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 72^{nd} ORDINARY GENERAL MEETING OF SHAREHOLDERS

Japan Airlines Co., Ltd.

Dear Shareholders,

I am pleased to notify you of the 72nd Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd.

The airline industry has been enormously impacted by the spread of the novel coronavirus (COVID-19). In this situation, the JAL Group, while steadily maintaining its commitment to flight safety, which is the basis of the Group's existence, has proceeded initiatives to prevent infection to enable customers to travel by plane with peace of mind. Moreover, we are responding to the drop in demand by flexibly adjusting supply through measures such as reducing flight frequency, suspending services, and reducing the size of aircraft used. At the same time, we are implementing thorough cost reductions and investment constraints.

Nevertheless, the JAL Group is recording a large loss for FY2020, and given the difficulty to provide an outlook for FY2021, we have decided that the appropriate course of action is to secure cash flow liquidity and maintain financial soundness. Accordingly, we will not be issuing dividends for FY2020. We sincerely apologize to shareholders, but we humbly ask for your understanding in light of the JAL Group's current circumstances.

The decreased demand for air travel due to the impact of COVID-19 is a temporary phenomenon. In the medium to long term, our outlook for large growth in air travel demand to and from Japan has not changed. Not only will the JAL Group ride out the current harsh circumstances, but we have created the JAL Vision 2030 to define our vision for the future and formulated a new medium term management plan to put us on the path to realize it. While we are experiencing great shift in era and a change to people's sense of values, we have positioned "Safety and Comfort" and "sustainability" as our engine for future growth and envisioned a future image for all officers and employees to strive for, and we are working unitedly toward our goals.

Thank you for your continued support.

May 2021

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 5.
- 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.
- On the day of the General Meeting of Shareholders, the content of the business report and the presentation from the Company will be streamed live over the Internet. For instructions on how to view the video stream, please refer to page 5. The streamed content will also be promptly made available for later viewing from the Company's website.

<Attending Shareholders>

- Beginning with this General Meeting of Shareholders, we have changed the venue in order to increase seating capacity. However due to measures to increase the distance between seats, the seating capacity will be limited. 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., Tuesday, June 1, 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: https://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.

Securities code: 9201

May 26, 2021

NOTICE OF THE 72nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We hereby announce that the 72nd Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the "Company") will be held on Thursday, June 17, 2021, 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., Wednesday, June 16, 2021 by either procedure described in "Guide for Exercising Voting Rights" on page 5.

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., Thursday, June 17, 2021 (The reception starts at 8:30 a.m.)

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

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 72nd Fiscal Year (April 1, 2020 to March 31, 2021)
2. Non-consolidated Financial Statements for the 72nd Fiscal Year (April 1, 2020 to March 31, 2021)

Items to be proposed:

Proposal 1: Election of Nine (9) Directors

Proposal 2: Election of One (1) Audit & Supervisory Board Member

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.

- There are no souvenirs available for shareholders attending the General Meeting of Shareholders. 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 (https://www.jal.com/en/investor/stockholders_meeting/).

You can view the main contents of the Notice of Convocation via your smartphone or personal computer.

The Company has introduced a service that allows you to browse the main contents of the Notice of Convocation more conveniently using your smartphone, etc.

Please access the website from the URL below or QR code®.

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

https://p.sokai.jp/9201/

[Guide for Exercising Voting Rights]

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

For shareholders not visiting the venue

Request for exercising voting rights by mail or via the Internet

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.

- Exercise of voting rights by mail

  For details, refer to page 7.

- Exercise of voting rights via the Internet

  For details, refer to page 8.

Exercise due date: No later than 6:00 p.m., Wednesday, June 16, 2021 (JST)
(Voting by mail must arrive no later than the due date.)

The Company will livestream the General Meeting of Shareholders
The content of the business report and the presentation from the Company will be streamed live over the Internet.

Website for viewing livestreaming: https://www.virtual-sr.jp/users/jalvsm2021/login.aspx
To view the live streaming, you will need to enter your shareholder number and your postcode.
Your shareholder number is provided in the "Request to Shareholders" part of the Voting Form. Please keep a record of your shareholder number for ready access on the day of the meeting.
Please direct your inquiries regarding the live streaming as follows.

For shareholder ID (shareholder number) inquiries	**For troubles with the live streaming, etc.**
Mitsubishi UFJ Trust and Banking Corporation 0120-191-060 Thursday, June 17, 2021 (day of the meeting) From 9:00 a.m. until the meeting ends.	J-Stream Inc., live support team 054-333-9213 Thursday, June 17, 2021 (day of the meeting) From 9:30 a.m. until the meeting ends.

The live-streaming content will be posted on the Company's website promptly afterwards.

For shareholders visiting the venue

Request for pre-registration
In order to increase the distance between seats, the seating capacity will be limited. The Company has 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. Shareholders who plan on attending the General Meeting of Shareholders are kindly requested to register on the Company's website beforehand.

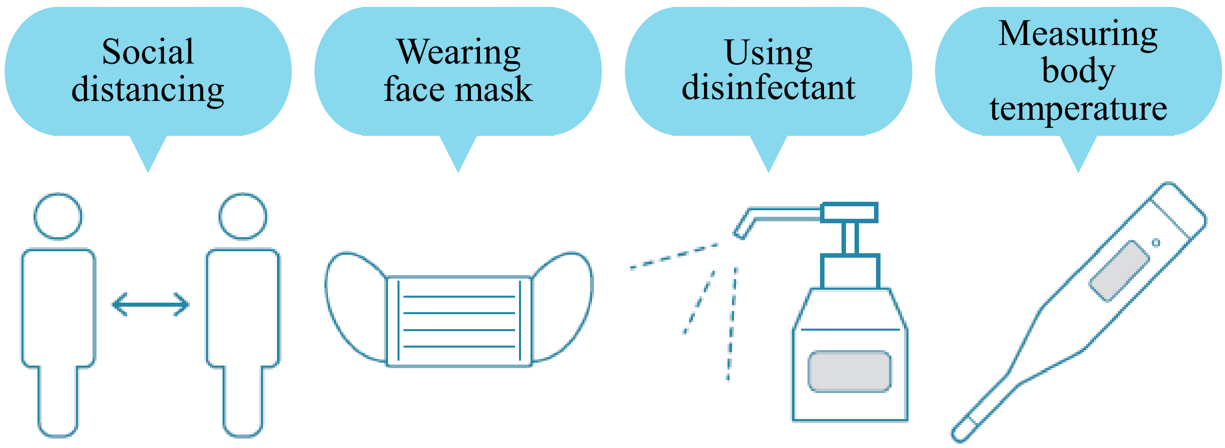
Opening date for pre-registration: 10:00 a.m., Tuesday, June 1, 2021 (JST)
Pre-registration will close once the number of available seats has been filled.

Website for receiving your registration: https://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)

<u>From the standpoint of preventing the spread of infections, the following measures shall be taken.</u>

- We will secure a sufficient space between seats at the venue.
- Shareholders attending the meeting are requested to wear a face mask.
- Shareholders are requested to cooperate with using an alcohol-based disinfectant at the venue.
- Shareholders are requested to cooperate with body temperature measurement at the reception.



- If it is determined that a shareholder has a high body temperature or looks unwell, that person may not be allowed to enter the venue.
- Shareholders who arrive at the venue on the day without registering beforehand may not be allowed to enter the venue.
- The displays of business activities will not be shown.

Guide for Exercising Voting Rights

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

There are three methods to exercise your voting rights as indicated below.

For Shareholders attending the General Meeting of Shareholders	For Shareholders who are voluntarily refraining from attending the General Meeting of Shareholders	
Exercise your voting rights by attending the meeting You are kindly requested to present the enclosed Voting Form at the reception desk on the day of the General Meeting of Shareholders. (Not required to place a seal.)	**Exercise your voting rights by mail** You are kindly requested to indicate your vote of approval or disapproval of each proposal on the enclosed Voting Form, and to return the completed Voting Form to the Company. You do not need to affix a stamp. * For the method to fill in the Voting Form, please refer to the following section	**Exercise your voting rights via the Internet** You are kindly requested to exercise your voting right by accessing the website designated by the Company. Exercise of Voting Rights Website: https://evote.tr.mufg.jp/ * For details, please refer to the page 8.
Date and time of the General Meeting of Shareholders 10:00 a.m., Thursday, June 17, 2021 (JST)	Exercise due date To be arrived no later than 6:00 p.m., Wednesday, June 16, 2021 (JST)	Exercise due date To be entered no later than 6:00 p.m., Wednesday, June 16, 2021 (JST)

Guide for filling in the Voting Form

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

Proposal 1

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

Proposal 2

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

Use of the electronic platform for exercising voting rights

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.

The Voting Rights Exercise via the Internet

Method 1: Scanning QR Code®	Method 2: Entering "Login ID" and "Temporary Password"

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.

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

Voting rights may be exercised by 6:00 p.m. on Wednesday, June 16, 2021, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk *(only in Japanese)*.

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

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Proposal 1: Election of Nine (9) Directors

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

In the current term, the Company wishes to reduce the number of Directors from the current ten (10) by one (1) to nine (9) in order to facilitate swifter decision making., etc. In terms of the composition of Directors, this will entail retaining the current three (3) External Directors and reducing the number of non-External Directors from the current seven (7) by one (1) to six (6). Through this adjustment, the ratio of External Directors to total Directors will be one-third (1/3). 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 nine (9) 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 candidates 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	Yuji AKASAKA	Reappointment	Representative Director, President Safety General Manager Oversees JAL SDGs	100% (20/20)
3	Shinichiro SHIMIZU	Reappointment	Representative Director, Executive Vice President Aide to the President	100% (20/20)
4	Hideki KIKUYAMA	Reappointment	Representative Director, Senior Managing Executive Officer General Manager, Finance & Accounting	100% (20/20)
5	Ryuzo TOYOSHIMA	Reappointment	Director and Senior Managing Executive Officer Route Marketing	100% (20/20)
6	Tadayuki TSUTSUMI	Newly appointed	Managing Executive Officer General Manager, Corporate Safety & Security Manager, Family Assistance & Support	–
7	Eizo KOBAYASHI	Reappointment, External, Independent	Director	100% (20/20)
8	Sonoko HATCHOJI	Reappointment, External, Independent	Director	100% (20/20)
9	Hiroyuki YANAGI	Newly appointed External, Independent	–	–

No. 1

Yoshiharu UEKI
(September 16, 1952)
68 years old

Number of Company shares held

Ordinary shares
31,400

Tenure as Director: 9 years

Reappointment

(Career summary, position and responsibilities at the Company)

June	1975	Joined the Company
April	1994	Captain, DC10 Flight Crew Office of the Company
April	2004	Deputy 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)
Number of important concurrent positions assumed at other listed companies: 1
Outside Director, Japan Airport Terminal Co., Ltd.

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

No. 2

Yuji AKASAKA
(January 3, 1962)
59 years old

Number of Company shares held

Ordinary shares
7,300

Tenure as Director: 3 years

Reappointment

(Career summary, position and responsibilities at the Company)

April	1987	Joined the Company
April	2009	Vice President, Corporate Safety & Security of the Company Vice President, Customer Relations of the Company
April	2014	Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.
April	2016	Managing Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.
April	2018	President of the Company
June	2018	Representative Director, President of the Company (to present)

(Important positions concurrently assumed outside the Company)
None.

(Reasons for the nomination as Director)
After joining the Company, Mr. 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.

No. 3

Shinichiro SHIMIZU
(December 13, 1962)
58 years old

Number of Company shares held

Ordinary shares
2,700

Tenure as Director: 3 years

Reappointment

(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)

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.

No. 4

Hideki KIKUYAMA
(March 19, 1960)
61 years old

Number of Company shares held

Ordinary shares
1,400

Tenure as Director: 5 years

Reappointment

(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)

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 2013, 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.

No. 5

Ryuzo TOYOSHIMA
(August 17, 1959)
61 years old

Number of Company shares held

Ordinary shares
3,100

Tenure as Director: 2 years

Reappointment

(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
April	2021	Director and Senior Managing Executive Officer of the Company Route Marketing (to present)

(Important positions concurrently assumed outside the Company)

None.

(Reasons for the nomination as Director)

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. He has been considerably contributing to maximizing route profits serving as General Manager, Managing Division Route Marketing since 2019, and as General Manager, Route Marketing since 2021. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.

No. 6

Tadayuki TSUTSUMI
(December 19, 1960)
60 years old

Number of Company shares held

Ordinary shares
500

Newly appointed

(Career summary, position and responsibilities at the Company)

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

(Important positions concurrently assumed outside the Company)

None.

(Reasons for the nomination as Director)

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

No. 7

Eizo KOBAYASHI
(January 7, 1949)
72 years old

Number of Company shares held

Ordinary shares
6,200

Tenure as Director: 6 years

Reappointment,
External,
Independent

(Career summary, position and responsibilities at the Company)

April	1972	Joined ITOCHU Corporation
June	2000	Executive Officer of ITOCHU Corporation
April	2002	Managing Executive Officer of ITOCHU Corporation
June	2003	Representative Director, Managing Director of ITOCHU Corporation
April	2004	Representative Director, Senior Managing Director of ITOCHU Corporation
June	2004	President and Chief Executive Officer of ITOCHU Corporation
April	2010	Representative Director Chairman of ITOCHU Corporation
July	2010	Outside Auditor of Asahi Mutual Life Insurance Company
June	2011	Director Chairman of ITOCHU Corporation
June	2013	Director (Outside), 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)
Number of important concurrent positions assumed at other listed companies: 2
Director (Outside), OMRON Corporation
Outside Director of Japan Exchange Group, Inc.

(Reasons for the nomination as External Director)

Mr. Kobayashi has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a member of top management of a general trading company which develops businesses around the world. With such experience and insight, he gives advice to the Company's management and appropriately supervises the performance of duties from practical and diversified perspectives, and if he is elected, the Company expects that he will continue to fulfil those duties. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as External Director who meets the Independence Standards of External Officers stipulated by the Company.

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 six (6) years.

(Independent Officer)

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 23. 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.

(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 Director and assumes the post, the Company will continue the agreement with him.

* 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.

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

No. 8

Sonoko HATCHOJI

(January 15, 1950)

71 years old

Number of Company shares held

Ordinary shares
4,600

Tenure as Director: 3 years

Reappointment,
External,
Independent

(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 (currently, Mizuho 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
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)

Number of important concurrent positions assumed at other listed companies: 2

External Director of Daicel Corporation

External Director of Maruha Nichiro Corporation

(Reasons for the nomination as External Director)

Ms. Hatchoji has significant knowledge and extensive experience in the areas of financial product development, loans and risk management at banks, and customer-centric marketing and management strategy in hotel management. She has also been providing advice to the Company's management and carrying out appropriate oversight of business execution, using her diversified perspectives she has gained in the areas including educational reforms at universities, and if she is elected, the Company expects that she will continue to fulfil those duties. 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.

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 three (3) years.

(Independent Officer)

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 23. 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.

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.

(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 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.

No. 9

Hiroyuki YANAGI
(November 20, 1954)
66 years old

Number of Company shares held

Ordinary shares
0

(Career summary, position and responsibilities at the Company)

April	1978	Joined Yamaha Motor Co., Ltd.
March	2007	Executive Officer of Yamaha Motor Co., Ltd.
March	2009	Senior Executive Officer of Yamaha Motor Co., Ltd.
March	2010	President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.
January	2018	Chairman and Representative Director of Yamaha Motor Co., Ltd.
March	2019	Outside Director of AGC Inc. (to present) Outside Director of Kirin Holdings Company, Limited (to present)
March	2021	Chairman and Director of Yamaha Motor Co., Ltd. (to present)

(Important positions concurrently assumed outside the Company)

Number of important concurrent positions assumed at other listed companies: 3
Chairman and Director of Yamaha Motor Co., Ltd.
Outside Director of AGC Inc.
Outside Director of Kirin Holdings Company, Limited

(Reasons for the nomination as External Director)

Mr. Yanagi has deep insight as a member of top management in a company pushing ahead with international expansion, as well as extensive experience in marketing and management strategy. The Company expects him to give advice to the Company's management and appropriately supervises the performance of duties 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.

(Independent Officer)

He is a new External Director 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 23. If he is appointed as Director and assumes the post of External Director, he will become an Independence Officer.

(Overview of limited liability agreement)

If he is appointed as Director 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.

(Note) There is no special interest between the candidates for Directors and the Company.

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

The Company has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, Paragraph (1) of the Companies Act with an insurance company, thereby covering losses and costs incurred by Directors and Audit & Supervisory Board Members in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). Those candidates presently serving as Directors are covered under the D&O insurance policy, and if each of the candidates are elected and assume their posts, all of them will be covered by the D&O insurance policy. The full amount of the insurance premiums for D&O insurance is borne by the Company.

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

Proposal 2: Election of One (1) Audit & Supervisory Board Member

As Mr. Yasushi Suzuka, Audit & Supervisory Board Member, will retire by resignation as of the conclusion of this General Meeting of Shareholders, the election of one (1) Audit & Supervisory Board Member is hereby proposed.

