

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

NOTICE OF THE 71st ORDINARY GENERAL MEETING OF SHAREHOLDERS

Japan Airlines Co., Ltd.

Dear Shareholders,

I am pleased to notify you of the 71st Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd.

Following the spread of the novel coronavirus (COVID-19), we now face the worst financial crises since the second world war, and air transport demand has fallen sharply. In this situation, the JAL Group is working to prevent the spread of infection while steadily maintaining its commitment to flight safety, which is the basis of the Group's existence, as we carry out our mission as a public transport operator.

Meanwhile, we are responding to the sharp drop in demand by flexibly reducing supply through measures such as reducing flight frequency, suspending services, and reducing the size of aircraft used. At the same time, we act promptly to thoroughly reduce costs and investment. To prepare for the further prolongation of these effects, we will make every effort to secure sufficient liquidity.

We will focus all of our efforts on overcoming this crisis. However, in view of the situation, we have decided not to pay a year-end dividend for the fiscal year ended March 31, 2020. We truly regret having to take this measure, and ask for your understanding.

Over the medium to long term, air transport demand is certain to recover and grow. We will steadily prepare to overcome this adverse situation, and seize the opportunity to return our business to a growth trajectory. We will continue our tireless efforts to restore and increase corporate value and to realize a sustainable society.

Thank you for your continued support.

May 2020

Yuji Akasaka
Representative Director, President

«Important Notice Concerning the Novel Coronavirus (COVID-19)»

This year, we are placing first priority on ensuring the safety of our shareholders, and to prevent the spread of COVID-19, we are taking the following measures.

- The Company strongly recommend that shareholders exercise their voting rights by mail or via the internet instead of attending the General Meeting of Shareholders in person. For details, refer to page 4.
- For seniors, people with preexisting medical conditions, pregnant women, people who feel unwell and other shareholders who could suffer serious consequences from infection of the virus, please carefully consider whether to attend the General Meeting of Shareholders.
- The overview of the presentation given on the day of the General Meeting of Shareholders from the Company and other information will be posted on the Company's website as expeditiously as possible after the General Meeting of Shareholders.

<Attending Shareholders>

- Although the meeting will be held in the same venue as the 70th Ordinary General Meeting of Shareholders, the number of seats will be significantly fewer to allow for wider spacing between seats than in previous years. We have therefore adopted a pre-registration system for those planning to attend the meeting, and preferential entry to the venue will be given to shareholders who have registered beforehand. For shareholders who plan on attending the General Meeting of Shareholders, please register on the Company's website beforehand. Pre-registration opens at 10:00 a.m., Monday, June 8, and will close once the number of available seats has been filled. (Only limited seating will be available for shareholders who arrive at the venue on the day without registering beforehand, and it is quite possible that you will not be able to enter. We ask for your understanding in this matter.

Company's website: http://www.jal.com/en/investor/stockholders_meeting/

If you are not able to register by the above method, we can accept the alternative registration method described below.

JAL shareholders call center: 03-6733-3090
(excluding Saturdays and Sundays; 10:00 to 12:00, 13:00 to 16:00)

- If there are any changes in the situation up to the date of the General Meeting of Shareholders, the Company will notify shareholders of its response measures on the Company's website. Therefore, please be sure to check the Company's website before attending the General Meeting of Shareholders.
- Shareholders attending the meeting are requested to wear a face mask. Also, please cooperate with any other measures that may be deployed, such as using an alcohol disinfectant and measuring your body temperature. If it is determined that a shareholder has a high body temperature or looks unwell, that person may not be allowed to attend the General Meeting of Shareholders.
- The proceedings of the General Meeting of Shareholders may be shortened compared to those in usual years.
- The usual displays of business activities will not be shown this year.
- Please note that the organizing staff may be wearing face masks and taking other measures.

May 28, 2020

NOTICE OF THE 71st ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We hereby announce that the 71st Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the “Company”) will be held on Friday, June 19, 2020, as described hereunder.

This year, we are placing first priority on ensuring the safety of our shareholders, and to prevent the spread of COVID-19, we strongly recommend that shareholders exercise their voting rights by mail or via the internet instead of attending the General Meeting of Shareholders in person. If you choose not to attend the meeting, please review the attached Reference Documents for General Meeting of Shareholders, and please exercise your voting rights no later than 6:00 p.m., Thursday, June 18, 2020 by either procedure described in “Guide for Exercising Voting Rights” on page 4.

Sincerely yours,

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

MEETING DETAILS

1. Date and Time: 10:00 a.m., Friday, June 19, 2020 (The reception starts at 8:30 a.m.)

2. Venue: SHINAGAWA GOOS 1F, 3-13-3 Takanawa, Minato-ku, Tokyo
Ballroom, TKP Garden City Shinagawa

3. Agenda:

- Items to be reported:*
1. Business Report and Consolidated Financial Statements, Audit Reports of the Accounting Auditors and Board of Corporate Auditors regarding the Consolidated Financial Statements for the 71st Fiscal Year (April 1, 2019 to March 31, 2020)
 2. Non-consolidated Financial Statements for the 71st Fiscal Year (April 1, 2019 to March 31, 2020)

Items to be proposed:

- Proposal 1: Election of Ten (10) Directors
Proposal 2: Election of Three (3) Audit & Supervisory Board Members

4. Predetermined Terms of the Convocation

- If you exercise your voting rights via the Internet or by mail more than once, your final vote shall prevail.
- If you exercise your voting rights both by mail and via the Internet, your vote via the Internet shall prevail regardless of the arrival date and time.

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- There are no souvenirs available for shareholders attending the shareholders' meeting. It is prohibited to bring any dangerous items, canned drinks, or PET bottles etc. into the meeting place. We would appreciate your understanding.
 - Proceedings on the day of the General Meeting of Shareholders will be carried out in Japanese. The Company will not be providing interpreters, however, in the event that a shareholder is accompanied by their own interpreter (including sign-language interpreters), if the shareholder informs the reception desk on the day of the General Meeting of Shareholders, it will be possible for the interpreter to enter the meeting place.
 - If you exercise your voting rights by a proxy, in accordance with the provision of Article 29 of the Articles of Incorporation of the Company, said proxy must be another shareholder of the Company who also owns voting rights. A written power of attorney must be submitted together with the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders.
 - In order to save resources, please bring this "Notice of Convocation."
 - If it becomes necessary to amend any item to be listed in the reference documents for the general meeting of shareholders, business report, consolidated financial statements, and non-consolidated financial statements occurs, we will notify you of the amendment(s) on the Company's website (http://www.jal.com/en/investor/stockholders_meeting/).

[Guide for Exercising Voting Rights]

- In case you attend the meeting

Please kindly submit the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders.

- If you choose not to attend the meeting

1. Exercise by mail

Please indicate your votes for or against the Items on the enclosed Voting Form and return it to the Company no later than 6:00 p.m., Thursday, June 18, 2020.

2. Exercise via the Internet

Please review "The Voting Rights Exercise via the Internet" below and exercise your voting rights no later than 6:00 p.m., Thursday, June 18, 2020.

The Voting Rights Exercise via the Internet

Voting rights may be exercised by 6:00 p.m. on Thursday, June 18, 2020, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk (*only in Japanese*).

Method 1: Scanning QR Code®

You can login to the Exercise of Voting Rights Website without having to enter your “login ID” and “temporary password” provided on the Voting Form.

1. Please scan the QR code® located on the right-hand side of the Voting Form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

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

Note that you can login by scanning QR code® is possible only at a time.

In case of re-exercising of voting rights or exercising voting right without scanning QR code®, please refer Method 2 “Entering Login ID and Temporary Password” on the right.

Method 2: Entering “Login ID” and “Temporary Password”

Exercise of Voting Rights Website

<https://evote.tr.mufg.jp/>

1. Please access the website for exercising voting rights.
2. Enter your “Login ID” and “Temporary Password” provided on the Voting Form, and click on Log in.
3. Please register a “new password.”
4. Please follow on-screen instructions to indicate your approval or disapproval of each item.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the Internet, please contact:

Help Desk, Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (toll free (Only within Japan))
Open: 9:00 a.m. to 9:00 p.m. (Japan Time)

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

For Institutional Investors

Provided that an application to use the platform has been submitted beforehand, institutional investors may use the electronic platform for exercising voting rights operated by ICJ, Inc., in which Tokyo Stock Exchange Inc. has a stake.

Table of Contents

[Reference Documents for General Meeting of Shareholders]

Proposals and reference information	7
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[Attached Documents]

Business Report	26
1. Current state of the JAL Group	26
(1) Business progress and results	26
(2) Business conditions by business segment	27
(3) Initiatives related to safety	31
(4) Initiatives at production sites and other locations	32
(5) Initiatives to increase corporate value and realize a sustainable society	33
(6) Issues to be addressed	35
(7) Capital expenditures	36
(8) Financing	36
(9) Business transfer, etc.	36
(10) Business results and assets	37
(11) Major parent companies and subsidiaries (as of March 31, 2020)	37
(12) Principal business (as of March 31, 2020)	37
(13) Principal locations of business and plants (as of March 31, 2020)	38
(14) Employees (as of March 31, 2020)	38
(15) Aircraft (as of March 31, 2020)	39
(16) Major Creditors (as of March 31, 2019)	39
(17) Other important matters concerning current status of the JAL Group	40
2. Company's systems and policies (as of April 1, 2020)	41
Systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the properness of operations of the Company, and operation statuses of such systems	44
3. Shares	50
4. Corporate Officers	51
5. Accounting Auditor	59
Consolidated Balance Sheet	61
Consolidated Statement of Income	62
Consolidated Statement of Changes in Net Assets	63
Notes to Consolidated Financial Statements	65
Non-consolidated Balance Sheet	75
Non-consolidated Statement of Income	76
Non-consolidated Statement of Changes in Net Assets	77
Notes to Non-Consolidated Financial Statements	79
Independent Auditor's Report for the Consolidated Financial Statements	84
Independent Auditor's Report for the Non-consolidated Financial Statements	86
Audit Report of the Board of Corporate Auditors	88

Proposal 1: Election of Ten (10) Directors

The Company's Articles of Incorporation sets out the term of office for Directors as one (1) year in order to clarify their management responsibility for each fiscal year. Accordingly, the terms of office of all ten (10) active Directors will expire at the conclusion of this General Meeting of Shareholders.

In the current term, the Company wishes to retain the number of Directors as the current ten (10). In terms of the composition of Directors, this will retain the current three (3) External Directors and will retain the current seven (7) non-External Directors. With an emphasis put on securing diversity among members of the Board of Directors, the Company will further continue to enhance its corporate value by establishing a corporate governance system at a higher level, which enables more appropriate management decisions and an enhanced monitoring of corporate management in a highly transparent manner.

Accordingly, the Company hereby proposes that you elect the ten (10) Directors including three (3) External Directors. For this proposal, the Board of Directors consulted the Nominating Committee, which comprises a majority of External Directors and is chaired by an External Director, and makes the proposal with consideration of the Committee's report.

The nominees for Directors are as follows:

No.	Name		Current position and main responsibilities at the Company	Attendance at Board of Directors meetings
1	Yoshiharu UEKI	Reappointment	Director, Chairman Chairman of the Board of Directors	100% (20/20)
2	Tadashi FUJITA	Reappointment	Director, Vice Chairman Chief Wellness Officer	90% (18/20)
3	Yuji AKASAKA	Reappointment	Representative Director, President Safety General Manager General Manager of JAL SDGs	100% (20/20)
4	Shinichiro SHIMIZU	Reappointment	Representative Director, Executive Vice President Aide to the President	100% (20/20)
5	Hideki KIKUYAMA	Reappointment	Representative Director, Senior Managing Executive Officer General Manager, Finance & Accounting	100% (20/20)
6	Ryuzo TOYOSHIMA	Reappointment	Director and Senior Managing Executive Officer General Manager, Managing Division Route Marketing	100% (16/16)
7	Yuichi KITADA	Newly appointed	Managing Executive Officer General Manager, Engineering & Maintenance	— (—/—)
8	Eizo KOBAYASHI	Reappointment, External, Independent	Director	95% (19/20)
9	Masatoshi ITO	Reappointment, External, Independent	Director	100% (20/20)
10	Sonoko HATCHOJI	Reappointment, External, Independent	Director	100% (20/20)

No. 1  Yoshiharu UEKI (September 16, 1952) Number of Company shares held Common stock 25,100 Reappointment	(Career summary, position and responsibilities at the Company)		
	June	1975	Joined the Company
	April	1994	Captain, DC10 Flight Crew Office of the Company
	April	2004	Deputy General Manager, Flight Planning And Administration Office, Administration Department of the Company Deputy General Manager, Flight Planning And Administration Office, Flight Crew Planning Department of the Company
	April	2005	Vice President and Deputy General Manager, Flight Operation Division of the Company General Manager, Flight Planning And Administration Office of the Company
	April	2007	General Manager, Flight Crew Training Development Department of the Company
	June	2008	Representative Director, Executive Vice President of J-AIR CO., LTD. (on secondment)
	February	2010	Executive Officer of the Company General Manager, Flight Operations
	December	2010	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing
	February	2012	Representative Director, President of the Company General Manager, Managing Division Route Marketing
	April	2013	Representative Director, President of the Company
	April	2018	Representative Director, Chairman of the Company
April	2020	Director, Chairman of the Company (to present)	
(Important positions concurrently assumed outside the Company)			
Outside Director, Japan Airport Terminal Co., Ltd. (*) (* indicates a listed company)			
(Reasons for the nomination as Director)			
After joining the Company, Mr. Ueki acquired insight related to safety operations, etc. and on-the-job experience as a flight crew at an extremely high level. He has taken control of developing the Medium-Term Management Plan and certainly executed it, exercising strong leadership and decision-making skills, as Representative Director, President, since 2012. Furthermore, he has continued to contribute to strengthening of the supervisory function of the Board of Directors serving as Chairman of the Board of Directors and a member of the Corporate Governance Committee, Nominating Committee and Compensation Committee since 2018, and as Chairman of the Board of Directors and a member of the Corporate Governance Committee since 2020. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.			

<p>No. 2</p>  <p>Tadashi FUJITA (October 25, 1956)</p> <p>Number of Company shares held Common stock 7,900</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)		
	April	1981	Joined the Company
	April	2007	General Manager, Corporate Business, Corporate Center of Tokyo Branch of the Company
	June	2009	General Manager, Sales Department of Tokyo Branch of the Company
	October	2009	Deputy General Manager, Customer Division of the Company General Manager, Planning Promotion Department, Customer Division of the Company
	February	2010	Executive Officer of the Company General Manager, Passenger Sales Division Regional Manager of Asia & Oceania
	December	2010	Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Corporate Sales General Manager, Web Sales Senior Vice President, Eastern Japan
	February	2012	Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Corporate Sales General Manager, Web Sales Senior Vice President, Eastern Japan
	April	2013	Senior Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan
	June	2014	Director and Senior Managing Executive Officer of the Company Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales General Manager, Web Sales Senior Vice President, Eastern Japan
	April	2015	Director and Senior Managing Executive Officer of the Company General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales Representative Director, President of JAL SALES CO., LTD.
	April	2016	Representative Director, Executive Vice President of the Company
	April	2020	Director, Vice Chairman of the Company (to present)
(Important positions concurrently assumed outside the Company)			
None.			
(Reasons for the nomination as Director)			
<p>After joining the Company, Mr. Fujita engaged mainly in the sales and marketing departments in the Head Office, and took the leadership of all the passenger sales departments as General Manager, Managing Division Passenger Sales, and made achievements. He has been assisting the President since 2016, first as Representative Director, Executive Vice President and since 2020 as Director, Vice Chairman, and considerably contributing to further strengthening and enhancement of the management structure. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p>			

<p>No. 3</p>  <p>Yuji AKASAKA (January 3, 1962)</p> <p>Number of Company shares held Common stock 3,700</p> <p style="background-color: #e0e0e0; padding: 5px;">Reappointment</p>	<p>(Career summary, position and responsibilities at the Company)</p>	
	<p>April 1987</p> <p>April 2009</p> <p>April 2014</p> <p>April 2016</p> <p>April 2018</p> <p>June 2018</p>	<p>Joined the Company</p> <p>Vice President, Corporate Safety & Security of the Company Vice President, Customer Relations of the Company</p> <p>Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.</p> <p>Managing Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.</p> <p>President of the Company</p> <p>Representative Director, President of the Company (to present)</p>
	<p>(Important positions concurrently assumed outside the Company)</p> <p>None.</p>	
	<p>(Reasons for the nomination as Director)</p> <p>After joining the Company, Mr. Akasaka engaged mainly in Engineering & Maintenance Division, and acquired on-the-job experience and insight related to safety operations, etc. at an extremely high level as well as significant knowledge and extensive connections in the airline engineering & maintenance industry. He has strengthened the foundation for safety operations, exercising strong leadership and decision-making skills, as Representative Director, President of JAL ENGINEERING CO., LTD., since 2014. In addition, as Representative Director and President of the Company since 2018, he has worked to uphold in the JAL Group that flight safety is the foundation of the JAL Group and by “Lead by Example” through his own practicing of JAL philosophy he has aimed to greatly contribute to the realization of JAL’s corporate philosophy with all employees. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p>	

<p>No. 4</p>  <p>Shinichiro SHIMIZU (December 13, 1962)</p> <p>Number of Company shares held Common stock 1,800</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)		
	April	1985	Joined the Company
	October	2009	General Manager, Cabin Planning Department of the Company
	April	2013	Executive Officer of the Company General Manager, Human Resources
	April	2015	Managing Executive Officer of the Company General Manager, Human Resources
	April	2016	Managing Executive Officer of the Company General Manager, Secretary's Office
	June	2018	Director and Managing Executive Officer of the Company General Manager, Secretary's Office
	April	2019	Director and Senior Managing Executive Officer of the Company General Manager, Secretary's Office
	April	2020	Representative Director, Executive Vice President of the Company (to present)
	(Important positions concurrently assumed outside the Company)		
None.			
(Reasons for the nomination as Director)			
<p>After joining the Company, Mr. Shimizu successively engaged in personnel and labor affairs related to flight crews and cabin attendants, etc. and other divisions, and realized material achievements, exercising great leadership and strong planning and coordination capabilities. Having served as General Manager of Human Resources since 2013 and of Secretary's Office since 2016, he has contributed considerably to improving and stabilizing the Company's external presence by judging the situation which the Company is in from a higher perspective. Since April 2020, he has been assisting the President as Representative Director, Executive Vice President, and considerably contributing to further strengthening and enhancement of the management structure. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p>			

<p>No. 5</p>  <p>Hideki KIKUYAMA (March 19, 1960)</p> <p>Number of Company shares held Common stock 1,100</p> <p>Reappointment</p>	(Career summary, position and responsibilities at the Company)	
	April 1983	Joined the Company
	September 2005	General Manager, General Affairs Department, the Americas Office of the Company
	April 2007	General Manager, Corporate Planning Office of the Company
	February 2010	Executive Officer of the Company Deputy General Manager, Corporate Planning
	February 2012	Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (Domestic Route Marketing)
	April 2013	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing
	June 2016	Director and Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing
	April 2019	Director and Senior Managing Executive Officer of the Company General Manager, Finance & Accounting
	April 2020	Representative Director, Senior Managing Executive Officer of the Company General Manager, Finance & Accounting (to present)
(Important positions concurrently assumed outside the Company)		
None.		
(Reasons for the nomination as Director)		
<p>After joining the Company, Mr. Kikuyama successively engaged in IT systems, passenger reservation, personnel and labor affairs, corporate planning, etc. in the Head Office and the Americas Offices, etc. and made achievements, exercising great leadership and strong planning and coordination capabilities. Since 2016, serving as General Manager, Managing Division Route Marketing, he has been considerably contributing to maximizing route profits. Since 2019, furthermore, serving as General Manager of Finance & Accounting, he has worked to provide highly transparent information disclosure understandable to shareholders and investors and exercise proper management decisions and decision-making skills that benefit the interests of shareholders. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p>		

<p>No. 6</p>  <p>Ryuzo TOYOSHIMA (August 17, 1959)</p> <p>Number of Company shares held Common stock 2,500</p>	(Career summary, position and responsibilities at the Company)		
	April	1983	Joined the Company
	April	2007	General Manager, Labor Services Department of the Company
	April	2009	Senior Vice President of Paris Branch of the Company
	February	2010	Executive Officer of the Company in charge of Corporate Communications, Strategic Corporate Relations, General Administration, and Legal Compliance
	December	2010	Vice President, Narita Airport of the Company
	June	2012	Executive Officer of the Company President of JAL Express Co., Ltd.
	October	2014	Executive Officer of the Company General Manager, Managing Division Route Marketing
	April	2015	Managing Executive Officer of the Company General Manager, Corporate Control
	April	2019	Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing
June	2019	Director and Senior Managing Executive Officer of the Company General Manager, Managing Division Route Marketing (to present)	
Reappointment	(Important positions concurrently assumed outside the Company)		
	None.		
	(Reasons for the nomination as Director)		
	<p>After joining the Company, Mr. Toyoshima successively engaged in labor affairs and served as General Manager of the Labor Services Department, realized material achievements, exercising great leadership and strong planning and coordination capabilities. Having served as General Manager of Corporate Control since 2015, he has greatly contributed to the wide-spread adoption of a divisional profitability management system across the entire JAL Group. Since 2019, serving as General Manager, Managing Division Route Marketing, he has been considerably contributing to maximizing route profits. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p>		

<p>No. 7</p>  <p>Yuichi KITADA (June 22, 1960)</p> <p>Number of Company shares held Common stock 100</p> <p>Newly appointed</p>	(Career summary, position and responsibilities at the Company)		
	April	1986	Joined the Company
	October	2009	General Manager, Americas Technology Quality Assurance Department of the Company
	December	2010	General Manager, Technology Department of JAL ENGINEERING CO., LTD. (on secondment)
	April	2014	Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Managing Director of JAL ENGINEERING CO., LTD.
	April	2018	Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD. (to present)
April	2020	Managing Executive Officer of the Company General Manager, Engineering & Maintenance (to present)	
(Important positions concurrently assumed outside the Company)			
None.			
(Reasons for the nomination as Director)			
After joining the Company, Mr. Kitada acquired insight related to aircraft maintenance and on-the-job experience in Engineering & Maintenance Division at an extremely high level. As Executive Officer since 2018, he has greatly contributed to supporting flight safety with his fine analytical ability, judgement and energy, serving as General Manager, Engineering & Maintenance and Representative Director, President of JAL ENGINEERING CO., LTD. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.			

