3,310)	(3,310)	612	(2,697)
Comprehensive income		208	19,764	(3,310)	103,727	6,210	109,938
Dividends	24	–	–	–	(37,127)	(2,608)	(39,735)
Share-based payment	35	–	–	–	249	–	249
Transfer to hedged non-financial assets	33	–	–	(674)	(674)	(383)	(1,058)
Purchase of treasury shares	23	–	–	–	(1,065)	–	(1,065)
Changes in ownership interest in subsidiaries		–	–	–	0	(0)	(0)
Transfer to retained earnings	21,33	–	(19,764)	(18,929)	–	–	–
Total transactions with owners and so forth		–	(19,764)	(19,603)	(38,617)	(2,992)	(41,609)
Balance as of March 31, 2025		1,484	–	33,369	975,057	41,615	1,016,673

For the year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

	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, 2024		1,827,180	1,832,482	2,052,434	(2,733)	288,730	79,163
Profit		–	–	715,878	–	–	–
Other comprehensive income		–	–	–	–	(55,246)	(100,473)
Comprehensive income		–	–	715,878	–	(55,246)	(100,473)
Dividends	24	–	–	(248,311)	–	–	–
Share-based payment	35	–	1,669	–	–	–	–
Transfer to hedged non-financial assets	33	–	–	–	–	–	(4,511)
Purchase of treasury shares	23	–	–	–	(7,124)	–	–
Changes in ownership interest in subsidiaries		–	2	–	–	–	–
Transfer to retained earnings	21,33	–	–	126,599	–	5,587	–
Total transactions with owners and so forth		–	1,671	(121,712)	(7,124)	5,587	(4,511)
Balance as of March 31, 2025		1,827,180	1,834,153	2,646,600	(9,857)	239,071	(25,822)

	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, 2024		8,532	–	376,426	6,085,790	256,808	6,342,599
Profit		–	–	–	715,878	37,436	753,314
Other comprehensive income		1,394	132,187	(22,139)	(22,139)	4,098	(18,040)
Comprehensive income		1,394	132,187	(22,139)	693,739	41,534	735,273
Dividends	24	–	–	–	(248,311)	(17,443)	(265,755)
Share-based payment	35	–	–	–	1,669	–	1,669
Transfer to hedged non-financial assets	33	–	–	(4,511)	(4,511)	(2,565)	(7,076)
Purchase of treasury shares	23	–	–	–	(7,124)	–	(7,124)
Changes in ownership interest in subsidiaries		–	–	–	2	(4)	(2)
Transfer to retained earnings	21,33	–	(132,187)	(126,599)	–	–	–
Total transactions with owners and so forth		–	(132,187)	(131,111)	(258,276)	(20,012)	(278,289)
Balance as of March 31, 2025		9,927	–	223,176	6,521,253	278,330	6,799,583

(4) Consolidated statement of cash flows

	Notes	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
		Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 2)
Cash flows from operating activities				
Profit before income tax		139,306	158,900	1,062,736
Depreciation, amortization and impairment losses		149,960	155,907	1,042,719
Loss (gain) on sale and retirement of non-current assets		14,832	(2,143)	(14,333)
Increase (decrease) in retirement benefit liability		411	(1,856)	(12,414)
Interest and dividend income		(4,275)	(6,395)	(42,773)
Interest expenses		13,498	13,183	88,169
Foreign exchange loss (gain)		(9,098)	(678)	(4,536)
Share of loss (profit) of investments accounted for using equity method		(469)	(939)	(6,284)
Insurance claim income		(19,971)	—	—
Decrease (increase) in trade and other receivables		(583)	(36,300)	(242,778)
Decrease (increase) in inventories		(6,686)	(6,250)	(41,803)
Increase (decrease) in trade and other payables		21,421	16,694	111,656
Increase (decrease) in contract liabilities		52,013	68,930	461,014
Other, net		14,628	24,859	166,264
Subtotal		364,989	383,912	2,567,635
Income taxes paid		(1,043)	(2,385)	(15,953)
Net cash provided by (used in) operating activities		363,945	381,527	2,551,682
Cash flows from investing activities				
Purchase of non-current assets		(218,075)	(289,983)	(1,939,431)
Proceeds from sales of non-current assets		2,305	9,134	61,094
Purchase of other financial assets		(3,000)	(7,240)	(48,427)
Proceeds from sales of other financial assets		466	20	135
Payments for loans receivable		(3,143)	(196)	(1,311)
Collection of loans receivable		1,385	1,177	7,874
Interest received		1,415	2,173	14,539
Dividends received		2,551	3,617	24,196
Insurances payments received		19,971	—	—
Other, net		1,023	189	1,264
Net cash provided by (used in) investing activities		(195,099)	(281,107)	(1,880,063)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	32	(7,385)	1,220	8,162
Proceeds from long-term borrowings	32	24,606	27,500	183,921
Repayments of long-term borrowings	32	(70,819)	(87,206)	(583,245)
Proceeds from issuance of bonds	32	19,880	79,537	531,954
Redemption of bonds	32	(10,000)	(10,000)	(66,880)
Interest paid		(10,998)	(11,393)	(76,198)
Dividends paid	24	(23,924)	(37,060)	(247,864)
Dividends paid to non-controlling interests		(3,341)	(2,608)	(17,443)
Repayments of lease liabilities	32	(22,132)	(23,189)	(155,093)
Other, net		(916)	(1,709)	(11,435)
Net cash provided by (used in) financing activities		(105,031)	(64,910)	(434,123)
Effect of exchange rate changes on cash and cash equivalents		10,805	(347)	(2,324)
Net increase (decrease) in cash and cash equivalents		74,619	35,162	235,171
Cash and cash equivalents at beginning of period	7	639,247	713,867	4,774,396
Cash and cash equivalents at end of period	7	713,867	749,030	5,009,567

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, 2025 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 businesses are "Full Service Carrier (hereinafter "FSC") Business", "LCC Business", and "Mileage/Finance and Commerce Business". Details of each business are described in Note "25. 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, item (i) 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 IFRS Accounting Standards (hereinafter "IFRS"), pursuant to the provisions set forth in Article 312 of the Regulation.

Issuance of these consolidated financial statements was approved by TOTTORI Mitsuko, Representative Director, President on June 20, 2025.

(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) U.S. Dollar amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. A rate of ¥149.52 = US$1.00, the approximate exchange rate prevailing on March 31, 2025, 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: 2-23 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.

3) Provision for environmental measures

The provision for environmental measures is recognized as the amount expected to be paid in the future in preparation for the obligations to purchase carbon credits under the CORSIA. The amount of payment may differ from the estimated amount depending on trends in the international aviation industry. An outflow of economic benefits is expected to take place after one year from the end of the current fiscal year.

(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 “25. 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 "25. 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 ¥437,927 million ($2,928,887 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 ¥974,253 million ($6,515,873 thousands).

3) Impairment of non-financial assets (Note "3. Material accounting policies, (12) Impairment of non-financial assets" and Note "14. 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, 2025 is ¥1,214,014 million ($8,119,412 thousands), ¥94,317 million ($630,798 thousands) and ¥2,998 million ($20,056 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 mainly due to change of cash-generating unit and reduction of the carrying amount to the value in use or the estimated recoverable amount of flight equipment that have been decided to be sold or retired.

4) Recognition of deferred tax assets (Note "3. Material accounting policies, (17) Income taxes expenses" and Note "16. 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 ¥190,312 million ($1,272,822 thousands) and ¥3,694 million ($24,711 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 of the JAL Group are components of the Company about which separate financial information is available and evaluated regularly by the Board of Directors in deciding how to allocate resources and evaluating business performance.

The JAL group has restructured its business portfolio based on the experiences from the COVID-19 pandemic, aiming to create new businesses particularly in non-aviation areas and to expand the overall profits of the group. The JAL Group's business structure reform focuses on the growth and profit expansion of the "LCC Business", "Mileage/Finance and Commerce Business", and "Other" businesses. In order to achieve this goal, the JAL Group has refined the traditional business domain income/expenses management method from the current fiscal year to establish a system to manage business of each segment.

Considering the promotion of this business structure reform and the establishment of the business management system, the JAL Group has aggregated business segments based on similar economic characteristics and changed the reportable segments to "FSC Business", "LCC Business", and "Mileage/Finance and Commerce Business" from the current fiscal year. Additionally, segment profit has been changed from the previous "Profit before investing, financing and income tax" to "Profit before financing and income tax". The segment information for the previous fiscal year has been disclosed based on the revised reportable segments and segment profit.