The new candidate will not be elected to fill a vacancy of Mr. Yasushi Suzuka, and the term of office of the new candidate will expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years from his election.

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, the Nominating Committee formulated their report while reviewing the requirements for candidates provided by the Audit & Supervisory Board, and the Board of Directors makes the proposal with consideration of the Committee's report.

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

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

Yuichi KITADA
(June 22, 1960)
60 years old

Number of Company shares held
Ordinary shares
500

Newly appointed

(Career summary and position 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	2018	Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.
April	2020	Managing Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.
June	2020	Director and Managing Executive Officer of the Company General Manager, Engineering & Maintenance Representative Director, President of JAL ENGINEERING CO., LTD.
April	2021	Director of the Company (to present)

(Important positions concurrently assumed outside the Company)
None.

(Reasons for the nomination as Audit & Supervisory Board Member)
After joining the Company, Mr. Kitada was engaged mainly in operations related to aircraft maintenance, such as maintenance engineering and quality assurance. As Executive Officer and General Manager, Engineering & Maintenance since April 2018, he has greatly contributed to maintaining and improving the engineering and quality aspects of the Company through his management of the Maintenance Division of the JAL Group. As Director and Managing Executive Officer, and General Manager, Engineering & Maintenance since June 2020, he has made appropriate comments and observations at meetings of the Board of Directors and other settings from the perspective of supporting flight safety, and also has extensive operational experience in the areas of engineering and quality. Accordingly, the Company hereby proposes that you elect him as Audit & Supervisory Board Member.

(Overview of limited liability agreement)
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.

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

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

The Company has entered into a directors and officers liability insurance ("D&O insurance") policy as provided for in Article 430-3, Paragraph (1) of the Companies Act with an insurance company, thereby covering losses and costs incurred by Directors and Audit & Supervisory Board Members in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). A candidate presently serving as Director is covered under the D&O insurance policy, and if the candidate is elected and assumes his post as Audit & Supervisory Board Member, he will be covered by the D&O insurance policy. The full amount of the insurance premiums for D&O insurance is borne by the Company.

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

(Reference)

1. External Directors who do not qualify as being highly independent within the meaning of the following Independence Standards of External Officers stipulated by the Company will not be nominated as External Directors. In addition, individuals who concurrently serve as directors or audit & supervisory board members at more than four (4) listed companies other than the Company will not be nominated.

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.

2. With regard to the specialized knowledge and experience that Directors and Audit & Supervisory Board Members should possess, the necessary skill set includes the basic corporate management skills of "Management Experience," "Finance & Accounting," "Legal/Risk Management," as well as "Safety Management," which is particularly important given the business characteristics of the Company, and also "Global Experience," "Sales/Marketing," "IT/Technology," are all vital for the promotion of the next Medium Term Management Plan.

   In the event that this proposal is approved, the skill matrix of Directors and Audit & Supervisory Board Members will be as follows.

Position at the Company	Name	Management Experience	Finance & Accounting	Legal/ Risk Management	Safety Management	Global Experience	Sales/ Marketing	IT/ Technology
Director, Chairman	Yoshiharu UEKI	○			○			
Representative Director, President	Yuji AKASAKA	○			○			○
Representative Director, Executive Vice President	Shinichiro SHIMIZU			○		○	○	
Representative Director, Senior Managing Executive Officer	Hideki KIKUYAMA		○	○		○		○
Director and Senior Managing Executive Officer	Ryuzo TOYOSHIMA	○		○		○	○	
Director and Managing Executive Officer	Tadayuki TSUTSUMI				○			
External Director	Eizo KOBAYASHI	○*				○	○	
External Director	Sonoko HATCHOJI		○			○		○
External Director	Hiroyuki YANAGI	○*				○	○	○
Audit & Supervisory Board Member	Norikazu SAITO		○					
Audit & Supervisory Board Member	Yuichi KITADA	○			○	○		○
External Audit & Supervisory Board Member	Osamu KAMO			○	○			
External Audit & Supervisory Board Member	Shinsuke KUBO		○	○		○		
External Audit & Supervisory Board Member	Joji OKADA		○	○		○		

* Experience of senior management in an industry based on level 1 classification of the Global Industry Classification Standard (GICS)

(Reference)

With the aim of improving the international comparability of financial information in the capital markets, and of enhancing communication with stakeholders, the JAL Group has voluntarily adopted International Financial Reporting Standards (IFRS), starting from the fiscal year ended March 31, 2021.

1. Main changes in line items (illustrative diagram below represents the concept)

1) With regard to operating expenses, the Company has revised the method of presentation such that items that were categorized as cost of sales, and selling, general and administrative expenses, have been changed to categories that focus on the nature of expense, such as personnel expenses and aircraft fuel, as recognized by IFRS. The Company believes that this will enable it to communicate the JAL Group's operating results, centered on the air transportation business, in ways that are more easily understood.

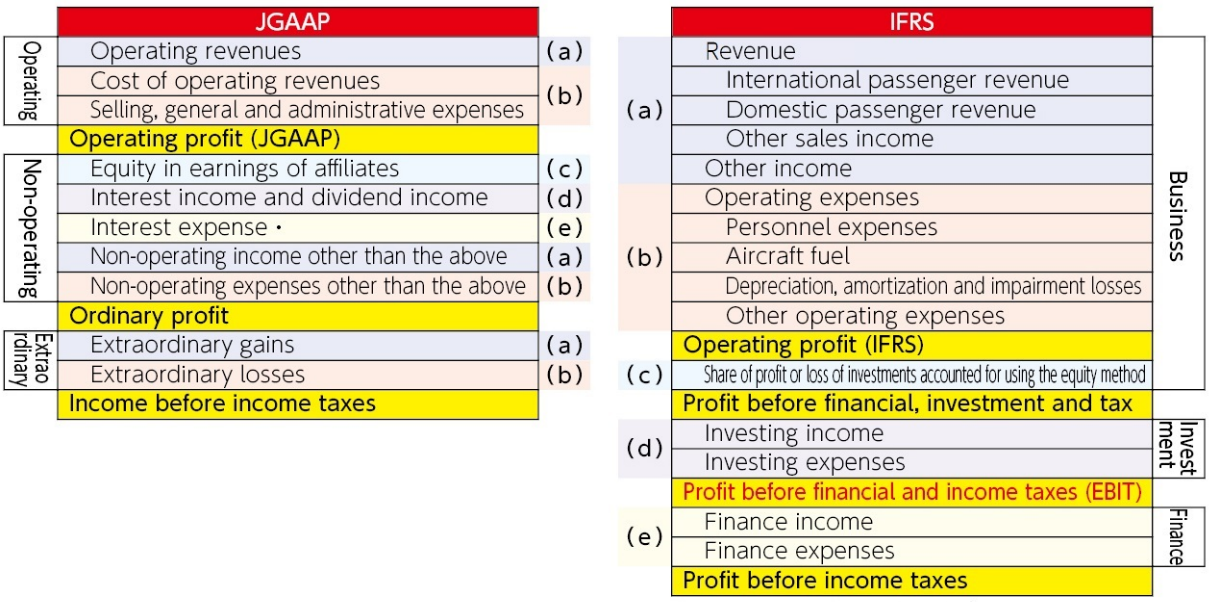
2) Items in non-operating income and expenses or extraordinary gains and losses that are derived from business have been included in profit before financing, investing and income tax as other income, other operating expenses, or share of profit or loss of investments accounted for using equity method. Presentation of income or expenses related to investments, such as dividend income, has been changed to investing income or investing expenses, and that of income or expenses related to finance, such as interest expenses, has been changed to finance income or finance expenses.

3) Instead of operating profit (JGAAP), the Company will use Earnings Before Interest and Taxes (EBIT) as a performance management indicator.

2. Main changes in accounting policies

1) With regard to accounting policies for mileage points, instead of recording estimated future obligations as an expense at the point at which mileage points are issued, we changed to a policy whereby the value portion of the mileage points at the time of issuance is deferred, and is recorded as revenue when the mileage points are used.

2) With regard to operating lease transactions that were recognized as rent expenses, we changed the policy to one in which an amount is calculated based on future lease payments, posted to assets or liabilities, and depreciated or amortized by a certain amount every fiscal year.



(Other accounting items, such as "Income taxes," presented at the lower side of the consolidated statement of income (profit or loss) are omitted)

(Attached Documents)

Business Report

(April 1, 2020 to March 31, 2021)

1. Current state of the JAL Group

(1) Business progress and results

During the fiscal year under review, the global and Japanese economies were significantly damaged by the spread of COVID-19, and the aviation industry has also fallen into extremely challenging circumstances due to strict restrictions on overseas travel, enhanced quarantine measures, and people tending to refrain from travel in each country.

Amid the prolonged impact of the spread of infection, the JAL Group has strived to ensure "safety and comfort" by heightening hygiene standards and promoting minimal contact, while striving to maintain an air transportation network that connects domestic locations within Japan as well as Japan to overseas destinations.

In contrast with this notable decrease in revenue, the JAL Group worked to secure revenues through actively establishing cargo-only flights. Regarding the costs, we worked to control variable expenses such as operating cost by flexibly adjusting supply in response to the decline in demand, and the JAL Group has sought to minimize the impact on its business performance by reducing fixed costs by approximately 135.0 billion yen compared with the initial plan, which includes a reduction in personnel expenses by in-sourcing operations instead of outsourcing, reducing IT expenditure and reducing the amount of remuneration for directors (and other officers), and employee bonuses.

On the other hand, as the workload of employees that are closely related to flight operation decreases, we are proactively working to utilize our human resources by enhancing employee education and seconding and dispatching approximately 1,000 employees per day to companies outside the Group and local governments. With the exception of some types of job, we have suspended the hiring of new graduates in FY2021 and FY2022.

Furthermore, the JAL Group has made every effort to overcome this unprecedented crisis, utilizing public supports from the Japanese government including deferral or exemption of landing fees and jet fuel tax to assist the aviation industry or extension of the special measures for employment adjustment grants and the subsidy for educational training.

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

Revenue:	481.2 billion yen (Decreased by 904.6 billion yen year on year)	Earnings before interest and taxes (EBIT):	(398.3) billion yen (Deteriorated by 487.1 billion yen year on year)	Profit attributable to owners of parent:	(286.6) billion yen (Deteriorated by 334.7 billion yen year on year)

Regarding finances, we raised fund backed by our strong financial position that has been cultivated thus far, and worked to secure sufficient liquidity on hand by concluding an undrawn commitment line agreement of 300.0 billion yen, including pre-existing agreements, while borrowing 262.3 billion yen in the fiscal year under review. In addition, we initiated a public offering in November in order to improve our financial structure, which has been affected by the spread of COVID-19, at an early stage and to swiftly implement our growth strategy after this situation has ended. Through the offering, we raised equity capital of 182.9 billion yen. As result, we have established a world leading level of financial base in the aviation industry, with the equity ratio standing at 45.0% and the D/E ratio at 0.5 times as of the end of the current fiscal year.

However, even now, in this situation where it is very difficult to foresee the future after one year has passed since the emergence of COVID-19, we have decided not to pay a dividend for the fiscal year under review, having deemed it best to place top priority on securing liquidity on hand. 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.

* Hereinafter, all mention of months falling inside FY2020 are expressed by stating the month with the year “2020” omitted.

(2) Business conditions by business segment

<table>
<tr><td rowspan="4">International passenger operations</td><td rowspan="4">• International passenger revenue
(Billions of yen)
72nd fiscal year: 27.9
71st fiscal year: 486.2</td><td></td><td>71st fiscal year</td><td>72nd fiscal year</td></tr>
<tr><td>Available-seat-km
(Million seat-km)</td><td>53,910</td><td>11,918
(down 77.9%)</td></tr>
<tr><td>Revenue-passenger-km
(Million passenger-km)</td><td>45,551</td><td>2,196
(down 95.2%)</td></tr>
<tr><td>Load factor (L/F) (%)</td><td>84.5</td><td>18.4
(down 66.1 points)</td></tr>
<tr><td>Reference</td><td colspan="4">The above is the traffic results of international-route full-service carriers.
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</td></tr>
</table>

International passenger operations

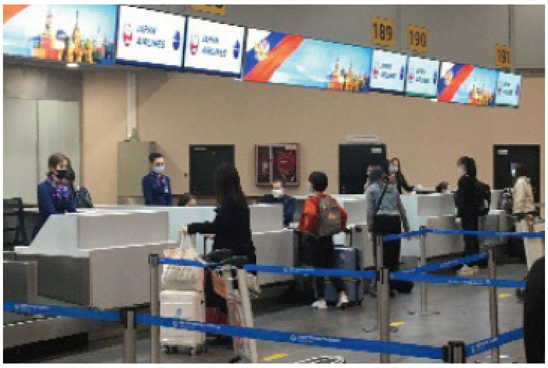
Regarding international passenger demand, since reports on the rebound of the spread and infection by COVID-19 variants, demand for travel across borders almost disappeared throughout the fiscal year as a result of strengthened restrictions on overseas travel and quarantine measures in each country including Japan.

Regarding route operations, we strove to control variable expenses such as operating cost by dramatically suspending and reducing routes in response to demand having rapidly declined. On the other hand, we have resumed scheduled flights to cities where profits, along with strong demand for air cargo, can be secured, and maintained international airline networks in order to respond to travel needs, such as by returnees and people transferring to their locations abroad and by transit passengers from Asia to North America. Furthermore, in anticipation of the end of this situation, we began joint business with Malaysia Airlines in July.

As for products and services, we are working to provide passage abroad with a sense of security, such as through thorough measures to prevent the spread of infection, which includes disinfecting the passenger cabin and changing the way we provide inflight meals, and by beginning “JAL COVID-19 Cover,” which offers covers and support in cases where a customer receiving a positive test result for COVID-19 at their overseas destinations. We have also responded to JAL Mileage Bank members’ calls by not only maintaining and extending member statuses, but also extending the expiry dates for eJAL point redemption, bearing in mind that members have had to postpone travel plans.

Toward creating new demand, ZIPAIR has begun operation of the Narita-Bangkok and Narita-Honolulu routes, starting with the launch of the Narita-Seoul route in October, as passenger flights. ZIPAIR has installed two types of seats, ZIP Full-Flat seats and Standard seats, and introduced ancillary services* including inflight meals and check-in baggage to meet the diversified customers’ needs. Furthermore, we are working to realize stress-free air travel, such as by introducing a free Wi-Fi service and the inflight self-ordering and payment system that can be used for contactless inflight meal ordering and inflight shopping, which is a first for low-cost carriers (LCCs).

* Incidental services with additional fees such as seat selection, inflight meals and checking baggage



(Operation of extra flights for return to Japan)

(ZIPAIR)

Domestic passenger operations	• Domestic passenger revenue (Billions of yen) 72nd fiscal year: 174.0 71st fiscal year: 529.7		71st fiscal year	72nd fiscal year
		Available-seat-km (Million seat-km)	36,199	19,452 (down 46.3%)
		Revenue-passenger-km (Million passenger-km)	27,496	9,282 (down 66.2%)
		Load factor (L/F) (%)	76.0	47.7 (down 28.2 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

Regarding domestic passenger demand, due to the declaration of a state of emergency in April, demand in the first quarter dropped significantly, but due to the lifting of the state of emergency and launch of the Go To Travel Business, tourism demand suddenly recovered temporarily in the third quarter. However, this unstable situation has continued as demand again stagnated in the fourth quarter due to the Go To Travel Business being suspended in December and the declaration of another state of emergency in January because of the rebound of COVID-19.

Regarding route operations, we worked to control variable expenses such as operating cost by flexibly adjusting supply in response to the significant decline in demand, while seeking to steadily capture the demand in the demand recovery phase such as by using larger aircraft and operating extra flights. In addition, we worked to safeguard the domestic air transportation network by maintaining the operation of air transportation routes that are essential social infrastructure, such as routes to Japan’s outlying islands. We also worked to support the movement of people and things by operating extra flights that arrived at various airports in the Tohoku region as a replacement for ground transportation that had been blocked during the 2021 Fukushima earthquake in February.

As for products and services, we worked to maintain and improve a hygienically clean environment by disinfecting the passenger cabins while aircraft are parked and implementing antiviral and antibacterial coatings at airports and in passenger cabins. In addition, we promoted the introduction of JAL SMART AIRPORT, which facilitates contactless and automated check-ins at airports by utilizing digital technologies. Moreover, we are making efforts to enable our customers to make travel and business trips with comfort, such as by providing JAL Domestic Flight PCR Testing Service with which customers can receive PCR testing at a special price for JAL.

On the other hand, we advanced our shift to fuel efficient Airbus A350-900 aircraft with reduced impact on the environment. Moreover, we promoted measures aimed at stimulating demand such as selling tours that secure customers’ social distance, operating charter flights for scenic tours and selling tours that utilize “workations.”