<p>No. 8</p>  <p>Eizo KOBAYASHI (January 7, 1949)</p> <p>Number of Company shares held Common stock 4,400</p> <p>Reappointment, External, Independent</p>	(Career summary, position and responsibilities at the Company)		
	April	1972	Joined ITOCHU Corporation
	June	2000	Executive Officer of ITOCHU Corporation
	April	2002	Managing Executive Officer of ITOCHU Corporation
	June	2003	Representative Director, Managing Director of ITOCHU Corporation
	April	2004	Representative Director, Senior Managing Director of ITOCHU Corporation
	June	2004	President and Chief Executive Officer of ITOCHU Corporation
	April	2010	Representative Director Chairman of ITOCHU Corporation
	July	2010	Outside Auditor of Asahi Mutual Life Insurance Company
	June	2011	Director Chairman of ITOCHU Corporation
	June	2013	Director (Outside), OMRON Corporation (to present)
	June	2015	External Director of the Company (to present)
	June	2016	Chairman of ITOCHU Corporation Outside Director of Japan Exchange Group, Inc. (to present)
	April	2018	Senior Representative for Business Community Relations of ITOCHU Corporation
	April	2020	Director Emeritus of ITOCHU Corporation (to present)
(Important positions concurrently assumed outside the Company)			
Director (Outside), OMRON Corporation (*)			
Outside Director of Japan Exchange Group, Inc. (*)			
(* indicates a listed company.)			
(Reasons for the nomination as External Director)			
<p>Mr. Kobayashi has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a top management of a general trading company which develops businesses around the world, and gives advice to the Company's management and appropriately supervises the execution of operations from practical and diversified perspectives. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as External Director who meets the Independence Standards of External Officers stipulated by the Company.</p> <p>He is currently serving as the Company's External Director. As of the conclusion of this General Meeting of Shareholders, his tenure as External Director will be five (5) years.</p>			
(Independent Officer)			
<p>He meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company described on page 25. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Director and assumes the post of External Director, he will become an Independence Officer.</p>			
(Overview of limited liability agreement)			
<p>In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with him to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If he is reappointed as Director and assumes the post, the Company will continue the agreement with him.</p>			

* On December 21, 2018, the Company was issued a business improvement order concerning assurance of safety in air transportation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) due to safety concerns raised by an alcohol-related incident by a flight crew and the change of the number of assigned flight crew. On the same day, JAPAN AIR COMMUTER CO., LTD. was issued an administrative warning regarding misconduct by a flight crew and insufficient safety management system. In addition, on January 11, 2019, the Company was issued a business improvement advisory concerning assurance of safety in air transportation against an alcohol-related incident by a cabin attendant. Furthermore, on April 9, 2019, J-AIR CO., LTD. was issued an administrative warning regarding insufficient safety management system. On October 8, 2019, the Company was once again issued a business improvement order

concerning assurance of safety in air transportation due to insufficiencies in the Company's management of flight crews and its safety management system. In addition, on the same day, JAPAN TRANSOCEAN AIR CO., LTD. was issued an administrative warning for an insufficient internal safety management system due to violations of the provisions related to alcohol testing of flight crew. Although Mr. Kobayashi had no knowledge of the aforementioned problems until they were brought to light, he had been providing suggestions based on his perspective of legal compliance at meetings of the Board of Directors and other venues. Moreover, after becoming aware of the aforementioned incidents, he has been fulfilling his duties such as by calling for a thorough investigation of the relevant facts and advocating for the formulation of measures to prevent recurrence.

* ITOCHU Corporation, at which Mr. Kobayashi served as a director until June 2016, received cease and desist orders from the Japan Fair Trade Commission for conduct in violation of the Anti-Monopoly Act on January 12, 2018, February 20, 2018, July 12, 2018, in relation to sales activities concerning uniforms ordered by West Japan Railway Company, Nippon Telegraph and Telephone East Corporation, and All Nippon Airways Co., Ltd., respectively. In addition, ITOCHU Corporation received cease and desist orders and a surcharge payment order from the Japan Fair Trade Commission on October 18, 2018, which is during the period when Mr. Kobayashi served as a director, for conduct in breach of Japan's Antimonopoly Act in relation to services to provide uniforms for NTT DOCOMO, INC.

<p>No. 9</p>  <p>Masatoshi ITO (September 12, 1947)</p> <p>Number of Company shares held Common stock 3,500</p> <p>Reappointment, External, Independent</p>	(Career summary, position and responsibilities at the Company)		
	April	1971	Joined Ajinomoto Co., Ltd.
	June	1999	Member of the Board of Ajinomoto Co., Ltd.
	April	2003	Representative Director, President of Ajinomoto Frozen Foods Co., Inc.
	August	2006	Representative Director, Member of the Board & Corporate Senior Vice President of Ajinomoto Co., Inc. President, Food Products Company
	June	2009	Representative Director, President & Chief Executive Officer of Ajinomoto Co., Inc.
	June	2015	Representative Director & Chairman of the Board of Ajinomoto Co., Inc.
	February	2016	Chairman of the JAA Council, Japan Advertisers Association (to present)
	June	2016	External Director of the Company (to present) Outside Director of Yamaha Corporation (to present)
	June	2019	Outside Director of NEC Corporation (to present) Chairman of the Board of Ajinomoto Co., Inc. (to present)
(Important positions concurrently assumed outside the Company)		<p>Chairman of the Board of Ajinomoto Co., Inc. (*)</p> <p>Chairman of the JAA Council, Japan Advertisers Association</p> <p>Outside Director of Yamaha Corporation (*)</p> <p>Outside Director of NEC Corporation (*)</p> <p>(* indicates a listed company.)</p> <p>Note that the Company provides annual membership fee payments to Japan Advertisers Association.</p>	
(Reasons for the nomination as External Director)		<p>Mr. Ito has deep insight as a top management of a global company and extensive experience in marketing and management strategy, and gives advice to the Company's management and appropriately supervises the execution of operations from practical and diversified perspectives. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as External Director who meets the Independence Standards of External Officers stipulated by the Company.</p> <p>He is currently serving as the Company's External Director. As of the conclusion of this General Meeting of Shareholders, his tenure as External Director will be four (4) years.</p>	
(Independent Officer)		<p>He meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company described on page 25. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Director and assumes the post of External Director, he will become an Independence Officer.</p>	
(Overview of limited liability agreement)		<p>In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with him to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If he is reappointed as Director and assumes the post, the Company will continue the agreement with him.</p>	

* On December 21, 2018, the Company was issued a business improvement order concerning assurance of safety in air transportation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) due to safety concerns raised by an alcohol-related incident by a flight crew and the change of the number of assigned flight crew. On the same day, JAPAN AIR COMMUTER CO., LTD. was issued an administrative warning regarding misconduct by a flight crew and insufficient safety management system. In addition, on January 11, 2019, the Company was issued a business improvement advisory concerning assurance of safety in air transportation against an alcohol-related incident by a cabin attendant. Furthermore, on April 9, 2019, J-AIR CO., LTD. was issued an administrative warning regarding insufficient safety management system. On October 8, 2019, the Company was once again issued a business improvement order concerning

assurance of safety in air transportation due to insufficiencies in the Company's management of flight crews and its safety management system. In addition, on the same day, JAPAN TRANSOCEAN AIR CO., LTD. was issued an administrative warning for an insufficient internal safety management system due to violations of the provisions related to alcohol testing of flight crew. Although Mr. Ito had no knowledge of the aforementioned problems until they were brought to light, he had been providing suggestions based on his perspective of legal compliance at meetings of the Board of Directors and other venues. Moreover, after becoming aware of the aforementioned incidents, he has been fulfilling his duties such as by calling for a thorough investigation of the relevant facts and advocating for the formulation of measures to prevent recurrence.

<p>No. 10</p>  <p>Sonoko HATCHOJI (January 15, 1950)</p> <p>Number of Company shares held Common stock 2,600</p> <p>Reappointment, External, Independent</p>	(Career summary, position and responsibilities at the Company)		
	April	1972	Joined The Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.)
	November	1993	Director, Vice President of IBJ International plc, U.K. securities subsidiary of The Industrial Bank of Japan, Limited
	June	1997	Deputy Manager and Associate Director, Market Risk Management Office of The Industrial Bank of Japan, Limited
	March	2002	Executive Officer of IBJ Leasing Company, Limited
	April	2004	Senior Consultant of The Kyoritsu Risk Management Co., Ltd.
	January	2006	Director of Yuki Management & Research Co., Ltd.
	April	2008	Part-time Internal Auditor of Aetos Japan, LLC
	April	2009	Executive Officer of FUJITA KANKO INC.
	March	2010	Director and Executive Officer of FUJITA KANKO INC.
March	2011	Managing Director and Managing Executive Officer of FUJITA KANKO INC.	
March	2013	Managing Executive Officer of FUJITA KANKO INC.	
March	2015	Advisor of FUJITA KANKO INC.	
June	2016	Outside Director of Nisshin Steel Co., Ltd. (currently, NIPPON STEEL CORPORATION)	
April	2017	Special Advisor to the President of Tsuda University (to present)	
June	2018	External Director of the Company (to present)	
June	2019	External Director of Daicel Corporation (to present) External Director of Maruha Nichiro Corporation (to present)	
(Important positions concurrently assumed outside the Company)			
External Director of Daicel Corporation (*)			
External Director of Maruha Nichiro Corporation (*)			
(* indicates a listed company.)			
(Reasons for the nomination as External Director)			
<p>Ms. Hatchoji has significant knowledge and extensive experience in the areas of financial products development, loans and risk management at banks and customer-centric marketing and management strategy in hotel management. She has also been providing advice to the Company's management and carrying out appropriate oversight of business execution, using her diversified perspectives over versatile themes including educational reforms at universities. For all of these reasons, she is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect her as External Director who meets the Independence Standards of External Officers stipulated by the Company.</p> <p>She is currently serving as the Company's External Director. As of the conclusion of this General Meeting of Shareholders, her tenure as External Director will be two (2) years.</p>			
(Independent Officer)			
<p>She meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company described on page 25. The Company, therefore, has designated her as the Independent Officer and provided the notification to the stock exchange. If she is reappointed as Director and assumes the post of External Director, she will become an Independence Officer.</p> <p>She retired from The Industrial Bank of Japan, Limited (currently, Mizuho Bank, Ltd.) in April 2002. In addition, in January 2006, she retired from all positions as officers at Mizuho Financial Group, Inc. and its consolidated subsidiaries.</p>			
(Overview of limited liability agreement)			
<p>In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with her to limit her liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If she is reappointed as Director and assumes the post, the Company will continue the agreement with her.</p>			

* On December 21, 2018, the Company was issued a business improvement order concerning assurance of safety in air transportation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) due to

safety concerns raised by an alcohol-related incident by a flight crew and the change of the number of assigned flight crew. On the same day, JAPAN AIR COMMUTER CO., LTD. was issued an administrative warning regarding misconduct by a flight crew and insufficient safety management system. In addition, on January 11, 2019, the Company was issued a business improvement advisory concerning assurance of safety in air transportation against an alcohol-related incident by a cabin attendant. Furthermore, on April 9, 2019, J-AIR CO., LTD. was issued an administrative warning regarding insufficient safety management system. On October 8, 2019, the Company was once again issued a business improvement order concerning assurance of safety in air transportation due to insufficiencies in the Company's management of flight crews and its safety management system. In addition, on the same day, JAPAN TRANSOCEAN AIR CO., LTD. was issued an administrative warning for an insufficient internal safety management system due to violations of the provisions related to alcohol testing of flight crew. Although Ms. Hatchoji had no knowledge of the aforementioned problems until they were brought to light, she had been providing suggestions based on her perspective of legal compliance at meetings of the Board of Directors and other venues. Moreover, after becoming aware of the aforementioned incidents, she has been fulfilling her duties such as by calling for a thorough investigation of the relevant facts and advocating for the formulation of measures to prevent recurrence.

(Note) There is no special interest between the nominees for Directors and the Company excluding the nominee No. 9.

Proposal 2: Election of Three (3) Audit & Supervisory Board Members

The terms of office of Audit & Supervisory Board Members Mr. Yasushi Suzuka, Mr. Shinji Hatta, and Mr. Osamu Kamo will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company hereby proposes that you elect the three (3) Audit & Supervisory Board Members including two (2) External Audit & Supervisory Board Members.

For this proposal, the Board of Directors consulted the Nominating Committee, which comprises a majority of External Directors and is chaired by an External Director, and makes the proposal with consideration of the Committee's report.

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

The nominees for Audit & Supervisory Board Members are as follows:

<p>No. 1</p>  <p>Yasushi SUZUKA (October 26, 1956)</p> <p>Number of Company shares held Common stock 4,200</p> <p>Reappointment</p>	(Career summary and position at the Company)		
	April	1979	Joined the Company
	April	2003	Deputy Vice President, Engineer Department of the Company
	April	2004	General Manager, Maintenance Project Office of the Company
	December	2010	Vice President and Deputy General Manager, Engineering & Maintenance Division of the Company Senior Executive Director of JAL ENGINEERING CO., LTD.
	July	2012	Audit & Supervisory Board Member of the Company (to present)
(Important positions concurrently assumed outside the Company)			
None.			
(Reasons for the nomination as Audit & Supervisory Board Member)			
Since joining the Company, Mr. Suzuka has engaged in maintenance-related operations such as maintenance project and engineering and acquired insight related to aircraft maintenance at the Engineering & Maintenance Division at an extremely high level as well as contributed to safety operation. He has served as Audit & Supervisory Board Member since July 2012 and has extensive experience in the Company's operations and production-related insight. Accordingly, the Company hereby proposes that you elect him as Audit & Supervisory Board Member.			
(Overview of limited liability agreement)			
In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with him to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If he is reappointed as Audit & Supervisory Board Member and assumes the post, the Company will continue the agreement with him.			

<p>No. 2</p>  <p>Osamu KAMO (March 25, 1947)</p> <p>Number of Company shares held Common stock 3,600</p> <p>Reappointment, External, Independent</p>	(Career summary and position at the Company)		
	April	1973	Registered as Attorney at law
	April	1981	Established Kamo Law Office (currently, Ginza Sogo Law Office) (to present)
	April	1987	Vice President, Dai-Ichi Tokyo Bar Association
	April	1992	Managing Director, Japan Federation of Bar Associations
	June	1997	Chairman of finance committee, Japan Federation of Bar Associations
	September	2006	External Audit & Supervisory Board Member of Azearth Corporation (to present)
	April	2007	Vice President, Japan Federation of Bar Associations
	April	2007	President, Dai-Ichi Tokyo Bar Association
	October	2010	Chairman of Government Procurement Review Board (Cabinet Office, Government Of Japan) (to present)
June	2016	External Audit & Supervisory Board Member of the Company (to present)	
(Important positions concurrently assumed outside the Company)			
<p>Attorney at Law, Managing Partner of Ginza Sogo Law Office</p> <p>Chairman of Government Procurement Review Board (Cabinet Office, Government Of Japan)</p> <p>External Audit & Supervisory Board Member of Azearth Corporation (*)</p> <p>(* indicates a listed company)</p>			
(Reasons for the nomination as Audit & Supervisory Board Member)			
<p>Mr. Kamo has given guidance to government and companies about compliance and successively held positions as member of an investigation committee on misconduct cases since registered as attorney at law in April 1973 and has extensive experience in and insight into compliance and corporate governance. As an Audit & Supervisory Board Member of the Company, he provides audit and advice on legal and other aspects. For all of these reasons, he is believed to be the right person to maintain the soundness of the Company and to achieve the sustainable enhancement of the Company's corporate value, so the Company hereby proposes that you elect him as External Audit & Supervisory Board Member who meets the Independence Standards of External Officers stipulated by the Company. He is currently serving as the Company's External Audit & Supervisory Board Member. As of the conclusion of this General Meeting of Shareholders, his tenure as External Audit & Supervisory Board Member will be four (4) years.</p>			
(Independent Officer)			
<p>He meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company described on page 25. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Audit & Supervisory Board Member and assumes the post of External Audit & Supervisory Board Member, he will become an Independence Officer.</p>			
(Overview of limited liability agreement)			
<p>In accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company has entered into an agreement with him to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If he is reappointed as Audit & Supervisory Board Member and assumes the post, the Company will continue the agreement with him.</p>			

* On December 21, 2018, the Company was issued a business improvement order concerning assurance of safety in air transportation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) due to safety concerns raised by an alcohol-related incident by a flight crew and the change of the number of assigned flight crew. On the same day, JAPAN AIR COMMUTER CO., LTD. was issued an administrative warning regarding misconduct by a flight crew and insufficient safety management system. In addition, on January 11, 2019, the Company was issued a business improvement advisory concerning assurance of safety in air transportation against an alcohol-related incident by a cabin attendant. Furthermore, on April 9, 2019, J-AIR CO., LTD. was issued an administrative warning regarding insufficient safety management system. On October 8, 2019, the Company was once again issued a business improvement order concerning assurance of safety in air transportation due to insufficiencies in the Company's management of flight

crews and its safety management system. In addition, on the same day, JAPAN TRANSOCEAN AIR CO., LTD. was issued an administrative warning for an insufficient internal safety management system due to violations of the provisions related to alcohol testing of flight crew. Although Mr. Kamo had no knowledge of the aforementioned problems until they were brought to light, he had been providing suggestions based on his perspective of legal compliance at meetings of the Board of Directors, the Board of Corporate Auditors and other venues. Moreover, after becoming aware of the aforementioned incidents, he has been fulfilling his duties such as by calling for a thorough investigation of the relevant facts and advocating for the formulation of measures to prevent recurrence.