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

	Reportable segment							
	FSC Business	LCC Business	Mileage/ Finance and Commerce Business	Sub-total	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	Millions of yen	Millions of yen	Millions of yen
Revenue								
Sales to external customers	1,261,044	69,360	121,890	1,452,296	199,594	1,651,890	—	1,651,890
Intersegment sales	61,466	5,486	68,106	135,059	24,052	159,112	(159,112)	—
Total	1,322,511	74,847	189,997	1,587,355	223,647	1,811,003	(159,112)	1,651,890
Profit before financing and income tax	106,184	2,705	34,643	143,533	2,522	146,056	(821)	145,235
Finance income	—	—	—	—	—	—	—	9,277
Finance expenses	—	—	—	—	—	—	—	(15,206)
Profit before income tax	—	—	—	—	—	—	—	139,306
Other items								
Interest income (Note) 4	601	161	5	768	2	771	(1)	770
Depreciation, amortization and impairment losses	(130,812)	(9,641)	(5,768)	(146,222)	(4,731)	(150,953)	993	(149,960)
Share of profit(loss) of investments accounted for using equity method	1,212	(966)	—	246	381	627	(158)	469

(Notes)
1. "Others" generally comprise travel business.
2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with profit before financing and income tax on the consolidated statement of profit or loss and other comprehensive income.
4. The interest income in “Other items” refers to interest income included in profit before financing and income tax.

Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

	Reportable segment							
	FSC Business	LCC Business	Mileage/ Finance and Commerce Business	Sub-total	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	Millions of yen	Millions of yen	Millions of yen
Revenue								
Sales to external customers	1,396,294	91,895	131,779	1,619,970	224,125	1,844,095	—	1,844,095
Intersegment sales	55,515	12,235	68,575	136,327	28,144	164,472	(164,472)	—
Total	1,451,810	104,131	200,355	1,756,297	252,270	2,008,567	(164,472)	1,844,095
Profit before financing and income tax	111,148	11,586	38,105	160,841	12,393	173,234	(782)	172,452
Finance income	—	—	—	—	—	—	—	1,789
Finance expenses	—	—	—	—	—	—	—	(15,341)
Profit before income tax	—	—	—	—	—	—	—	158,900
Other items								
Interest income (Note) 4	604	196	21	821	28	850	(45)	804
Depreciation, amortization and impairment losses	(137,401)	(10,281)	(4,363)	(152,046)	(4,839)	(156,886)	978	(155,907)
Share of profit(loss) of investments accounted for using equity method	1,636	(1,129)	—	506	432	939	0	939

Year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

	Reportable segment				Others (Note) 1	Total	Adjustment (Note) 2	Consolidated (Note) 3
	FSC Business	LCC Business	Mileage/ Finance and Commerce Business	Sub-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	Thousands of U.S. dollars
Revenue								
Sales to external customers	9,338,514	614,604	881,352	10,834,471	1,498,966	12,333,437	—	12,333,437
Intersegment sales	371,294	81,831	458,640	911,767	188,232	1,100,000	(1,100,000)	—
Total	9,709,809	696,436	1,339,992	11,746,238	1,687,199	13,433,438	(1,100,000)	12,333,437
Profit before financing and income tax	743,372	77,490	254,854	1,075,716	82,888	1,158,605	(5,231)	1,153,373
Finance income	—	—	—	—	—	—	—	11,966
Finance expenses	—	—	—	—	—	—	—	(102,604)
Profit before income tax	—	—	—	—	—	—	—	1,062,736
Other items								
Interest income (Note) 4	4,041	1,311	143	5,496	190	5,686	(305)	5,380
Depreciation, amortization and impairment losses	(918,952)	(68,762)	(29,184)	(1,016,899)	(32,365)	(1,049,264)	6,545	(1,042,719)
Share of profit(loss) of investments accounted for using equity method	10,945	(7,555)	—	3,390	2,893	6,283	0	6,284

(Notes)
1. "Others" generally comprise travel business.
2. Adjustment includes intersegment elimination.
3. Segment profit has been adjusted with profit before financing and income tax on the consolidated statement of profit or loss and other comprehensive income.
4. The interest income in "Other items" refers to interest income included in profit before financing and income tax.

(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, 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, 2024 to March 31, 2025)

(Millions of yen)

Japan	Asia and Oceania	North America	Europe	Total
924,653	353,072	425,044	141,324	1,844,095

Current fiscal year (from April 1, 2024 to March 31, 2025)

(Thousands of U.S. dollars)

Japan	Asia and Oceania	North America	Europe	Total
6,184,147	2,361,374	2,842,729	945,186	12,333,437

(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, Russia and Qatar.

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. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash and deposits (including time deposits maturing within one year)	711,868	748,031	5,002,887
Short-term investments	1,999	998	6,680
Total	713,867	749,030	5,009,567

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

8. 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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Notes and operating accounts receivable	155,051	192,187	1,285,361
Lease receivable	2,695	3,275	21,907
Other	15,276	14,748	98,637
Total	173,023	210,211	1,405,906

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

9. Other financial assets

(1) Breakdown of other financial assets

The breakdown of other financial assets is as follows:

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Financial assets measured at FVTOCI			
Shares and so forth (Note 1)	97,426	88,730	593,437
Financial assets measured at amortized cost			
Guarantee deposits	29,549	24,256	162,228
Loans receivable	6,499	5,687	38,038
Bonds receivable	5,836	5,859	39,191
Other	264	718	4,807
Financial assets measured at FVTPL			
Derivative assets (Note 2)	16,162	3,070	20,535
Investments in investment limited partnerships	15,069	14,881	99,529
Lease receivable	4,594	4,353	29,117
Total	175,403	147,558	986,884
Current assets	16,472	3,502	23,423
Non-current assets	158,930	144,056	963,461
Total	175,403	147,558	986,884

(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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Marketable	56,133	44,742	299,242
Non-marketable	41,292	43,987	294,194
Total	97,426	88,730	593,437

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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Japan Airport Terminal Co., Ltd.	26,081	18,085	120,957
AEON Co., Ltd.	12,399	12,934	86,506
Oriental Land Co., Ltd.	9,116	5,536	37,029

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, 2023 to March 31, 2024)		Current fiscal year (from April 1, 2024 to March 31, 2025)	
Fair value	Accumulated gains (losses)	Fair value	Accumulated gains (losses)
Millions of yen	Millions of yen	Millions of yen	Millions of yen
466	209	20	(35)

Current fiscal year (from April 1, 2024 to March 31, 2025)	
Fair value	Accumulated gains (losses)
Thousands of U.S. dollars	Thousands of U.S. dollars
135	(235)

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 ¥(852) million and ¥(821) million ($(5,494) 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, 2023 to March 31, 2024)		Current fiscal year (from April 1, 2024 to March 31, 2025)	
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
23	2,227	—	3,815

Current fiscal year (from April 1, 2024 to March 31, 2025)	
Investments derecognized during the year	Investments held as of the year end
Thousands of U.S. dollars	Thousands of U.S. dollars
—	25,520

10. Inventories

The breakdown of inventories is as follows:

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Flight equipment spare parts and supplies	31,927	37,328	249,653
Goods	12,021	12,394	82,898
Total	43,949	49,723	332,551

Inventories recognized as expenses for the previous and current fiscal years amounted to ¥439,709 million and ¥481,028 million ($3,217,152 thousands), respectively.
Write-downs of inventories recognized as expenses for the previous and current fiscal years were ¥801 million and ¥362 million ($2,426 thousands), respectively.

11. Property, plant and equipment

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, 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
Acquisition (Note 2)	35,251	208,888	–	3,042	12,281	4,368	263,832
Depreciation	(98,768)	–	–	(3,671)	–	(6,859)	(109,299)
Impairment losses	(22)	–	–	(9)	–	(2)	(34)
Transfer	177,900	(177,900)	–	2,891	(7,328)	4,437	–
Disposal	(2,140)	–	–	(210)	(959)	(219)	(3,528)
Exchange differences on translation of foreign operations	–	–	–	–	–	1	1
Other	523	(18,199)	–	98	(260)	5	(17,831)
As of March 31, 2025	937,037	147,534	761	34,655	7,106	24,904	1,152,000

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, 2024	5,512,922	901,188	5,090	217,456	22,569	154,980	6,814,207
Acquisition (Note 2)	235,765	1,397,061	—	20,349	82,136	29,216	1,764,530
Depreciation	(660,568)	—	—	(24,556)	—	(45,877)	(731,001)
Impairment losses	(151)	—	—	(62)	—	(16)	(230)
Transfer	1,189,809	(1,189,809)	—	19,337	(49,015)	29,677	—
Disposal	(14,312)	—	—	(1,405)	(6,418)	(1,465)	(23,601)
Exchange differences on translation of foreign operations	—	—	—	—	—	10	10
Other	3,503	(121,719)	—	659	(1,741)	36	(119,260)
As of March 31, 2025	6,266,968	986,721	5,090	231,780	47,530	166,563	7,704,655

(Notes) 1. Government grants received from the government and local municipalities associated with flight equipment renewals for operations to remote islands amounted to ¥83 million for the previous years. 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 ¥943 million and ¥2,859 million ($19,126 thousands), respectively. The capitalization rates applied were 1.76% and 1.94%, 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, 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
March 31, 2025	1,783,147	147,534	761	83,394	7,106	72,347	2,094,291