(JAL SMART AIRPORT (Haneda Airport))

(Airbus A350-900)

<table>
<tr><td rowspan="3">Cargo service operations</td><td rowspan="3">• Cargo service revenue
(Billions of yen)
(International routes)
72nd fiscal year: 96.5
71st fiscal year: 59.7
(Domestic routes)
72nd fiscal year: 21.7
71st fiscal year: 20.7</td><td></td><td>71st fiscal year</td><td>72nd fiscal year</td></tr>
<tr><td>Revenue cargo for International routes ton-km (1,000 ton-km)</td><td>2,407,691</td><td>1,948,205
(down 19.1%)</td></tr>
<tr><td>Revenue cargo for Domestic routes ton-km (1,000 ton-km)</td><td>328,182</td><td>237,874
(down 27.5%)</td></tr>
<tr><td>Reference</td><td>Revenue-cargo-ton-km:</td><td colspan="3">Unit expressing revenue cargo transport volume.
Revenue cargo weight (ton) × Distance traveled (km)</td></tr>
</table>

Cargo service operations

Regarding cargo, demand for transportation of medical products, including masks, e-commerce-related products, semiconductors, electronic devices, etc. increased. Furthermore, in addition to an increase in cargo demand, automobile-related demand entered full-scale recovery from summer, and supply and demand continued to tighten as demand has shifted from marine transportation to air transportation, while the operations of passenger flights declined.

For international cargo operations, we met the needs of our customers by continuing to transport not only medical products but also daily necessities and other such items through operation of 12,625 passenger aircraft for cargo-only flights during the year. In particular, at the beginning of the fiscal year, we maximized transport volume by loading masks and protective clothing in passenger cabins, in order to transport as much urgent medical supplies as possible.

Furthermore, in addition to making maximum use of our passenger aircraft, we made our best efforts to capture as much of the demand as possible including large-scale demand for offshore transportation without transit in Japan, by using cargo aircraft owned by overseas carriers.

Moreover, we worked to establish the systems necessary to realize smooth transport of the COVID-19 vaccines that are expected to arrive in large scale going forward.

As a result of the above, cargo service revenue significantly exceeded that of the previous fiscal year due to soaring unit prices from pressure on the supply and demand environment, despite a decrease in annual transport volume.

In domestic cargo operations as well, we kept the decrease in transport volume to a minimum by operating 2,674 cargo-only flights using passenger aircraft mainly on the Haneda-New Chitose, Haneda-Fukuoka, and Haneda-Okinawa routes and using larger aircraft. Cargo service revenue exceeded that of the previous fiscal year as a result of the above-mentioned efforts to provide stable amounts of cargo space.

Furthermore, beginning in April, we worked to improve customer convenience in terms of flight reservation and cargo transportation by renewing our business process by transitioning to paperless manifests, which has been achieved for the first time in Japan, and opening a reservation portal website.

(Loading masks and other cargo into the cabin)

(Cargo-only flights using passenger aircraft)

Other operations

In response to the sharp drop in air passengers, in the travel domain, the JAL Group experienced a dramatic year-on-year decrease in revenue, while in the airline-related business domain, revenue from airline-related business domain (outsourced operations such as maintenance, airports, and cargo services) also decreased year on year following the suspension and reduction of services by overseas airlines. On the other hand, in business domains related to mileage, mile revenue, which is not directly related to travel, increased steadily year on year.

As a result of the above, revenue in the other operations decreased by 127.9 billion yen from the previous fiscal year to 150.4 billion yen.

In this situation, we worked to develop a business structure with a high degree of resilience to risk and to expand our business domains. To this end, we promoted the initiatives with a view to creating new products, services, and businesses.

In the regional community domain, we newly established the Regional Vitalization Division in November and strengthened our initiatives to create new businesses originating in regions. We also worked to propose new forms of travel that accommodate the new normal lifestyle, such as the newly opened JAL Online Trip website, on which we sell products that combine JAL Digital Flight with local online trips, as well as proposing and supporting the new “Workation” workstyle of working at a travel destination.

In the mileage program domain, we worked to create new services such as by starting JAL Wellness & Travel. This new mileage service was developed in light of the heightened motivation toward health as well as concerns over the lack of exercise due in part to more people working from home, and supports everyday health as well as wellness activities before and during travel by combining the JAL Group’s customer base and route network with the know-how of our partners.

In the domain related to air mobility*, amid expectations for increasing usage of Unmanned Aerial Vehicles (UAVs) such as drones going forward, we have launched a classroom program based on the know-how of pilot training of the JAL Group to develop human resources for operators. In addition, we coordinated with various locales and companies directed at commercialization and carried out tests of goods transportation to mountainous areas using miniature, fixed-wing drones and cargo transportation flight tests using unmanned helicopters between airports on remote islands, etc.

* A new movement and supplies transportation service

Status of major subsidiaries

Summary on the top two non-airline companies among the Company’s subsidiaries is as follows.

JALPAK Co., Ltd. worked to increase demand for domestic travel, such as by utilizing the Go To Travel Business. However, the efforts could not supplement the decline in demand for overseas travel and inbound tourist demand, and operating revenue (prior to intercompany transaction elimination) decreased by 114.5 billion yen from the previous fiscal year to 55.5 billion yen.

As for JALCARD, Inc., the number of new members decreased, and the number of members decreased by 3.8% year-on-year to 3,580 thousand members. Amid a slump in travel-related consumption, The JAL Group has promoted the use of JALCARD through campaigns, etc., and operating revenue (prior to intercompany transaction elimination) decreased by 0.9 billion yen from the previous fiscal year to 18.6 billion yen.

(JAL Wellness & Travel)

(Experimental trial using an unmanned helicopter to transport cargo between outlier airports)

(3) Initiatives related to safety

Response to environmental changes due to the spread of COVID-19

Due to the spread of the COVID-19, the aviation industry has experienced a reduction in flights on an unprecedented scale. The sudden change in the environment surrounding aviation, such as the resulting reduced opportunity for active flight experience, could raise the likelihood of human error or lead to an increase in faults related to the aircraft. Therefore, the JAL Group collects information such as trouble incidents that occur everywhere across the world, and compiles checklists to be used when performing inspections. In addition, using the slogan "3H" (*hajimete* [first time], *henkou* [change], and *hisashiburi* [long time since the last time]), we ensured all employees always kept in mind that there were various risks lurking in daily operations that might compromise safety, and to share and report any concerns without hesitation.

Furthermore, the JAL Group promoted various initiatives at production sites to prevent infection of customers and employees, so that people can feel even greater safety and security.

In addition, to enable customers to undertake domestic travel or business trips with confidence, we provided the JAL Domestic Travel PCR Test Service, and we provided the JAL COVID-19 Cover service offering cover and support in cases where a customer tests positive for COVID-19 at their overseas destination.

We have achieved the highest level of rating in the COVID-19 Safety Rating by Skytrax (*1) and Health Safety Powered by SimpliFlying Audit by APEX (*2) in recognition of these efforts. These ratings cover not only health and cleanliness initiatives but also the introduction of contactless and automation technologies, air travel support, and other general measures to prevent infection, and currently only two companies in the world (the Company and Qatar Airways) have received the highest rating from both institutions.

(*1) Skytrax: Skytrax is an international airline rating company based the U.K. The World Airline Awards, which evaluates airlines from all over the world, awarded by Skytrax is regarded as the standard for global evaluation of airlines.

(*2) APEX: Nonprofit organization based in the United States which is composed of airlines, aircraft related manufacturers, and travel related companies, etc. to improve the passenger experience of customers.

World's highest rating for both products and services and COVID-19 countermeasures

In addition to the "5-Star Airline" rating, which is the .highest level of rating in products and services for customers, the Company has achieved the highest level of rating in the world with respect to countermeasures against COVID-19.

*3 *4 *5

*3 5-Star World Airline Star Rating by Skytrax (since 2018)

*4 5-Star COVID-19 Airline Safety Rating by Skytrax (2021)

*5 Diamond Certification by APEX Health Safety Powered by SimpliFlying Audit (2021)

Response to the serious incident affecting JAL flight 904

In December, a serious incident*1 occurred on flight JAL904 (Okinawa to Haneda) and the aircraft was forced to fly back to Naha Airport due to damage to its left engine. To address this incident, we conducted prevention measures including urgent inspection and repeated inspection on fan blades of the engines of the Boeing 777 aircraft configured for domestic flights equipped with engines of the same type as the aircraft that caused the incident (hereinafter, the "same-type aircraft"). However, in response to an incident of damage to an engine of the same type that occurred to an aircraft of U.S. airline company in February 2021, we suspended the operations of the same-type aircraft. While initially planning to retire the same-type aircraft during FY2021, we decided to retire them early at the end of the current fiscal year in light of economic factors. We are continuing to cooperate and respond fully to the investigation and probe into the cause carried out by the Japan Transport Safety Board under the Ministry of Land, Infrastructure, Transport and Tourism.

*1 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.

Dealing with inappropriate alcohol-related incidents

After receiving a business improvement order regarding inappropriate drinking by flight crew, the JAL Group applies stricter pre-boarding alcohol testing protocol, strives to change attitudes through education and direct dialog with company officers, and has introduced a support program, that includes counselling. In the fiscal year under review, in addition to the above measures, we continued to place utmost efforts on recurrence prevention through ensuring heightened awareness of the issue by establishing an alcohol-free day for not only flight crew but also for all employees, and holding seminars by experts on addiction. Since the issuance of the business improvement in October 2019, there have been no cases of alcohol detection.

Pre-boarding alcohol testing of flight crews

Disaster management

In recent years, the increasing frequency and severity of natural disasters have become a threat to transportation safety. In response to this, the JAL Group has established the "Disaster Countermeasure Rules," for the countermeasures required for mitigating and preventing exacerbation of damage when disaster strikes, and to ensure continuation and early recovery of business activities. We also worked to strengthen preparedness for disaster prevention and disaster minimization, and put in place situation response systems for disaster scenarios.

Ongoing initiatives for enhancing safety

As on ongoing safety issue, the JAL Group focused strongly on preventing injuries to customers caused by falling parts, or by the aircraft shaking during flight.

With regard to safety management, the JAL Group established a central database for the sharing of safety information in order to strengthen the foundation of the safety management system. Placing much attention on recurrence prevention, we strived to improve analytical capabilities through introducing new training that is more highly specialized than the previous training in order to more clearly identify signs of change while preventing human error. We also introduced a system to manage fatigue-related risk to prevent troubles from occurring due to fatigue as a result of time differences, etc., targeting not only pilots but cabin crew as well.

With regard to aviation security, the JAL Group promoted the introduction of advanced security inspection equipment in order to be prepared for a diverse range of terrorist attacks. We also conducted training to cultivate awareness that it is "the role of all employees to maintain security."

In terms of human resource development, it became more difficult to implement training based on the "three actuals" principle, in which lessons of accidents are passed on through direct contact with the actual place, the actual thing, and the actual person. Therefore, as an alternative approach, we have introduced online education along with training that simulates emergency escapes using VR technology in order to foster safety awareness broadly among all employees.

(Employee education facilities, Safety Promotion Center)

(4) Initiatives at production sites and other locations

Despite the ongoing COVID-19 pandemic, each division worked to ensure safe flight operations and prevent infections by maintaining technical skills, training human resources, and introducing new technologies, while also striving to improve productivity.

Flight Operations division

As the division responsible for overseeing safe flight operations, we strengthened cooperation with all divisions involved in aircraft operations 24 hours a day, 365 days a year, as the environment surrounding flight operations became increasingly difficult due to a series of natural disasters and operational restrictions caused by the spread COVID-19. In particular, we paid close attention to the daily changes in flight restrictions related to the COVID-19 pandemic, and continued to provide prompt and accurate support for "safe and secure" operations.

Flight Operations division overseeing safe flight operations

Operation division

In spite of the reduced number of flight opportunities, we maximized the use of simulators while crew opportunities have decreased to accumulate the necessary flight experience and training, and also worked to enhance various types of training, including new training examination methods and safety awareness. In addition, we steadily recruited and trained pilot trainees with a view to developing our business after the COVID-19 pandemic subsides. Furthermore, we made efforts to improve safety, including the joint development with Weathernews Inc. of a system that uses AI to quickly process airflow data and immediately notify aircraft in operation.

Cabin division

In addition to having our cabin attendants wear masks and gloves during aircraft boarding, we strived to provide a "safe and secure" service by thoroughly pursuing hygiene and cleanliness through such measures as wearing face shields and protective clothing, as well as by enhanced cleaning of restrooms. In addition, although the number of flight opportunities has decreased, in order to minimize the risk of infection with COVID-19, we have expanded various remote training and e-learning programs to improve knowledge and skills.


Cabin crew disinfecting the lavatory

Maintenance division

In order to prevent aircraft parts from falling out, we promoted refurbishment and strengthened external inspections of aircraft. In addition, to prevent in-flight infections, we conducted thorough in-flight disinfection and fabricated face shields and shielding plates, etc. which we are providing inside and outside the company. In addition, we expanded the number of aircraft models subject to the digitization of flight logbooks and maintenance records to improve operational quality and promote operational efficiency, and in collaboration with manufacturers, launched the world's first initiative to predict tire wear using big data to promote efficient inventory management.


Scheduled replacement of tires

Airport division

In order to realize smooth and stress-free travel, we promoted the conversion to “JAL SMART AIRPORT” at major airports in Japan, which promotes contactless and automated services using digital technology. In December, we completely renovated the domestic flight counters at Haneda Airport, and in March, we introduced Japan’s first contactless panels to the automatic check-in terminals. We also started anti-virus and anti-bacterial coating at the check-in counters that customers directly touch, beginning with Haneda Airport. Furthermore, in addition to participating in a demonstration of the “Face Express” check-in procedure utilizing facial recognition technology, we also implemented a “demonstration of hospitality services utilizing facial recognition technology” while wearing a mask at the Kagoshima Airport located in the city of Kirishima.

Contactless self-check-in machines

(5) Initiatives related to ESG

In order to increase its corporate value and realize a sustainable society, the JAL Group is taking an ESG[*1] management perspective to identify important issues[*2] aimed at achieving SDGs and to solve those issues through business activities. Regarding the JAL Group Code of Conduct, "Commitment to Society," established as a set of behavioral guidelines to be observed in various situations every day, we are instilling the Code in all employees and promoting compliance with its principles through continued in-house training.

*1 An acronym for "Environment, Society, and Governance."

*2 The JAL Group has set the following 22 issues classified under the four fields of "Environment," "People," "Communities," and "Governance" as social issues requiring a focused undertaking in order to achieve the SDGs.

	Priority Areas	Issues to be addressed	Related SDGs
E	Environment	Address to Climate Change; Prevention of Environmental Pollution; Biodiversity Conservation; Effective Use of Limited Resources; Noise Reduction	6, 7, 11, 12, 13, 14, 15
S	People	Improving Accessibility; Promotion of D&I; Human Resources Development; Workstyle Innovation; Respect for Human Rights; Health and Productivity Management; Prevent the Spread of Infectious Diseases	3, 4, 5, 8, 10, 16
S	Communities	Increase Inbound Tourism; Route Network Expansion; Disaster Restoration Assistance; Regional Revitalization; Improving Convenience in Travel; Community Relations	1, 2, 3, 4, 8, 9, 11, 17
G	Governance	Fair Business Practices; Promotion of BCM; Disclosure; Responsible Procurement	4, 8, 9, 12, 16

a. Environment

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

Response to climate change

In general meeting of shareholders in June, we announced our new long-range goal of zero CO_2 emissions by 2050. To achieve this goal, we are reducing our CO_2 output through three main initiatives: renewing our fleet to more fuel-efficient aircraft, consuming less fuel in daily operations, and developing and using sustainable aviation fuel (Sustainable Aviation Fuel: hereinafter, "SAF"). With regard to aircraft, by introducing fuel-efficient aircraft such as the Airbus A350 and Boeing 787, and by adopting various operational methods, we worked to reduce CO_2 emissions in daily operations. In our efforts on SAF, with cooperation of several domestic companies in March 2020, domestic SAF was successfully produced from cotton derived from clothing for the first time in Japan. In February 2021, we fueled flight JAL319 (from Haneda to Fukuoka) with this SAF to operate it. Going forward, the Company will jointly conduct a feasibility study with related business partners, Marubeni Corporation and ENEOS Corporation, on SAF production and sales in Japan through the use of industrial and municipal waste, including plastic waste. Overseas, we will strive to reduce CO_2 emissions by promoting the installation of SAF on flights departing from North America in cooperation with Fulcrum BioEnergy, Inc. (U.S.) (hereinafter, "Fulcrum").

Effective use of limited resources

As part of our "3Rs (Reduce, Reuse, Recycle) + 1 (Redesign)" initiative, we worked on reducing disposable plastic products made from petroleum by striving to reduce the use of plastic products provided on board and at lounges as well as plastic used in work at airport and cargo divisions, switch to environmentally-friendly materials and so forth.


(Commercial flight using the first Japanese-made SAF)


(SAF production plant of Fulcrum)

(Paper straws)

b. Human and communities

Improving accessibility

We have taken steps to provide every customer with a stress-free travel experience from the customers' standpoint. For example, we conducted an online airport experience program to pre-assess passenger flows up till boarding. We also introduced autonomous wheelchairs for passengers in domestic flight areas of Haneda Airport with the cooperation of Japan Airport Terminal Co., Ltd.