<p>No. 3</p>  <p>Joji OKADA (October 10, 1951)</p> <p>Number of Company shares held Common stock 0</p> <p>Newly appointed, External, Independent</p>	(Career summary and position at the Company)	
	April 1974	Joined Mitsui & Co., Ltd.
	February 2006	General Manager, Financial Planning Division of Mitsui & Co., Ltd.
	April 2008	Managing Officer, General Manager, Accounting Division of Mitsui & Co., Ltd.
	June 2011	Representative Director, Executive Managing Officer, CFO of Mitsui & Co., Ltd.
	February 2013	Member, Business Accounting Council of Financial Services Agency (to present)
	July 2013	Trustee of IFRS Foundation
	April 2014	Representative Director, Executive Vice President, CFO of Mitsui & Co., Ltd.
	June 2015	Full-time Audit & Supervisory Board Member of Mitsui & Co., Ltd.
	November 2017	Chairperson of the Japan Audit & Supervisory Board Members Association
(Important positions concurrently assumed outside the Company)		
Member, Business Accounting Council of Financial Services Agency		
(Reasons for the nomination as Audit & Supervisory Board Member)		
<p>Mr. Okada possesses rich experience and track record along with expertise as a manager in the administration and the finance & accounting department of a general trading company. In addition, through his professional experience as a Full-time Audit & Supervisory Board Member of a general trading company and Chairperson of the Japan Audit & Supervisory Board Members Association, he has significant insight into all aspects of audit work including governance and risk management. For all of these reasons, in an audit role, he is believed to be the right person to achieve sustainable growth of the Company and medium- to long- term enhancement of the Company's corporate value, so the Company hereby proposes that you elect him as External Audit & Supervisory Board Member who meets the Independence Standards of External Officers stipulated by the Company.</p>		
(Independent Officer)		
<p>He is a new External Audit & Supervisory Board Member candidate and meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of External Officers stipulated by the Company described on page 25. If he is appointed as Audit & Supervisory Board Member and assumes the post of External Audit & Supervisory Board Member, he will become an Independence Officer.</p>		
(Overview of limited liability agreement)		
<p>If he is appointed as Audit & Supervisory Board Member and assumes the post, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company's Articles of Incorporation, the Company will enter into an agreement with him to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability.</p>		

(Note) There is no special interest between the nominees for Audit & Supervisory Board Members and the Company.

(Reference)

In order to establish a high level corporate governance system that delivers high transparency of management and enhanced monitoring of corporate management, and to enhance its corporate value, the Company stipulates the following standards of judgment regarding the independence of the Company's External Officers (in principle, a person to whom none of the following apply shall be judged to be independent).

Independence Standards of External Officers

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

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

(Attached Documents)

Business Report

(April 1, 2019 to March 31, 2020)

1. Current state of the JAL Group

(1) Business progress and results

The outlook for the global economy has been increasingly uncertain due to factors such as the impact of U.S.-China trade friction. Despite consecutive large-scale disasters and the consumption tax hike in October, the Japanese economy was firm overall. However, the global and Japanese economies have downturned greatly since January due to the novel coronavirus (COVID-19), which is a risk event of a scale that has not been seen in history.

The market trends for crude oil, which affect our fuel costs, were generally stable, yet were subject to the impact of international developments and other such factors. However, crude oil prices dropped sharply from March onward as OPEC Plus failed to agree on reducing oil output coupled with concerns of global economic deceleration.

As a result of the spread of the novel coronavirus infection, restrictions on air travel and other such forceful measures were taken on a global basis, aviation demand saw an extraordinary contraction, with a correspondingly serious impact being felt by the JAL Group. The JAL Group has fulfilled its role as a public transportation services provider, while working to prevent the spread of infection of customers and employees. In addition, by suspending and reducing some routes, and downsizing aircraft, as well as implementing fundamental cost reductions and exercising control of investments, the JAL Group has sought to minimize the impact on its business performance.

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

Operating revenues:	¥1,411.2 billion (Down 5.1 % year on year)	Operating profit:	¥100.6 billion (Down 42.9 % year on year)
Ordinary profit:	¥102.5 billion (Down 38.0 % year on year)	Profit attributable to owners of parent:	¥53.4 billion (Down 64.6 % year on year)

The spread of the novel coronavirus infection has also weighed on the JAL Group, as the effects of the pandemic continue to mount with no end in sight. Meanwhile, the Company has opted to forgo payment of the year-end dividend for the current fiscal year, having deemed it best to manage its cash flows and place top priority on securing liquidity on hand, on the assumption that the current state of languishing demand will persist over the long term. We would like to express our sincere apologies to our shareholders, and seek their kind understanding in light of the current situation where the JAL Group is.

(2) Business conditions by business segment

International passenger operations	• International passenger revenue (Billions of yen)		70 th fiscal year	71 st fiscal year	
	71 st fiscal year:	476.2	Available-seat-km (Million seat-km)	54,925	54,324 (down 1.1%)
	70 th fiscal year:	530.6	Revenue-passenger-km (Million passenger-km)	44,659	41,905 (down 6.2%)
			Load factor (L/F) (%)	81.3	77.1 (down 4.2 points)
Reference	Available-seat-km:	Unit expressing passenger capacity. Number of seats × Distance traveled (km)			
	Revenue-passenger-km:	Unit expressing revenue passenger transport volume. Number of revenue passengers (people) × Distance traveled (km)			
	Load factor (L/F):	Revenue-passenger-km ÷ Available-seat-km			

International passenger operations

Supported by the Rugby World Cup, inbound tourist demand remained favorable. However, due to the sense of uncertainty brought about by U.S.-China trade friction, demand for outbound corporate flights became sluggish after the summer. Furthermore, with the spread of the novel coronavirus infection in January, overall demand dropped sharply. From February onward we immediately suspended and reduced routes and downsized aircraft in service on all routes including China in an effort to minimize the impact on our business performance.

Regarding route operations, due to the spread of the novel coronavirus infection, we postponed launching some new routes departing from Haneda Airport, etc., which were scheduled to begin service in March. Meanwhile, we launched the Narita-Vladivostok route in February. Furthermore, as we work to strengthen and expand relationships with other airlines, we gained antitrust immunity for a joint business with Malaysia Airlines in December.

As for products and services, we worked to increase convenience in the boarding process at Honolulu Airport in April and strengthened our competitive advantage on Hawaii routes by beginning operation in May of a special aircraft featuring livery of a popular J-pop idol group, the “ARASHI HAWAII JET,” as the first such aircraft in our flights. At Narita Airport, we remodeled our lounge and introduced self-service bag drop machines to a part of counters in October and renovated Special Assistance Counter for customers who need special assistance in December as part of initiatives to increase convenience.

Toward creating new demand, ZIPAIR Tokyo Inc., established as an international medium- and long-haul low-cost carrier, received an Air Operator Certificate in July and revealed its cabin design in December. It steadily prepared to launch operations.



(Revamped Narita Airport Lounge)



(ZIPAIR TOKYO)

Domestic passenger operations	• Domestic passenger revenue (Billions of yen)		70 th fiscal year	71 st fiscal year	
	71 st fiscal year:	514.6	Available-seat-km (Million seat-km)	36,116	36,199 (up 0.2%)
	70 th fiscal year:	528.0	Revenue-passenger-km (Million passenger-km)	26,195	25,443 (down 2.9%)
			Load factor (L/F) (%)	72.5	70.3 (down 2.2 points)
Reference	Available-seat-km:	Unit expressing passenger capacity. Number of seats × Distance traveled (km)			
	Revenue-passenger-km:	Unit expressing revenue passenger transport volume. Number of revenue passengers (people) × Distance traveled (km)			
	Load factor (L/F):	Revenue-passenger-km ÷ Available-seat-km			

Domestic passenger operations

Backed by a “Golden Week” holiday spanning 10 consecutive days, both leisure and corporate demand remained strong. Centering on high demand periods such as the summer vacation season, we increased flights for the Haneda-Naha route, Haneda-New Chitose route, and other routes to cater to robust demand. Meanwhile, in response to lower demand due to the spread of the novel coronavirus infection, we quickly reduced flights on some routes and operated smaller aircraft after March, working to minimize the impact on its business performance.

Regarding route operations, we worked to improve our route network and increase convenience by expanding code sharing with Fuji Dream Airlines Co., Ltd.

As for products and services, we introduced the cutting-edge Airbus A350 aircraft in September and the Boeing 787 configured for domestic flights in October. The new aircraft were equipped with First Class, Class J, and Economy Class with all seats and interior designs renewed and installed with personal monitors to offer enhanced inflight entertainment, initiatives to improve comfort. In September, we extended reservation and purchasing periods for domestic tickets, making it possible up to 330 days in advance. In conjunction with our renewed domestic flight reservation web page, we endeavored to provide greater convenience for stress-free and smooth trip planning.



(Interior of Airbus A350)



(The 5-Star Airline rating)



(The World's Best Economy Class)

We have gained recognition for our initiatives in providing products and services with respect to our international and domestic routes, and have accordingly received accreditations and awards by Skytrax as follows:

- The 5-Star Airline rating (for two consecutive years and second time)
- The World's Best Economy Class (first time in Japan)
- The Best Economy Class Seat (for three consecutive years and fourth time)

Cargo service operations	• Cargo service revenue (Billions of yen)		70 th fiscal year	71 st fiscal year	
	(International routes)				
	71 st fiscal year:	59.7	Revenue cargo for International routes ton-km (1,000 ton-km)	2,429,268	2,407,691 (down 0.9%)
	70 th fiscal year:	65.4			
(Domestic routes)					
71 st fiscal year:	20.7	Revenue cargo for Domestic routes ton-km (1,000 ton-km)	343,529	328,182 (down 4.5%)	
70 th fiscal year:	21.8				
Reference	Revenue-cargo-ton-km:	Unit expressing revenue cargo transport volume. Revenue cargo weight (ton) × Distance traveled (km)			

Cargo service operations

For international cargo operations, due to the impact of US-China trade frictions, overall demand decreased for air cargo from Japan related to auto parts and semiconductors. We therefore actively captured offshore transportation demand departing from Southeast Asia to North America.

From February onward, capacity declined resulting from reduced operations of passenger flights in all routes due to the spread of the novel coronavirus infection. However, pressure on the supply and demand environment caused unit prices to soar primarily on China routes.

In response to the spread of the novel coronavirus infection, we transported relief supplies, including face masks and protective clothing, to support medical personnel in China, and also transported pharmaceutical products intended for clinical trial use for the treatment of COVID-19. Moreover, we have also been contributing to society in terms of its logistics infrastructure by continuing to transport not only medical products but also daily necessities and other such items through our operations of cargo-only flights and accordingly making use of cargo space available in passenger aircraft.

In domestic cargo operations, in partnership with Nousouken Corporation, we opened consolidating stations for agricultural products at New Chitose Airport and Asahikawa Airport. We strived to capture demand for fresh cargo transportation direct from farms as well as other new cargo demand through establishing a logistics network that leverages the advantages of air transportation. By having agricultural products directly brought into airports by producers, the lead time from harvest to shipping can be significantly reduced. However, despite the aforementioned measures, demand decreased due to a partial loss of home delivery parcels to ground transport and poor weather resulting in a poor harvest and catch of fish.



(Transportation of relief supplies including pharmaceuticals)



(Consolidating station for agricultural products at New Chitose Airport)

Other operations

Capitalizing on the JAL Group's expertise, we strengthened our consignment business. We also worked to create new products, services, and businesses through realizing innovation (*1) by combining our human resources, one of the Group's greatest strengths, and advanced technologies, to expand our business domains.

In the airline-related business domain, centering on consignment business from airline companies, we acquired maintenance, airport and cargo service contracts from overseas airline companies at regional airports where flights are expected to increase in the future in addition to those located in the Tokyo Metropolitan Area and large cities with strong demand, and thereby contributed to the expansion of inbound tourist demand and logistics.

In the travel and transportation domain, in July, we established JAL HONGYUAN Co., LTD. to provide services in the rapidly growing cross-border e-commerce (EC) business from Japan to China. In September, JAL Business Aviation Co., Ltd. started services such as operational support for business jets, airport ground operations and arrangement of charter services. Through these efforts, we expanded our business domains, capitalizing on the JAL Group's expertise in air transportation. In addition, we conducted cargo transportation trials involving the use of Unmanned Aerial Vehicle (UAV) helicopter flight in outlying island areas with an eye toward regional revitalization and future partnership with air logistics operators. The trials were the first in Japan to fly cargo between airports enlisting flight beyond visual line of sight.

With regard to new market exploration, to offer experiences and services enriching daily life, JAL Digital Experience Co., Ltd. launched services for the new 'CLASS EXPLORER' membership organization in October as a personalized business that leverages its customer base and partnering expertise. In the suburbs of Narita Airport, JAL Agriport Co., Ltd., which operates tourist farms that contribute to the revitalization of the local region and develop and sell agricultural products, opened a restaurant in March that serves foodstuffs produced by its own farm as well as special local ingredients. With a view to closing the distance between regions, people, and goods across the globe and making society more affluent, we pressed ahead with MaaS (*2) to achieve seamless movement, and the realization of air mobility such as drones and flying vehicles.

- (*1) Received "IT Award First Prize," which is granted to corporations, etc. that have been recognized as having made remarkable efforts in management reforms that utilize IT that achieved superior results.
- (*2) Mobility as a Service: A new concept for transportation that links seamlessly, and perceives the usage of all modes of transportation, excluding personal vehicles, as one service through the utilization of information and communications technologies regardless of operating body.

Summary on two major companies is as follows:

JALPAK Co., Ltd. worked to boost sales of Dynamic Package products and expand sales channels while offering high value-added products. However, due to the spread of the novel coronavirus infection causing demand to decline, operating revenue (prior to intercompany transaction elimination) decreased by 6.9% from the previous fiscal year to 169.6 billion yen.

As for JALCARD, Inc., as a result of stepping up online member recruiting, and partly supported by the national policy promoting cashless payment, the number of members increased by 3.9% year-on-year to 3,720 thousand members. Despite reduced card use volume in the fourth quarter due to the novel coronavirus infection, operating revenue (prior to intercompany transaction elimination) for the fiscal year under review increased by 3.4% from the previous fiscal year to 20.1 billion yen.



(Information Technology Award)



(Maintenance service contracts from overseas airline companies)



(Restaurant directly owned by JAL Agriport)

(3) Initiatives related to safety

A second business improvement order was issued, caused by alcohol-related misconduct in October. A warning related to the duties of the Safety General Manager of the Company, and an administrative warning regarding Japan Transocean Air were also issued. The Company worked to prevent recurrence after receiving a business improvement order in December 2018. However, there was a lack in the speed of implementing measures, and the creation of a safety management system and the reformation of awareness was insufficient, and as a result, inappropriate incidents recurred. The Company solemnly accepts that receiving another administrative disposition, etc. in a short period of time, and significantly losing the trust of customers and society is an extremely grave situation. In this critical situation, the Company changed to a system where safety is directly managed by the President, and promoted the following measures.

- All flight crews were lent alcohol detection devices, and they thoroughly test themselves prior to starting work with an individual inspection system which includes identity verification using face authentication. A stricter inspection system with improved accuracy, in which an inspection is performed with a third party present after starting work was also introduced.
- In addition to training and interviews with superiors, direct communication between flight crews and officers was implemented, and the reformation of awareness was enhanced.
- Necessary responses were implemented, such as counseling by external institutions for flight crews where the trend of alcohol consumption is a concern.
- Introduced support programs that provide counseling and seminars that are independent from the Company, so that it is possible for flight crews to participate in them of their own volition.

To achieve safety, which is the basic foundation of its business continuity, the Company worked toward the “evolution of safety management systems,” “evolution of security management systems,” and “ensuring that lessons learned from past accidents are passed on,” acting as a “leading company of safety in the transport sector,” a status noted among its management goals.

For the “evolution of safety management system,” we strove to prevent aviation accidents (*1) or serious incidents (*2) by introducing a risk identification method utilizing an integrated safety database and improving analysis methods for human error.

For the “evolution of security management system,” pursuant to the regulations on security management established in the previous year, we strove to maintain airline safety at a high level by identifying, evaluating, and responding to security risks in a systematic manner. We also instilled further in everyone the awareness that “every member of staff must play a role in protecting safety” through internal education.

For “ensuring that lessons learned from past accidents are passed on,” we held the “Safety Seminar – Learning from the Past” featuring stories of people who experienced the crash of Japan Airlines Flight 123, and through conducting climbing to the memorial on Mt. Osutaka and visiting the Company’s Safety Promotion Center on a continual basis, we fostered a greater sense of safety based on the concept of the three actuals (*3).

- (*1) Aviation accident: A fatal or serious injury to a person as a result of the operation of aircraft; the crash or collision of an aircraft, or aircraft fire; damage to an aircraft during flight (equivalent to major repairs); etc.
- (*2) Serious incident: A situation that does not extend to an aviation accident but is recognized as having posed the risk of one. An overrun or emergency evacuation is an example.
- (*3) Three actuals: An idea proposed by Mr. Yotaro Hatamura of the Safety Advisory Group that the essence of things can be understood by visiting actual locations (accident sites), looking at actual objects (aircraft wreckage, passengers’ belongings, etc.), and listening to actual people (those involved in accidents).



(Employee education facilities, Safety Promotion Center)

(4) Initiatives at production sites and other locations

Operation division

In order to prevent a recurrence of the alcohol-related misconduct involving crew members, in addition to providing education to increase the level of knowledge regarding the effects of alcohol, we have strengthened our initiatives from a number of different angles, such as by conducting dialogues directly with officers, instilling a thoroughgoing culture of self-discipline backed by the use of breathalyzers, providing medical support, and requesting families to cooperate with us. The JAL Group has also taken an active approach to the hiring of flight crew and the cultivation including training sessions in Phoenix and Guam in the U.S. In order to deal with expected future shortages of flight crew, we are drawing up further recruitment plans from a medium to long-term perspective.

Cabin division

In order that people are able use our aircraft with confidence, we have taken steps to provide additional safety and security, such as by implementing measures to prevent the recurrence of the alcohol-related misconduct involving crew members, and preventing injuries to customers. Moreover, we provided a service that meets the needs of a variety of customers, valuing the spirit of Japanese-style hospitality for our customers that we have cultivated. Additionally, we established an environment where cabin attendants can continue to work for longer periods with peace of mind through introducing a system by which they can decide the number of working days to balance between child rearing and work.

Maintenance division

Regarding the Airbus A350 that was put in service in September, we had its flight logs and maintenance records digitized for the first time in Japan. We also reformed the way aircraft engineers work through promoting the use of IT and other new technologies such as failure prognosis that utilizes big data throughout the year while working to enhance aircraft safety and quality. In preparation for the beginning of the operation of new flight routes over the Tokyo Metropolitan area, we have promoted further measures to prevent objects from falling off aircraft, such as by promoting the modification of airframes, and strengthening inspection procedures. Other initiatives included those for global environment preservation. We reduced fuel consumption and CO₂ emissions through engine water washing and optimizing the amount of water loaded onboard while supporting an air observation project using aircraft which helps various studies.