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, 2025	11,925,812	986,721	5,090	557,749	47,530	483,863	14,006,767

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, 2023	(658,620)	–	–	(42,043)	–	(40,977)	(741,642)
March 31, 2024	(763,358)	–	–	(45,402)	–	(45,218)	(853,979)
March 31, 2025	(846,110)	–	–	(48,738)	–	(47,442)	(942,291)

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, 2025	(5,658,843)	–	–	(325,969)	–	(317,300)	(6,302,112)

12. Goodwill and intangible assets

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, 2023	3,673	72,822	6,814	83,310
Increase	–	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
Increase	–	33,172	7	33,180
Amortization	–	(21,855)	(329)	(22,185)
Impairment losses	–	(44)	–	(44)
Disposal	–	(1,214)	(0)	(1,215)
Exchange differences on translation of foreign operations	–	(0)	(0)	(0)
Other	–	(2,607)	(0)	(2,607)
As of March 31, 2025	3,990	85,930	4,396	94,317

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, 2024	26,690	524,874	31,563	583,128
Increase	–	221,861	48	221,910
Amortization	–	(146,171)	(2,206)	(148,378)
Impairment losses	–	(295)	–	(295)
Disposal	–	(8,125)	(2)	(8,127)
Exchange differences on translation of foreign operations	–	(0)	(0)	(0)
Other	–	(17,437)	(0)	(17,437)
As of March 31, 2025	26,690	574,706	29,401	630,798

Cost

	Goodwill	Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2023	3,673	259,177	7,214	270,065
As of March 31, 2024	3,990	249,227	5,449	258,667
As of March 31, 2025	3,990	268,879	5,456	278,326

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, 2025	26,690	1,798,281	36,492	1,861,465

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, 2023	–	(186,354)	(400)	(186,755)
As of March 31, 2024	–	(170,748)	(730)	(171,478)
As of March 31, 2025	–	(182,949)	(1,060)	(184,009)

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, 2025	–	(1,223,575)	(7,090)	(1,230,666)

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

13. 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	4,005	4,323	28,917
Acquisition	827	1,696	11,346
Disposal	(508)	(2,068)	(13,831)
Balance at end of period	4,323	3,952	26,432

Accumulated depreciation and accumulated impairment losses

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	(709)	(762)	(5,097)
Depreciation	(561)	(600)	(4,016)
Disposal	508	409	2,738
Balance at end of period	(762)	(953)	(6,375)

The carrying amounts and fair value are as follows:

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Carrying amounts	3,561	2,998	20,056
Fair values	2,990	2,853	19,087

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 “33. 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Rental income	800	762	5,101
Rental expenses	545	618	4,135
Profit or loss	255	144	965

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.

14. 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 (hereinafter “CGU”), 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.

Considering the promotion of business structure reform and the establishment of the business management system from the current fiscal year, the JAL Group has reviewed the business portfolio and changed the CGU to “FSC Business”, “Maintenance Business”, “Airport Ground Handling Business”, “Cargo Warehouse Business”, “Mileage/Finance Business”, “Commerce Business” and “Travel Business” in the impairment test. In addition, for subsidiaries and associates that are not included in the above CGU, each company is considered as a CGU in the impairment test.

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 recognized in the previous 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, 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 impairment loss recognized in the previous fiscal year is disclosed based on the classification of reportable segments and CGU for the impairment test from the current fiscal year.

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

(Millions of yen)

Reportable Segment	CGU	Usage	Type of assets	Amount
FSC Business	FSC Business	Assets to be sold or retired, or idle assets	Flight equipment	322
LCC Business	Spring Japan Co., Ltd.	Assets for business use	Property, plant and equipment Intangible assets	7 22
Mileage/Finance and Commerce Business	Commerce Business	Assets for business use	Property, plant and equipment Intangible assets	39 1,792
Others	JAL Agriport Co., Ltd.	Assets for business use	Property, plant and equipment Intangible assets	218 0
Total				2,403

The impairment loss recognized in the current fiscal year mainly relates to 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 ¥2 million ($16 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.

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

(Millions of yen)

Reportable Segment	CGU	Usage	Type of assets	Amount
FSC Business	FSC Business	Assets to be sold or retired, or idle assets	Flight equipment	22
LCC Business	Spring Japan Co., Ltd.	Assets for business use	Property, plant and equipment Intangible assets	2 36
Mileage/ Finance and Commerce Business	Commerce Business	Assets for business use	Property, plant and equipment Intangible assets	9 7
Total				78

(Thousands of U.S. dollars)

Reportable Segment	CGU	Usage	Type of assets	Amount
FSC Business	FSC Business	Assets to be sold or retired, or idle assets	Flight equipment	151
LCC Business	Spring Japan Co., Ltd.	Assets for business use	Property, plant and equipment Intangible assets	16 243
Mileage/ Finance and Commerce Business	Commerce Business	Assets for business use	Property, plant and equipment Intangible assets	62 52
Total				525

(2) Goodwill impairment test

The following table shows the reportable segments, CGU and their carrying amounts to which goodwill are allocated with respect to the impairment of non-financial assets.

Reportable Segment	CGU	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
		Millions of yen	Millions of yen	Thousands of U.S. dollars
LCC Business	Spring Japan Co., Ltd.	505	505	3,383
Mileage/ Finance and Commerce Business	Commerce Business	3,484	3,484	23,307
Total		3,990	3,990	26,690

The cash-generating units to which goodwill is allocated are tested for impairment annually and whenever an indication of impairment exists.

The recoverable amount of a cash-generating unit to which goodwill has 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.

15. 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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	19,858	19,279	128,943

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

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Equity share in profit	(270)	223
Equity share in other comprehensive income	145	(108)
Equity share in comprehensive income	(124)	115

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Equity share in profit	1,493
Equity share in other comprehensive income	(723)
Equity share in comprehensive income	770

(2) Investments in joint ventures

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

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total carrying amount	4,400	5,054	33,802

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

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Equity share in profit	739	716
Equity share in other comprehensive income	106	(62)
Equity share in comprehensive income	846	653

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Equity share in profit	4,790
Equity share in other comprehensive income	(419)
Equity share in comprehensive income	4,371

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

16. 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, 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

(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".

Current fiscal year (from April 1, 2024 to March 31, 2025)

	As of April 1, 2024	Recognized through profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Business combinations	Other	As of March 31, 2025
	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	35,938	203	(7,919)				28,222
Lease liabilities	20,146	(2,047)					18,099
Long-term borrowings	11,991	1,348					13,339
Contract liabilities	5,509	(194)					5,315
Excess of maximum amount of tax deductible depreciation	5,197	1,800					6,997
Unrealized gains	3,334	108					3,442
Deferred liability on flight equipment	2,430	74					2,505
Impairment losses	2,309	(27)					2,282
Asset retirement obligations	4,764	(1,205)					3,558
Accrued bonuses	1,965	4,405					6,371
Effective portion of cash flow hedges	156		2,559				2,715
Unused tax losses	195,967	(43,108)					152,858
Other	6,348	217				(1)	6,564
Total	296,058	(38,423)	(5,359)	–	–	(1)	252,273
Deferred tax liabilities							
Flight equipment (Note 1)	20,418	3,510					23,929
Financial assets measured at FVTOCI	19,650		(2,681)				16,968
Right-of-use assets (Note 2)	8,453	(1,270)					7,183
Effective portion of cash flow hedges	5,206		(3,783)	(461)			961
Retirement benefit asset	4,100	457	844				5,402
Asset retirement obligations	2,001	(1,497)					503
Other	10,332	373					10,706
Total	70,163	1,574	(5,620)	(461)	–	–	65,656

Current fiscal year (from April 1, 2024 to March 31, 2025)

	As of April 1, 2024	Recognized through profit or loss	Recognized in other comprehensive income	Recognized directly in equity	Business combinations	Other	As of March 31, 2025
	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	240,359	1,360	(52,964)				188,755
Lease liabilities	134,739	(13,690)					121,048
Long-term borrowings	80,201	9,015					89,217
Contract liabilities	36,848	(1,297)					35,550
Excess of maximum amount of tax deductible depreciation	34,758	12,040					46,799
Unrealized gains	22,299	727					23,026
Deferred liability on flight equipment	16,254	500					16,755
Impairment losses	15,445	(182)					15,262
Asset retirement obligations	31,862	(8,061)					23,801
Accrued bonuses	13,146	29,463					42,610
Effective portion of cash flow hedges	1,044		17,117				18,162
Unused tax losses	1,310,641	(288,310)					1,022,330
Other	42,460	1,457				(13)	43,905
Total	1,980,062	(256,976)	(35,847)	–	–	(13)	1,687,225
Deferred tax liabilities							
Flight equipment (Note 1)	136,561	23,480					160,042
Financial assets measured at FVTOCI	131,421		(17,931)				113,489
Right-of-use assets (Note 2)	56,537	(8,494)					48,043
Effective portion of cash flow hedges	34,821		(25,304)	(3,086)			6,431
Retirement benefit asset	27,426	3,060	5,646				36,133
Asset retirement obligations	13,382	(10,016)					3,365
Other	69,107	2,501					71,608
Total	469,259	10,529	(37,589)	(3,086)	–	–	439,113