(Information counter for customers who need special assistance)


(Autonomous wheelchairs (Haneda Airport))

Respect for human rights

We worked together with our suppliers to build a sustainable supply chain that includes compliance with laws and regulations, respect for human rights, appropriate labor practices, and global environmental conservation. In April, we introduced a new uniform. For its procurement, we requested that the related suppliers join Sedex,* and we conducted audits of factories in China and Vietnam to confirm there were no acts of forced labor, child labor, or human rights violations.

* Sedex: A non-profit organization in the U.K. that provides a platform for managing and sharing corporate ethical information with the aim of ensuring responsible business practices on supply chains.

Health and productivity management

We are focusing on the priority issues of lifestyle diseases, cancer, mental health, smoking, and women's health. As a result of working strategically to foster the health of employees and their families, we were designated under the 2021 Certified Health & Productivity Management

Outstanding Organizations Recognition Program in the Large Enterprise category, which is awarded to particularly outstanding enterprises engaging health and productivity management.

Promotion of Diversity & Inclusion (D&I)

Under the strong will of top management, we further promoted advancement of female employees by sharing an awareness of issues throughout the Company while strongly promoting activities, aiming to achieve a ratio of female managers of 30% (19.5% as of the end of the current fiscal year) by FY2030, and proactively working to appoint talented human resources throughout the Group. As these initiatives have been well-received, the Company won Second Prize in the Advanced Division of the corporate awards in the J-Win Diversity Awards* and President Yuji Akasaka won the Management Award, which is a personal award, at the same time, which is a first for Japanese airlines.

* J-Win Diversity Awards are sponsored by J-Win, an incorporated NPO (Japan Women's Innovative Network), to commend progressive companies promoting D&I.

For the new uniforms launched in April, we introduced our first-ever flight crew uniform design for women, and we changed the regulations regarding shoes for the customer service departments to allow employees to have a free choice of heel height and shape, so that each and every employee of the JAL Group can energetically play an active role.

In consideration of diversity, in October, we changed the gender-based honorific "ladies and gentlemen" in English announcements at airports and on flights to another more gender-neutral expression.

Communities

To contribute to the realization of sustainable regional economies through group-wide efforts using the JAL Group's strengths, that is, our route network, human resources, etc., we established the Regional Vitalization Division in November. In addition to Furusato (Home town) Ambassadors System, through which we support regional vitalization, we introduced Furusato (Home town) Cheering Party System, through which cabin attendants engage in regional promotion activities while performing inflight work to further strengthen our efforts to engage in regional revitalization. Also, JAL prepared a special website for hometown tax payment, while providing taxpayers with miles, to promote continuous development of local communities.

Regarding the occurrence of natural disasters, we provided emergency transport of relief supplies, requested donations from customers through JAL Charity Miles, and offered relief donations from JAL Group employees in order to support the reconstruction of areas affected by the Heavy Rain Event of July, 2nd year of Reiwa.

c. Governance

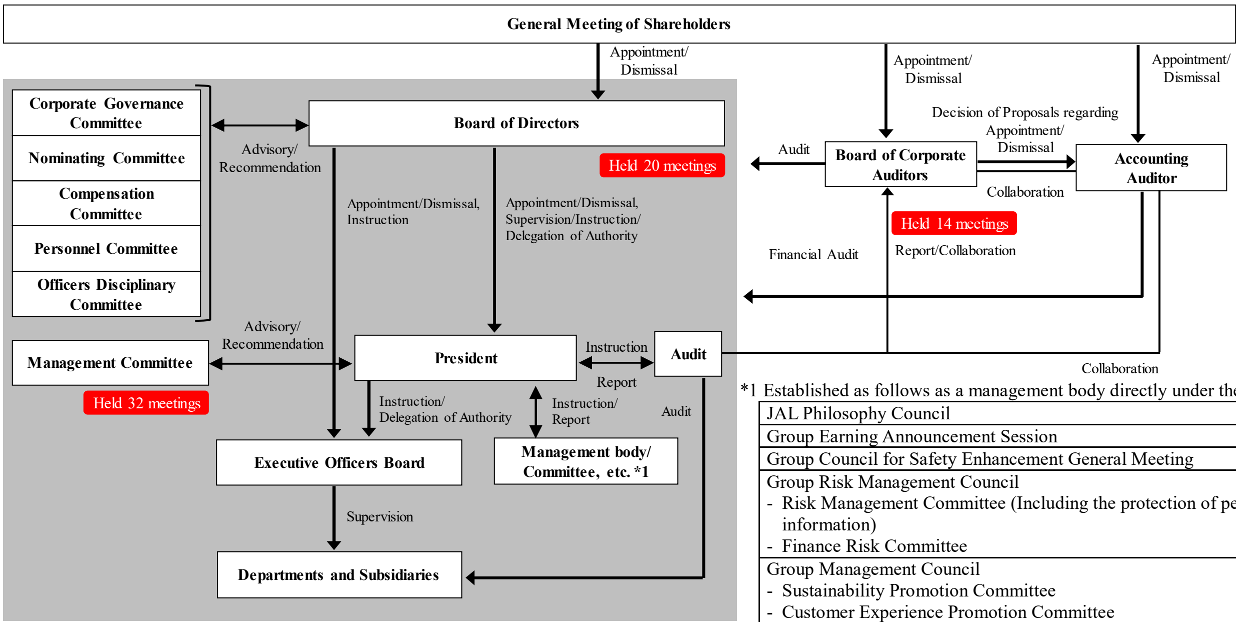
Company's systems and policies (as of April 2021)

1) <u>Basic Views on Corporate Governance</u>

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 into account the above matters, 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.

■ Corporate Governance System



*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 - Risk Management Committee (Including the protection of personal information) - Finance Risk Committee
Group Management Council - Sustainability Promotion Committee - Customer Experience Promotion Committee - JAL Wellness Promotion Committee - Committee for Tokyo 2020 Olympic and Paralympic - Investment Monitoring Committee

* The organizations next to "-" represent committees under the council.

2) <u>Board of Directors and Directors</u>

(i) Directors are appointed from persons with vast knowledge and experience in various fields, taking into consideration the ensuring of diversity regarding factors such as gender, international background, professional background, and age.

(ii) The Board of Directors appoints a Director who does not concurrently serve as Executive Officer as Chairman of the Board of Directors in order to separate the management monitoring function and business execution function. Furthermore, the Board of Directors appoints an appropriate number of three or more candidates for External Director who qualify as highly independent, and establishes a system in which External Directors comprise at least one-third (1/3) of the Board of Director.*1

(iii) Those who do not qualify as highly independent within the meaning of "Independence Standards of External Officers" established by the Company are not appointed as External Directors. Furthermore, those who concurrently serve as Director, etc. at more than four (4) listed companies other than the Company are not appointed as External Directors.

(iv) 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.

(v) 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. In addition, meetings for exchange of opinions are held comprised of Independent External Officers only.

(vi) 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 FY2020
Corporate Governance Committee	The Corporate Governance Committee checks whether activities comply with JAL Group Fundamental Policies of Corporate Governance, conducts analyses, evaluations and deliberations to determine whether such activities contribute to sustainable growth and enhancement of medium and long term corporate value, and provides necessary findings, proposals and reports to the Board of Directors. During FY2020, the Committee deliberated on matters related to the Fundamental Policies of Corporate Governance and formulation and made recommendations on policies regarding the evaluation of effectiveness of the Board of Directors.	Eizo KOBAYASHI *2	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. During FY2020, in addition to the provision of necessary findings to the Board of Directors, the Committee discussed on requirements and processes concerning the appointment of officer candidates when replacing officers.	Eizo KOBAYASHI *2	6
Compensation Committee	The Compensation Committee deliberates on matters concerning the amount of compensation for Directors, Executive Officers and Audit & Supervisory Board Members based on an inquiry from the Board of Directors and reports back. Moreover, the remuneration system is appropriately verified to ensure healthy incentives directed at sustainable growth. During FY2020, in addition to the provision of necessary findings to the Board of Directors, the Committee discussed on the officers' remuneration system suited to the current management environment.	Eizo KOBAYASHI *2	7

	Functions	Chairperson	Number of Meetings in FY2020
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. During FY2020, in addition to the provision of necessary findings to the Board of Directors, the Committee discussed on the development of personnel who are executive officer candidates and discussions on the new executive structure.	Yuji AKASAKA	4
Officers Disciplinary Committee	When taking disciplinary action against Directors and Executive Officers, the Officers Disciplinary Committee decides the details of disciplinary action.	Sonoko HATCHOJI *2	0

*1 If Proposal 1 is approved at the Meeting, External Directors will comprise at least one-third (1/3) of all Directors.

*2 Independent External Directors

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

(i) 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.

(ii) 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 “Independence Standards of External Officers” established by the Company are not appointed. Furthermore, those who concurrently serve as Audit & Supervisory Board Member, etc. at more than four (4) listed companies other than the Company are not appointed as External Audit & Supervisory Board Members.

(iii) Audit & Supervisory Board Members monitor important matters concerning corporate management, business operations and the performance 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.
Furthermore, we endeavor to improve and strengthen auditing of the entire JAL Group through efforts that involve: audit of each business location and subsidiary; hearing with the presidents of major subsidiaries; 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 FY2020>

(i) The Secretariat of the Board sent a questionnaire to the members of the Board, partly to maintain anonymity. The main items for evaluation in the questionnaire were board composition, oversight, management strategies, and dialogue with shareholders, as well as a free comment section.

(ii) 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.

(iii) Later, the Corporate Governance Committee, whose members consist mainly of Independent External Directors, compiled proposals, based on which further discussion was held by the Board of Directors and decisions for future initiatives were made as below. Objectivity during evaluations is ensured as third-party analysis is used as a reference.

<Overview of the results of assessment and future initiatives>

The Board of Directors conducts free and open-minded discussions, while receiving an audit of performance of duties from Audit & Supervisory Board Members, with the opinions of External Directors respected by Directors. Directors who have been assigned from within the Company are appointed in a good balance including people from frontline divisions, given the importance of flight safety. Moreover, in addition to proactive information provision, External Directors have been given a high level of access to information, and are appropriately fulfilling their roles as External Directors.

Based on the evaluation of effectiveness, the Company proactively worked to deepen discussions regarding the development of human resources including management and the female advancement, and checked the status of new businesses in FY2020. In addition, similarly to the previous evaluation, we maintained high assessments overall as a result of appropriately carrying out deliberations with regard to responding the spread of COVID-19.

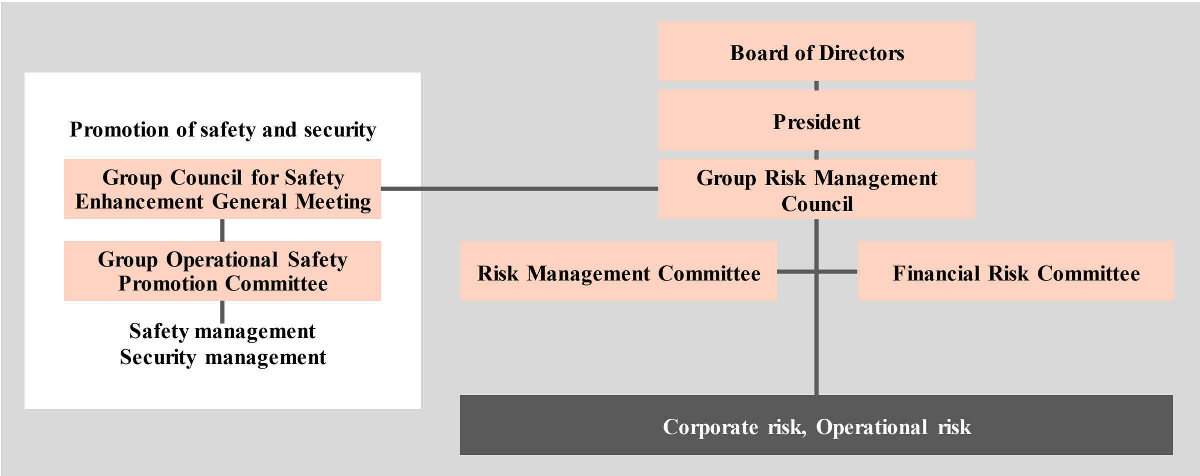
On the other hand, several needs have been confirmed by the Board of Directors, including the need to (i) deepen discussions on long-term issues and visions, including sustainability, and the business portfolio for which the Company aims, for sustained improvement in corporate value after COVID-19 subsides, (ii) monitor initiatives being carried out by persons executing business from viewpoints of business, income and expenditure, human resources, etc. and strengthen group governance for new businesses, (iii) further enhance contents of deliberations at each committee concerning the appointment and remuneration of officers as well as reports to the Board of Directors, and (iv) enhance the dissemination of information to individual shareholders and two-way communication in order to strengthen constructive dialogue with shareholders. Going forward, we will steadily put such initiatives into action.

5) Risk Management

Basic stance of and system

The JAL Group defines risks as “events or actions that threaten the fulfillment of missions, purposes and goals of the organization.” By enhancing the managers’ awareness of risk management, which in turn raises the probability of achieving goals, we work to increase values in business. 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, brand, and operation schedule. Among identified risks, those that could have larger impacts are positioned as priority risks, and we have set up a monitoring system, response manuals, and Business Continuity Plan (hereinafter, “BCP”) while utilizing methods similar to internal audits, such as the self-assessment program (controlled self-assessment) and risk consulting. By implementing the PDCA cycle, headed by the Group Risk Management Council under the direct control of the President, we have also established a robust risk management system where the Board of Directors appropriately supervise the status of the PDCA cycle. Furthermore, we have worked to further strengthen preventative risk management by establishing a system that turns disaster response and scandals into case studies and compiles them into a database.

■ **Risk management system**



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.

Furthermore, we worked to expand and practice BCP to enhance its effectiveness, assuming that an earthquake could directly strike beneath the Tokyo metropolitan area where Head Office central functions are integrated. (Due to these initiatives, we obtained "Resilience Certification for Business Continuity and Social Contribution" from Association for Resilience Japan in November 2019, and an A for the BCM rating by the Development Bank of Japan in March 2020.)

Crisis management response for COVID-19

As part of our crisis management response for COVID-19, we activated our business continuity plan and set up a task force. The President led weekly meetings of the COVID-19 Task Force, thereby enabling agile response to such issues as improving customer safety and sense of security, countermeasures for employee infections, and demand-trend analysis and supply adjustment. In addition, as a result of work style reforms, we have established a system that allows many JAL Group employees to telework and conduct online education, and we have achieved a work-at-the-office attendance rate of about 25% for non-essential operations.

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" are established as follows.>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) We have developed a system concerning employees in case Audit & 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” is as follows.>

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. In FY2020, we began around-the-clock operation of these Hot Lines.

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

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

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 Group 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. In FY2020, we conducted a Control Self-Assessment (a self-assessment based on a specified method and formulation of a risk management plan) and risk consulting against priority risks, identified issues and improved vulnerabilities, reported to the Group Risk Management Council and the Board of Directors in order to improve risk oversight by management.

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 and also conducting drills.

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 performance 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. Directors and other employees engaged in management of Group companies reconfirm their responsibilities and roles themselves, and support Group companies in order to achieve effective and fair management. In FY2020 we developed a system to improve internal control from the viewpoint of strengthening group governance.

c. 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.

d. We check priority issues in the JAL Group Medium Term Management Plan and annual operating policies through Expanded Earnings Report Sessions and monitor the situation to ensure that initiatives to achieve goals are implemented properly, and provide guidance and support.

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

6) We have developed a system concerning employees in case Audit & 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. Audit & Supervisory Board Members check the development of systems to ensure that persons who have reported to them do not receive disadvantageous treatment for making such reports.

8) We have developed a system for advance payment or repayment of costs arising from the execution of the duties of Audit & 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.