Airport division

At Honolulu Airport in April, we installed self-baggage drops and self-check-in machines which together form the system where passengers can check-in and deposit baggage without waiting in line at a counter. As the first step for domestic flights toward realizing the “JAL SMART AIRPORT,” a smooth and comfortable airport concept, we partially installed self-baggage drops at our baggage deposit area at the Haneda Airport and also introduced automatic flapper gates at security checkpoints in February as a measure to reduce the stress of travel. We work together with the Ministry of Land, Infrastructure, Transport and Tourism and security inspection companies to strengthen our security inspection structure.



(Engine cleaning)



(Revamped baggage deposit area for domestic flights at the Haneda Airport)

(5) Initiatives to increase corporate value and realize a sustainable society

In order to increase its corporate value and realize a sustainable society, the JAL Group identified important issues from an ESG management perspective and promoted various initiatives describes as follows. In July, the JAL Group Code of Conduct, “Commitment to Society,” was established as a set of behavioral guidelines to be observed in various operational situations. Through in-house training, we instilled the Code in all employees and promote compliance with its principles.



(SDGs)

a. Environment

To pass the precious to the next generation, the JAL Group focused on global environmental preservation across all operations.

Regarding climate change response, various initiatives have been taken to reduce CO₂ emissions, one of the major causes of global warming. By introducing fuel-efficient aircraft such as the Airbus A350 and Boeing 787 and by adopting various operational methods, we worked to reduce CO₂ emissions in daily operations. Initiatives undertaken include the utilization of bio jet fuel for the delivery flight from France to Japan for the Airbus A350.

b. Human and regional communities

Customers and regions

By fulfilling its role as in social infrastructure via its air transportation network, the JAL Group strove to revitalize regions and promote the economic cycle, thereby contributing to the development of regional communities. In October, five airlines established a limited liability partnership which has been taking steps to ensure sustainability of outlying island routes that play an important role in residents' lives.

The year 2019 saw natural disasters and damage to historical structures including Typhoon Faxai and Typhoon Hagibis alongside the fire at Shuri Castle in Okinawa. The Group assisted recovery by providing emergency transport of relief supplies and special discount fares to support recovery, donating part of the proceeds from tours to affected areas, and offering relief donations.

We have been taking steps to provide stress-free travel experiences to all of our customers. To such ends, we have been offering a wide range of information and providing training to all employees. We have also been equipping all airports nationwide with wooden wheelchairs capable of passing through metal detectors without triggering the devices, thereby enabling users to stay seated at security checkpoints.

In recognition of these efforts, we received the Future Travel Experience Accessibility Leadership Award (*1).

Human rights and Diversity & Inclusion (D&I)

The Group worked to build a society where all our customers and other stakeholders, as well as each one of the employees working for the JAL Group, are respected and can live to the fullest.

In June, we held an event titled “Diversity Day.” We promoted understanding among employees of what it means to enable anyone to participate. In August, we formulated the “JAL Group Human Rights Policy” to meet our responsibility to respect the human rights of all people, and we strove to increase awareness of human rights among all employees.

In addition, the Company was awarded the highest GOLD rating for the fourth year in a row in the PRIDE Index, an evaluation index stipulated by voluntary association “work with Pride” concerning LGBTQ (*2) initiatives implemented by corporations.

(Reference)

(*1) An award given to commend airlines and airport companies making extensive efforts to increase accessibility in the world.

(*2) Lesbian, gay, bisexual, transgender, questioning



(Fuel efficient A350)



(Future Travel Experience
Accessibility Leadership Award)



(“GOLD” rating in PRIDE Index,
awarded for LGBTQ initiatives)

(6) Issues to be addressed

a. Maintaining the air transportation network, thoroughgoing cost reductions, and ensuring liquidity on hand

Due to the spread of the novel coronavirus infection from January onward, the aviation industry is on the brink of an unprecedented crisis. Global aviation demand has plunged, and the business of the JAL Group has also been seriously affected, with the result that it is unable to finalize its business and income and expenditure plans for FY2020 as it is difficult to reasonably estimate the amount of the impact at this stage. The JAL Group will not only flexibly adjust supply, but also promptly implement thorough cost-reduction and controls on investment, securing as much funding as possible in advance in order to make doubly sure that we have sufficient liquidity on hand in preparation for the prolongation of these effects.

Even amid these extremely challenging circumstances, the JAL Group is committed to fulfilling its social mission by ensuring safety throughout each and every one of its flights while continuing to support logistics networks in transporting people and distributing medical products, food and other such items. In order to prevent the spread of infection, we have taken every possible measure, such as thoroughly disinfecting the passenger cabin, and ensuring that cabin attendants wear masks and gloves before they begin providing a service.

b. Preparing to go on the offensive

We must move ahead steadily with preparations for going on the offensive, seizing the opportunity to put our own business back on a growth path after the impact of COVID-19 subsides. We will take the opportunity created by the reduction in business following the reduction in the number of flights operated to accelerate our human resources development and increase productivity. Furthermore, we will promote initiatives to devise ways to stimulate demand, and support regional and tourist infrastructure in the ending phase of this situation.

c. Recovery in corporate value and realization of a sustainable society

We believe that aviation demand will recover and grow over the medium to long term. However, it is possible that after this situation has ended, significant changes will take place in the economy, society, culture, and technology, as well as in the role and value that the airline business is required to fulfill. The JAL Group plans to formulate its new Medium-term Management Plan while looking ahead at these changes in the business environment. In addition to reconstructing a robust financial structure endowed with flexibility and a high degree of resilience to risk, we will contribute to creating a tourism-oriented country through an increase in inbound travelers, as well as to the revitalization of regional societies and economies, squarely confronting social issues that must be resolved, such as environmental problems, with the objective of achieving the SDGs by 2030.

In any situation, the JAL Group is committed to fulfilling its mission and responsibilities as a public transportation operator through maintaining flight safety as a foundation of its business continuity. In this way, through practicing the JAL Philosophy, we will strive unceasingly for the further progress and development of society.

To our shareholders, we appreciate your continuing support and understanding.

(7) Capital expenditures

During the current fiscal year, the JAL Group's capital expenditures totaled 241.5 billion yen, which is broken down into 187.7 billion yen for aircraft-related capital expenditures, 23.0 billion yen for ground-based assets, etc., and 30.7 billion yen for intangible fixed assets.

During the current fiscal year, the JAL Group introduced 15 new airplanes, 1 of which was changed to a leased airplane during the current fiscal year. The JAL Group also purchased 1 airplane that was previously on lease. On the other hand, 9 airplanes were retired. The number of airplanes for which the JAL Group has placed orders and already made payments on as an up-front disbursement during the current fiscal year is 32.

Newly introduced: 15 airplanes (The number of aircraft includes 1 on lease)

Boeing 787-8: 4 airplanes

Boeing 787-9: 3 airplanes

Airbus A350-900: 5 airplanes (The number of aircraft includes 1 on lease)

ATR42-600: 2 airplanes

ATR72-600: 1 airplane

Retired: 9 airplanes

Boeing 777-200: 1 airplane (Sold)

Boeing 767-300: 1 airplane (Sold)

Boeing 737-400: 3 airplanes (Sold)

Bombardier DHC8-400: 1 airplane (Sold)

SAAB 340B: 3 airplanes (Sold)

(8) Financing

During the current fiscal year, the JAL Group took out long-term borrowings of 24.8 billion yen from domestic financial institutions to fund the aforementioned payments on airplanes. The Group also issued straight corporate bonds totaling 40.0 billion yen.

(9) Business transfer, etc.

None

(10) Business results and assets

Classification	68 th fiscal year ended March 31, 2017	69 th fiscal year ended March 31, 2018	70 th fiscal year ended March 31, 2019	71 st fiscal year ended March 31, 2020
Operating revenues (Millions of yen)	1,288,967	1,383,257	1,487,261	1,411,230
Operating profit (Millions of yen)	170,332	174,565	176,160	100,632
Operating profit margin (%)	13.2	12.6	11.8	7.1
Ordinary profit (Millions of yen)	165,013	163,180	165,360	102,571
Profit attributable to owners of parent (Millions of yen)	164,174	135,406	150,807	53,407
Basic earnings per share (Yen)	456.56	383.23	432.10	155.66
Return On Invested Capital (ROIC)* (%)	10.7	10.1	9.5	5.1
Return On Equity (ROE) (%)	18.1	13.3	13.6	4.7
Total assets (Millions of yen)	1,728,777	1,853,997	2,030,328	1,859,362
Net assets (Millions of yen)	1,003,393	1,094,127	1,200,135	1,131,836
Net assets per share (Yen)	2,749.71	3,019.52	3,340.15	3,249.27
Equity ratio (%)	56.2	57.2	57.4	58.9

- (Notes) 1. Basic earnings per share is calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of treasury stock and shares in the Company held by associated companies. Net assets per share is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury stock and shares in the Company held by associated companies.
2. The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 70th fiscal year. The results for the 69th fiscal year are those after retrospective application.
3. *Return On Invested Capital (ROIC) (%) = Net operating profit after taxes / Average fixed assets (including future rental expenses under operating leases)

(11) Major parent companies and subsidiaries (as of March 31, 2020)

a. Parent companies

None

b. Subsidiaries

Name	Capital	Ratio of voting rights	Principal business
JAPAN TRANSOCEAN AIR CO., LTD.	4,537 million yen	72.8%	Air transport business
JAPAN AIR COMMUTER CO., LTD.	300 million yen	60.0%	Air transport business
J-AIR CO., LTD.	200 million yen	100.0%	Air transport business
JALCARD, Inc.	360 million yen	50.6%	Credit card business
JALPAK CO., LTD.	80 million yen	* 97.7%	Travel agency

(Note) Figures with an asterisk (*) show the ratio of voting rights including those owned by subsidiaries.

(12) Principal business (as of March 31, 2020)

Air transport business and other businesses incidental or related thereto.

(13) Principal locations of business and plants (as of March 31, 2020)

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

Plants
Haneda Maintenance Center, Narita Maintenance Center, Osaka Maintenance Center

(14) Employees (as of March 31, 2020)

	Number of Employees	Increase (decrease) from the previous fiscal year
Air transport business	31,683 persons [760 persons]	+1,562 [+122]
Other	3,970 persons [384 persons]	+88 [+23]
Total	35,653 persons [1,144 persons]	+1,650 [+145]

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

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

(15) Aircraft (as of March 31, 2020)

Aircraft	Number of aircraft			Number of seats
	Owned	Leased	Total	
Large-sized aircrafts				
Airbus A350-900	4	1	5	369
Boeing 777-200	11	–	11	375
Boeing 777-300	4	–	4	500
Boeing 777-200ER	11	–	11	236, 312
Boeing 777-300ER	13	–	13	244
(Subtotal)	(43)	(1)	(44)	
Middle-sized aircrafts				
Boeing 787-8	29	–	29	161, 186, 206, 290, 291
Boeing 787-9	17	3	20	195, 203, 239
Boeing 767-300	5	–	5	261
Boeing 767-300ER	29	–	29	199, 227, 237, 252, 261
(Subtotal)	(80)	(3)	(83)	
Small-sized aircrafts				
Boeing 737-800	43	19	62	144, 165
(Subtotal)	(43)	(19)	(62)	
Regional aircrafts				
Embraer 170	18	–	18	76
Embraer 190	14	–	14	95
Bombardier DHC8-400CC	5	–	5	50
SAAB 340B	5	–	5	36
ATR42-600	7	1	8	48
ATR72-600	2	–	2	70
(Subtotal)	(51)	(1)	(52)	
Total	217	24	241	

(16) Major Creditors (as of March 31, 2020)

Creditor	Loans outstanding at the end of the period
Mizuho Bank, Ltd.	25,025 million yen
MUFG Bank, Ltd.	25,025 million yen
Sumitomo Mitsui Banking Corporation	6,870 million yen

(17) Other important matters concerning current status of the JAL Group

- a. As regards the case that the Company was charged with forming a price cartel on air cargo by European Union antitrust authorities, a judgment by the European Court of Justice became final in February 2016, revoking the monetary penalty payment ordered by authorities. However, the authorities again issued an order of monetary penalty payment in March 2017. Accordingly, we filed a suit in the European Court of Justice again in May 2017 to confirm nullity of the order. At the same time, as a civil suit, cargo owners are suing several airlines including the Company in the Netherlands, etc., claiming damages arising from the alleged air cargo cartel. In regard to reserve for loss on antitrust liabilities, for which the probability and amount of possible losses can be reasonably estimated, an estimated amount of possible losses is recorded.

The JAL Group provides training for employees on overseas assignments before they are stationed abroad, and holds seminars on antitrust and provides e-learning mainly for staff in the sales departments, in order to prevent occurrence of cartel behavior, while requiring managerial staff in the sales departments to confirm compliance every six months. Thus, the JAL Group endeavors to strengthen the structure for compliance with the antimonopoly law.

- b. In October 2019, an aircraft encountered sudden turbulence during descent, causing a cabin attendant to fall and suffer a broken bone. The incident was rated an air accident by the Ministry of Land, Infrastructure, Transport and Tourism. Additionally, an overrun committed by an aircraft while taxiing at Amami Airport in January 2020 was rated a serious incident. Currently, the Japan Transport Safety Board under the Ministry of Land, Infrastructure, Transport and Tourism is investigating these cases. The Company has already taken necessary measures and will appropriately implement additional measures depending on the results of the investigation conducted by the board.

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

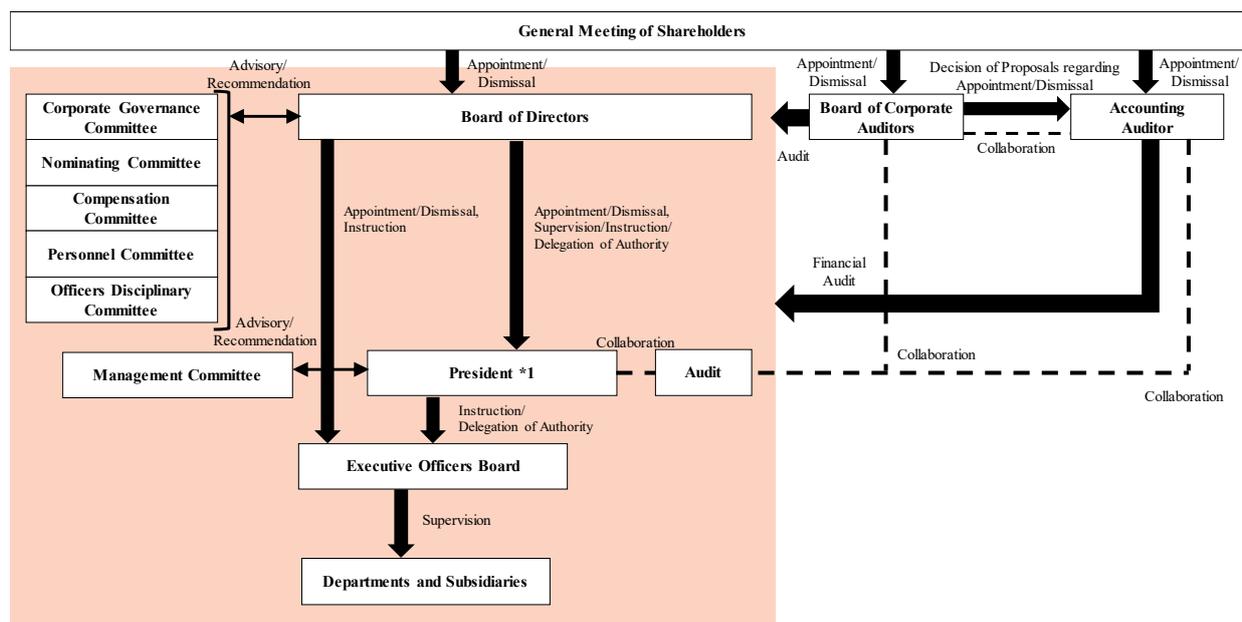
2. Company's systems and policies (as of April 1, 2020)

1. Corporate Governance

(1) Basic Views on Corporate Governance

We maintain an awareness that our corporate group is a member of society at large with the duty to fulfill our corporate social responsibility and contribute to society as we develop our business, in addition to fulfilling our financial responsibility of earning adequate profits by providing high quality products through fair competition while maintaining flight safety, which is the core of our business, and providing the finest service to our customers.

Taking this into account, we have established JAL Philosophy in accordance with the JAL Group Corporate Policy, and engage in speedy and appropriate management decision making. At the same time, we will strive to increase corporate value and achieve accountability by establishing a corporate governance system that results in high management transparency and strong management monitoring.



*1 Established as follows as a management body directly under the President.

JAL Philosophy Council, Group Earning Announcement Session, Group Council for Safety Enhancement General Meeting, Group Risk Management Council (*2), Group Management Council (*3)

*2 Established Risk Management Committee and Finance Risk Committee under this.

*3 Established Sustainability Promotion Committee, JAL Wellness Promotion Committee, Committee for Tokyo 2020 Olympic and Paralympic, Investment Monitoring Committee under this.

(2) Board of Directors and Directors

- The Board of Directors appoints an appropriate number of three or more External Directors who qualify as highly independent and appoints a Director who does not concurrently serve as Executive Officer as Chairman in order to separate the management monitoring function and business execution function.
- In order to ensure diversity, External Directors are appointed from persons with vast knowledge and experience in various fields, and give advice to the Company's management and appropriately supervise the execution of operations. Those who do not qualify as highly independent within the meaning of "Standards for Independence of Outside Directors" established by the Company are not appointed. Furthermore, one External Director from among External Directors is appointed as the Lead Independent External Director to improve coordination with Audit & Supervisory Board Members and internal divisions.
- We have established the following committees under the Board of Directors. External Directors make up the majority of each of the committees, ensuring independence from JAL's executive management.
- A remuneration system that provides sound incentives for sustainable growth has been introduced to Directors (excluding External Directors).

Establishment of Various Committees

	Functions	Chairperson	Number of Meetings in FY 2019 *2
Corporate Governance Committee	The Corporate Governance Committee checks whether activities comply with JAL Group Fundamental Policies of Corporate Governance, conducts analyses and evaluations to determine whether such activities contribute to sustainable growth and enhancement of medium and long term corporate value, and provides necessary findings and reports to the Board of Directors.	Eizo KOBAYASHI *	2
Nominating Committee	When submitting a proposal to the general meeting of shareholders concerning the appointment of candidates to the positions of Director and Audit & Supervisory Board Member, the Nominating Committee comprehensively judges the personality, knowledge, ability, experience, performance and other attributes of each candidate based on an inquiry from the Board of Directors and reports back. Furthermore, it defines qualifications required of the President, etc., and manages the early training status of those candidates. It also reports investigation results to the Board of Directors in the event that a situation occurs where the qualifications of senior management should be called into question.	Masatoshi ITO *	2
Compensation Committee	The Compensation Committee reports back the Board of Directors concerning the amount of compensation for Directors, Executive Officers and Audit & Supervisory Board Members based on an inquiry from the Board of Directors.	Eizo KOBAYASHI *	7
Personnel Committee	When appointing or dismissing an Executive Officer, the Personnel Committee reports back to the Board of Directors based on an inquiry from the Board.	Yuji AKASAKA	4
Officers Disciplinary Committee	When taking disciplinary action against Directors and Executive Officers, the Officers Disciplinary Committee makes decisions.	Sonoko HATCHOJI *	4

In addition to the committees listed above, venues for exchange of opinions are held comprised of Independent External Officers only.

* Independent External Directors

(3) Board of Corporate Auditors and Audit & Supervisory Board Members

- The Board of Corporate Auditors is comprised of five Audit & Supervisory Board Members, including three External Audit & Supervisory Board Members, fulfilling their roles and responsibilities such as

auditing the execution of Director's duties, appointing or dismissing accounting auditors, and executing rights concerning auditor remuneration from an independent objective standpoint.