(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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Unused tax losses	18,685	21,718	145,256
Deductible temporary differences	16,786	17,119	115,031
Total	35,471	38,918	260,288

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

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Year 1	1,225	1,220	8,164
Year 2	1,369	1,650	11,041
Year 3	1,610	834	5,583
Year 4	814	2,137	14,293
Year 5 or later	13,665	15,874	106,172
Total	18,685	21,718	145,256

The aggregate amount of taxable temporary differences related to investments in subsidiaries and associates for unrecognized deferred tax liabilities as of March 31, 2024 and March 31, 2025 was ¥181,732 million and ¥198,007 million ($1,324,285 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Current tax expense	3,944	6,267
Deferred tax expense	39,450	39,997
Total	43,394	46,264

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Current tax expense	41,915
Deferred tax expense	267,506
Total	309,421

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

The amount of the benefit arising from a previously unrecognized tax loss or temporary differences of prior periods that were used to reduce deferred tax expense were ¥23 million and ¥1,213 million

($8,113 thousands) for the previous and current fiscal year, respectively. These amounts are included in deferred tax expense.

The deferred tax expense for the current fiscal year includes an amount of ¥3,648 million ($24,399 thousands) resulting from write-down of deferred tax assets or the reversal of previously recognized write-downs (evaluation of the recoverability of deferred tax assets).

In Japan, where the Company is located, the Income Inclusion Rule (IIR), part of the global minimum tax rules under the Base Erosion and Profit Shifting (BEPS) framework, was introduced as part of the 2023 tax reform. Under this rule, the JAL Group has been subject to additional top-up taxes imposed on the Company until the tax burden of its subsidiaries reaches the minimum tax rate of 15% from the current fiscal year.
The JAL Group has assessed the potential impact of the global minimum tax regime based on the most recent Country-by-Country Reports, tax filings, and financial statements of its subsidiaries. The assessment concluded that the Transitional CbCR Safe Harbour is applied in all jurisdictions where the JAL Group operates. As a result, the JAL Group does not expect any material corporate income tax impact under Pillar Two.
The JAL Group applies the temporary exception provided for in IAS 12 “Income Taxes” for deferred tax assets and liabilities related to Pillar Two income taxes, and does not recognize or disclose such information.

The JAL Group is subject to taxes mainly comprising income taxes, residence taxes and enterprise taxes. Calculated based on these taxes, the statutory effective tax rate was 29.9% for the previous and current fiscal years, respectively.
The “Act on Partial Amendment of the Income Tax Act” (Act No. 13 of 2025) was enacted in the National Diet on March 31, 2025, and the income tax rate will be increased from the fiscal year starting on or after April 1, 2026. Consequently, the statutory effective tax rate used for the calculation of deferred tax assets and deferred tax liabilities (limited to those expected to be settled on or after April 1, 2026) will be changed from the previous rate of 29.9% to 30.8%.
Following this change, the deferred tax expense decreased by ¥4,529 million($30,290 thousands) in the current fiscal year.

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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	%	%
Statutory effective tax rate	29.9	29.9
Share of profit (loss) of investments accounted for using equity method	(0.1)	(0.2)
Changes in unrecognized deferred tax assets	2.2	2.0
Correction of tax rate	0.3	(2.7)
Other	(1.1)	0.1
Average effective tax rate after application of tax effect accounting	31.2	29.1

17. 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, 2024	As of March 31, 2025	As of March 31, 2025	Average interest rate (Note 1)	Repayment schedule
	Millions of yen	Millions of yen	Thousands of U.S. dollars	%	
Current					
Short-term borrowings	1,264	1,188	7,947	0.4	–
Commercial paper	1,999	3,295	22,039	0.8	–
Current portion of long-term borrowings	71,462	66,232	442,964	0.9	–
Current portion of bonds payable (Note 3)	9,991	1,770	11,840	–	–
Current portion of lease liabilities	22,214	22,073	147,627	1.0	–
Accounts payable – installment purchase	3	3	24	2.8	–
Non-current					
Long-term borrowings (Note 2)	469,415	417,546	2,792,579	2.1	June, 2026 through November , 2057
Bonds payable (Note 3)	258,732	338,576	2,264,424	–	June, 2026 through October, 2058
Lease liabilities	52,205	45,334	303,199	1.0	April, 2026 through March, 2036
Long-term accounts payable – installment purchase	5	3	24	2.9	June, 2026 through April, 2034
Total	887,294	896,024	5,992,671	–	–
Current liabilities	106,935	94,562	632,443	–	–
Non-current liabilities	780,358	801,461	5,360,228	–	–
Total	887,294	896,024	5,992,671	–	–

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, 2025.
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, 2024	As of March 31, 2025	As of March 31, 2025	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	10,000	10,000	66,880	0.470	None	Dec. 18, 2026
Japan Airlines Co., Ltd.	Series 3 Unsecured Corporate Bond	Sep. 21, 2018	10,000	10,000	66,880	0.399	None	Sep. 21, 2028
Japan Airlines Co., Ltd.	Series 4 Unsecured Corporate Bond	Sep. 21, 2018	10,000	10,000	66,880	0.960	None	Sep. 21, 2038
Japan Airlines Co., Ltd.	Series 6 Unsecured Corporate Bond	Dec. 16, 2019	10,000 (10,000)	–	–	0.130	None	Dec. 16, 2024
Japan Airlines Co., Ltd.	Series 7 Unsecured Corporate Bond	Dec. 16, 2019	10,000	10,000	66,880	0.280	None	Dec. 14, 2029
Japan Airlines Co., Ltd.	Series 9 Unsecured Corporate Bond	Mar. 19, 2020	10,000	10,000	66,880	0.700	None	Mar. 19, 2040
Japan Airlines Co., Ltd.	Series 10 Unsecured Corporate Bond	Jun. 10, 2021	30,000	30,000	200,642	0.580	None	Jun. 10, 2026
Japan Airlines Co., Ltd.	Series 11 Unsecured Corporate Bond	Mar. 1, 2022	10,000	10,000	66,880	0.700	None	Mar. 1, 2027
Japan Airlines Co., Ltd.	Series 12 Unsecured Corporate Bond	Jun. 19, 2023	20,000	20,000	133,761	1.200	None	Jun. 17, 2033
Japan Airlines Co., Ltd.	Series 13 Unsecured Corporate Bond	May. 23, 2024	−	65,000	434,724	1.634	None	May. 23, 2034
Japan Airlines Co., Ltd.	Series 14 Unsecured Corporate Bond	May. 23, 2024	−	15,000	100,321	2.278	None	May 23, 2039
Japan Airlines Co., Ltd.	Series 1 Unsecured subordinated bond with interest payment deferrable clause and optional early redemption conditions (Note 2)	Oct. 12, 2021	150,000	150,000	1,003,210	1.600	None	Oct. 11, 2058
Total			270,000 (10,000)	340,000 (−)	2,273,943 (−)			

(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.

.

(2) Breakdown of other financial liabilities

The breakdown of other financial liabilities is as follows:

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	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	18,366	–	–
Deposits received	51,400	65,482	437,950
Other	15	120	803
Financial liabilities measured at FVTPL			
Derivative liabilities (Note)	592	8,624	57,681
Total	70,374	74,226	496,434
Current liabilities	44,972	63,645	425,666
Non-current liabilities	25,401	10,581	70,767
Total	70,374	74,226	496,434

(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.

18. 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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Flight equipment	396,651	353,013	2,360,978
Others	8,619	8,682	58,070
Total	405,270	361,696	2,419,048

Obligations secured by such collateral are as follows.

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current portion of long-term borrowings	57,410	55,635	372,093
Long-term borrowings	194,194	140,002	936,348
Total	251,604	195,638	1,308,441

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.

19. 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, 2024 and March 31, 2025 is as follows:

(Millions of yen)

	Type of underlying assets			Total
	Flight equipment	Buildings	Other	
As of March 31, 2024	47,116	21,302	8,271	76,691
As of March 31, 2025	37,216	16,700	8,097	62,014

(Thousands of U.S. dollar)

	Type of underlying assets			Total
	Flight equipment	Buildings	Other	
As of March 31, 2025	248,904	111,697	54,156	414,757

(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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
Depreciation for right-of-use assets		
Those with the underlying assets of flight equipment	11,797	11,453
Those with the underlying assets of buildings	6,995	7,134
Those with the underlying assets of other	2,618	2,800
Total depreciation for right-of-use assets	21,410	21,389
Interest expenses on lease liabilities	629	672
Expenses associated with short-term leases	7,295	7,144
Cash outflows associated with leases	33,631	33,751
Increase in right-of-use assets	20,600	13,111

(Thousands of U.S. dollars)

	Current fiscal year (from April 1, 2024 to March 31, 2025)
Depreciation for right-of-use assets	
Those with the underlying assets of flight equipment	76,600
Those with the underlying assets of buildings	47,719
Those with the underlying assets of other	18,731
Total depreciation for right-of-use assets	143,051
Interest expenses on lease liabilities	4,500
Expenses associated with short-term leases	47,784
Cash outflows associated with leases	225,729
Increase in right-of-use assets	87,692

(Note) The amount of gains or losses arising from sale and leaseback transactions is not material.