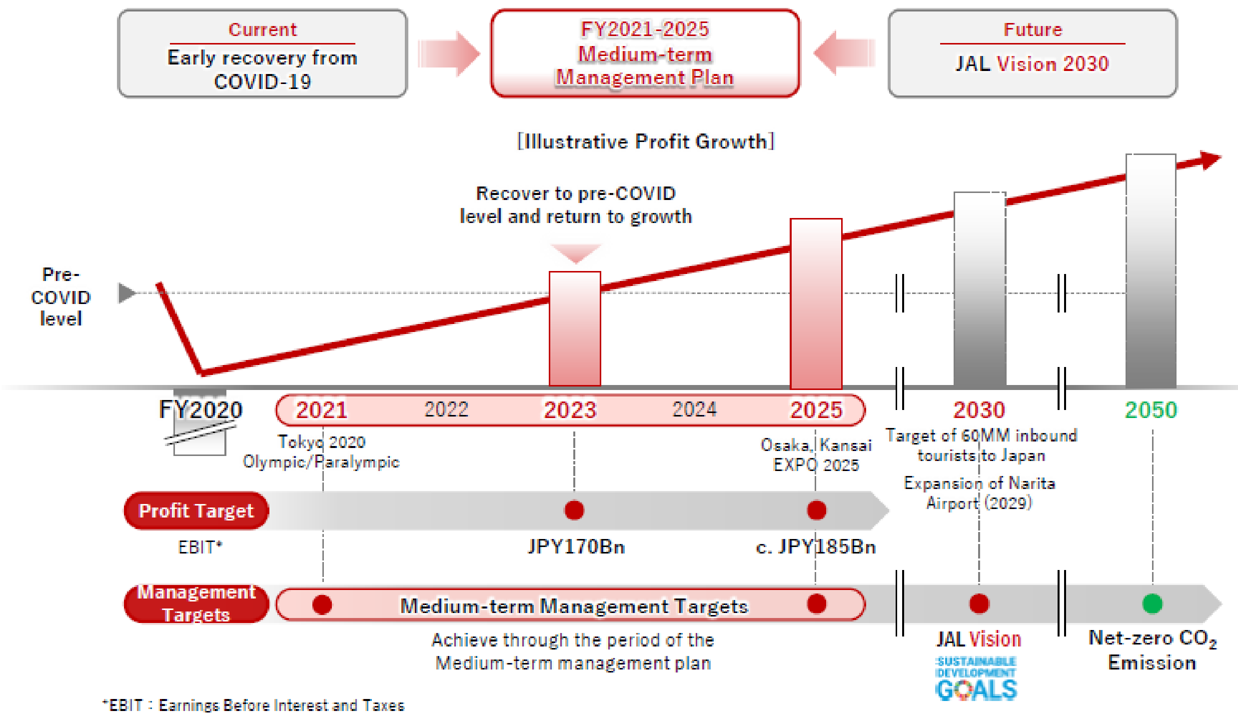
9) We have developed other systems to ensure that audits by the Board of Corporate Auditors or Audit & Supervisory Board Members are executed effectively.

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

(6) Issues to be addressed

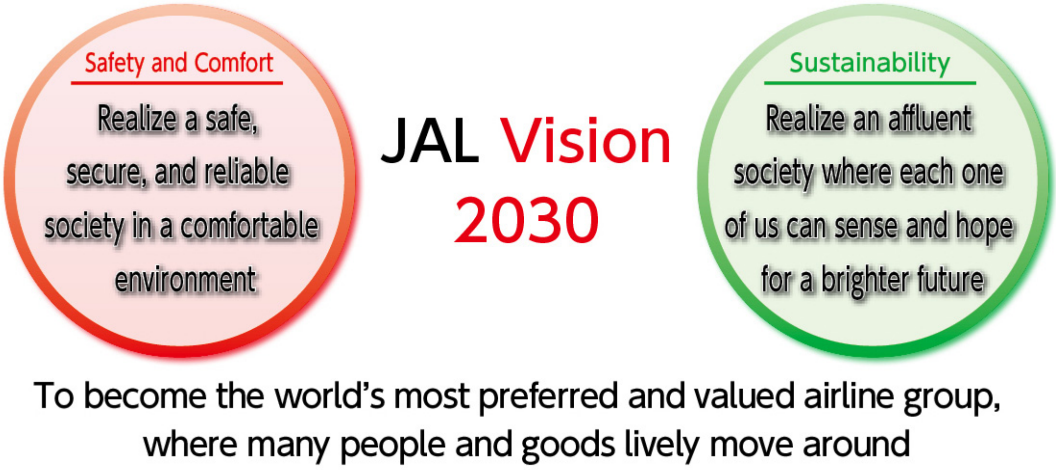
COVID-19 has seriously affected many industries including aviation, and brought about unprecedented changes that overturn the premise of our society and economy. Meanwhile, the time is ripe for achieving true richness and happiness by pursuing sustainability as society as a whole including SDGs.

The JAL Group has newly formulated the Medium Term Management Plan for Fiscal Years 2021-2025 for overcoming the current COVID-19 pandemic and achieving the JAL Vision 2030 that shows the direction for achieving how we ought to be in the future, and announced it on May 7, 2021.



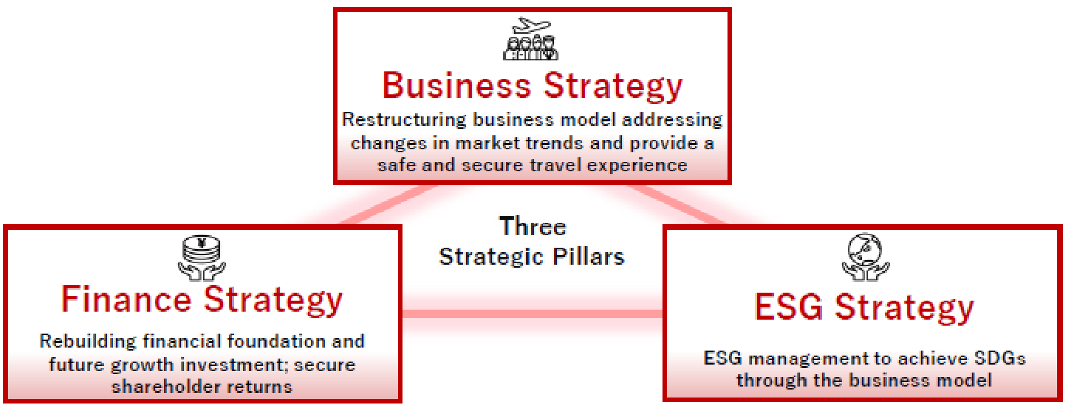
a. JAL Vision 2030: Ideal form of the JAL Group in 2030

In the midst of drastic changes in the times and values, we will realize the following with "Safety and Comfort" and "Sustainability" as the engine for future growth.

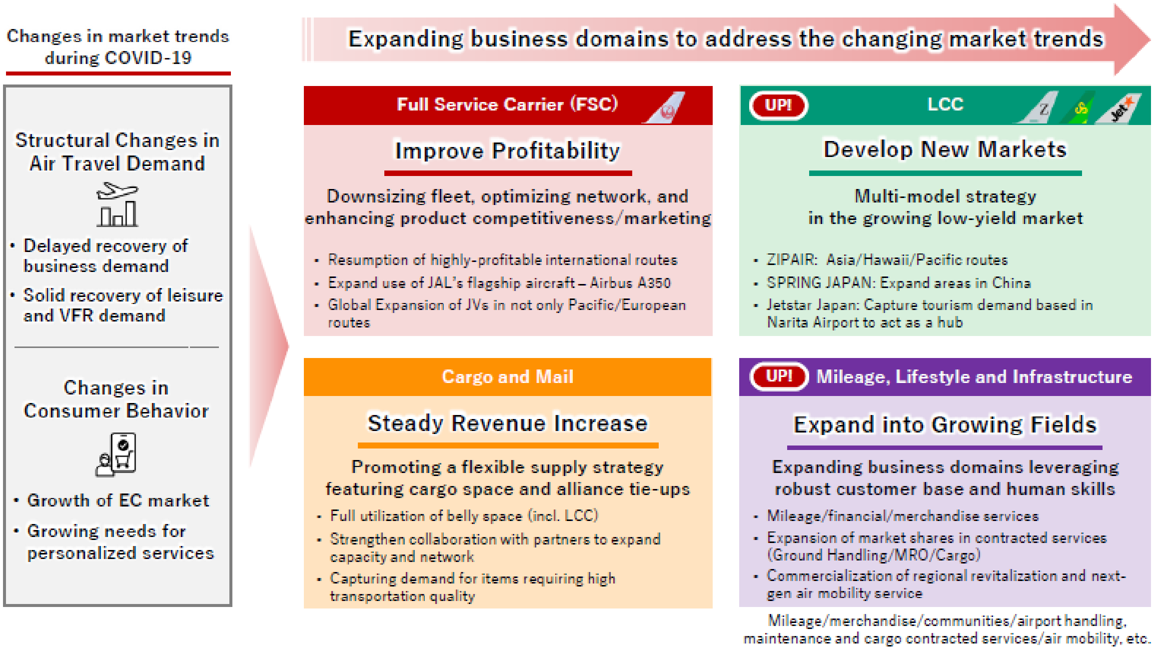


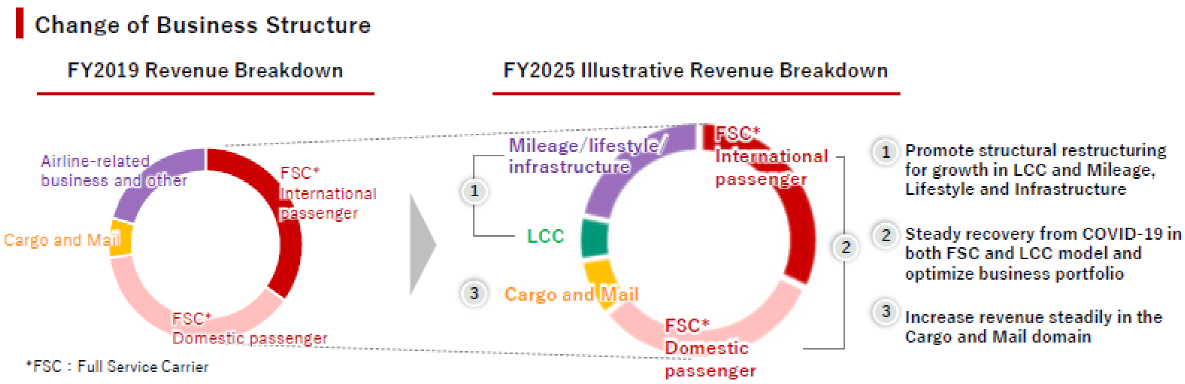
b. Outline of management strategies

During the period of this Medium Term Management Plan, we will make progress in structural reforms of our business on the premise that we restructure our financial foundation, which is an urgent issue, while accelerating our initiatives for realizing sustainable society through our business activities, and we will achieve growth again upon quickly recovering our profit level.



- Business strategies:
We will promote business structure reform in order to build a sustainable business structure that can flexibly respond to market changes and withstand future risks.





- Financial strategies:
  We will attain enhanced resilience to risk as well as capital efficiency, and strategically distribute management resources.

		FY2021～2023	FY2024～2025
Enhancement of Risk Tolerance and Capital Efficiency • Enhance risk tolerance • Maintain and improve financing capabilities • Improve capital and asset efficiency	Liquidity	Secure the amount of 5.0~5.6 months worth of passenger revenue (incl. credit facility)	Maintain the same level
	Leverage	Recover the equity ratio to c. 50%	Maintain the same level
	Credit rating		Obtain "A" rating
	Capital efficiency	ROIC[*1] >9% ROE >10%	Maintain or improve
Allocation of Resources • Observe financial discipline • Allocate resources optimally • Promote investment for sustainable growth	Capital allocation	Prioritize rebuilding the financial structure	Promote investment for sustainable growth
	Discipline	Secure sufficient free cash flow for each fiscal period	
Shareholder Return • Dividends with focus on stability and consistency • Payout ratio: 35% or higher • Flexible buyback to enhance total return ratio	Dividend	Aim to resume dividends as early as possible	Stable dividend with payout ratio over 35%
	Total return		Flexibly consider buyback

*1: Return on Invested Capital = EBIT (after tax) /Average fixed assets at the beginning and end of a fiscal year (*2)
*2: Fixed assets = Inventory assets + Non-current assets – Deferred tax assets – Net defined benefit asset

- ESG strategies:
  We will aim to realize sustainable society through our business activities.

c. Management goals for the Medium Term Management Plan

We will keep making tireless efforts to achieve the following management goals by FY2025 toward the JAL Vision 2030.

FY2025 Targets

Safety and Comfort	Safety	Aircraft Accidents and Serious Incidents: 0 (during the entire period of the Medium-term management plan)
	Comfort	Top Level Customer Experience both in air travel services and daily life NPS*1 +4.0pt (International/domestic flights)
Financial	EBIT Margin	10% or Higher in FY2023 (to improve onwards)
	ROIC	9% in FY2023 (to maintain or improve onwards)
	EPS	FY2023 ¥260 Pre-COVID level → FY2025 c. ¥290
Sustainability	Environment	CO_2 Emission Reduction Total emission: below 9.09 million tons (FY2019 Result) Reduction of Single-use Plastic No use of virgin petroleum-based plastic at cabin/lounge (100% switch to eco-friendly materials at Cargo/Airport service)
	Communities	Regional Revitalization Domestic passenger*2 and cargo transport volume: +10% vs FY2019
	People	Promotion of D&I Group Female Managers Ratio: 30% (19.5% as of FY2020 end) Consistent efforts to encourage various human resources to demonstrate their potential

*1: Net Promoter Score…objective indicator of customer satisfaction (vs the beginning of FY2021
*2: Increases in passenger numbers by stimulating tourism demand and creating new flows

(7) Capital expenditures

During the current fiscal year, the JAL Group's capital expenditures totaled 88.3 billion yen, which is broken down into 56.8 billion yen for aircraft-related capital expenditures, 8.9 billion yen for ground-based assets, etc., and 22.4 billion yen for intangible fixed assets.

During the current fiscal year, the JAL Group introduced 4 new airplanes. On the other hand, 10 airplanes were sold.

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 30.

Newly introduced: 4 airplanes

Airbus A350-900: 3 airplanes
ATR42-600: 1 airplane

Sold: 10 airplanes

Airbus A350-900: 3 airplanes (Post-sale, on lease)
Boeing 777-200: 2 airplanes (Sold)
Boeing 767-300: 3 airplanes (Sold)
SAAB 340B: 2 airplanes (Sold)

(8) Financing

The JAL Group raised funds backed by its strong financial position that has been cultivated thus far, and worked to secure sufficient liquidity on hand by concluding a commitment line agreement of 300.0 billion yen, including pre-existing agreements, while borrowing 262.3 billion yen in the fiscal year under review. Furthermore, there is no debt execution balance at the end of the current fiscal year pertaining to the commitment line agreement. In addition, we initiated a public offering in November in order to improve our financial structure, which has been affected by the spread of COVID-19, at an early stage and to swiftly implement our growth strategy after this situation has ended. Through the offering, we raised equity capital of 182.9 billion yen.

(9) Business transfer, etc.

None

(10) Business results and assets

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

Classification	Japanese GAAP (JGAAP)		
	69th fiscal year ended March 31, 2018	70th fiscal year ended March 31, 2019	71st fiscal year ended March 31, 2020
Operating revenues (Millions of yen)	1,383,257	1,487,261	1,411,230
Operating profit (Millions of yen)	174,565	176,160	100,632
Operating profit margin (%)	12.6	11.8	7.1
Ordinary profit (Millions of yen)	163,180	165,360	102,571
Profit attributable to owners of parent (Millions of yen)	135,406	150,807	53,407
Basic earnings per share (Yen)	383.23	432.10	155.66
Return On Invested Capital (ROIC) (%)	10.1	9.5	5.1
Return On Equity (ROE) (%)	13.3	13.6	4.7
Total assets (Millions of yen)	1,853,997	2,030,328	1,859,362
Net assets (Millions of yen)	1,094,127	1,200,135	1,131,836
Net assets per share (Yen)	3,019.52	3,340.15	3,249.27
Equity ratio (%)	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 shares and shares in the Company held by associated companies. Net assets per share is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury shares and shares in the Company held by associated companies.

2. Return On Invested Capital (ROIC) (%) = Net operating profit after taxes / Average fixed assets (including future rental expenses under operating leases)

Classification	International Financial Reporting Standards (IFRS)	
	[Reference] 71st fiscal year ended March 31, 2020	72nd fiscal year ended March 31, 2021
Revenue (Millions of yen)	1,385,914	481,225
Profit (loss) before financing and income tax (EBIT) (Millions of yen)	88,807	(398,306)
EBIT margin (%)	6.4	(82.8)
Profit attributable to owners of parent (Millions of yen)	48,057	(286,693)
Basic earnings (loss) per share (Yen)	140.04	(764.99)
Return On Invested Capital (ROIC) (%)	4.7	(20.6)
Return On Equity (ROE) (%)	4.6	(29.2)
Total assets (Millions of yen)	1,982,254	2,107,279
Total equity (Millions of yen)	1,049,617	981,535
Equity per share attributable to owners of the parent (Yen)	3,009.71	2,168.06
Ratio of equity attributable to owners of the parent to total assets (%)	51.2	45.0

(Notes) 1. Basic earnings per share is calculated based on the average number of shares outstanding during the current fiscal year after subtracting the number of treasury shares. Equity per share attributable to owners of the parent is calculated based on the total number of shares issued as of the end of the current fiscal year after subtracting the number of treasury shares.

2. The Company regards “Profit before financing and income tax,” a profit from which income tax expense, interest, and other financial income and expense have been deducted, as EBIT.