- External Audit & Supervisory Board Members are appointed from among persons with vast knowledge and experience in various fields, and ensure sound management by conducting audits from a neutral and objective standpoint. Those who do not qualify as highly independent within the meaning of "Standards for Independence of Outside Directors" established by the Company are not appointed.
- Audit & Supervisory Board Members monitor important matters concerning corporate management, business operations and the execution of duties by participating in board meetings and other important meetings, exchanging opinions with the Representative Directors and External Directors, and reviewing important Kessai (written approval) documents.
- We endeavor to improve and strengthen auditing of the entire JAL Group through efforts that involve: audit of each business location and subsidiary; cooperation with internal audit departments and accounting auditors, and; holding regular meetings with full-time audit & supervisory board members of major subsidiaries.

(4) Evaluation of effectiveness of the Board of Directors

Under the Fundamental Policies of Corporate Governance, every year the Group assesses the effectiveness of the Board and reviews operation, etc. appropriately, while referring to self-assessment by each Director and Audit & Supervisory Board Member.

<Process for evaluating Board effectiveness in FY2019>

- 1) The Corporate Governance Committee (Comprised of External Directors and the Chairman of the Board of Directors. Chairperson is an External Director.) decided the way to proceed with the effectiveness evaluation, which includes the details of the questionnaire.
- 2) To maintain anonymity, the Secretariat of the Board sent the questionnaire to the members of the Board. Primary items for evaluation in the questionnaire were board composition, operations, culture, oversight, and discussion on management strategies, as well as free description.
- 3) The Secretariat of the Board reported to the Board of Directors on the results of assessment and individual opinions provided in the free description column. Then, the Board of Directors discussed the Board's issues and measures.
- 4) Later, the Corporate Governance Committee compiled proposals, based on which further discussion was held by the Board of Directors and decisions for future initiatives were made as below.

<Overview of the results of assessment and future initiatives>

The Board of Directors conducts free and open-minded discussions, while receiving an audit of execution of duties from Audit & Supervisory Board Members, with the opinions of External Directors respected by Directors who have been assigned from within the Company and accordingly appointed in a good balance including from frontline divisions given the importance of flight safety. In addition, External Directors have been highly accessible to information as requested, and the roles of External Directors are being appropriately fulfilled. As a result of promoting the shift toward strategic discussions and engaging in constructive dialogue with shareholders in FY2019 based on the previous effectiveness assessment, overall evaluation has improved from the previous year. On the other hand, several needs have been confirmed by the Board of Directors, including the need to (i) deepen discussions on long-term issues and visions for sustained improvement in corporate value in a rapidly changing business environment, (ii) enhance monitoring by the Board in order to strengthen the management of risks such as investment in new businesses, and (iii) deepen discussions on strategy for human resource diversity, including the promotion of female advancement. Going forward, we will steadily put such initiatives into action.

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

<Fundamental Policies on the Internal Controls System>

To provide unparalleled service to the customers, increase corporate value, and contribute to the betterment of society, JAL Group has established the Fundamental Policies of Corporate Governance.

To increase its effectiveness, we have established rules and organizations concerning the following systems and matters, and ensure that business operations are conducted appropriately in accordance with the Companies Act and Companies Act Enforcement Regulations. We evaluate and verify development and operation of the internal control system and implement corrective action when correction is required.

- 1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of Directors and employees.
 - a. We have established JAL Philosophy as behavioral guidelines of the Company. Directors and employees are encouraged to abide by these practices.
 - b. The Board of Directors decides the Fundamental Policies on the Internal Controls System and the General Affairs Department promotes development of the internal control system.
 - c. The General Affairs Department supervises compliance operations and monitors development and operation of relevant company regulations.
 - d. We have developed an audit system to ensure the duties of Directors and employees are executed in compliance with applicable laws and regulations.
- 2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of Directors

We preserve and manage information concerning the execution of duties of Directors in compliance with applicable laws and regulations and company regulations.
- 3) We have developed regulations and other systems concerning risk management of losses.

In order to manage risks to JAL Group, we have established a Council for Safety Enhancement and a Risk Management Council, etc. to appropriately manage risks, and have established Guidance for JAL Group Internal Control. The General Affairs Department monitors the appropriateness of duties and proactively prevent risks of losses. In addition, we are prepared in the event of a risk of losses and strive to minimize losses.
- 4) We have developed a system to ensure that the duties of Directors are executed efficiently.
 - a. We hold ordinary Board of Directors meetings once a month and extraordinary meetings when it is necessary to make important decisions regarding group management policies and plans. In addition, to ensure the duties of Directors are executed efficiently, we have established meeting structures such as the Management Committee and Group Earning Announcement Session.
 - b. We have defined administrative authority, authority of managerial posts, division of duties, etc. in accordance with company regulations, and have segregated authority in order to ensure that duties are executed efficiently.
- 5) We have developed a system to ensure that duties in JAL Group are executed appropriately.
 - a. We have established JAL Group Business Management Regulations to ensure that each subsidiary has established a system to carry out management in a fair and efficient manner in accordance with JAL Philosophy. We have also enacted Guidance for JAL Group Internal Control, and the General Affairs Department continuously monitors the appropriateness of duties.
 - b. We have developed a system to report matters concerning the execution of the duties of Directors, etc. of subsidiaries to the Company.

- c. We have developed regulations and other systems for risk management of losses of subsidiaries.
 - d. We have developed a system to ensure the duties of Directors, etc. of subsidiaries are executed efficiently.
 - e. We have developed a system to ensure that Directors, etc., and employees of subsidiaries execute duties in compliance with applicable laws and regulations and the Articles of Incorporation.
- 6) We have developed a system concerning employees in case Audit & Supervisory Board Members require the assignment of employees to support their duties, a system concerning independence of such employees from Directors, and a system to ensure that instructions by Audit & Supervisory Board Members to those employees are effective.
- 7) We have developed a system concerning reports, etc. to Audit & Supervisory Board Members
- a. We have developed a system for Directors and employees to report to Audit & Supervisory Board Members.
 - b. We have developed a system for Directors, Audit & Supervisory Board Members, employees or persons who receive reports from them to report to Audit & Supervisory Board Members.
 - c. We have developed a system to ensure that persons who report are not subjected to disadvantageous treatment as a result of reporting.
- 8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit & Supervisory Board Members and the policy for processing of costs or liabilities arising from the execution of other duties.
- 9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or Audit & Supervisory Board Members are executed effectively.

<Operation of the Internal Controls System>

- 1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of Directors and employees.
 - a. We established the JAL Philosophy and the JAL Group Code of Conduct, Commitment to Society, and penetrate and put them into action throughout the Group through education and other means.
 - b. We established Fundamental Policies on the Internal Controls System and Guidance for JAL Group Internal Control, and develop, operate and evaluate internal controls in accordance with the Companies Act and Financial Instruments and Exchange Act.
 - c. We established Hot Lines for whistleblowers internally and externally to prevent violation of laws, regulations and internal rules, and regularly disseminate information within the Company.
 - d. We inspect attributes of new business partner candidates and conduct a review every three years as a regular inspection to verify whether there are any changes in attributes and/or information.
 - e. We explain legal considerations to Directors to ensure that they are aware of their duties, authorities, and responsibilities including the fiduciary duty of loyalty and the duty of care as a prudent manager. We provide education courses for employees, etc. to ensure that they acquire the necessary knowledge to perform their duties.
 - f. The Audit Department inspects the development and operation of the internal controls system stipulated by Guidance for JAL Group Internal Control according to the fiscal year plan, reports audit results of each audit to management, and regularly reports progress of audits and audit results to Audit & Supervisory Board Members.
 - g. The Maintenance Audit Department conducts inspections to verify that maintenance work is performed according to laws, regulations, and internal rules.
 - h. The Corporate Safety and Security Division holds meetings of the Council for Group Safety Enhancement and inspects deliberations, involvement, and instructions on safety by management through submitted materials according to the Safety Audit Plan. It also conducts internal audits of airports and flight surveys.

- 2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of Directors.
 - a. We prepare information (documents, minutes) on decision making of the Board of Directors and other important meetings, and information on important approvals ('Ringi' documents) according to laws, regulations, Regulations for the Board of Directors, regulations of various meeting structures, and Regulations for Kessai and Administrative Authority, and retain and manage them according to Regulations for Retention and Storage of Documents.
 - b. We manage the eRingi system safely and operate it appropriately.

- 3) We have developed regulations and other systems concerning risk management of losses.
 - a. We review the definition of risk, risk assessment methods and risk response strategies appropriately according to Guidance for JAL Group Internal Control to respond to risks that change diversely, regularly inspect risks including compliance throughout the Group, and regularly identify and assess potential and emerging risks group wide. We also report to the Risk Management Council of progress of measures to deal with issues identified by the in house Verification Committee relating to the Business Improvement Order. In addition, the Council for Group Safety Enhancement formulates important safety policies, takes steps to grasp the actual situation, and when necessary, reviews the organization, systems and various measures to ensure aviation safety of the entire Group.
 - b. We conduct regular JAL group wide reporting drills to raise awareness of risk management and check the situation of staff quickly using a safety confirmation system to be prepared for contingencies.
 - c. We established an Operation Control Center branch in Osaka, assuming that an earthquake could directly strike beneath the Tokyo metropolitan area where Head Office central functions are integrated, and are making our Business Continuity Plan more effective, using the knowledge of external experts.
 - d. We continuously strengthen our crisis management system and train care givers who take of victims and bereaved families, and Accident Command Board members to conduct risk management quickly and accurately in case of an aircraft accident or incident.

- 4) We have developed a system to ensure that the duties of Directors are executed efficiently.
 - a. We established the Management Committee and Group Earnings Announcement Sessions directly under the President to make appropriate and quick management decisions.
 - b. We clarify basic matters concerning the organizational structure of the Company and ensure the efficient execution of duties in accordance with Regulations for Meeting Structures, Regulations for Kessai and Administrative Authority and Regulations for Segregation of Duties.
 - c. We review administrative authorities and board operation methods and develop an environment for strategic discussions to achieve sustainable growth.

- 5) We have developed a system to ensure that duties in the JAL Group are executed appropriately.
 - a. We established JAL Group Business Management Regulations and Guidance for JAL Group Internal Control and the General Affairs Department plays the central role in monitoring the appropriateness of duties.
 - b. We coordinate and share information with the General Affairs Department of each JAL Group company and provide guidance on compliance and risk management on a daily basis, and continuously provide guidance that contributes to strengthening the compliance and risk management systems of each Group company and department by establishing handling procedures and recurrence preventive measures of events.
 - c. We established Regulations for the Board of Directors and Administrative Authority Criteria and store and manage information on the execution of the duties of Directors of each Group company according to laws, regulations and internal rules to ensure the efficient execution of the duties of JAL Group companies.
 - d. We check priority issues in the JAL Group Medium Term Management Plan and annual operating policies through roving and Expanded Earnings Report Sessions and monitor the situation to ensure that initiatives to achieve goals are implemented properly.

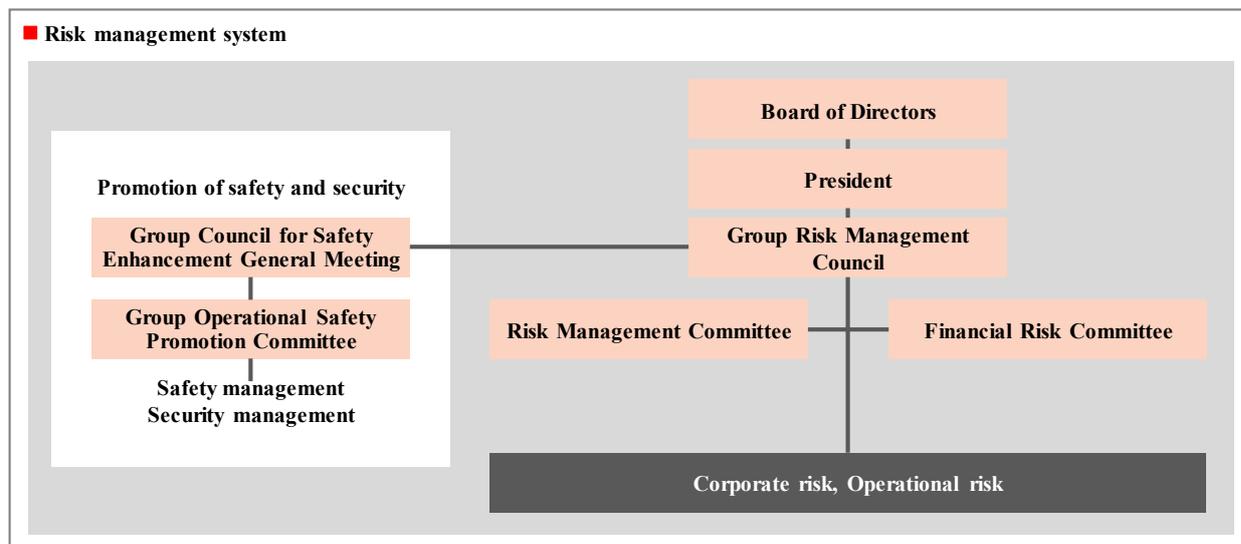
- e. We established the JAL Philosophy and the JAL Group Code of Conduct, Commitment to Society and penetrate and put them into action through education and other means.
 - f. The Audit Department conducts auditing appropriately.
 - g. The Maintenance Audit Department conducts inspections to verify that maintenance work is performed according to laws, regulations, and internal rules.
 - h. The Corporate Safety and Security Department holds meetings of the Council for Group Safety Enhancement and inspects deliberations, involvement, instructions, etc. relating to safety by management through submitted materials, etc., in accordance with the Safety Audit Plan. It also conducts internal audits of airports and flight operation surveys.
- 6) We have developed a system concerning employees in case Audit & Supervisory Board Members require the assistance of employees, a system concerning independence of such employees from Directors, and a system to ensure that instructions by Audit & Supervisory Board Members to those employees are effective.
- We established an organization independent from Directors and assign employees to serve as Audit & Supervisory Board Members to increase effectiveness of audits by Audit & Supervisory Board Members and execute audit duties smoothly. They receive work instructions and orders from and are appointed with the consent of Audit & Supervisory Board Members.
- 7) We have developed a system concerning reports, etc. to Audit & Supervisory Board Members.
- a. Audit & Supervisory Board Members attend Board meetings and other important meetings, read Ringi documents requiring approval from Directors and above, and audit the execution of corporate duties through interviews with the President, hearings with related departments, visits to internal departments, etc.
 - b. Audit & Supervisory Board Members exchange opinions and information regularly with Audit & Supervisory Board Members of Group companies and visit them.
 - c. We established Hot Lines for whistleblowers inside and outside the Company and built a system to protect persons who seek consultation on compliance or report violations of laws, regulations and internal rules by organizations and individuals.
- 8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit & Supervisory Board Members and the policy for processing of costs or liabilities arising from the execution of other duties.
- Necessary expenses for audits by Audit & Supervisory Board Members are paid for appropriately.
- 9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or Audit & Supervisory Board Members are executed effectively.
- Audit & Supervisory Board Members exchange opinions and information regularly with the Audit Department and auditing company and increase effectiveness of audits.

2. Risk Management

(1) Basic stance of and system for risk management

The JAL Group defines risks as “events or actions that threaten the fulfillment of missions, purposes and goals of the organization.” Thorough enhancing the managers’ awareness of risk management, we work to raise the probability of achieving goals are heightened, and values in business are increased. The JAL Group manages risks by dividing them into “operational risks” that could directly lead to delays, interruption or suspension of the provision of products and services, or accidents and quality- and safety-related failures in air transportation, and “corporate risks” associated with management in general, excluding operational risks. In addition, risks are semiannually assessed from nine perspectives such as human life, income and expenditure, number of affected flights, number of affected passengers, legal and regulatory violations, and

brand damage. Among identified risks, those that could have larger impacts are defined as priority risks, and a monitoring system, response manuals, and Business Continuity Plan (BCP) have been set up to address these risks. By implementing the PDCA cycle, headed by the Group Risk Management Council under the direct control of the President, we have established a robust risk management system.



(2) Business Continuity Management (BCM)

To respond to specific risks that threaten our ability to fulfill our responsibilities as a public transportation operator, such as unidentified infectious diseases or earthquakes in the metropolitan area, we have established a business continuity plan (BCP) that enables us to maintain air transportation operations essential to the Group, with priority given to safety of our customers and employees. In January, to address the novel coronavirus infection, the Group invoked the BCP that assumes the occurrence of unidentified infectious diseases, and commenced its operation.

As a result of these efforts, the Group received “Resilience Certification for Business Continuity and Social Contribution” from Association for Resilience Japan in November. Furthermore, we were awarded an A for the BCM rating by the Development Bank of Japan in March.



Fundamental capital strategy policy

a. Basic stance

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

b. Policy on shareholder return

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

We will decide levels for dividend per share in consideration of continuity, stability, and predictability with reference to a payout ratio of approximately 35%.

In addition, we will proactively and flexibly consider share repurchases, considering our financial position and other factors. As a result, we seek to achieve a total payout ratio, which combines total dividends paid out and the total amount of the share repurchases, in a range between approximately 35% to 50% through appropriately sharing periodic profits and allocating capital among all stakeholders.

At the same time, we continuously strive to improve capital efficiency through monitoring the total return on equity ratio, which is calculated by dividing the sum of total dividends paid out and share repurchases by shareholders' equity. We will make efforts to maintain this ratio at approximately 3% or above.

Although the spread of the novel coronavirus infection is substantially weighing on the Group's business performance, the situation constitutes a temporary factor that will not structurally alter the Company's earnings profile. As such, we do not intend to modify our fundamental approach to shareholder returns as stated above.

Nevertheless, we are encountering mounting effects of the novel coronavirus infection as it continues to spread even at the outset of FY2020 with no signs of it letting up. Amid those circumstances, we have concluded that managing our cash flows is essential and that placing top priority on securing liquidity on hand is our best option, premised on the assumption that the current state of languishing demand is likely to persist over the long term going forward. Therefore, we intend to pay only an interim dividend of 55 yen and forgo payment of the year-end dividend for the current fiscal year. We would appreciate the understanding of our shareholders in this regard, in light of circumstances currently facing the JAL Group.

Dividends for the fiscal year ending March 31, 2021 are undecided as the impact of the spread of COVID-19 on the JAL Group's financial results is extremely difficult to ascertain at this time.

3. Shares

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

(As of March 31, 2020)

Classification	Total number of shares issued	Number of shareholders
Common stock	337,143,500 shares	236,234 persons

- (Notes)
1. The total number of shares issued includes 136,157 shares of treasury stock.
 2. The Company resolved at the meeting of the Board of Directors held on April 26, 2019, to purchase treasury stock and carried out the purchase as follows:
 - (1) Details of the resolution
 - Total number of shares to be purchased: 7,000,000 shares (upper limit)
 - The total purchase price: 20.0 billion yen (upper limit)
 - Purchase period: From May 7, 2019 to September 30, 2019
 - Note: All shares of treasury stock acquired through the purchase shall be retired by the resolution of the Board of Directors pursuant to Article 178 of the Companies Act.
 - (2) Results of the purchase
 - Total number of shares purchased: 5,818,100 shares
 - The total purchase price: 19,999,595,200 yen
 - Purchase period: From May 7, 2019 to September 20, 2019
 - (3) Retirement of treasury stock
 - The Company resolved at the meeting of the Board of Directors held on October 23, 2019, to retire treasury stock pursuant to Article 178 of the Companies Act. The 5,818,100 shares (1.67% of the total number of shares issued before retirement) that were acquired were all retired on November 8, 2019.
 3. The Company resolved at the meeting of the Board of Directors held on October 31, 2019, to purchase and retire treasury stock:
 - (1) Details of the resolution
 - Total number of shares to be purchased: 8,000,000 shares (upper limit)
 - The total purchase price: 20.0 billion yen (upper limit)
 - Purchase period: From November 1, 2019 to February 28, 2020
 - Total number of shares to be retired: All shares of treasury stock acquired through the purchase shall be retired by the resolution of the Board of Directors pursuant to Article 178 of the Companies Act.
 - (2) Results of the purchase
 - Total number of shares purchased: 6,067,100 shares
 - The total purchase price: 19,999,798,200 yen
 - Purchase period: From November 1, 2019 to February 18, 2020
 - (3) Retirement of treasury stock
 - The Company resolved to retire treasury stock pursuant to Article 178 of the Companies Act. The 6,067,100 shares (1.77% of the total number of shares issued before retirement) that were acquired were all retired on March 13, 2020.