The maturity analysis of lease liabilities as of March 31, 2024, and March 31, 2025 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, 2024	74,419	75,752	22,761	43,886	9,104
As of March 31, 2025	67,407	68,807	22,571	39,712	6,523
	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, 2025	450,826	460,191	150,959	265,601	43,631

(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 ¥88 million and ¥89 million ($597 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, 2024)	Current fiscal year (As of March 31, 2025)
Within 1 year	1,657	1,904
More than 1 year, but within 2 years	697	1,032
More than 2 years, but within 3 years	690	914
More than 3 years, but within 4 years	641	724
More than 4 years, but within 5 years	594	592
More than 5 years	3,507	2,889
Total	7,788	8,058
Unearned finance income	498	429
Net investment in the lease	7,289	7,629

(Thousands of U.S. dollars)

	Current fiscal year (As of March 31, 2025)
Within 1 year	12,734
More than 1 year, but within 2 years	6,907
More than 2 years, but within 3 years	6,116
More than 3 years, but within 4 years	4,847
More than 4 years, but within 5 years	3,962
More than 5 years	19,327
Total	53,896
Unearned finance income	2,870
Net investment in the lease	51,025

20. 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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Operating accounts payable	151,894	168,104	1,124,291
Other	8,157	11,103	74,261
Total	160,052	179,207	1,198,553

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

21. 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, 2025, the 36 companies within the JAL Group, including the Company and its 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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Present value of funded defined benefit obligations	347,635	312,085	2,087,251
Fair value of plan assets	(334,824)	(324,331)	(2,169,148)
Subtotal	12,811	(12,245)	(81,896)
Present value of non-funded defined benefit obligations	95,470	88,658	592,951
Net defined benefit liability and asset	108,281	76,412	511,054
Amounts in the consolidated statement of financial position			
Retirement benefit liability	120,575	92,278	617,163
Retirement benefit asset	(12,294)	(15,865)	(106,108)
Net defined benefit liability and asset recognized in the consolidated statement of financial position	108,281	76,412	511,054

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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Present value of defined benefit obligations at the beginning of the year	463,592	443,105
Current service cost	13,471	12,805
Interest expense	4,147	4,733
Remeasurement		
Actuarial gains and losses arising from changes in financial assumptions	(10,324)	(24,223)
Actuarial gains and losses arising from experience adjustments	1,480	(4,559)
Payment of benefits	(29,244)	(30,803)
Other	(16)	(314)
Present value of defined benefit obligations at the end of the year	443,105	400,743

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Present value of defined benefit obligations at the beginning of the year	2,963,521
Current service cost	85,643
Interest expense	31,659
Remeasurement	
Actuarial gains and losses arising from changes in financial assumptions	(162,008)
Actuarial gains and losses arising from experience adjustments	(30,942)
Payment of benefits	(206,015)
Other	(2,105)
Present value of defined benefit obligations at the end of the year	2,680,202

The weighted average duration of defined benefit obligations as of March 31, 2024 and 2025 was 10.7 years and 10.0 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Fair value of plan assets at the beginning of the year	339,758	334,824
Interest income	3,388	3,935
Remeasurement		
Return on plan assets excluding interest income	6,679	(68)
Contributions by the employer	7,408	7,033
Contributions by plan participants	700	676
Payment of benefits	(21,455)	(22,551)
Other	(1,655)	481
Fair value of plan assets at the end of the year	334,824	324,331

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Fair value of plan assets at the beginning of the year	2,239,326
Interest income	26,320
Remeasurement	
Return on plan assets excluding interest income	(455)
Contributions by the employer	47,040
Contributions by plan participants	4,523
Payment of benefits	(150,826)
Other	3,218
Fair value of plan assets at the end of the year	2,169,148

The JAL Group plans to make contributions of ¥7,115 million ($47,588 thousands) in the next fiscal year ending March 31, 2026.

4) Breakdown of plan assets by class

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

	As of March 31, 2024			As of March 31, 2025			As of March 31, 2025		
	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	4,362	–	4,362	1,960	–	1,960	13,108	–	13,108
Equity instruments									
Shares issued by Japanese companies	3,212	–	3,212	2,946	–	2,946	19,709	–	19,709
Shares issued by foreign companies	17,847	–	17,847	14,735	–	14,735	98,553	–	98,553
Debt instruments									
Bonds issued by Japanese companies	11,123	–	11,123	13,280	–	13,280	88,818	–	88,818
Bonds issued by foreign companies	30,154	–	30,154	27,996	–	27,996	187,244	–	187,244
General accounts for life insurance	–	250,760	250,760	–	240,810	240,810	–	1,610,556	1,610,556
Other	–	17,362	17,362	–	22,600	22,600	–	151,156	151,156
Total	66,700	268,123	334,824	60,919	263,411	324,331	407,434	1,761,713	2,169,148

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, 2024	As of March 31, 2025
	%	%
Weighted average discount rate	Mainly 1.1	Mainly 1.8

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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
If the discount rate increases by 0.1%	(4,466)	(3,767)	(25,194)
If the discount rate decreases by 0.1%	4,521	3,810	25,486

(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 ¥2,350 million and ¥2,466 million ($16,495 thousands), respectively.

22. Provisions

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

	Asset retirement obligations	Reserve for loss on antitrust litigation	Provision for environmental measures	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
As of April 1, 2024	22,591	4,284	—	26,875
Increase during the period	1,080	—	2,294	3,375
Interest expense during the discounting period	70	—	—	70
Decrease (intended use)	(2,377)	—	—	(2,377)
Decrease (reversal)	(3,075)	—	—	(3,075)
As of March 31, 2025	18,289	4,284	2,294	24,868

	Asset retirement obligations	Reserve for loss on antitrust litigation	Provision for environmental measures	Total
	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars	Thousands of U.S. dollars
As of April 1, 2024	151,093	28,651	—	179,745
Increase during the period	7,226	—	15,348	22,575
Interest expense during the discounting period	471	—	—	471
Decrease (intended use)	(15,903)	—	—	(15,903)
Decrease (reversal)	(20,568)	—	—	(20,568)
As of March 31, 2025	122,319	28,651	15,348	166,319

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

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Current liabilities	3,325	1,821	12,183
Non-current liabilities	23,550	23,046	154,135
Total	26,875	24,868	166,319

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

23. 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	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, 2024	As of March 31, 2025
	Thousands of shares	Thousands of shares
Number of treasury shares held by the Company	136	586
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.

24. Dividends

Previous 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)	Dividends per share (Yen)
10,925	25.00
13,110	30.00

(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)	Dividends per share (Yen)
19,665	45.00

Current fiscal year (from April 1, 2024 to March 31, 2025)
(1) Dividends paid are as follows.

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
Board of Directors Meeting on November 1, 2024	Common shares	Retained earnings	September 30, 2024	December 5, 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	131,523	45.00	0.30
17,462	116,788	40.00	0.26

(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.
The following proposal for dividends will be submitted to the Ordinary General Meeting of

Shareholders to be held on June 24, 2025.

Resolution	Type of shares	Source of dividends	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2025	Common shares	Retained earnings	March 31, 2025	June 25, 2025

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)
20,081	134,307	46.00	0.30

25.Revenue

(1) Breakdown of revenue

Revenue and segment revenue

The JAL Group has changed the reportable segments from the current fiscal year. The figures for the previous fiscal year have been disclosed based on the revised reportable segments. Please refer to "6. Segment information" for further information.