3. EBIT margin (%) = EBIT / Revenue

4. Return On Invested Capital (ROIC) (%) = EBIT (after tax) / Average fixed assets (*)
*Fixed assets = Inventories + Non-current assets - Deferred tax assets - Retirement benefit asset

(11) Major parent companies and subsidiaries (as of March 31, 2021)

a. Parent companies

None

b. Subsidiaries

Name	Capital	Ratio of voting rights	Principal business
JAPAN TRANSOCEAN AIR CO., LTD.	4,537 million yen	72.8%	Air transportation business
JAPAN AIR COMMUTER CO., LTD.	300 million yen	60.0%	Air transportation business
J-AIR CO., LTD.	200 million yen	100.0%	Air transportation business
JALCARD, Inc.	360 million yen	50.6%	Credit card business
JALPAK CO., LTD.	80 million yen	* 97.8%	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, 2021)

Air transportation business and other businesses incidental or related thereto.

(13) Principal locations of business and plants (as of March 31, 2021)

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, 2021)

	Number of Employees	Increase (decrease) from the previous fiscal year
Air transportation business	32,902 persons [511 persons]	+1,219 [-249]
Other	3,158 persons [304 persons]	-812 [-80]
Total	36,060 persons [815 persons]	+407 [-329]

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

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

(15) Aircraft (as of March 31, 2021)

Aircraft	Number of aircraft			Number of seats
	Owned	Leased	Total	
Large-sized aircrafts				
Airbus A350-900	4	4	8	369
Boeing 777-200	9	0	9*	375
Boeing 777-200ER	11	0	11*	236, 312
Boeing 777-300	4	0	4*	500
Boeing 777-300ER	13	0	13	244
(Subtotal)	(41)	(4)	(45)	
Middle-sized aircrafts				
Boeing 787-8	29	0	29	186, 206, 290, 291
Boeing 787-9	17	3	20	195, 203, 239
Boeing 767-300	2	0	2	261
Boeing 767-300ER	29	0	29	199, 227, 237, 252, 261
(Subtotal)	(77)	(3)	(80)	
Small-sized aircrafts				
Boeing 737-800	43	18	61	144, 165
(Subtotal)	(43)	(18)	(61)	
Regional aircrafts				
Embraer 170	18	0	18	76
Embraer 190	14	0	14	95
Bombardier DHC8-400CC	5	0	5	50
SAAB 340B	3	0	3*	36
ATR42-600	8	1	9	48
ATR72-600	2	0	2	70
(Subtotal)	(50)	(1)	(51)	
Total	211	26	237	

* Of the above the number of aircraft already decommissioned (awaiting sale) as of March 31, 2021 is as follows: Boeing 777-200: 9 aircraft; Boeing 777-300: 4 aircraft; Boeing 777-200ER: 5 aircraft; SAAB 340B: 1 aircraft. Total decommissioned: 19 aircraft.

(16) Major Creditors (as of March 31, 2021)

Creditor	Loans outstanding at the end of the period
Mizuho Bank, Ltd.	88,915 million yen
MUFG Bank, Ltd.	88,915 million yen
Development Bank of Japan Inc.	51,600 million yen
Sumitomo Mitsui Banking Corporation	25,422 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 December 2020, the JAL flight 904 (Okinawa to Haneda), flew back to Naha Airport due to damage to its left engine. This case was classified as a serious incident by Ministry of Land, Infrastructure, Transport and Tourism. We took this incident seriously and conducted prevention measures including urgent inspection and repeated inspection on fan blades of the engines of all 13 of the Boeing 777 aircraft configured for domestic flights equipped with engines of the same type as the aircraft that caused the incident (hereinafter, the “same-type aircraft”). However, in response to an incident of damage to an engine of the same type that occurred to an aircraft of another airline in February 2021, we suspended the operations of the same-type aircraft to ensure all possible measures are taken to maintain safety. While initially planning to completely retire the same-type aircraft during FY2021, we decided to retire them early at the end of the current fiscal year in light of economic factors, since the timing for the resumption of flight services is still uncertain. However, we will continue to fully cooperate with and address investigations into the cause conducted by the Japan Transport Safety Board under the Ministry of Land, Infrastructure, Transport and Tourism.

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. Basic stance on capital strategy and policy on shareholder return

   a. Basic stance on capital strategy

      1) In order to plan for future corporate growth and adapt to changes in the management environment so as to be prepared for business risks unique to the air transportation business, JAL Group strives to secure net assets required for capital expenditures and to keep the equity ratio stable.

      2) It has established a system to secure diverse and flexible means of procuring capital and strives to maintain a good credit rating to realize this.

      3) JAL Group is also aware of cost of equity and to achieve a level of capital efficiency that exceeds the costs, establishes a management plan and financial targets and discloses and explains them including concrete measures to achieve its targets.

   b. Outlook for the future

      The spread of COVID-19 shows no sign of slowdown not only in Japan but also in most countries across the world, and the timing and progress of easing of restrictions on overseas travel and quarantine measures by each country are unclear. Therefore, it is extremely difficult to foresee future demand trends at present, especially in international passenger demand. Accordingly, the JAL Group decided to leave the forecast of financial results for the fiscal year ending March 31, 2022 undecided as it is difficult to reasonably estimate a production plan and a revenue outlook for the current fiscal year at present. In the future, we will promptly present a forecast of financial results when we have clarity on matters such as the state of infection in Japan and across the world, the state of vaccination progress, the state of development of a cure, as well as the state of easing of restrictions on overseas travel by each country based on those factors, and the degree of recovery of air passenger demand has been ascertained to a certain degree.

   c. 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.

      Nevertheless, the aviation industry in which the Company belongs has been seriously affected by the prolonged impact of the spread of COVID-19, and we have recorded a significant amount of loss with EBIT for the current fiscal year at negative 398.3 billion yen. Moreover, the situation in which we cannot even foresee the state of affairs for the fiscal year ending March 31, 2022 continues. Taking this situation into account, we have concluded that placing a priority on securing liquidity on hand and maintaining financial soundness is appropriate for now, and accordingly decided to forgo payment of dividends for the current fiscal year. While we sincerely regret this decision, we would appreciate the understanding of our shareholders in this regard, in light of circumstances currently facing the JAL Group. In addition, because the timing of recovery of air passenger demand is unclear at present and it is extremely difficult to foresee financial results for the fiscal year ending March 31, 2022, our forecast of dividends for the fiscal year ending March 31, 2022 is undecided. We will present our forecast of dividends when we have clarity on the outlook of these situations.

      When the spread of COVID-19 has been contained, and air transportation demand in Japan and across the world has recovered, and the JAL Group's financial results have returned to a recovery trend, we will once again strive to achieve continuous and stable shareholder returns while taking into account the conditions of financial positions and cash flows at that time and further in the future.

3. Shares

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

(As of March 31, 2021)

Classification	Total number of shares issued	Number of shareholders
Ordinary shares	437,143,500 shares	389,848 persons

(Notes) 1. The total number of shares issued includes 136,217 shares of treasury shares.

2. During the current fiscal year, the Company conducted a capital increase through a public offering with a payment date of November 25, 2020 and a capital increase by third-party allotment with a payment date of December 23, 2020, pursuant to a Board of Directors' resolution at its meeting held on November 6, 2020, thereby issuing 100,000,000 ordinary shares.

(2) Major shareholders

(As of March 31, 2021)

Name	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	35,755,800	8.18
Custody Bank of Japan, Ltd. (Trust account)	16,796,100	3.84
MSCO CUSTOMER SECURITIES	9,178,003	2.10
KYOCERA Corporation	7,638,400	1.74
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,073,400	1.61
Japan Trustee Services Bank, Ltd. (Trust account 9)	6,608,200	1.51
Japan Trustee Services Bank, Ltd. (Trust account 6)	6,271,100	1.43
Japan Trustee Services Bank, Ltd. (Trust account 1)	5,639,000	1.29
Daiwa Securities Group Inc.	5,000,000	1.14
Custody Bank of Japan, Ltd. (Trust account 2)	4,485,800	1.02

(Note) Shareholding ratio is calculated with 136,217 shares of treasury shares excluded, rounded down to two decimal places.

4. Corporate Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2021)

Position	Name	Responsibility	Important concurrent occupations or positions at other organizations (* indicates a listed company)
Director, Chairman	Yoshiharu UEKI	Chairman of the Board of Directors	Outside Director, Japan Airport Terminal Co., Ltd.(*)
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, President	Yuji AKASAKA	Safety General Manager Chairman of the Management Committee Chairman of the Group Management Council Chairman of the Council for Group Safety Enhancement Chairman of the JAL Philosophy Committee Chairman of the Group Risk Management Council General Manager of SDGs	
Representative Director, Executive Vice President	Shinichiro SHIMIZU	Aide to the President	
Representative Director, Senior Managing Executive Officer	Hideki KIKUYAMA	General Manager, Finance & Accounting	
Director, Senior Managing Executive Officer	Ryuzo TOYOSHIMA	General Manager, Managing Division Route Marketing	
Director, Managing Executive Officer	Yuichi KITADA	General Manager, Engineering & Maintenance President of JAL ENGINEERING CO., LTD.	
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, 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	Osamu KAMO		Attorney at law, Ginza Sogo Law Office External Audit & Supervisory Board Member, Azearth Corporation(*)
External Audit & Supervisory Board Member	Shinsuke KUBO		Representative Partner, Kyoei Accounting Office External Audit and Supervisory Board Member, KAWASAKI KISEN KAISHA, Ltd.(*)
Audit & Supervisory Board Member	Joji OKADA		Member, Business Accounting Council of Financial Services Agency Governor (Outside), Japan Exchange Regulation

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

(1) Assumption

At the 71st Ordinary General Meeting of Shareholders held on June 19, 2020, Mr. Yuichi Kitada was newly appointed as Director, and Mr. Joji Okada was newly appointed as External Audit & Supervisory Board Member, and both of them assumed office on the same date.

(2) Retirement

At the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 19, 2020, Mr. Nobuyoshi Gondo retired from office of Director, and Mr. Shinji Hatta retired from office of External Audit & Supervisory Board Member.

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 Audit & Supervisory Board Member, Mr. Shinsuke Kubo, assumed office as External Audit and Supervisory Board Member, KAWASAKI KISEN KAISHA, Ltd. on June 23, 2020.

External Audit & Supervisory Board Member, Mr. Joji Okada, assumed office as Governor (Outside), Japan Exchange Regulation on October 28, 2020.

(2) Retirement

Director, Mr. Masatoshi Ito, retired from office of Outside Director, Yamaha Corporation on June 23, 2020.

External Audit & Supervisory Board Member, Mr. Osamu Kamo, retired from office of Chairman of Government Procurement Review Board (Cabinet Office, Government of Japan) on October 31, 2020.

External Audit & Supervisory Board Member, Mr. Shinsuke Kubo, retired from office of Representative Director, Japan Enterprise Sustainable Transformation Advisory Co., Ltd. on December 18, 2020 due to its dissolution.

3. 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.
4. The Company provides annual membership fee payments to Japan Advertisers Association.
5. Audit & Supervisory Board Members, Mr. Osamu Kamo, Mr. Shinsuke Kubo and Mr. Joji Okada 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.
6. 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.
7. Audit & Supervisory Board Member, Mr. Shinsuke Kubo is qualified to be a certified public accountant and has considerable knowledge of finance and accounting.
8. Audit & Supervisory Board Member, Mr. Joji Okada has considerable knowledge of finance and accounting, having been engaged mainly in the finance and accounting departments over his many years since joining Mitsui & Co., Ltd., and having served as Executive Vice President, CFO of Mitsui & Co., Ltd.

9. Effective April 1, 2021, the positions and responsibilities of Directors have been changed as follows:

Position	Name	Responsibility
Representative Director, Executive Vice President	Shinichiro SHIMIZU	Aide to the President Chairman of the Committee for Tokyo 2020 Olympic and Paralympic Promotion Chief Wellness Officer Chairman of the JAL Wellness Promotion Committee
Director, Senior Managing Executive Officer	Ryuzo TOYOSHIMA	Route Marketing
Director	Tadashi FUJITA	
Director	Yuichi KITADA	

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

(Reference) (as of March 31, 2021)

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	In charge of Managing Division Route Marketing (Route Marketing Strategies)
Managing Executive Officer	Hidetsugu UEDA	General Manager, General Affairs Chairman of the Sustainability Promotion Committee
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	Deputy General Manager, Managing Division Passenger Sales General Manager, International Passenger Sales Senior Vice President, Eastern 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 Affairs, in charge of Brand Communication Deputy Chairman of the Committee for Tokyo 2020 Olympic and Paralympic Promotion
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	In charge of Executive Secretariat, Strategic Corporate Relations, Policy Management Center
Executive Officer	Hiroo IWAKOSHI	General Manager, Cargo & Mail
Executive Officer	Atsushi MAEDA	General Manager, Airport Operations
Executive Officer	Yasuyuki SATO	General Manager, Managing Division Route Marketing (Products and Services Planning)

Position	Name	Responsibility
Executive Officer	Shunsuke HONDA	General Manager, Regional Vitalization Division In charge of Managing Division Route Marketing (Revenue Management)
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, Corporate Safety & Security Manager, Family Assistance & Support
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.
Executive Officer	Mitsuko TOTTORI (*)	General Manager, Cabin Attendants
Executive Officer	Shingo TAKEI (*)	Senior Vice President, Western Japan
Executive Officer	Munekazu TACHIBANA (*)	General Manager, Flight Operations

(Note) (*): Assumed office on April 1, 2020.

(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) Conclusion of a directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance ("D&O insurance") policy covering Directors and Audit & Supervisory Board Members as the insured.

However, claims for damage compensation will not be covered by the above insurance policy when the damage was caused intentionally or by gross negligence.

(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	Performance-linked remuneration (Bonus)	Performance-linked remuneration (Non-monetary remuneration claims, etc.)
Directors (Of which, External Directors)	11 (3)	294 (36)	294 (36)	– (–)	– (–)
Audit & Supervisory Board Members (Of which, External Audit & Supervisory Board Members)	6 (4)	77 (28)	77 (28)	–	–
Total	17	371	371	–	–

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

(Notes) 1. Remuneration, etc. paid for the fiscal year under review includes one (1) Director and one (1) Audit & Supervisory Board Member who retired from office at the conclusion of the 71st Ordinary General Meeting of Shareholders held on June 19, 2020.

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

3. As an incentive to achieve continual and robust growth for the Group, the performance-linked bonus will be calculated using profit attributable to owners of parent, indicators related to safety operation, and individual evaluation indices for each officer.

Concerning the calculation method, the standard payment amount prescribed for each position and performance indicators are used in the following calculations.

The following calculation method is used for the performance-linked bonus for the Chairman and President:

Amount of performance-linked bonus = Standard payment amount × Evaluation of profit attributable to owners of parent × Safety operations evaluation (90%, 100% or 110%)

The following calculation method is used for the performance-linked bonus for Directors other than the Chairman and President:

Amount of performance-linked bonus = Standard payment amount × (Evaluation of profit attributable to owners of parent × 70% + Individual evaluation × 30%) × Safety operations evaluation (90%, 100% or 110%)

4. 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. At the time of conclusion of such General Meeting of Shareholders, the number of Audit & Supervisory Board Members was five (including two Audit & Supervisory Board Members).

b. Policy on determination of remuneration in kind for Directors

The total amount of monetary remuneration, etc. for Directors shall 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), and 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) shall 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 (determined by a resolution at 68th Ordinary General Meeting of Shareholders held on June 22, 2017). At the time of conclusion of such General Meeting of Shareholders, the number of

Directors was 10 (including three External Directors). With regard to External Directors, taking into consideration their role, performance-linked bonus and remuneration in the form of monetary remuneration receivables under the performance-linked share-based remuneration plan are not paid. The Company pays remuneration within the scope of (i) fixed basic remuneration, with an upper limit of 50 million yen per year as the total amount for External Directors.

The amount of fixed basic remuneration and performance-linked bonus paid to each Director is determined by the Board of Directors after passing through deliberation and reporting by a Compensation Committee that comprises a majority of External Directors and is chaired by an External Director.

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

Regarding the remuneration which was approved by the resolution of the General Meeting of Shareholders described above, the Company has decided the following policies regarding the determination of Director remuneration, etc. at the Board of Directors meeting after deliberation and reporting to the Compensation Committee.

Fundamental policies

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

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

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

Remuneration levels and remuneration composition ratios

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

(2) Taking into account factors including the content of the Company's business and the effectiveness of performance-linked remuneration, the Company sets the proportions of (A) amount of fixed basic remuneration*, (B) amount of performance-linked bonus to be paid according to degree of achievement against targets, and (C) amount of performance-linked share-based remuneration to be issued according to the degree of achievement against targets, as follows.

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 performance-linked 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 performance evaluation indices 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. In line with the adoption of IFRS, the details of performance evaluation indices are under consideration.

Furthermore, based on the results for FY2019, 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 2020. (The results of the performance indicates based on the results for FY2019 were as follows: evaluation of profit attributable to owners of parent was 0%, safety operations evaluation was 90%, and individual performance was from 75% to 125%.)