(2) Major shareholders

(As of March 31, 2020)

Name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	25,965,000	7.70
Japan Trustee Services Bank, Ltd. (Trust account)	14,172,500	4.20
KYOCERA Corporation	7,638,400	2.26
Japan Trustee Services Bank, Ltd. (Trust account 9)	7,028,700	2.08
Japan Trustee Services Bank, Ltd. (Trust account 5)	6,945,100	2.06
Daiwa Securities Group Inc.	5,000,000	1.48
Japan Trustee Services Bank, Ltd. (Trust account 7)	4,122,200	1.22
STATE STREET BANK WEST CLIENT - TREATY 505234	3,988,262	1.18
Japan Trustee Services Bank, Ltd. (Trust account 1)	3,562,600	1.05
CITIBANK, N.A. -NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	3,544,994	1.05

(Note) Shareholding ratio is calculated with 136,157 shares of treasury stock excluded, rounded down to two decimal places.

4. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2020)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations (* indicates a listed company)
Representative Director, Chairman	Yoshiharu UEKI	Chairman of the Board of Directors	Outside Director, Japan Airport Terminal Co., Ltd.(*)
Representative Director, President	Yuji AKASAKA	Safety General Manager Chairman of the Management Committee Chairman of the Council for Group Safety Enhancement Chairman of the Corporate Brand Promotion Council Chairman of the JAL Philosophy Committee General Manager of JAL SDGs Chairman of the Risk Management Council	
Representative Director, Executive Vice President	Tadashi FUJITA	Aide to the President Chief Wellness Officer Chairman of the JAL Wellness Promotion Committee	
Director, Senior Managing Executive Officer	Hideki KIKUYAMA	General Manager, Finance & Accounting	
Director, Senior Managing Executive Officer	Shinichiro SHIMIZU	General Manager, Secretary's Office	
Director, Senior Managing Executive Officer	Ryuzo TOYOSHIMA	General Manager, Managing Division Route Marketing	
Director, Managing Executive Officer	Nobuyoshi GONDO	General Manager, Corporate Safety & Security Manager, Family Assistance & Support	
Director	Eizo KOBAYASHI		Director (Outside), OMRON Corporation(*) Outside Director, Japan Exchange Group, Inc.(*)
Director	Masatoshi ITO		Chairman of the Board, Ajinomoto Co., Inc.(*) Chairman of the JAA Council, Japan Advertisers Association Outside Director, Yamaha Corporation(*) Outside Director, NEC Corporation(*)
Director	Sonoko HATCHOJI		External Director, Daicel Corporation (*) External Director, Maruha Nichiro Corporation (*)
Audit & Supervisory Board Member	Yasushi SUZUKA		
Audit & Supervisory Board Member	Norikazu SAITO		

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations (* indicates a listed company)
External Audit & Supervisory Board Member	Shinji HATTA		Professor of Auditing, Ohara Graduate School of Accounting, Tokyo Corporate Auditor (Outside, nonstanding), Development Bank of Japan Inc. Corporate Auditor (Outside, nonstanding), RISO KAGAKU CORPORATION(*) Member of Sub-committee on Auditing of the Business Accounting Council, Financial Services Agency
External Audit & Supervisory Board Member	Osamu KAMO		Attorney at law, Ginza Sogo Law Office Chairman of Government Procurement Review Board (Cabinet Office, Government of Japan) External Audit & Supervisory Board Member, Azearth Corporation(*)
External Audit & Supervisory Board Member	Shinsuke KUBO		Representative Partner, Kyoei Accounting Office Representative Director, Japan Enterprise Sustainable Transformation Advisory Co., Ltd.

(Notes) 1. Changes of Directors and Audit & Supervisory Board Members during the current fiscal year

(1) Assumption

At the 70th Ordinary General Meeting of Shareholders held on June 18, 2019, Mr. Ryuzo Toyoshima and Mr. Nobuyoshi Gondo were newly appointed as Directors, and Mr. Norikazu Saito was newly appointed as Audit & Supervisory Board Member, and all of them assumed office on the same date.

(2) Retirement

At the conclusion of the 70th Ordinary General Meeting of Shareholders held on June 18, 2019, Mr. Norikazu Saito and Mr. Toshinori Shin retired from office of Director, and Mr. Hisao Taguchi retired from office of Audit & Supervisory Board Member by resignation.

2. Changes in important concurrent occupations or positions at other organizations of Directors and Audit & Supervisory Board Members during the current fiscal year

(1) Assumption

External Director, Mr. Masatoshi Ito, assumed office as Outside Director, NEC Corporation on June 24, 2019 and Chairman of the Board, Ajinomoto Co., Inc. on June 25, 2019.

External Director, Ms. Sonoko Hatchoji, assumed office as External Director, Daicel Corporation on June 21, 2019 and External Director, Maruha Nichiro Corporation on June 26, 2019.

(2) Retirement

External Director, Ms. Sonoko Hatchoji, retired from office of Outside Director of Nisshin Steel Co., Ltd. (currently, NIPPON STEEL CORPORATION) on June 27, 2019.

Audit & Supervisory Board Member, Mr. Yasushi Suzuka, retired from office of President, Japan SAP Users' Group on May 31, 2019.

3. Director, Mr. Yuji Akasaka, assumed concurrent office as Safety General Manager on October 11, 2019.

4. Directors, Mr. Eizo Kobayashi, Mr. Masatoshi Ito and Ms. Sonoko Hatchoji are External Directors who meet the Independence Standards of External Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to have conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.

5. The Company provides annual membership fee payments to Japan Advertisers Association.

6. Audit & Supervisory Board Members, Mr. Shinji Hatta, Mr. Osamu Kamo and Mr. Shinsuke Kubo are External Audit & Supervisory Board Members who meet the Independence Standards of External Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to have conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.

7. Audit & Supervisory Board Member, Mr. Norikazu Saito has considerable knowledge of finance and accounting, having been engaged mainly in the finance and accounting departments over his many years since joining the Company, and having served as General Manager of Finance & Accounting for the last nine years since 2010.

8. Audit & Supervisory Board Member, Mr. Shinji Hatta has an extensive experience and deep insight as an authority on research on corporate practices in corporate auditing and corporate internal control and has considerable knowledge of accounting and audit.
9. Audit & Supervisory Board Member, Mr. Shinsuke Kubo is qualified to be a certified public accountant and has considerable knowledge of finance and accounting.
10. The Company has business relationship (borrowing of money) with Development Bank of Japan Inc.
11. Effective April 1, 2020, the positions and responsibilities of Directors have been changed as follows:

Position	Name	Responsibility
Director, Chairman	Yoshiharu UEKI	Chairman of the Board of Directors
Director, Vice Chairman	Tadashi FUJITA	Chairman of the Committee for Tokyo 2020 Olympic and Paralympic Promotion Chief Wellness Officer Chairman of the JAL Wellness Promotion Committee
Representative Director, Executive Vice President	Shinichiro SHIMIZU	Aide to the President
Representative Director, Senior Managing Executive Officer	Hideki KIKUYAMA	General Manager, Finance & Accounting
Director	Nobuyoshi GONDO	

Name, title and responsibility of Executive Officers (excluding Directors concurrently serving as Executive Officer) are as follows:

(Reference)

(as of March 31, 2020)

Position	Name	Responsibility
Managing Executive Officer	Hideo NINOMIYA	General Manager, Managing Division Passenger Sales General Manager, Domestic Passenger Sales General Manager, Web Sales President of JAL SALES CO., LTD.
Managing Executive Officer	Tadao NISHIO	General Manager, Corporate Planning
Managing Executive Officer	Tetsuya ONUKI	General Manager, Managing Division Route Marketing (International Route Marketing)
Managing Executive Officer	Hidetsugu UEDA	General Manager, General Affairs
Managing Executive Officer	Tomohiro NISHIHATA	General Manager, Innovation
Executive Officer	Akira YONEZAWA	Senior Vice President, China
Executive Officer	Toshiki OKA	General Manager, IT Planning
Executive Officer	Hoshiko NAKANO	Senior Vice President, Western Japan
Executive Officer	Takahiro ABE	General Manager, Operations
Executive Officer	Hideki OSHIMA	In charge of Managing Division Route Marketing (International Relations and Alliances)
Executive Officer	Eri ABE	General Manager, Cabin Attendants
Executive Officer	Kazuko YASHIKI	Vice President, Haneda Airport President of JAL SKY CO., LTD.
Executive Officer	Takuya ODA	General Manager, Human Resources
Executive Officer	Yoriyuki KASHIWAGI	Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales Senior Vice President, Eastern Japan
Executive Officer	Hiroo IWAKOSHI	General Manager, Cargo & Mail
Executive Officer	Atsushi MAEDA	General Manager, Airport Operations

Position	Name	Responsibility
Executive Officer	Yasuyuki SATO	General Manager, Managing Division Route Marketing (Products and Services Planning)
Executive Officer	Shunsuke HONDA	General Manager, Managing Division Route Marketing (Domestic Route Marketing)
Executive Officer	Yuichi KITADA	General Manager, Engineering & Maintenance President of JAL ENGINEERING CO., LTD.
Executive Officer	Takahiro SHIMOJO	General Manager, Communication Division Chairman of the Committee for Tokyo 2020 Olympic and Paralympic Promotion Chairman of the CSR Committee
Executive Officer	Yukio SHISHIKURA	President of J-AIR CO., LTD.
Executive Officer	Naohito SAEDA	Human Resources, in charge of Education
Executive Officer	Tadayuki TSUTSUMI (*)	General Manager, Flight Operations
Executive Officer	Yuji SAITO (*)	General Manager, Corporate Control
Executive Officer	Ryo TAMURA (*)	General Manager, Procurement
Executive Officer	Noriyuki AOKI (*)	President of JAPAN TRANSOCEAN AIR CO., LTD. Regional Manager - Okinawa
Executive Officer	Kenichiro OCHI (*)	President of JAPAN AIR COMMUTER CO., LTD.

(Note) (*): Assumed office on April 1, 2019.

(2) Overview of liability limitation agreement

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

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

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

Classification	Number of Directors and Audit & Supervisory Board Members	Total amount paid (Millions of yen)	Total amount paid by type (Millions of yen)		
			Basic remuneration	Bonuses	Share-based remuneration, etc.
Directors (Of which, External Directors)	12 (3)	435 (35)	281 (35)	104 (-)	50 (-)
Audit & Supervisory Board Members (Of which, External Audit & Supervisory Board Members)	6 (3)	78 (29)	78 (29)	-	-
Total	18	513	359	104	50

(Notes) 1. Remuneration, etc. paid for the fiscal year under review includes two (2) Directors and one (1) Audit & Supervisory Board Member who retired from office at the conclusion of the 70th Ordinary General Meeting of Shareholders held on June 18, 2019.

2. The total amount of remuneration, etc. paid to Directors does not include salaries for employees serving concurrently as Directors.

3. The maximum annual monetary remuneration, etc. (total amount) for Directors was determined by a resolution at 68th Ordinary General Meeting of Shareholders held on June 22, 2017 to be no more than 700 million yen (consisting of (i) fixed basic remuneration of 350 million yen or less (of which, 50

million yen or less for External Directors), and (ii) a performance-linked bonus of 350 million yen or less).

4. The total amount of remuneration in the form of monetary remuneration receivables under the performance-linked share-based remuneration plan for Directors per each performance evaluation period (refers to the three most recent consecutive completed fiscal years) was determined by a resolution at 68th Ordinary General Meeting of Shareholders held on June 22, 2017 to be the amount obtained by multiplying the upper limit on the number of shares to be delivered per performance evaluation period (100,000 shares), by the upper limit on amount to be paid in* per share.
5. The amounts of bonuses and share-based remuneration, etc. are amounts that were posted as expenses for the current fiscal year.
6. The maximum annual remuneration (total amount) for Audit & Supervisory Board Members was determined by a resolution at the Special Meeting of Shareholders on July 10, 2012, to be no more than 100 million yen.

* Upper limit on amount to be paid in:

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

b. Policy on determination of remuneration in kind for Directors

Fundamental policies

- (1) The JAL Group will encourage the performance of duties consistent with our Corporate Policy and management strategies and provide strong incentives for the achievement of specific management targets, with the aim of sustainable and steady growth of the Company and the Group and of medium to long-term improvement in corporate value.
- (2) The Company will establish appropriate proportions for annual incentive (performance-linked bonus) linked to fiscal year performance and, for the purpose of further promoting the aligning of interests with shareholders, a long-term incentive (performance-linked share-based remuneration) linked to corporate value in accordance with medium to long-term performance, in order to contribute to the demonstration of sound entrepreneurial spirit.
- (3) The Company will provide treatment that is appropriate to the management team of the Company, in accordance with the Company's business performance.

Remuneration levels and remuneration composition ratios

- (1) The Company will set appropriate remuneration levels with reference to objective data on remuneration in the marketplace, and based on the business conditions of the Company.
- (2) Taking into account factors including the content of the Company's business and the effectiveness of incentive remuneration, the Company sets the proportions of (A) amount of fixed basic remuneration*, (B) amount of annual incentive (performance-linked bonus) to be paid according to degree of achievement against targets, and (C) amount of long-term incentive (performance-linked share-based remuneration) to be issued according to the degree of achievement against targets, as follows.

Guideline for the case of 100% achievement against targets (A):(B):(C) = 50%:30%:20%

The above ratio is meant to be a guideline only, and changes may be made to reflect changes in the share price of the Company's shares or for another reason.

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

Framework for incentive remuneration

- (1) The amount of money to be paid every term as an annual incentive (performance-linked bonus) will vary from approximately 0 to 200 depending on degree of achievement, with 100 as the amount to be paid in the case of achievement in line with performance targets. The indices for evaluation of performance will be profit attributable to owners of parent, indicators related to safety operation,

and individual evaluation indices for each officer, etc. Reviews of these will be considered as necessary in accordance with changes in the business conditions, the roles of officers, etc.

Furthermore, based on for FY2018's fiscal results, the indicators for evaluating performance were set as profit attributable to owners of parent, indicators related to safety operation, and individual evaluation indices for each officer, and payments were made in July 2019. We achieved our targets for net profit attributable to owners of parent.

- (2) The number of shares to be granted every term as a long-term incentive (performance-linked share-based remuneration) will vary from approximately 0 to 220 depending on degree of achievement, with 100 as the number to be granted in the case of achievement in line with performance targets. The performance evaluation period will be three years, with performance for three consecutive business years evaluated every term. The indices for evaluation of performance will be items prioritized in our Medium-Term Management Plan, including consolidated operating margin, consolidated ROIC, and customer satisfaction. Reviews of these will be considered in every Medium-Term Management Plan period.

In regard to common stock granted to target Directors and Executive Officers through this Share-Based Remuneration Plan, the Company will establish a target number of held shares for each position and impose a certain sale limit with the goal of further promoting the aligning of interests with shareholders.

- The performance evaluation period for the “standard number of shares to be delivered” as part of the “performance-linked share-based remuneration” that began in FY2017 is three years, and the final number of shares granted is determined using the FY2019 “consolidated operating profit margin,” “consolidated ROIC,” and “customer satisfaction.”
- FY2020 “consolidated operating profit margin,” “consolidated ROIC,” and “customer satisfaction” will be similarly used in determining the “performance-linked share-based remuneration” that began in FY2018.
- FY2021 “consolidated operating profit margin,” “consolidated ROIC,” and “customer satisfaction” will be similarly used in determining the “performance-linked share-based remuneration” that began in FY2019.

Procedures for determination of remuneration, etc.

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

(4) External Officers

Major activities during the current fiscal year

Position	Name	Attendance at meetings of the Board of Directors and the Board of Corporate Auditors	Major activities during the current fiscal year
Director	Eizo KOBAYASHI	Board of Directors meetings attended: 95% (19/20)	Mr. Kobayashi has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a top manager of a general trading company that develops businesses around the world, and provided advice to the Company's management and appropriately supervised the execution of operations from a practical and diversified perspective. In addition, he served as Chairman of the Corporate Governance Committee, Chairman of the Compensation Committee, and Chairman of the Officers Disciplinary Committee (until June).
Director	Masatoshi ITO	Board of Directors meetings attended: 100% (20/20)	Mr. Ito has deep insight as a top manager of a global company and extensive experience in marketing and management strategy, and provided advice to the Company's management and appropriately supervised the execution of operations from a practical and diversified perspective. In addition, he served as Chairman of the Nominating Committee.
Director	Sonoko HATCHOJI	Board of Directors meetings attended: 100% (20/20)	Ms. Hatchoji has significant knowledge and extensive experience in the areas of financial products development, loans and risk management at banks and customer-centric marketing and management strategy in hotel management. In addition, she has diversified perspectives over versatile themes including educational reforms at universities and provided advice to the management and appropriately supervised the execution of operations. In addition, she served as Chairman of the Officers Disciplinary Committee.
Audit & Supervisory Board Member	Shinji HATTA	Board of Directors meetings attended: 100% (20/20) Board of Corporate Auditors meetings attended: 100% (13/13)	Mr. Hatta provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional based on his many years of experience in the accounting field including research on corporate practices in corporate auditing.
Audit & Supervisory Board Member	Osamu KAMO	Board of Directors meetings attended: 100% (20/20) Board of Corporate Auditors meetings attended: 100% (13/13)	Mr. Kamo provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal expert, based on his many years of experience regarding compliance and corporate governance in the legal field such as successively having held positions as a member of an investigation committee on misconduct cases.
Audit & Supervisory Board Member	Shinsuke KUBO	Board of Directors meetings attended: 100% (20/20) Board of Corporate Auditors meetings attended: 100% (13/13)	Mr. Kubo provided advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional, based on his many years of experience as a certified public accountant, where he has dealt with corporate auditing, stock listing, corporate restructuring, M&A support, etc.

* On December 21, 2018, the Company was issued a business improvement order concerning assurance of safety in air transportation by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) due to safety concerns raised by an alcohol-related incident by a flight crew and the change of the number of assigned flight crew. On the same day, JAPAN AIR COMMUTER CO., LTD. was issued an administrative warning regarding misconduct by a flight crew and insufficient safety management system. On January 11, 2019, the Company was issued a business improvement advisory concerning assurance of safety in air transportation against an alcohol-related incident by a cabin attendant. In addition, in April 9 of the same year, J-AIR CO., LTD. was issued an administrative warning regarding insufficient safety management system. In October 8 of the same year, the Company was again issued a business improvement order concerning assurance of safety in air transportation as it was deemed that the Company's management of flight crews and safety management system are not fully functioning. Furthermore, on the same day, JAPAN TRANSOCEAN AIR CO., LTD. was issued an administrative warning regarding insufficient internal safety management system, given a flight crew violating regulations concerning alcohol testing. Although both External Directors and External Audit & Supervisory Board Members had not been aware of the fact until such incidents were discovered, they have made suggestions from the standpoint of legal and regulatory compliance at Meetings of the Board of Directors. After the facts of this incident had come to light, the External Directors and External Audit & Supervisory Board Members fulfilled their duties through such actions as calling for a thorough investigation into the incident and for measures to be put in place to prevent recurrence.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

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

a. Remuneration, etc., for Accounting Auditor for the current fiscal year	138 million yen
b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries	197 million yen

(Notes) 1. The amount in a. above is all attributed to services in the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan.