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

	Reportable Segment						
	FSC Business	LCC Business	Mileage/ Finance and Commerce Business	Others	Sub-total	Internal transaction adjustment	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
International							
Passenger	622,399	62,159	—	—	684,559	—	—
Cargo and mail	110,133	—	—	—	110,133	—	—
Baggage	1,556	—	—	—	1,556	—	—
Sub-total	734,090	62,159	—	—	796,249	—	—
Domestic							
Passenger	551,026	5,176	—	—	556,202	—	—
Cargo and mail	23,234	—	—	—	23,234	—	—
Baggage	491	—	—	—	491	—	—
Sub-total	574,751	5,176	—	—	579,927	—	—
Total revenues from international and domestic operations	1,308,841	67,335	—	—	1,376,177	—	—
Mileage/Finance Commerce	—	—	189,997	—	189,997	—	—
Travel agency	—	—	—	120,836	120,836	—	—
Others	13,670	7,511	—	102,811	123,992	—	—
Total revenue	1,322,511	74,847	189,997	223,647	1,811,003	(159,112)	1,651,890
Revenue recognized from contracts with customers							1,648,166
Revenue recognized from other sources							3,724

(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, 2024 to March 31, 2025)

	Reportable Segment						
	FSC Business	LCC Business	Mileage/ Finance and Commerce Business	Others	Sub-total	Internal transaction adjustment	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
International							
Passenger	696,529	85,517	–	–	782,047	–	–
Cargo and mail	131,621	–	–	–	131,621	–	–
Baggage	1,675	–	–	–	1,675	–	–
Sub-total	829,826	85,517	–	–	915,344	–	–
Domestic							
Passenger	571,665	3,347	–	–	575,012	–	–
Cargo and mail	31,462	–	–	–	31,462	–	–
Baggage	478	–	–	–	478	–	–
Sub-total	603,605	3,347	–	–	606,953	–	–
Total revenues from international and domestic operations	1,433,432	88,865	–	–	1,522,297	–	–
Mileage/Finance Commerce	–	–	200,355	–	200,355	–	–
Travel agency	–	–	–	116,162	116,162	–	–
Others	18,378	15,265	–	136,107	169,751	–	–
Total revenue	1,451,810	104,131	200,355	252,270	2,008,567	(164,472)	1,844,095
Revenue recognized from contracts with customers							1,840,632
Revenue recognized from other sources							3,463

Current fiscal year (from April 1, 2024 to March 31, 2025)

	Reportable Segment: FSC Business	LCC Business	Mileage/ Finance and Commerce Business	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	Thousands of U.S. dollars	Thousands of U.S. dollars
International							
Passenger	4,658,438	571,947	−	−	5,230,385	−	−
Cargo and mail	880,296	−	−	−	880,296	−	−
Baggage	11,204	−	−	−	11,204	−	−
Sub-total	5,549,938	571,947	−	−	6,121,886	−	−
Domestic							
Passenger	3,823,334	22,389	−	−	3,845,723	−	−
Cargo and mail	210,421	−	−	−	210,421	−	−
Baggage	3,201	−	−	−	3,201	−	−
Sub-total	4,036,956	22,389	−	−	4,059,345	−	−
Total revenues from international and domestic operations	9,586,895	594,336	−	−	10,181,232	−	−
Mileage/Finance Commerce	−	−	1,339,992	−	1,339,992	−	−
Travel agency	−	−	−	776,900	776,900	−	−
Others	122,913	102,099	−	910,299	1,135,312	−	−
Total revenue	9,709,809	696,436	1,339,992	1,687,199	13,433,438	(1,100,000)	12,333,437
Revenue recognized from contracts with customers							12,310,273
Revenue recognized from other sources							23,164

(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.

The JAL Group operates “FSC Business”, “LCC Business”, mainly in passenger and baggage carriage or mail and cargo handling in both international and domestic routes, “Mileage/Finance and Commerce Business”, mainly in mileage award services provided to its member customers, and “Other” businesses.

Revenues arising out of these businesses are recognized in accordance with contracts with customers, and there is no significant financing component in the contracts. None of the considerations in contracts with customers is not reflected in transaction prices.

The JAL Group operates a customer loyalty program called “JAL Mileage Bank”. Members of the JAL Mileage Bank can collect miles through flights with the airlines in JAL Group or other services and can redeem them for flights with JAL group or other partners' services. Miles granted are deemed as performance obligations and contract liabilities are recognized. The transaction price is allocated to each performance obligation based on the ratio of the stand-alone selling price, considering the utilization rate of the service and the expected expiration. A transaction price allocated as performance obligations of miles is deferred as contract liabilities in the consolidated statement of financial position, and revenue is recognized as miles are redeemed.

FSC Business・LCC Business

In the FSC Business and LCC Business, the JAL Group provides services related to the international and domestic transportation of passengers, cargo and mail and baggage on aircraft. The main revenues are recognized when the performance obligations are satisfied, as follows.

Passenger
Passenger revenue is mainly revenue earned 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 upon completion of the passenger's air transportation service. The consideration for transactions may vary because the JAL Group may offer discounts when selling tickets or pay incentives based on the amount of sales. In addition, consideration for a transaction is generally received in advance at a point in time before the performance obligation is satisfied.

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

Baggage
Baggage revenue is mainly revenue earned 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 upon completion of baggage air transportation service. The amount of variable consideration included in revenue is not material. Consideration for a transaction is generally received on the day of baggage transportation.

<u>Mileage/Finance and Commerce Business</u>
In the Mileage/Finance and Commerce, the JAL Group provides benefit services to JAL Mileage Bank member customers through its group and partner companies, offer credit card related services, and sell products through wholesale and retail channels. The main revenues are recognized when the performance obligations are satisfied, as follows.

Mileage/Finance and Commerce
Mileage/Finance and Commerce Revenue includes income from providing benefit services related to miles, income from providing credit card related services, and income from product sales. In terms of income from providing benefit services related to miles, the JAL Group is obligated to provide benefit services in exchange for miles granted to its member customers by its group or partner companies. This performance obligation is satisfied upon the completion of providing the benefit services. The timing of receiving monetary compensation varies depending on the service that grants the miles. The timing of receiving compensation for miles granted in accordance with the use of the JAL Group's air transportation services is mainly before the use of the air transportation services, while the timing of receiving compensation for miles granted in accordance with the use of services by partner companies is mainly after the use of those services.
In terms of income from providing credit card related services, the JAL group is primarily obligated to provide payment services to the card members who are mainly its customers. This performance obligation is satisfied according to the membership period based on the contract with the card members, and the transaction compensation is usually received in advance before the performance obligation is satisfied. Additionally, in terms of income from product sales, the JAL Group sells mainly clothing, miscellaneous goods, food, etc., through stores and e-commerce, and is obligated to deliver these products to customers. This performance obligation is satisfied upon the completion of product delivery or customer inspection, and the transaction compensation is usually received after

the performance obligation is satisfied. The amount of variable consideration included in these revenues is not material.

Others

In “Others”, the JAL Group is mainly engaged in planning and sales of air travel package tour, undertaking ground handling services for foreign airline flights. Revenue related to planning and sales of air travel package tours is mainly recognized over a certain period of time as the service is provided, and consideration for a transaction is generally received in advance at a point in time before the performance obligation is satisfied. Additionally, revenue from ground handling services for foreign airline flights is mainly recognized upon the completion of providing the service, and consideration for a transaction is generally received at a point in time 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, 2023	As of March 31, 2024	As of March 31, 2025
	Millions of yen	Millions of yen	Millions of yen
Receivables from contracts with customers	153,507	155,051	192,187
Contract liabilities	316,873	368,916	437,927

	As of March 31, 2025
	Thousands of U.S. dollars
Receivables from contracts with customers	1,285,359
Contract liabilities	2,928,887

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 ¥52,042 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 ¥69,010 million ($461,549 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	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	228,475	267,615

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	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	1,789,830

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, 2024)	Current fiscal year (As of March 31, 2025)
	Millions of yen	Millions of yen
Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied	368,916	437,927

	Current fiscal year (As of March 31, 2025)
	Thousands of U.S. dollars
Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied	2,928,887

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.

26. Other income
Components of other income are as follows:

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Insurance claim income	19,999	—
Subsidy income (Note)	6,133	6,066
Gain on disposal of non-current assets	1,425	5,317

Gain on cancellation of leases and reversal of asset retirement obligations	—	3,690
Other	3,772	2,919
Total	31,330	17,992

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Insurance claim income	—
Subsidy income (Note)	40,570
Gain on disposal of non-current assets	35,562
Gain on cancellation of leases and reversal of asset retirement obligations	24,680
Other	19,523
Total	120,336

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

27. Operating expenses

The breakdown of operating expenses is as follows:

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Personnel expenses	334,089	363,471
Aircraft fuel	356,796	380,014
Depreciation, amortization and impairment losses (Note 1)	149,960	155,907
Landing and navigation fees	72,350	88,043
Expenses of travel agency	50,981	52,281
Maintenance	124,390	147,207
Passenger and cargo services	46,801	57,059
Sales commissions (Air Transportation)	26,004	31,331
Other (Note 2)	380,914	418,166
Total	1,542,288	1,693,483

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Personnel expenses	2,430,919
Aircraft fuel	2,541,566
Depreciation, amortization and impairment losses (Note 1)	1,042,719
Landing and navigation fees	588,838
Expenses of travel agency	349,662
Maintenance	984,535
Passenger and cargo services	381,616
Sales commissions (Air Transportation)	209,549
Other (Note 2)	2,796,723
Total	11,326,130

(Notes)
1. Impairment losses for the previous and current fiscal years amounted to ¥2,403 million and ¥78 million ($525 thousands), respectively.
2. Other includes loss on disposal of non-current assets of ¥16,260 million and ¥1,843 million ($12,329thousands) for the previous and current fiscal years, respectively.