In regard to the performance-linked bonus calculated based on the results for the FY2020, the Company's Compensation Committee deliberated and reported that it would be inappropriate to provide bonuses during this unprecedented critical business environment from the outbreak of COVID-19. Based on the report from the Committee, the Company's Board of Directors resolved, at its meeting held on October 30, 2020, that there will be no payments of performance-linked bonus calculated based on the results for the FY2020.

(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 performance evaluation indices 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 line with the adoption of IFRS, the details of performance evaluation indices are under consideration.

In regard to ordinary shares 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.

- With regard to the "performance-linked share-based remuneration" that began in FY2017, as a result of discussions at the Company's Compensation Committee in light of the unprecedentedly harsh management environment suffering from the impact of the spread of COVID-19, it was reported that paying the remuneration is inappropriate. Based on the report of the Compensation Committee, the Company resolved at the meeting of the Board of Directors held on June 26, 2020, not to pay the performance-linked share-based remuneration whose performance evaluation period is from FY2017 to FY2019 across the board.
- With regard to the "performance-linked share-based remuneration" that began in FY2018, as a result of discussions at the Company's Compensation Committee in light of the unprecedentedly harsh management environment suffering from the impact of the spread of COVID-19, it was reported that paying the remuneration is inappropriate. Based on the report of the Compensation Committee, the Company resolved at the meeting of the Board of Directors held on October 30, 2020, not to pay the performance-linked share-based remuneration whose performance evaluation period is from FY2018 to FY2020 across the board.

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

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

Regarding the individual remuneration, etc., after a discussion based on the policies concerning the determination of the Director remuneration etc. described above at the Compensation Committee, which has an External Director serving as Chairperson and a majority of members who are External Directors, it was decided at the Board of Directors meeting held on February 20, 2020, with due respect for the deliberations and reports of that committee that the details of the individual remuneration, etc. are judged to be in compliance with the above policies established by the Company.

(5) 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: 100% (20/20)	Mr. Kobayashi has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a member of top management of a general trading company which develops businesses around the world. With such attributes, he was expected to give advice to the Company's management and appropriately supervise the performance of duties from practical and diversified perspective. He used this experience and so forth, as well as activities as Chairman of the Corporate Governance Committee, Chairman of the Nominating Committee and Chairman of the Compensation Committee to give advice to the Company's management and supervise the performance of duties.
Director	Masatoshi ITO	Board of Directors meetings attended: 100% (20/20)	Mr. Ito has deep insight as a member of top management of a global company and extensive experience in marketing and management strategy. With such attributes, he was expected to give advice to the Company's management and appropriately supervise the performance of duties from practical and diversified perspectives. He used this experience and so forth to give advice to the Company's management and supervise the performance of duties.
Director	Sonoko HATCHOJI	Board of Directors meetings attended: 100% (20/20)	Ms. Hatchoji has significant knowledge and extensive experience in the areas of financial product development, loans and risk management at banks, and customer-centric marketing and management strategy in hotel management. She also has diversified perspectives gained in the areas including educational reforms at universities. With such attributes, she was expected to give advice to the Company's management and appropriately supervise the performance of duties. She used this knowledge and so forth to give advice to the Company's management and supervise the performance of duties.
Audit & Supervisory Board Member	Osamu KAMO	Board of Directors meetings attended: 100% (20/20) Board of Corporate Auditors meetings attended: 100% (14/14)	Mr. Kamo was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal expert, based on his many years of experience regarding compliance and corporate governance in the legal field such having held positions as a member of an investigation committee on misconduct cases. He used this experience and so forth to give advice and suggestions to the Company's management.
Audit & Supervisory Board Member	Shinsuke KUBO	Board of Directors meetings attended: 100% (20/20) Board of Corporate Auditors meetings attended: 100% (14/14)	Mr. Kubo was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional, based on his many years of experience as a certified public accountant, where he has dealt with corporate auditing, stock listing, corporate restructuring, M&A support, etc. He used this experience and so forth to give advice and suggestions to the Company's management and supervise the performance of duties.

Position	Name	Attendance at meetings of the Board of Directors and the Board of Corporate Auditors	Major activities during the current fiscal year
Audit & Supervisory Board Member	Joji OKADA	Board of Directors meetings attended: 100% (16/16) Board of Corporate Auditors meetings attended: 100% (10/10)	Mr. Okada was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the practical perspective on all aspects of audit, based on his practical experience and professional expertise as a manager in the management and the finance & accounting department of a general trading company, as well as rich experience as a Full-time Audit & Supervisory Board Member of the general trading company and Chairperson of the Japan Audit & Supervisory Board Members Association. He used this experience and so forth to give advice and suggestions to the Company's management.

* Mr. Joji Okada was newly appointed at the 71st Ordinary General Meeting of Shareholders held on June 19, 2020, and assumed office as Audit & Supervisory Board Member on the same day. As such, his attendance record differs from those of other External Audit & Supervisory Board Members.

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	133 million yen
b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries	242 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 Statement of Financial Position

As of March 31, 2021

(Millions of yen)

ASSETS	Amount	(Reference) Amount of previous fiscal year
I Current assets		
Cash and cash equivalents	408,335	329,149
Trade and other receivables	76,760	94,071
Other financial assets	14,133	1,305
Inventories	23,680	28,409
Other current assets	44,906	55,500
Subtotal	**567,816**	**508,435**
II Non-current assets		
Tangible fixed assets		
Flight equipment	827,587	894,835
Advances on flight equipment	129,882	102,519
Other tangible fixed assets	87,942	86,462
Total tangible fixed assets	**1,045,413**	**1,083,817**
Intangible assets	**89,662**	**95,777**
Investments accounted for using equity method	24,232	31,105
Other financial assets	128,055	120,218
Deferred tax assets	225,886	122,323
Retirement benefit asset	3,176	938
Other non-current assets	23,036	19,638
Subtotal	**1,539,462**	**1,473,819**
Total assets	**2,107,279**	**1,982,254**

Consolidated Statement of Financial Position

As of March 31, 2021

(Millions of yen)

LIABILITIES	Amount	(Reference) Amount of previous fiscal year
I Current liabilities		
Trade and other payables	97,185	125,208
Interest-bearing liabilities	69,621	38,618
Other financial liabilities	42,490	51,065
Income taxes payable	3,890	2,824
Contract liabilities	215,239	251,809
Provisions	3,750	1,220
Other current liabilities	44,714	30,903
Subtotal	**476,893**	**501,651**
II Non-current liabilities		
Interest-bearing liabilities	445,525	238,811
Other financial liabilities	23,479	13,913
Deferred tax liabilities	108	222
Provisions	15,667	14,645
Retirement benefit liability	153,169	151,330
Other non-current liabilities	10,899	12,062
Subtotal	**648,850**	**430,985**
Total liabilities	**1,125,744**	**932,637**
EQUITY		
I Equity attributable to owners of parent		
Share capital	273,200	181,352
Capital surplus	273,557	182,437
Retained earnings	352,965	645,408
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	35,468	28,793
Effective portion of cash flow hedges	12,877	(23,146)
Exchange differences on translation of foreign operations	(201)	(141)
Total accumulated other comprehensive income	**48,144**	**5,506**
Subtotal	**947,459**	**1,014,295**
II Non-controlling interests	**34,075**	**35,321**
Total equity	**981,535**	**1,049,617**
Total liabilities and equity	**2,107,279**	**1,982,254**

Consolidated Statement of Profit or Loss

(April 1, 2020 – March 31, 2021)

(Millions of yen)

	Amount	(Reference) Amount of previous fiscal year
Revenue		
International passenger revenue	27,969	486,217
Domestic passenger revenue	174,006	529,707
Other revenue	279,249	369,989
Total revenue	481,225	1,385,914
Other income	13,397	9,069
Personnel expenses	(254,809)	(291,317)
Aircraft fuel	(96,788)	(243,420)
Depreciation, amortization and impairment losses	(190,585)	(164,383)
Other operating expenses	(342,854)	(609,759)
Total operating expenses	(885,037)	(1,308,881)
Operating profit (loss)	(390,414)	86,103
Share of profit (loss) of investments accounted for using equity method	(7,582)	1,396
Profit (loss) before investing, financing and income tax	(397,997)	87,500
Investing income	2,694	2,399
Investing expenses	(3,003)	(1,091)
Profit (loss) before financing and income tax	(398,306)	88,807
Finance income	1,799	1,102
Finance expenses	(7,570)	(1,760)
Profit (loss) before tax	(404,078)	88,149
Income tax expense	116,202	(36,137)
Profit (loss)	(287,875)	52,012
Profit (loss) attributable to		
Owners of parent	(286,693)	48,057
Non-controlling interests	(1,182)	3,955

Consolidated Statement of Changes in Equity

(April 1, 2020 – March 31, 2021)

(Millions of yen)

	Equity attributable to owners of parent					
					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
Balance as of April 1, 2020	181,352	182,437	645,408	(408)	28,793	(23,146)
Profit (loss)	–	–	(286,693)	–	–	–
Other comprehensive income	–	–	–	–	3,275	35,871
Comprehensive income	–	–	(286,693)	–	3,275	35,871
Issuance of new shares	91,848	91,120	–	–	–	–
Transfer to hedged non-financial assets	–	–	–	–	–	152
Purchase of treasury shares	–	–	–	(0)	–	–
Increase (decrease) by acquisition of shares in consolidated subsidiaries	–	(0)	–	–	–	–
Transfer to retained earnings	–	–	(5,749)	–	3,399	–
Total transactions with owners	91,848	91,120	(5,749)	(0)	3,399	152
Balance as of March 31, 2021	273,200	273,557	352,965	(408)	35,468	12,877

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Accumulated other comprehensive income			Total equity attributable to owners of parent		
	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2020	(141)	–	5,506	1,014,295	35,321	1,049,617
Profit (loss)	–	–	–	(286,693)	(1,182)	(287,875)
Other comprehensive income	(60)	(2,349)	36,736	36,736	(40)	36,695
Comprehensive income	(60)	(2,349)	36,736	(249,956)	(1,223)	(251,179)
Issuance of new shares	–	–	–	182,968	–	182,968
Transfer to hedged non-financial assets	–	–	152	152	–	152
Purchase of treasury shares	–	–	–	(0)	–	(0)
Increase (decrease) by acquisition of shares in consolidated subsidiaries	–	–	–	(0)	(22)	(23)
Transfer to retained earnings	–	2,349	5,749	–	–	–
Total transactions with owners	–	2,349	5,901	183,121	(22)	183,098
Balance as of March 31, 2021	(201)	–	48,144	947,459	34,075	981,535

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Standards for the preparation of consolidated financial statements

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

The JAL Group has adopted IFRS from the fiscal year ended March 31, 2021, with April 1, 2019 as the date of transition to IFRS.

2. Scope of consolidation

Consolidated subsidiaries

Number of consolidated subsidiaries: 55

Names of principal consolidated subsidiaries:

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

3. Application of the equity method

Number of affiliates accounted for by the equity method and names of principal affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method: 11

Names of principal affiliates accounted for by the equity method:

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

4. Summary of significant accounting policies

(1) Valuation of significant assets

I. Financial instruments

a. Financial assets

(a) Initial recognition and measurement

The JAL Group classifies financial assets into financial assets measured at fair value through profit or loss; financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. The classification is determined at the time of initial recognition.

The JAL Group recognizes these financial instruments on the transaction date when it becomes a party to the contractual provisions of the financial assets.

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

(i) Financial assets that are debt instruments

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

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

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

- the financial asset is held based on JAL Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(ii) Financial assets that are equity instruments

Equity financial assets designated as those whose subsequent changes in fair value are recognized in other comprehensive income at initial recognition are classified as financial assets measured at fair value through other comprehensive income, except for those held for trading that must be measured at fair value through profit or loss.
Such designations are made for each equity financial asset and applied consistently assuming that they are irrevocable.

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

(b) Subsequent measurement

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

(i) Financial assets measured at amortized cost

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

(ii) Financial assets measured at fair value

Changes in fair value of financial assets measured at fair value are recognized in profit or loss. However, changes in fair value of equity financial assets designated as measured at fair value through other comprehensive income are recognized in other comprehensive income. Dividends from such financial assets are recognized as part of investing income in profit or loss for the current fiscal year.
If an equity instrument measured at fair value through other comprehensive income is derecognized, or the fair value decreases significantly, the amount accumulated in other comprehensive income is reclassified to retained earnings.

(c) Derecognition of financial assets

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

(d) Impairment of financial assets

For financial assets measured at amortized cost, the JAL Group recognizes an allowance for doubtful accounts for expected credit losses.
The JAL Group assesses at the end of reporting period whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the amount equal to expected credit losses for 12 months is recognized as allowance for doubtful accounts. On the other hand, if the credit risk has increased significantly since initial recognition, the amount equal to lifetime expected credit losses is recognized as allowance for doubtful accounts. However, for trade receivables that do not contain a significant financing component, allowance for doubtful accounts are always recognized at the amount equal to lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since initial recognition.
Expected credit losses are measured at the present value of the difference between the contractual cash flows that are due to the JAL Group under the contract and all the cash flows that the JAL Group expects to receive.
An allowance for doubtful accounts for financial assets is recognized in profit or loss. In case any event occurs that reduces the allowance for doubtful accounts, the reversal of allowance for doubtful accounts is recognized in profit or loss.

b. Financial liabilities

(a) Initial recognition and measurement

The JAL Group classifies financial liabilities classified as held for trading or derivatives as financial liabilities measured at fair value through profit or loss. Other financial liabilities are classified as financial liabilities measured at amortized cost. The classification is determined at the time of initial recognition.
The JAL Group recognizes these financial instruments on the transaction date when it becomes a party to the contractual provisions of the financial liabilities.

All financial liabilities are initially measured at fair value. However, financial liabilities measured at amortized cost are measured at an amount after deducting transaction costs that are directly attributable to the financial liabilities.

(b) Subsequent measurement

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

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

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

(ii) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the effective interest method after initial recognition.

Amortization under the effective interest method and gains or losses on derecognition are recognized as part of finance expenses in profit or loss for the current fiscal year.

(c) Derecognition of financial liabilities

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

c. Presentation of financial assets and liabilities

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

d. Derivatives and hedge accounting

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

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

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

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

The JAL Group assesses on an ongoing basis whether the hedging relationship is effective prospectively. Generally, no material hedge ineffectiveness is expected to arise as we conduct highly effective hedging transactions. However, the value changes of the hedging instrument may exceed those of the hedged item since we have designated forecast transactions as hedged items. In such case, hedge ineffectiveness will arise.

In cases where a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective remains unchanged, the JAL Group readjusts the hedging ratio to reestablish the effectiveness of the hedge relationship. Furthermore, the JAL Group discontinues hedge accounting in cases where there is a change in the risk management objective for the hedging relationship.

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

II. Inventories

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

III. Tangible fixed assets (excluding leases)

(i) Recognition and measurement

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

(ii) Depreciation and useful life

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

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

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

IV. Intangible assets

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

Software: 5 years

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

V. Leases

The JAL Group determines a contract, or part of a contract is, or contains, a lease, which conveys the right to control the use of an identified asset for a period of time in exchange for consideration, and recognizes a right-of-use asset and a lease liability at the commencement date of the lease. A right of use asset is included in flight equipment or other tangible fixed assets in the consolidated statement of financial position. A lease liability is included in interest-bearing liabilities in the consolidated statement of financial position. However, for short-term leases and leases for which the underlying asset is of low value, the JAL Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

The JAL Group measures a lease liability at the present value of the total lease payments that are not paid at the commencement date of the lease based on the individual contract, and recognizes the repayments of the principal and the payment of interest on the lease liability by using the effective interest method over the lease term depending on the lease payments. The JAL Group generally uses the interest rate implicit in the lease or its incremental borrowing rate (if the lease or the interest rate implicit cannot be readily measured) as a discount rate.

The JAL Group records the right-of-use asset at acquisition cost including the already paid consideration for the recorded amount of the lease liability and adjustment of the estimated amount of restoration cost to be incurred at the end of the lease, and depreciates the right-of-use asset using the straight-line method over the lease term.

VI. Impairment of non-financial assets

The JAL Group assesses at the end of reporting period year whether there is any indication that the carrying amount of its non-financial assets, except inventories and deferred tax assets, may be impaired. When there is any indication of impairment, the recoverable amount of the assets is estimated. The JAL Group estimates the recoverable amount of intangible assets with indefinite useful lives or intangible assets not yet available for use at the same timing of every fiscal year regardless of any indication of impairment.

The recoverable amount of an asset or cash generating unit is measured at the higher of its value in use and its fair value less costs to sell. In determining the value in use, estimated future cash flows are discounted to the present value, using pretax discount rates that reflect the time value of money and the risks specific to the asset. Due to continuing use, assets on which an impairment test is not performed individually are integrated into the smallest cash generating unit that generates largely independent cash inflows from cash inflows of other assets or groups of assets.

The JAL Group's corporate assets do not generate independent cash inflows. When there is any indication of impairment for the corporate assets, the JAL Group measures the recoverable amount of the cash generating unit to which the corporate assets belong.