2. In the audit agreement by and between the Company and the Accounting Auditor, the Company does not keep accounts by each category of the amount of audit fee, etc., for auditing services under the Companies Act and under the Financial Instruments and Exchange Act. As the amount of auditing services may be difficult to classify, the Company states the total amount thereof in a. above.

3. The Board of Corporate Auditors shall provide consent to remuneration, etc. of the Accounting Auditor as provided for in Article 399, Paragraph (1) of the Companies Act based on the result of examining the suitability, etc. of the proposed audit time and remuneration amount of the current fiscal year, giving consideration to a comparison of the audit plan and results of the previous fiscal year and the trend of audit time and remuneration amount based on important obtained materials and reports from the Directors, internal related offices and the Accounting Auditor.

(3) Non-auditing services

The Company and some of its subsidiaries commission the Accounting Auditor to provide the assurance engagements and other services in accordance with International Standards on Assurance Engagements, which are outside the scope of Article 2, Paragraph (1) of the Certified Public Accountants Act of Japan (non-auditing services).

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

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

Any fractions in the amounts shown in this business report are rounded down and those in the ratios are rounded off in principal.

Consolidated Balance Sheet

As of March 31, 2020

	(Millions of yen)	
ASSETS	Amount	(Reference) Amount of previous fiscal year
Current assets		
Cash and time deposits	329,149	462,064
Notes and accounts receivable – trade	88,871	153,112
Securities	–	60,000
Flight equipment spare parts and supplies	26,491	21,929
Other	82,432	65,095
Allowance for doubtful accounts	(950)	(661)
Total current assets	525,995	761,539
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	33,364	31,385
Machinery, equipment and vehicles, net	14,177	11,800
Flight equipment, net	827,937	733,961
Land	853	861
Construction suspense account	110,050	141,776
Other tangible fixed assets, net	11,425	9,431
Total tangible fixed assets	997,807	929,216
Intangible fixed assets		
Software	95,642	92,076
Other intangible fixed assets	134	179
Total intangible assets	95,777	92,255
Investments and other assets		
Investments in securities	100,117	101,289
Long-term loans receivable	6,691	7,240
Deferred tax assets	84,632	96,625
Asset for retirement benefit	938	2,486
Other investments	48,651	39,950
Allowance for doubtful accounts	(1,248)	(275)
Total investments and other assets	239,781	247,317
Total fixed assets	1,333,367	1,268,788
Total assets	1,859,362	2,030,328

Consolidated Balance Sheet

As of March 31, 2020

	(Millions of yen)	
LIABILITIES	Amount	(Reference) Amount of previous fiscal year
Current liabilities		
Accounts payable – trade	166,327	185,650
Short-term debt	87	65
Current maturities of long-term debt	13,556	13,287
Lease liabilities	1,067	2,461
Accounts payable-installment purchase	195	190
Accrued income taxes	4,083	21,738
Advances received	72,423	129,108
Asset retirement obligations	255	–
Other	100,463	101,896
Total current liabilities	358,460	454,399
Non-current liabilities		
Corporate bonds	90,000	50,000
Long-term debt	84,770	73,524
Lease liabilities	1,988	2,504
Long-term accounts payable-installment purchase	113	312
Deferred tax liabilities	241	169
Reserve for loss on antitrust liabilities	5,816	5,936
Liability for retirement benefit	151,330	212,672
Asset retirement obligations	8,829	8,657
Other	25,975	22,015
Total non-current liabilities	369,065	375,793
Total liabilities	727,525	830,192
NET ASSETS		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus	183,049	183,050
Retained earnings	797,911	822,554
Treasury stock	(534)	(535)
Total shareholders' equity	1,161,778	1,186,421
Accumulated other comprehensive income		
Net unrealized gain on other securities, net of taxes	17,676	20,371
Net unrealized gain on hedging instruments, net of taxes	(23,146)	1,837
Translation adjustments	(28)	99
Remeasurement of defined benefit plans	(61,467)	(43,596)
Total accumulated other comprehensive income	(66,965)	(21,287)
Non-controlling interests	37,023	35,001
Total net assets	1,131,836	1,200,135
Total liabilities and net assets	1,859,362	2,030,328

Consolidated Statement of Income

(April 1, 2019 – March 31, 2020)

	(Millions of yen)	
	Amount	(Reference) Amount of previous fiscal year
Operating revenues	1,411,230	1,487,261
Cost of operating revenues	1,076,148	1,075,233
Gross operating profit	335,081	412,028
Selling, general and administrative expenses	234,449	235,867
Operating profit	100,632	176,160
Non-operating income		
Interest income	1,437	1,068
Dividend income	1,582	1,376
Gain on sale of flight equipment	1,710	1,494
Equity in income of affiliates	1,381	1,317
Subsidy income	1,219	630
Other	2,774	3,261
Total non-operating income	10,105	9,148
Non-operating expenses		
Interest expense	658	803
Loss on sales of flight equipment	2,901	14,474
Exchange losses	1,241	486
Loss on valuation of flight equipment spare parts and supplies	1,031	1,668
Other	2,332	2,515
Total non-operating expenses	8,166	19,948
Ordinary profit	102,571	165,360
Extraordinary gains		
Subsidy for purchasing aircrafts	2,414	2,548
Gain on sales of investment securities	673	103
Other	132	161
Total extraordinary gains	3,220	2,812
Extraordinary losses		
Loss on sales and disposal of fixed assets	2,172	1,030
Impairment loss	1,959	7,898
Loss on sales of investment securities	1,151	119
Provision of allowance for doubtful accounts	990	–
Loss on reduction of aircrafts	2,401	2,548
Other	603	337
Total extraordinary losses	9,278	11,933
Profit before income taxes	96,513	156,240
Income taxes – current	7,898	33,223
Income taxes – deferred	31,173	(32,127)
Profit	57,441	155,144
Profit attributable to non-controlling interests	4,034	4,337
Profit attributable to owners of parent	53,407	150,807

Consolidated Statement of Changes in Net Assets

(April 1, 2019 – March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	181,352	183,050	822,554	(535)	1,186,421
Changes of items during the period					
Dividends of surplus			(38,050)		(38,050)
Profit attributable to owners of parent			53,407		53,407
Repurchase of treasury stock				(39,999)	(39,999)
Retirement of treasury stock			(39,999)	39,999	–
Change in equities for companies accounted for by the equity method		(0)		0	0
Net changes of items other than shareholders' equity during the period					
Total changes during the period	–	(0)	(24,642)	0	(24,642)
Balance at the end of the period	181,352	183,049	797,911	(534)	1,161,778

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Translation adjustments	Remeasurement of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	20,371	1,837	99	(43,596)	(21,287)	35,001	1,200,135
Changes of items during the period							
Dividends of surplus							(38,050)
Profit attributable to owners of parent							53,407
Repurchase of treasury stock							(39,999)
Retirement of treasury stock							-
Change in equities for companies accounted for by the equity method							0
Net changes of items other than shareholders' equity during the period	(2,694)	(24,983)	(128)	(17,870)	(45,677)	2,022	(43,655)
Total changes during the period	(2,694)	(24,983)	(128)	(17,870)	(45,677)	2,022	(68,298)
Balance at the end of the period	17,676	(23,146)	(28)	(61,467)	(66,965)	37,023	1,131,836

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Scope of consolidation

(1) Consolidated subsidiaries

Number of consolidated subsidiaries: 55

Names of principal consolidated subsidiaries:

J-Air Corporation, Japan Transocean Air Co., Ltd.

JAL Hongyuan Co., Ltd. has been included in the scope of consolidation from the current fiscal year due to being newly established.

(2) Non-consolidated subsidiaries

Name of principal non-consolidated subsidiary: Nagasaki Ground Air Service Ltd.

Since the amounts of accounts of non-consolidated subsidiaries, such as total assets, net sales, profit (loss), retained earnings and others are small in value terms and of little importance as a whole, these companies have a materially insignificant impact on the consolidated financial statements and were therefore excluded from the scope of consolidation.

2. Application of the equity method

(1) Non-consolidated subsidiaries and affiliates accounted for by the equity method

Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: 14

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method:

JALUX Co., Ltd., Airport Facility Co., Ltd.

(2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method

Name of principal non-consolidated subsidiary and affiliate not accounted for by the equity method:

Nagasaki Ground Air Service Ltd.

Non-consolidated subsidiaries and affiliates not applicable to the equity method have been excluded from the scope of the equity method, as they have very low impact on profit (loss), retained earnings and others, and as a whole, they do not have a material impact on the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The balance sheet dates of 3 of the consolidated subsidiaries, including JUPITER GLOBAL LIMITED, are December 31.

Any significant differences arising on intercompany transactions during the period between these dates and the consolidated balance sheet date have been adjusted if necessary.

4. Summary of significant accounting policies

(1) Valuation of significant assets

a. Securities:

Bonds held to maturity: Amortized cost method

Other securities (securities classified as such):

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

Without market value: Principally stated at cost based on the moving-average method or the amortized cost method

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

b. Inventories:

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

c. Derivatives:

Derivative positions are stated at fair value.

(2) Depreciation of fixed assets

a. Aircraft (excluding leased assets): Straight-line method

b. Tangible fixed assets other than aircraft (excluding leased assets):
Principally the straight-line method

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

d. Leased assets

Leased assets in finance lease transactions that transfer ownership

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

Leased assets in finance lease transactions that do not transfer ownership

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

(3) Significant provisions

a. Reserve for loss on antitrust liabilities

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

b. Allowance for doubtful accounts

To provide for losses due to unrecoverable claims, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to unrecoverable based on individual consideration of recoverability.

(4) Significant foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rate and any gain or loss on translation is included in profit or loss. Translation adjustments arising from the translation of assets, liabilities, revenues and expenses of overseas consolidated subsidiaries and affiliates accounted for by the equity method into yen at the applicable exchange rates at the year-end are presented in non-controlling interests and translation adjustments in net assets.

(5) Significant hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Transactions under foreign exchange forward contracts are translated at the applicable forward foreign exchange rates.

(6) Accounting treatment of retirement benefit

To provide for employees' severance indemnities, asset and liability for retirement benefit are accounted for based on the projected amount at the end of the current fiscal year, and the difference between benefit obligations and the plan assets is recognized.

The adjustment for actuarial assumptions is amortized by the straight-line method over a period ranging from 5 to 17 years, which is less than the average remaining years of service as incurred of the active participants in the plans. Amortization is computed from the period subsequent to the year in which the adjustment was recorded.

Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is amortized by the straight-line method over a period which is less than the average remaining years of service as incurred of the active participants in the plans.

Unrecognized adjustment for actuarial assumptions and the unappropriated amount of unrecognized past service cost are recorded under remeasurements of defined benefit plans under accumulated other comprehensive income within the net asset section after adjusting for tax effects.

(7) Treatment of consumption taxes

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

(8) Amortization of goodwill

Goodwill acquired is amortized by the straight-line method over a period of 5 years.

(9) Application of tax effect accounting for transition from consolidated taxation system to group totalization system

The Company and some domestic consolidated subsidiaries transitioned to a group totalization system established under the "Act on the Partial Revision of the Income Tax Act" (Act No. 8 of 2020) and along with the transition, the single tax payment system has been reviewed. For these items, based on the handling of "Handling of application of tax effect accounting relating to transition from consolidated tax payment system to group total system" (Practical Response Report No. 39, March 31, 2020), Paragraph 3, the Company will not apply the provisions of Paragraph 44 of "Application Guidelines for Accounting Standards" (Corporate Accounting Standards Application Guidelines No. 28, February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before the revision.

5. Change of presentation

(Consolidated statement of income)

Subsidy income

"Subsidy income" (630 million yen for the previous fiscal year), which was included in "Other" under "Non-operating income" in the previous fiscal year, exceeded 10% of total non-operating income and is therefore separately recorded from the current fiscal year.

Exchange losses

"Exchange losses" (486 million yen for the previous fiscal year), which was included in "Other" under "Non-operating expenses" in the previous fiscal year, exceeded 10% of total non-operating expenses and is therefore separately recorded from the current fiscal year.

Loss on valuation of flight equipment spare parts and supplies

"Loss on valuation of flight equipment spare parts and supplies" (1,668 million yen for the previous fiscal year), which was included in "Other" under "Non-operating expenses" in the previous fiscal year, exceeded 10% of total non-operating expenses and is therefore separately recorded from the current fiscal year.

Gain on sales of investment securities

“Gain on sales of investment securities” (103 million yen for the previous fiscal year), which was included in “Other” under “Extraordinary gains” in the previous fiscal year, exceeded 10% of total extraordinary gains and is therefore separately recorded from the current fiscal year.

Loss on sales and disposal of fixed assets

“Loss on sales and disposal of fixed assets” (1,030 million yen for the previous fiscal year), which was included in “Other” under “Extraordinary losses” in the previous fiscal year, exceeded 10% of total extraordinary losses and is therefore separately recorded from the current fiscal year.

Loss on sales of investment securities

“Loss on sales of investment securities” (119 million yen for the previous fiscal year), which was included in “Other” under “Extraordinary losses” in the previous fiscal year, exceeded 10% of total extraordinary losses and is therefore separately recorded from the current fiscal year.

6. Change in estimates in accounting

The Company implemented system improvements, etc. with the purpose of realizing depreciation that better reflects the future estimated economically useful life of some aircraft engine components and cabin related assets. As a result, the Company changed the useful lives of those assets from the current fiscal year.

Due to the change, operating profit for the current fiscal year declined by 8,060 million yen, and ordinary profit and profit before income taxes declined by 5,543 million yen.

7. Notes to consolidated balance sheet

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

(2) Accumulated depreciation of tangible fixed assets 589,316 million yen

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

Assets pledged as collateral

- Aircraft 156,002 million yen
- Others 13,176 million yen

Obligations secured by such collateral

- Current maturities of long-term debt 13,395 million yen
- Long-term debt 82,128 million yen

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, an affiliate
- Kyushu Kumamoto International Airport Co., Ltd.
- Hokkaido Airports Co., Ltd.

(4) Contingent liabilities

Guarantee liabilities

(Guarantee for bank loans)

- Employee loan 60 million yen

(Guarantee for lease liabilities)

- Jetstar Japan Co., Ltd. 3,315 million yen

Concerning other guarantee liabilities, in relation to a share transfer agreement that Fukuoka Airport Holdings Co., Ltd. (“transferor”), in which the Company has invested, has concluded with the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (“transferee”), the Company provides the following amount as the maximum guaranteed amount payable to the transferee as compensation in the event of a breach of obligation, assertion or guarantee in the said agreement.

7,867 million yen

8. Notes to consolidated statement of income

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

9. Notes to consolidated statement of changes in net assets

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

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

Total number of issued shares	Common stock	337,143 thousand shares
	Treasury stock	201 thousand shares

(3) Dividends

Dividends paid

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
June 18, 2019 General Meeting of Shareholders	Common stock	Retained earnings	19,189	55.00	March 31, 2019	June 19, 2019
October 31, 2019 Board of Directors' Meeting	Common stock	Retained earnings	18,869	55.00	September 30, 2019	December 3, 2019

- (Notes) 1. Total amount of dividends by a resolution of the General Meeting of Shareholders on June 18, 2019 includes dividends of 3 million yen for treasury stock (common stock) held by companies accounted for by the equity method.
2. Total amount of dividends by a resolution of the Board of Directors' Meeting on October 31, 2019 includes dividends of 3 million yen for treasury stock (common stock) held by companies accounted for by the equity method.

10. Financial instruments

(1) Status of financial instruments

a. Policy on handling of financial instruments

The JAL Group procures funds for investment in necessary aircraft and other equipment, etc. from own funds based on operating activities as well as through loans from financial institutions including banks and from the issuance of corporate bonds in light of its capital expenditure plan mainly for the air transport business. As for borrowings, short-term debt is principally for funds for ordinary expenditure, while long-term debt is chiefly for funds for capital expenditure. Lease liabilities in association with financial lease transactions are mainly for funds for capital expenditure. The JAL Group, by policy, utilizes derivatives to evade risks described hereafter and not for the purpose of speculative transactions.

b. Contents of financial instruments and associated risks, and risk management system

(i) Credit risk

Trade accounts receivable, which are operating receivables, are exposed to the credit risk of customers. For this risk, management of payment date and balances is conducted for each counterparty, and the credit status of major counterparties is monitored periodically. Securities and investments in securities are investments in stocks of companies with which the JAL Group holds business relationships. Fair values of these securities and financial conditions, etc. of issuers are monitored periodically and necessary measures are taken. As for trade accounts payable, most of the items are due for payment within one year. When conducting derivative transactions, the JAL Group has such transactions only with financial institutions, etc. with high credit standings in order to mitigate credit risk.

(ii) Market risk

As for securities and investments in securities, fair value and financial conditions, etc. of issuers are monitored periodically, and the status of holdings is reviewed continuously in consideration of market conditions and relationships with counterparties. Variable-rate debts and foreign currency liabilities are exposed to risk of fluctuations in interest rate and exchange. In order to avoid this risk, the JAL Group utilizes derivative transactions. As for derivatives, currency option contracts for purchase price of aircraft

fuel and liabilities denominated in specific foreign currencies and linked to foreign currencies are used to avoid risk of future fluctuations in foreign exchange rate on foreign currency liabilities in the market. Commodity derivatives are also used for the purpose of controlling risk of fluctuations in prices of commodities including aircraft fuel and stabilizing costs.

Execution and management of derivative transactions are conducted in accordance with the internal rules on risk management that stipulate the amount of trading limit and other internal rules that set forth power in transactions, after the department in charge receives approval from the person who makes the final decision. Furthermore, meetings by executives in charge are held every month in principle to report monthly records of transactions, monitor volume of risk at the time, make decision on methods for hedging risk and percentage of hedge, and confirm contents of transactions.

c. Supplementary explanation on the fair value of financial instruments, etc.

The fair value of financial instruments includes, in addition to the value based on market price, a value rationally computed in the absence of market value. The computation of such a value incorporates fluctuation factors, and if different preconditions, etc. are adopted, the value may be subject to fluctuation.

The amounts of derivative contracts, etc. in “(2) Fair value of financial instruments, etc.” do not indicate market risk relating to the derivative transactions.

(2) Fair value of financial instruments, etc.

Amounts on the consolidated balance sheet as of March 31, 2020, fair value and the variance are as follows.
Description of fair value is omitted in the table below in case it is extremely difficult to obtain the value.
Please refer to (Note 2).

(Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Variance
(1) Cash and time deposits	329,149	329,149	–
(2) Notes and accounts receivable – trade	88,871	88,871	–
(3) Securities and investments in securities			
Shares of subsidiaries and affiliates	17,929	10,007	(7,922)
Other securities	40,584	40,584	–
Total assets	476,534	468,612	(7,922)
(1) Accounts payable – trade	166,327	166,327	–
(2) Short-term debt	87	87	–
(3) Corporate bonds	90,000	87,075	(2,925)
(4) Long-term debt (*1)	98,326	98,290	(35)
(5) Lease liabilities (*2)	3,055	3,055	–
(6) Long-term accounts payable-installment purchase (*3)	309	309	–
Total liabilities	358,107	355,146	(2,960)
Derivative transactions (*4)	(28,522)	(28,523)	(0)

*1. Include long-term debt due within one year.

*2. Include lease liabilities due within one year.

*3. Include long-term accounts payable-installment purchase due within one year.

*4. Net receivables and payables arising from derivative transactions are shown in net amounts.

Figures in parentheses are posted to liabilities.

Items to which hedge accounting is not applied are omitted because they are insignificant.

(Note 1) Matters concerning measurement method for fair value of financial instruments and securities and derivative transactions

Assets

(1) Cash and time deposits, and (2) Notes and accounts receivable – trade

As these items are settled in a short term and the fair value is close to book value, they are presented in book value.