28. Investment income and expenses

The breakdown of investment income is as follows:

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Interest income		
Lease receivable	69	73
Financial assets measured at amortized cost		
Loans receivable, bonds receivable, and so forth	700	730
Dividend income		
Financial assets measured at FVTOCI		
Shares	2,251	3,815
Gain on valuation of other financial assets		
Financial assets measured at FVTPL		
Investment in investment limited partnership	980	541
Other	489	162
Total	4,490	5,325

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Interest income	
Lease receivable	494
Financial assets measured at amortized cost	
Loans receivable, bonds receivable, and so forth	4,886
Dividend income	
Financial assets measured at FVTOCI	
Shares	25,520
Gain on valuation of other financial assets	
Financial assets measured at FVTPL	
Investment in investment limited partnership	3,623
Other	1,089
Total	35,614

The breakdown of investment expenses is as follows:

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Loss on valuation of other financial assets		
Financial assets measured at FVTPL		
Investment in investment limited partnership	2	2,041
Financial assets measured at amortized cost		
Loans receivable, bonds receivable, and so forth	378	375
Other	275	—
Total	657	2,417

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Loss on valuation of other financial assets	
Financial assets measured at FVTPL	
Investment in investment limited partnership	13,656
Financial assets measured at amortized cost	
Loans receivable, bonds receivable, and so forth	2,512
Other	—
Total	16,169

29. Finance income and expenses

The breakdown of finance income is as follows:

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Interest income		
Financial assets measured at amortized cost		
Cash and cash equivalents	1,240	1,754
Other	14	20
Foreign exchange gain	8,005	—
Other	18	14
Total	9,277	1,789

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Interest income	
Financial assets measured at amortized cost	
Cash and cash equivalents	11,731
Other	139
Foreign exchange gain	—
Other	95
Total	11,966

The breakdown of finance expenses is as follows:

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Interest expenses		
Lease liabilities	629	672
Financial liabilities measured at amortized cost		
Borrowings, bonds payable, and so forth	12,869	12,510
Commission fees and so forth	877	872
Foreign exchange loss	—	416
Other	830	868
Total	15,206	15,341

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Interest expenses	
Lease liabilities	4,500
Financial liabilities measured at amortized cost	
Borrowings, bonds payable, and so forth	83,669
Commission fees and so forth	5,836
Foreign exchange loss	2,788
Other	5,810
Total	102,604

30. 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	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	6,306	(10,897)	(72,881)
Tax effects	(2,023)	2,691	18,003
Financial assets measured at FVTOCI	4,282	(8,205)	(54,877)
Remeasurements of defined benefit plans			
Amount arising during the year	15,523	28,714	192,045
Tax effects	(4,874)	(8,763)	(58,611)
Remeasurements of defined benefit plans	10,649	19,951	133,434
Share of other comprehensive income of investments accounted for using equity method			
Amount arising during the year	145	(108)	(723)
Share of other comprehensive income of investments accounted for using equity method	145	(108)	(723)
Total of items that will not be reclassified to profit or loss	15,077	11,637	77,832
Items that may be reclassified to profit or loss			
Effective portion of cash flow hedges			
Amount arising during the year	31,168	(11,801)	(78,927)
Reclassification adjustments	(16,880)	(9,358)	(62,590)
Before tax effects	14,288	(21,159)	(141,518)
Tax effects	(4,280)	6,342	42,421
Effective portion of cash flow hedges	10,008	(14,816)	(99,097)
Exchange differences on translation of foreign operations			
Amount arising during the year	590	544	3,642
Reclassification adjustments	(306)	–	–
Before tax effects	284	544	3,642
Tax effects	–	–	–
Exchange differences on translation of foreign operations	284	544	3,642
Share of other comprehensive income of investments accounted for using equity method			
Amount arising during the year	106	(62)	(419)
Share of other comprehensive income of investments accounted for using equity method	106	(62)	(419)
Total of items that may be reclassified to profit or loss	10,400	(14,335)	(95,873)
Total other comprehensive income	25,477	(2,697)	(18,040)

31. Earnings per share

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

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (Millions of yen)	95,534	107,038
Profit not attributable to common shareholders of parent (Millions of yen)	–	–
Profit used to calculate basic earnings per share (Millions of yen)	95,534	107,038
Average number of common shares outstanding during the year (Thousands of shares)	437,007	436,730
Basic earnings per share (Yen)	218.61	245.09

	Current fiscal year (from April 1, 2024 to March 31, 2025)
Profit attributable to owners of parent (Thousands of U.S. dollars)	715,878
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)	715,878
Basic earnings per share (U.S. dollars)	1.63

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

32. Cash flow information

Changes in liabilities arising from financing activities are as follows:

Previous 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, 2024 to March 31, 2025)

	As of April 1, 2024	Changes with cash flows	Changes without cash flows			As of March 31, 2025
			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	1,264	(75)	–	–	–	1,188
Commercial paper	1,999	1,296	–	–	–	3,295
Long-term borrowings	540,878	(59,706)	–	–	2,607	483,778
Bonds payable	268,724	69,537	–	–	2,084	340,347
Lease liabilities	74,419	(23,189)	(287)	17,324	(859)	67,407
Accounts payable – installment purchase	8	(3)	0	–	2	7
Total	887,294	(12,141)	(287)	17,324	3,834	896,024

Current fiscal year (from April 1, 2024 to March 31, 2025)

	As of April 1, 2024	Changes with cash flows	Changes without cash flows			As of March 31, 2025
			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	8,454	(506)	–	–	–	7,947
Commercial paper	13,370	8,668	–	–	–	22,039
Long-term borrowings	3,617,430	(399,323)	–	–	17,436	3,235,543
Bonds payable	1,797,247	465,073	–	–	13,944	2,276,264
Lease liabilities	497,724	(155,093)	(1,925)	115,869	(5,749)	450,826
Accounts payable – installment purchase	56	(23)	0	–	16	49
Total	5,934,283	(81,205)	(1,924)	115,869	25,648	5,992,671

33. 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, 2024	As of March 31, 2025
Equity ratio (%)	34.3	34.9

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
ROIC (%)	7.3	8.1
ROE (%)	11.1	11.4
EPS (Yen)	218.61	245.09

	Current fiscal year (from April 1, 2024 to March 31, 2025)
EPS (U.S. dollars)	1.63

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, 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, 2025

	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	210,569	–
Category 2	610	–
Category 3	5,589	13,195
Total	216,769	13,195

As of March 31, 2025

	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	1,408,300	–
Category 2	4,085	–
Category 3	37,386	88,250
Total	1,449,772	88,250

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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
B eleven LLC	12,076	–	–
JRE DEVELOPMENT Co.,Ltd.	1,358	–	–
JALUX AMERICAS,Inc.	741	702	4,700
Japan Airport Delica Inc.	–	62	414
Employees	15	194	1,303

(Guarantees for lease liabilities)

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Jetstar Japan Co., Ltd.	1,828	1,449	9,691

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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Long-term deposits received	6,773	6,933	46,374

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, 2023	6,136	3,803
Increase	607	523
Decrease	(192)	(4)
As of March 31, 2024	6,551	4,322
Increase	89	460
Decrease	(82)	(143)
As of March 31, 2025	6,558	4,639

	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, 2024	43,818	28,911
Increase	601	3,076
Decrease	(553)	(961)
As of March 31, 2025	43,865	31,026

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, 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, 2025

	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	340,347	517,522	4,568	89,709	423,244
Long-term borrowings	483,778	787,465	75,309	189,626	522,530
Long-term deposits received	6,933	6,933	–	–	6,933

As of March 31, 2025

	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	2,276,264	3,461,227	30,555	599,986	2,830,685
Long-term borrowings	3,235,543	5,266,621	503,672	1,268,232	3,494,717
Long-term deposits received	46,374	46,374	–	–	46,374

(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, 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, 2025

	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	8,624	8,624	5,097	3,527	–

As of March 31, 2025

	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	57,681	57,681	34,090	23,590	–

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

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total commitment line amount	158,000	157,000	1,050,026
Drawn down balance	–	–	–
Net total	158,000	157,000	1,050,026

(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, 2024

<table>
<tr><th rowspan="2"></th><th rowspan="2">Contract amount</th><th rowspan="2">Of which, more than one year</th><th colspan="2">Carrying amounts</th><th rowspan="2">Line item in the consolidated statement of financial position</th><th rowspan="2">Average rate</th></tr>
<tr><th>Assets</th><th>Liabilities</th></tr>
<tr><td></td><td>Millions of yen</td><td>Millions of yen</td><td>Millions of yen</td><td>Millions of yen</td><td></td><td></td></tr>
<tr><td>Foreign currency risk</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Forward exchange contracts</td><td>18,820</td><td>–</td><td>182</td><td>150</td><td>Other financial assets/liabilities</td><td>147.6 yen/U.S. dollar 160.1 yen/Euro and so forth</td></tr>
<tr><td>Purchased currency options</td><td>145,666</td><td>64,101</td><td rowspan="2">6,655</td><td rowspan="2">–</td><td>Other financial assets</td><td>98.4 yen to 153.9 yen/U.S. dollar</td></tr>
<tr><td>Written currency options</td><td>120,319</td><td>50,184</td><td></td><td></td></tr>
<tr><td>Fuel price fluctuation risk</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Commodity swaps</td><td>165,682</td><td>73,114</td><td>9,325</td><td>441</td><td>Other financial assets/liabilities</td><td>76.0 U.S. dollars/barrel</td></tr>
</table>