(3) Securities and investments in securities

The fair value of these items is mainly based on market prices. Please refer to “Securities” for notes on securities by holding purpose.

Liabilities

- (1) Accounts payable – trade, and (2) Short-term debt

As these items are settled in a short term and the fair value is close to book value, they are presented in book value.

- (3) Corporate bonds

The fair value of corporate bonds is based on market prices.

- (4) Long-term debt, (5) Lease liabilities, and (6) Long-term accounts payable-installment purchase

The fair value of these items is calculated by discounting the total amount of principal and interest by the expected interest rate assumed for a similar new loan.

Derivative transactions

Please refer to “Derivative transactions.”

(Note 2) Financial instruments for which identification of fair value is extremely difficult

(Millions of yen)

	Carrying amount on consolidated balance sheet
Shares of subsidiaries and affiliates	19,669
Bonds held to maturity	4,267
Other securities	17,666

These items do not have market prices and a considerable cost is likely to be incurred to estimate future cash flow. They are not therefore included in “Assets (3) Securities and investments in securities” because it is deemed to be extremely difficult to identify their fair value.

Securities

1. Other securities with fair value

(Millions of Yen)

Other securities of which carrying amount on the consolidated balance sheet exceeds the acquisition cost

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	15,095	40,106	25,010
Subtotal	15,095	40,106	25,010

Other securities of which carrying amount on the consolidated balance sheet does not exceed the acquisition cost

	Acquisition cost	Carrying amount on consolidated balance sheet	Variance
Stocks	815	478	(337)
Subtotal	815	478	(337)
Total	15,910	40,584	24,673

2. Other securities sold during the current fiscal year (Millions of Yen)

Amount sold	Total gain on sales of securities	Total loss on sales of securities
626	593	1

3. Securities subject to the recognition of impairment loss

During the fiscal year under review, impairment losses of 1,151 million yen were recognized on other securities.

When assessing impairment losses on securities for which it is extremely difficult to ascertain the fair value, if the real value decreases by 50% or more compared to the acquisition cost due to the financial condition of the issuer, impairment losses are recognized unless there is proof to support that recoverability is sufficient.

Derivative transactions

1. Derivatives to which hedge accounting is not applied
Omitted due to lack of importance.

2. Derivatives to which hedge accounting is applied

As for derivatives trading requiring hedge accounting, the contracted amount or principal equivalent amounts provided in contracts on the closing date on a consolidated basis by hedge accounting method are as below.

(Millions of Yen)

Hedge accounting	Type of transactions	Main hedged items	Contract amount		Estimated fair value	Method of measuring the fair value
				Over 1 year		
Principle treatment	Foreign exchange forwards Long:					Based on forward quotation
	USD	Trade accounts payable	44,048	5,664	799	
	EUR	Trade accounts payable	2,028	38	(18)	
	Other	Trade accounts payable	996	0	(48)	
	Currency option Long:					Based on prices provided by financial institutions with which JAL does business, etc.
	Call options	Trade accounts payable	80,779	22,400	701	
Short:						
Put options	Trade accounts payable	69,125	18,332	(451)		
	Commodity swaps Receivable floating/payable fixed	Aviation fuel	81,563	23,705	(29,503)	Based on prices provided by financial institutions with which JAL does business, etc.
Translation of foreign currency receivables and payables using the contracted rates	Foreign exchange forwards Long:					Based on forward quotation
	USD	Trade accounts payable	307	–	5	
	EUR	Trade accounts payable	71	–	(4)	
	Other	Trade accounts payable	22	–	(2)	
Total					(28,523)	

11. Investment and rental properties

Because the total amount of investment and rental properties is insignificant, notes on these items are omitted.

12. Per share information

(1) Net assets per share 3,249.27 yen

(2) Basic earnings per share 155.66 yen

Non-consolidated Balance Sheet

As of March 31, 2020

	(Millions of yen)	
ASSETS	Amount	(Reference) Amount of previous fiscal year
Current assets		
Cash and time deposits	311,095	446,817
Accounts receivable	98,701	170,177
Securities	–	60,000
Flight equipment spare parts and supplies	25,240	20,350
Short-term prepaid expenses	19,092	16,375
Other current assets	62,012	55,780
Allowance for doubtful accounts	(413)	(135)
Total current assets	515,729	769,366
Fixed assets		
Tangible fixed assets		
Buildings, net	28,617	26,887
Structure, net	267	194
Machinery, equipment, net	6,310	5,363
Flight equipment, net	773,086	682,399
Vehicles, net	3,422	2,538
Tools, furniture and equipment	9,608	8,023
Land	747	747
Construction suspense account	109,541	140,578
Total tangible fixed assets	931,602	866,733
Intangible fixed assets		
Software	96,088	93,869
Other intangible fixed assets	0	1
Total intangible assets	96,089	93,870
Investments and other assets		
Investments in securities	54,885	56,304
Investment securities in subsidiaries and affiliates	86,454	74,288
Corporate bonds of subsidiaries and affiliates	3,330	3,330
Investments in other securities of subsidiaries and associates	3,553	1,679
Long-term loans receivable	6,517	7,080
Long-term prepaid expenses	14,296	7,124
Prepaid pension costs	34,376	–
Deferred tax assets	52,578	66,378
Other investments	30,518	30,195
Allowance for doubtful accounts	(1,145)	(191)
Total Investments and other assets	285,365	246,191
Total fixed assets	1,313,056	1,206,795
Total assets	1,828,786	1,976,162

Non-consolidated Balance Sheet

As of March 31, 2020

		(Millions of yen)
LIABILITIES	Amount	(Reference) Amount of previous fiscal year
Current liabilities		
Accounts payable-trade	190,445	212,018
Short-term debt	164,890	173,272
Current maturities of long-term debt	12,271	11,971
Accounts payable - other	19,230	14,879
Lease liabilities	768	2,203
Accounts payable-installment purchase	193	189
Accrued income taxes	874	14,567
Accrued expenses	12,420	25,784
Advances received	58,808	108,681
Deposits received	20,482	26,458
Air transport deposits received	20,629	26,123
Other current liabilities	27,886	5,794
Total current liabilities	528,900	621,943
Non-current liabilities		
Corporate bonds	90,000	50,000
Long-term debt	75,173	65,444
Lease liabilities	570	1,333
Long-term accounts payable-installment purchase	98	291
Accrued pension and severance costs	70,297	122,294
Reserve for loss on antitrust liabilities	5,816	5,936
Other non-current liabilities	30,807	26,616
Total non-current liabilities	272,762	271,916
Total liabilities	801,662	893,859
NET ASSETS		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus		
Capital reserves	174,493	174,493
Total capital surplus	174,493	174,493
Retained earnings		
Other retained earnings		
Retained earnings brought forward	676,148	705,009
Total retained earnings	676,148	705,009
Treasury stock		
Treasury stock	(408)	(408)
Total Treasury stock	(408)	(408)
Total shareholders' equity	1,031,586	1,060,446
Valuation, translation adjustments and other		
Net unrealized gain on other securities, net of taxes	17,345	19,883
Net unrealized gain on hedging instruments, net of taxes	(21,807)	1,972
Total valuation, translation adjustments and other	(4,462)	21,855
Total net assets	1,027,123	1,082,302
Total liabilities and net assets	1,828,786	1,976,162

Non-consolidated Statement of Income

(April 1, 2019 – March 31, 2020)

	(Millions of yen)	
	Amount	(Reference) Amount of previous fiscal year
Operating revenues	1,186,468	1,248,681
Cost of operating revenues	945,122	927,405
Gross operating profit	241,345	321,276
Selling, general and administrative expenses	184,521	188,952
Operating profit	56,824	132,323
Non-operating income		
Interest income and dividend income	21,923	16,601
Other non-operating income	4,641	4,102
Total non-operating income	26,565	20,703
Non-operating expenses		
Interest expense	650	799
Exchange losses	1,243	432
Other non-operating expenses	5,384	16,817
Total non-operating expenses	7,278	18,048
Ordinary profit	76,112	134,978
Extraordinary gains		
Gain on sales of investment securities	588	–
Reversal of reserve for loss on antitrust litigation	120	–
Gain on sales of investment securities in subsidiaries and affiliates	86	141
Other	4	117
Total extraordinary gains	799	258
Extraordinary losses		
Loss on sales and disposal of fixed assets	2,090	924
Loss on sales of investment securities	1,151	119
Provision of allowance for doubtful accounts	990	–
Other	1,008	8,013
Total extraordinary losses	5,240	9,057
Profit before income taxes	71,671	126,180
Income taxes – current	(2,540)	15,467
Income taxes – deferred	25,014	(28,726)
Profit	49,196	139,439

Non-consolidated Statement of Changes in Net Assets

(April 1, 2019 – March 31, 2020)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Capital reserves	Total capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the end of previous period	181,352	174,493	174,493	705,009	705,009	(408)	1,060,446
Changes of items during the period							
Dividends of surplus				(38,058)	(38,058)		(38,058)
Profit				49,196	49,196		49,196
Repurchase of treasury stock						(39,999)	(39,999)
Retirement of treasury stock				(39,999)	(39,999)	39,999	–
Net changes of items other than shareholders' equity during the period							
Total changes during the period	–	–	–	(28,860)	(28,860)	–	(28,860)
Balance at the end of the period	181,352	174,493	174,493	676,148	676,148	(408)	1,031,586

	Valuation, translation adjustments and other			Total net assets
	Net unrealized gain on other securities, net of taxes	Net unrealized gain on hedging instruments, net of taxes	Total valuation, translation adjustments and other	
Balance at the end of previous period	19,883	1,972	21,855	1,082,302
Changes of items during the period				
Dividends of surplus				(38,058)
Profit				49,196
Repurchase of treasury stock				(39,999)
Retirement of treasury stock				–
Net changes of items other than shareholders' equity during the period	(2,537)	(23,779)	(26,317)	(26,317)
Total changes during the period	(2,537)	(23,779)	(26,317)	(55,178)
Balance at the end of the period	17,345	(21,807)	(4,462)	1,027,123

Notes to Non-Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Valuation of securities

Bonds held to maturity: Amortized cost method

Investment securities in subsidiaries and affiliates

Cost method based on the moving-average method

Other securities (securities classified as such):

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

Without market value: Stated at cost based on the moving-average method or the amortized cost method

Investments in other securities of subsidiaries and associates:

Stated at cost based on the moving-average method

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

(2) Valuation principles and methods of inventories

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

(3) Depreciation of fixed assets

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

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

Leased assets

Leased assets in finance lease transactions that transfer ownership

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

Leased assets in finance lease transactions that do not transfer ownership

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

(4) Accounting standards of provisions

Accrued pension and severance costs

Net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets.

Actuarial gains and losses are amortized using the straight-line method over a period of 11 to 14 years from the period subsequent to the period in which they are incurred.

Past service cost is charged to income as incurred.

Allowance for doubtful accounts

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

Reserve for loss on antitrust liabilities

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

(5) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized.

(6) Treatment of consumption taxes

Recorded at amounts exclusive of consumption taxes.

(7) Application of tax effect accounting for transition from consolidated taxation system to group totalization system

The Company transitioned to a group totalization system established under the “Act on the Partial Revision of the Income Tax Act” (Act No. 8 of 2020) and along with the transition, the single tax payment system has been reviewed. For these items, based on the handling of “Handling of application of tax effect accounting relating to transition from consolidated tax payment system to group total system” (Practical Response Report No. 39, March 31, 2020), Paragraph 3, the Company will not apply the provisions of Paragraph 44 of “Application Guidelines for Accounting Standards” (Corporate Accounting Standards Application Guidelines No. 28, February 16, 2018), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before the revision.

2. Change of presentation

(Non-consolidated statement of income)

“Loss on sales of investment securities,” which was included in “Other” under “Extraordinary losses” in the previous fiscal year, exceeded 10% of the total extraordinary losses and is therefore separately recorded from the current fiscal year. “Loss on sales of investment securities” was 119 million yen in the previous fiscal year.

“Gain on sales of non-current assets,” which was separately recorded under “Extraordinary gains” in the previous fiscal year, was not more than 10% of total extraordinary gains and is therefore included in “Other” from the current fiscal year. “Gain on sales of non-current assets” was 4 million yen in the current fiscal year.

“Impairment loss,” which was separately recorded under “Extraordinary losses” in the previous fiscal year, was not more than 10% of total extraordinary losses and is therefore included in “Other” from the current fiscal year. “Impairment loss” was 487 million yen in the current fiscal year.

3. Change in estimates in accounting

The Company implemented system improvements, etc. with the purpose of realizing depreciation that better reflects the future estimated economically useful life of some aircraft engine components and cabin related assets. As a result, the Company changed the useful lives of those assets from the current fiscal year.

Due to the change, operating profit for the current fiscal year declined by 8,060 million yen, and ordinary profit and profit before income taxes declined by 5,543 million yen.

4. Notes to non-consolidated balance sheet

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

(2) Accumulated depreciation for tangible fixed assets 555,313 million yen

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

Aircraft	144,255 million yen
Investment securities in subsidiaries and affiliates	3,585 million yen
Corporate bonds of subsidiaries and affiliates	3,330 million yen
Long-term loans receivable	3,330 million yen
Investments in securities	2,930 million yen

(Obligations secured by such collateral)

Current maturities of long-term debt	12,271 million yen
Long-term debt	75,173 million yen

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 (affiliate)
- Kyushu Kumamoto International Airport Co., Ltd.
- Hokkaido Airports Co., Ltd.

(4) Liabilities for guarantee, etc.

Liabilities for guarantee

(Guarantee for bank loans, etc.)

Hokkaido Air System Co., LTD.	1,520 million yen
Other	12 million yen

(Guarantee for lease liabilities)

Jetstar Japan Co., Ltd.	3,315 million yen
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Concerning other guarantee liabilities, in relation to a share transfer agreement that Fukuoka Airport Holdings Co., Ltd. (“transferor”), in which the Company has invested, has concluded with the Civil Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (“transferee”), the Company provides the following amount as the maximum guaranteed amount payable to the transferee as compensation in the event of a breach of obligation, assertion or guarantee in the said agreement.

7,867 million yen

(5) Monetary claims and liabilities to subsidiaries and affiliates	
Short-term monetary claims	43,901 million yen
Short-term monetary liabilities	213,253 million yen
Long-term monetary claims	9,443 million yen
Long-term monetary liabilities	91 million yen

5. Non-consolidated statement of income

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

(2) Total transactions with subsidiaries and affiliates	
Operating income	64,983 million yen
Operating expense	304,155 million yen
Amount resulting from non-business transactions	42,652 million yen

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

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

(2) Total number of issued shares at the end of the current fiscal year			
Total number of issued shares	Common stock	337,143 thousand shares	
	Treasury stock	136 thousand shares	

7. Tax effect accounting

Principal sources of deferred tax assets are accounts payable-trade, accrued pension and severance costs, etc., while principal sources of deferred tax liabilities are net unrealized gain on other securities, net of taxes, etc.

8. Transactions with related parties

Subsidiaries and affiliates, etc.

Attribute	Name	Percentage of voting rights holding or being held (%)	Relations		Details of transaction	Amount (millions of yen)	Item	Ending balance (millions of yen)
			Concurrently serving, etc.	Business relations				
Subsidiary	JALPAK Co., Ltd.	Holding direct 96.4%	—	Sale of air tickets	Borrowing and lending of money (Note 1)	—	Short-term debt	26,128
Subsidiary	JAL ENGINEERING CO., LTD.	Holding direct 100%	—	Consignment of maintenance related operations	Maintenance of aircraft, engines and equipment, and maintenance management operations (Note 2)	138,524	Accounts payable - trade	12,693

Terms of transactions and method for determining them

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

9. Per share information

- (1) Net assets per share 3,047.78 yen
- (2) Basic earnings per share 143.36 yen

Independent Auditor's Report

May 8, 2020

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

KPMG AZSA LLC
Tokyo Office
Toshihiro Otsuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Tomoyoshi Inoue
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Ikuo Hiruma
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444-4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Japan Airlines Co., Ltd. for the 71st fiscal year from April 1, 2019 to March 31, 2020.

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

Rationale for the Opinion

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

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

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

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

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

Auditor's Responsibility in Auditing the Consolidated Financial Statements

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

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

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

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

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

Interest

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

Independent Auditor's Report

May 8, 2020

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

KPMG AZSA LLC
Tokyo Office
Toshihiro Otsuka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Tomoyoshi Inoue
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
Ikuo Hiruma
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436 (2) (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet as of March 31, 2020, and the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules (hereinafter the “non-consolidated financial statements, etc.”) of Japan Airlines Co., Ltd. for the 71st fiscal year from April 1, 2019 to March 31, 2020.

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

Rationale for the Opinion

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Audit Report

Based on the audit reports prepared by Audit & Supervisory Board Members with regard to the performance of duties by the Directors of Japan Airlines Co., Ltd. (the “Company”) for the 71st fiscal year from April 1, 2019 to March 31, 2020, the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

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

- (1) The Board of Corporate Auditors specified auditing policies, assigned duties to each Audit & Supervisory Board Member, and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, and it also received reports from Directors, etc. and accounting auditors on the status of their duties and asked them for explanation as necessary.
- (2) All Audit & Supervisory Board Members executed their audits in conformity with the Standard for Audit & Supervisory Board Members established by the Board of Corporate Auditors and in accordance with the audit policy, audit plan, etc. while endeavoring to collect information and establish audit environment and maintaining proper communication with Directors, internal audit staff and other employees.
 - 1) Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings of the Company, received reports from Directors and employees, etc. on the status and results of the execution of their duties and asked them for explanations as necessary, reviewed important approval documents, etc. and conducted investigation on the status of business operations and assets at Head Office and at major offices. Also, Audit & Supervisory Board Members have maintained good communications and exchanged information with Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.
 - 2) Audit & Supervisory Board Members periodically received reports, sought explanations as necessary and made opinions, regarding the contents of the resolution by the Board of Directors regarding the establishment of a system as stipulated in Article 100 (1) and (3) of the Regulation for Enforcement of the Companies Act as necessary for ensuring that the performance of duties by the Directors conforms to the laws and regulations and the Articles of Incorporation, as well as for ensuring an appropriateness of operations of a corporate organization consisting of a stock company and its subsidiaries, and the internal control system established based on said resolution.
 - 3) Audit & Supervisory Board Members have also monitored and verified whether the accounting auditors maintain independence and properly implement audit, received from the accounting auditors reports on the execution of their duties and asked them for explanations as necessary. In addition, Audit & Supervisory Board Members were informed of the arrangement of the “System for ensuring that the duties are executed appropriately” (matters stipulated in the items of Article 131 of the Regulation of Corporate Accounting) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council, October 28, 2005) from the accounting auditors and requested explanations as necessary.
 - 4) Regarding the case of receiving the second business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism in October 2019 due to the alcohol-related incident described in the business report, the Audit & Supervisory Board, through dialogue etc., with related departments, has confirmed the progress of implementation of recurrence prevention measures.

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

2. Audit Results

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

- 1) We confirm that the business reports and supplementary statement thereto present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
- 2) We found no wrongful act or material fact in violation of law or regulations or in violation of the Company's Articles of Incorporation with respect to the execution of duties by the Directors.
- 3) We confirm that resolutions of the Board of Directors on the internal control system are proper. We found no matter to be pointed out concerning either the descriptions in the business report or the execution of duties by the Directors with respect to the internal control system.

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

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

(3) Result of audit of consolidated financial statements

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

May 11, 2020

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

Audit & Supervisory Board Member	Yasushi Suzuka (Seal)
Audit & Supervisory Board Member	Norikazu Saito (Seal)
External Audit & Supervisory Board Member	Shinji Hatta (Seal)
External Audit & Supervisory Board Member	Osamu Kamo (Seal)
External Audit & Supervisory Board Member	Shinsuke Kubo (Seal)