As of March 31, 2025

	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	44,977	132	147	677	Other financial assets/liabilities	149.2 yen/U.S. dollar 159.7 yen/Euro and so forth
Purchased currency options	162,651	73,737	2,459	519	Other financial assets/liabilities	100.0 yen to 163.5 yen/U.S. dollar
Written currency options	133,915	59,602				
Fuel price fluctuation risk						
Commodity swaps	169,905	76,980	463	7,427	Other financial assets/liabilities	73.0 U.S. dollars/barrel

As of March 31, 2025

	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	300,810	886	984	4,531	Other financial assets/liabilities	149.2 yen/U.S. dollar 159.7 yen/Euro and so forth
Purchased currency options	1,087,824	493,158	16,447	3,471	Other financial assets/liabilities	100.0 yen to 163.5 yen/U.S. dollar
Written currency options	895,633	398,627				
Fuel price fluctuation risk						
Commodity swaps	1,136,342	514,852	3,103	49,678	Other financial assets/liabilities	73.0 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.
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, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Foreign currency risk	5,107	1,409	9,429
Fuel price fluctuation risk	6,729	(5,270)	(35,251)

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, 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, 2024 to March 31, 2025)

	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	715	42	(1,058)	Other revenue, Other operating expenses
Currency options	1,585	(5,159)	–	Aircraft fuel
Fuel price fluctuation risk				
Commodity swaps	(10,554)	(1,446)	–	Aircraft fuel

Current fiscal year (from April 1, 2024 to March 31, 2025)

	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	4,782	282	(7,076)	Other revenue, Other operating expenses
Currency options	10,604	(34,509)	–	Aircraft fuel
Fuel price fluctuation risk				
Commodity swaps	(70,586)	(9,671)	–	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, 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, 2025

	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	3,070	8,624
Amounts not subject to offsetting in the consolidated statement of financial position	(1,225)	(1,225)
Exposure on a net basis	1,844	7,399

As of March 31, 2025

	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	20,535	57,681
Amounts not subject to offsetting in the consolidated statement of financial position	(8,195)	(8,195)
Exposure on a net basis	12,339	49,485

(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, 2024		As of March 31, 2025		As of March 31, 2025	
	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	258,732	255,241	338,576	324,736	2,264,424	2,171,859
Long-term borrowings	469,415	475,901	417,546	421,766	2,792,579	2,820,806
Total	728,148	731,142	756,123	746,503	5,057,003	4,992,666

(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, 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, 2025

	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	44,742	—	43,987	88,730
Financial assets measured at FVTPL				
Investments in investment limited partnerships	—	—	14,881	14,881
Derivative assets designated as hedges	—	3,070	—	3,070
Total	44,742	3,070	58,869	106,682
Liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities designated as hedges	—	8,624	—	8,624
Total	—	8,624	—	8,624

As of March 31, 2025

	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	299,242	―	294,194	593,437
Financial assets measured at FVTPL				
Investments in investment limited partnerships	―	―	99,529	99,529
Derivative assets designated as hedges	―	20,535	―	20,535
Total	299,242	20,535	393,723	713,501
Liabilities:				
Financial liabilities measured at FVTPL				
Derivative liabilities designated as hedges	―	57,681	―	57,681
Total	―	57,681	―	57,681

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 1.2 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Balance at beginning of period	50,082	56,361	376,952
Gains (losses)			
Profit (loss) (Note 1)	975	(1,498)	(10,023)
Other comprehensive income (Note 2)	3.413	632	4,229
Increase due to purchase	1,999	3,424	22,905
Decrease due to sale	(25)	(50)	(339)
The transfer from Level 3 (Note 3)	(83)	—	—
Balance at end of period	56,361	58,869	393,723
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)	975	(1,498)	(10,023)

(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 previous fiscal year is due to an investment being listed on the stock exchange.

34. 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, 2025

Company name	Paid-in capital	Paid-in capital	Percentage of voting rights	Main businesses
	Millions of yen	Thousands of U.S. dollars	Total (%)	
J-AIR CO., LTD.	100	668	100.0	FSC Business
Japan Air Commuter Co., LTD.	300	2,006	60.0	FSC Business
JAPAN TRANSOCEAN AIR CO., LTD.	4,537	30,345	72.8	FSC Business
ZIPAIR Tokyo Inc.	100	668	100.0	LCC Business
SPRING JAPAN Co., Ltd.	100	668	66.7	LCC Business
JAL Engineering Co., Ltd.	80	535	100.0	Maintenance Business
JALUX Inc.	2,558	17,111	*69.7	Wholesale Business
JALUX AIRPORT INC.	15	100	*100.0	Airport shop management Business
JALCARD, Inc.	360	2,407	50.6	Credit card Business
JALPAK CO., LTD.	80	535	*97.8	Travel Business

(Notes) 1. * Percentage of voting rights includes those held by subsidiaries.

35. 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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Standard number of shares to be delivered	Standard number of shares to be delivered
Balance as of April 1	132,268	243,468
Grants	111,200	102,435
Other increases	–	–
Delivery or Payment	–	–
Other decreases	–	–
Balance as of March 31	243,468	345,903
Weighted-average fair value (yen)	2,917.5	2,556.5
Weighted-average fair value (U.S. dollars)	19.27	17.09

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 ¥251 million and ¥249 million ($1,669 thousands) for the previous and current fiscal years respectively.

36. 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, 2023 to March 31, 2024)
No significant transactions existed.

Current fiscal year (from April 1, 2024 to March 31, 2025)
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, 2023 to March 31, 2024)	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Millions of yen	Millions of yen
Short-term employee benefits	487	459
Share-based payment	72	79
Total	560	538

	Current fiscal year (from April 1, 2024 to March 31, 2025)
	Thousands of U.S. dollars
Short-term employee benefits	3,072
Share-based payment	528
Total	3,601

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 the 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 the period which started in fiscal year 2021 in light of the JAL Group’s performance and other factors.

37. Commitments

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

	As of March 31, 2024	As of March 31, 2025	As of March 31, 2025
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Flight equipment	923,634	2,785,734	18,631,181
Other property, plant and equipment	70	372	2,492
Intangible assets	2,515	2,358	15,771
Total	926,220	2,788,465	18,649,445

38. Subsequent events

The Company issued publicly offered unsecured perpetual bonds (with subordination clause applicable in liquidation and bankruptcy proceedings) under the following conditions. The unsecured perpetual bonds, which have no fixed redemption date and allow the discretionary deferral of interest payments, are classified as “equity financial instruments” under IFRS. Accordingly, the raised full amount is recorded as “equity” in the consolidated statements of financial position.

Name of the Bonds	1st Unsecured Perpetual Bonds with interest payment deferral clause and optional redemption clause (subordinated bonds with subordination clause applicable in liquidation bankruptcy proceedings)	2nd Unsecured Perpetual Bonds with interest payment deferral clause and optional redemption clause (subordinated bonds with subordination clause applicable in liquidation bankruptcy proceedings)
Issued amount	150,000 million Yen ($1,003,210 thousands)	28,900 million Yen ($193,285 thousands)
Interest rate	3.218% per annum Fixed interest rate from the day after April 16, 2025 to April 16, 2030 Floating interest rate from the day after April 16, 2030 (interest rate shall step up on the day after April 16, 2030)	4.124% per annually Fixed interest rate from the day after April 16, 2025 to April 16, 2035 Floating interest rate from the day after April 16, 2035 (interest rate shall step up on the day after April 16, 2035)
Date of Issue	April 16, 2025	
Date of Maturity	Unspecified The unsecured perpetual bonds may be optionally redeemed in whole (but not in part) on each interest payment date after April 16, 2030	Unspecified The unsecured perpetual bonds may be optionally redeemed in whole (but not in part) on each interest payment date after April 16, 2035
Use of Proceeds	Part of the capital expenditures related to the purpose of state-of-the-art aircraft (Airbus A350, Boeing 787, etc.).	
Subordination clause	In the event of liquidation, bankruptcy or other similar proceedings (in jurisdictions other than Japan), the unsecured perpetual bonds will be subordinated to other debt. No provision of the agreement concerning the unsecured perpetual bonds may be amended in any way that is disadvantageous to senior creditors. The Company may, at its discretion, defer all or some of the interest on the unsecured perpetual bonds.	