Any impairment loss is recognized in profit or loss if the carrying amount of an asset or cash generating unit exceeds the estimated recoverable amount of the asset or cash generating unit. Impairment losses that are recognized in association with a cash generating unit proportionally reduce the carrying amount of the principal assets within the cash generating unit.

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

(2) Method for depreciation of fixed assets

(a) Tangible fixed assets

Principally the straight-line method is used.

(b) Intangible assets

The straight-line method is used.

(c) Leases

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

(3) Criteria for the recording of major provisions

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

(i) Asset retirement obligations

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

(ii) Reserve for loss on antitrust litigation

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

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

Foreign currency translations

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of each entity of the JAL Group at the exchange rates on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into the functional currencies at the exchange rates at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies to be measured at fair value are translated into the functional currencies at the exchange rates on the date when the fair value is measured.

Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from translation of financial assets measured through other comprehensive income and from cash flow hedges are considered other comprehensive income.

(ii) Financial statements of foreign operations

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

(5) Accounting treatment of post-employment benefits

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

(i) Defined benefit plans

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

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

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

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

(ii) Defined contribution plans

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

(6) Accounting standards for revenue

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

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

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

Other specific criteria for revenue recognition are described in “12. Notes concerning revenue recognition.”

(7) Treatment of consumption taxes

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

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

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

5. Estimates in accounting

In preparing the consolidated financial statements, the management makes estimates based on assumptions that affect the application of the JAL Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates are based on the management's best estimates and judgements reflecting historical experience and a variety of other factors that are considered to be reasonable at the end of the reporting period. Actual results in future, however, may differ from these estimates.
These estimates and underlying assumptions are reviewed/revised on an ongoing basis. The impact of the revision is recognized in the accounting period there were revised and future accounting period.
Estimates of future business performance, which form the basis for matters including recognition of impairment of fixed assets and deferred tax assets, are based on the JAL Group's Medium Term Management Plan. The main assumptions built into estimates include the degree of impact of the spread of COVID-19 on air travel demand, the period until demand recovery, post-recovery demand forecasts as well as fuel prices, and forecasts of exchange rate related market fluctuations. Moreover, regarding the impact of the spread of COVID-19, while it is expected that the movement of people both within and outside Japan will steadily recover with advancing vaccinations in Japan and countries around the world, the JAL Group is referring to demand recovery scenarios created by the International Air Transport Association (IATA) in creating its accounting estimates based on the assumption that the demand for air travel will recover over a certain period of time going forward and recover to a pre-pandemic profit level in fiscal 2023.
The impact of the COVID-19 pandemic is still uncertain in many ways, and may impact the JAL Group's future financial position and operating results.
The management's estimates that have a significant impact on the amounts recognized in the consolidated financial statements are as follows:

(1) Recognition of revenues

Revenues from air transportation are recognized in contract liabilities at collecting consideration, and then recognized in revenue at completion of air transportation services.
The sales of air tickets that will not be used for air transportation (unused air tickets that are about to expire) are recognized in revenue at an appropriate timing, taking into account the contractual terms of the air tickets and historical trends.
The JAL Group also operates a customer loyalty program called "JAL Mileage Bank." Members of the JAL Mileage Bank can earn miles through flights with the airlines or other services, and can redeem them with the JAL Group or other partners' services.
The portion of granted miles that is expected to be redeemed by customers in the future is recognized as a performance obligation. The stand-alone selling price is estimated with the composition ratio of services selected by customers when using the miles taken into account; the transaction price is allocated on the basis of the ratio of the stand-alone selling price to the performance obligation. The transaction prices allocated to performance obligations under the mileage program are recognized as contract liabilities and are recorded as revenue in line with use of the miles.
As of the end of the current fiscal year, such contract liabilities amounted to 215,239 million yen.

(2) Depreciation expenses of flight equipment

In determining the useful life of each component, including flight equipment, aircraft engine components and cabin related assets, we calculate the depreciation expenses in consideration of their future estimated economically useful life.
As of the end of the current fiscal year, flight equipment amounted to 827,587 million yen.

(3) Impairment of fixed assets

The JAL Group examines whether events that indicate a possibility of impairment of targeted assets (carrying amount: tangible fixed assets of 1,045,413 million yen and intangible assets of 89,662 million yen) exist as of the end of the fiscal year, and, if signs of impairment are present, considers whether or not to record an impairment loss with respect to the assets.
For the current fiscal year, the JAL Group recorded an operating loss for the air transportation business, which is included in the air transportation business segment that accounts for the majority of the target assets, due to the impacts of the COVID-19 pandemic. As these impacts are expected to continue, the JAL Group deemed signs of impairment to be present and examined the necessity of recording an impairment loss.
With regard to estimated future cash flow in the air transportation business, the JAL Group calculated the use value discounted to present value using the pre-tax discount rate reflecting risks inherent in the assets and the time value of money, and examined this as the estimated recoverable amount. It was subsequently determined

that the estimated recoverable amount of the fixed assets exceeds the carrying amount, and no impairment loss was recorded.
Regarding the impairment loss for the current fiscal year, the cash generation unit was changed for flight equipment for which sale contracts have been concluded or for which retirement has been decided, and the amount was reduced to the estimated recoverable amount after deduction of selling costs.

(4) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that there will be sufficient taxable profits against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized.
As of the end of the current fiscal year, deferred tax assets and deferred tax liabilities amounted to 225,886 million yen and 108 million yen respectively.

6. Change in estimates in accounting

The Company has reviewed the future estimated economically useful lives of some flight equipment scheduled to retire, aircraft engine components and cabin related assets, and changed its determination of the useful life from the current fiscal year.
Following this change, operating loss, loss before investing, financing and income tax, loss before financing and income tax and loss before tax increased by 10,829 million yen for the current fiscal year.

7. Notes to consolidated statement of financial position

(1) Allowance for doubtful accounts deducted directly from assets 6,186 million yen

(2) Accumulated depreciation of tangible fixed assets 686,064 million yen

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

Assets pledged as collateral

・Flight equipment	447,243 million yen
・Others	14,208 million yen

Obligations secured by such collateral

・Current portion of long-term borrowings	24,719 million yen
・Long-term borrowings	266,859 million yen

It is confirmed in each agreement that the financial institutions have the right to dispose of the assets pledged as collateral and appropriate the amount to or offset the amount with the amount to be repaid in cases where the principal of and/or interest on past-due borrowings are not repaid, giving rise to a default.
The assets pledged as collateral include assets for which revolving pledges have been established to secure debts of the following three companies, under the syndicated loan agreements concluded between each company and financial institutions for the business that is the objective of each company's establishment.

・ Tokyo International Air Terminal Corporation, the JAL Group's associate
・ Kyushu Kumamoto International Airport Co., Ltd.
・ Hokkaido Airports Co., Ltd.

(4) Contingent liabilities

Guarantee liabilities
(Guarantee for bank loans)

・Jetstar Japan Co., Ltd.	9,000 million yen
・Employees	44 million yen

As of March 31, 2021, the Company has been provided a reguarantee from other company for 4,500 million yen of its outstanding guarantee for bank loans to Jetstar Japan Co., Ltd.

(Guarantee for lease liabilities)

・Jetstar Japan Co., Ltd.	2,948 million yen

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

7,867 million yen

8. Notes to consolidated statement of changes in equity

Total number of issued shares at the end of the current fiscal year

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

9. Financial instruments

1. Status of financial instruments

(1) Financial risk management

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

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

(2) Credit risk management

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

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

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

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

The carrying amount of financial assets presented in the consolidated financial statements represents the maximum exposure to credit risk of financial assets held by the JAL Group.

Guarantees outstanding presented in Note "7. Notes to consolidated statement of financial position (4) Contingent liabilities" represent the maximum exposure to credit risk of guarantees provided by the JAL Group.

The JAL Group determines allowance for doubtful accounts based on customer creditworthiness and the collection status of receivables from customers.

The JAL Group records allowance for doubtful accounts on trade receivables that do not contain a significant financing component by group of similar trade receivables at an amount equal to the lifetime expected credit losses. The amount is determined by multiplying the carrying amount of similar trade receivables by the provision rate, which reflects forecasts of future economic conditions and other circumstances in the historical credit loss rate of such assets.

As a general rule, the JAL Group records allowance for doubtful accounts on other receivables on which it determines credit risk has not increased significantly at an amount equal to the 12-month expected credit losses. The amount is determined by multiplying the carrying amount of other receivables by the provision rate, which reflects forecasts of future economic conditions and other circumstances in the historical credit loss rate of such assets.

However, the JAL Group records allowance for doubtful accounts on assets on which it determines credit risk has increased significantly and credit-impaired financial assets at an amount equal to the lifetime expected credit losses. The amount is determined by the difference between the carrying amount of such assets and the individually calculated recoverable amount of them after reflecting forecasts of future economic conditions in the counterparty's financial condition.

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

	Trade and other receivables	Other financial assets
	Items recorded as allowance for doubtful accounts in the same amount as the lifetime expected credit losses	Credit-impaired financial assets
	Millions of yen	Millions of yen
March 31, 2020	950	1,248
Increase	3,993	108
Decrease	(111)	(1)
March 31, 2021	4,831	1,354

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

(3) Liquidity risk management

Liquidity risk is the risk that the JAL Group becomes unable to repay financial liabilities for debts on the due date.
The JAL Group manages liquidity risk by preparing repayment funds in a timely manner and continuously monitoring its cash flow plan and results. In addition, the Company has entered into commitment line agreements with three counterparty financial institutions for the purpose of ensuring liquidity to brace itself for an emergency.

(4) Foreign currency risk management

As the JAL Group operates in countries other than Japan, fluctuations in foreign exchange rates mainly those of the U.S. dollar significantly influence its operating performance.
To mitigate foreign currency risk, the JAL Group uses foreign currency revenues to offset foreign currency expenses, and enters into foreign currency hedging transactions to purchase aircraft fuel and flight equipment whose prices are closely linked to the U.S. dollar. As a result, the JAL Group deems exposure to foreign currency risk minimized.

(5) Interest rate risk management

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

(6) Fuel price fluctuation risk management

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

2. Matters concerning the fair value of financial instruments

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

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

(1) Method of fair value measurement

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

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

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

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

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

(2) Financial instruments measured at amortized cost

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

	Carrying amount	Fair value
	Millions of yen	Millions of yen
Financial liabilities measured at amortized cost		
Non-current		
Bonds payable	79,598	75,231
Long-term borrowings	320,711	326,923
Long-term accounts payable - installment purchase	12	12
Total	400,322	402,167

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

(3) Financial instruments measured at fair value

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

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through other comprehensive income				
Shares	50,340	–	33,572	83,913
Financial assets measured at fair value through profit or loss				
Investments in investment limited partnerships	–	–	5,506	5,506
Derivative assets designated as hedges	–	17,125	–	17,125
Derivative assets not designated as hedges	–	107	–	107
Total	50,340	17,233	39,078	106,653
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities designated as hedges	–	480	–	480
Derivative liabilities not designated as hedges	–	–	–	–
Total	–	480	–	480

10. Investment and rental properties

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

11. Notes on per share information

(1) Owners' equity per share 2,168.06 yen

(2) Basic loss per share (764.99) yen

12. Notes on revenue recognition

1. Information on breakdown of revenue

	Segment				
	Air transportation	Others	Sub-total	Internal transaction adjustment	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
International					
Passenger	27,969	–	27,969	–	–
Cargo and mail	103,898	–	103,898	–	–
Baggage	333	–	333	–	–
Sub-total	132,201	–	132,201	–	–
Domestic					
Passenger	174,006	–	174,006	–	–
Cargo and mail	24,928	–	24,928	–	–
Baggage	219	–	219	–	–
Sub-total	199,154	–	199,154	–	–
Total revenues from international and domestic operations	331,356	–	331,356	–	–
Travel agency	–	56,981	56,981	–	–
Other	100,465	50,648	151,113	–	–
Total revenue	431,821	107,629	539,451	(58,225)	481,225
Revenue recognized from contracts with customers					477,759
Revenue recognized from other sources					3,466

(Note) Figures of segment revenue are those before elimination of intersegment transactions.
Revenue recognized from other sources includes lease revenue based on IFRS 16, etc.

2. Basic information for understanding revenue

The JAL Group operates "air transportation business," mainly of passenger and baggage, and cargo and mail in both international and domestic routes, and "other business."

Revenues arising from these businesses are recognized primarily in accordance with contracts with customers, and there are no significant financing components in the contracts. All of consideration from contracts with customers is reflected in transaction prices.

The JAL Group also operates a customer loyalty program called "JAL Mileage Bank." Members of the JAL Mileage Bank can earn miles through flights with the airlines or other services, and can redeem them with the JAL Group or other partners' services. Miles granted are deemed as performance obligations and recognized in contract liabilities. A transaction price is allocated to each performance obligation based on the ratio of the stand-alone selling price, taking into consideration usage proportion and miles expected to expire. The transaction prices allocated to performance obligations under the mileage program are deferred as contract liabilities in the consolidated statement of financial position, and are recognized as revenue in line with use of the miles.

Air transportation business

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

Passenger

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

Cargo and mail

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

Baggage

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

Other

"Other business" include mainly planning and sales of tours utilizing air transportation and a credit card business, for which revenues are recognized over a certain period of time.

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

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

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

	At the beginning of the year	At the end of the year
	Millions of yen	Millions of yen
Receivables from contracts with customers	68,939	67,082
Contract liabilities	251,809	215,239

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

The decrease in the balance of contract liabilities is mainly due to a decrease in the balance of unused air tickets. From February 2020 onward, in line with the spread of COVID-19, air ticket refunds increased and sales decreased during the fiscal year. The balance of contract liabilities at the end of the previous fiscal year declined by 40,509 million yen due to the refund of JAL Group air tickets without fulfillment of the Company's performance obligations. The balance of contract liabilities decreased by 6,126 million yen during the fiscal year due to a change in estimates of the expected expiration of contract liabilities.

Of revenue recognized in the fiscal year, the amount included in the balance of contract liabilities at the beginning of the fiscal year was 83,386 million yen. The amount of revenue recognized from performance obligations that were fulfilled (or partially fulfilled) in previous periods is not significant.

(2) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the remaining performance obligations was 215,239 million yen as of March 31, 2021. The amount included contract liabilities associated with advance consideration received from customers who are expected to be provided with services in the future and those associated with miles expected to be redeemed by customers in the future. Revenue will be recognized primarily over a period of three years or less according to the progress of service provision to customers.

Non-consolidated Balance Sheet

As of March 31, 2021

(Millions of yen)

ASSETS	Amount	(Reference) Amount of previous fiscal year
I Current assets		
Cash and time deposits	385,936	311,095
Accounts receivable	78,159	78,847
Flight equipment spare parts and supplies	20,371	25,240
Short-term prepaid expenses	9,181	19,092
Other current assets	59,539	62,012
Allowance for doubtful accounts	(8,031)	(413)
Subtotal	**545,157**	**495,875**
II Fixed assets		
Tangible fixed assets	**849,817**	**931,602**
Buildings, net	28,905	28,617
Structure, net	263	267
Machinery, equipment, net	8,627	6,310
Flight equipment, net	667,258	773,086
Vehicles, net	2,628	3,422
Tools, furniture and equipment	8,808	9,608
Land	747	747
Construction suspense account	132,577	109,541
Intangible fixed assets	**89,305**	**96,089**
Software	89,305	96,088
Other intangible fixed assets	0	0
Investments and other assets	**403,540**	**321,271**
Investments in securities	68,189	54,885
Investment securities in subsidiaries and associates	72,313	86,454
Corporate bonds of subsidiaries and associates	5,185	3,330
Investments in other securities of subsidiaries and associates	3,605	3,553
Long-term loans receivable	21,334	6,517
Long-term prepaid expenses	16,568	14,296
Prepaid pension costs	30,582	34,376
Deferred tax assets	174,520	88,485
Other investments	27,449	30,518
Allowance for doubtful accounts	(16,208)	(1,145)
Subtotal	**1,342,663**	**1,348,963**
Total assets	**1,887,820**	**1,844,838**

Non-consolidated Balance Sheet

As of March 31, 2021

(Millions of yen)

LIABILITIES	Amount	(Reference) Amount of previous fiscal year
I Current liabilities		
Accounts payable-trade	99,218	126,232
Short-term borrowings	131,268	164,890
Current portion of corporate bonds	10,000	–
Current portion of long-term borrowings	23,658	12,271
Accounts payable - other	14,066	19,230
Lease liabilities	517	768
Accounts payable-installment purchase	98	193
Accrued income taxes	1,121	874
Accrued expenses	19,022	12,420
Contract liabilities	203,408	232,789
Deposits received	16,162	10,787
Air transport deposits received	5,290	20,629
Other current liabilities	25,404	27,886
Subtotal	**549,236**	**628,974**
II Non-current liabilities		
Corporate bonds	80,000	90,000
Long-term borrowings	260,964	75,173
Lease liabilities	297	570
Long-term accounts payable-installment purchase	–	98
Accrued pension and severance costs	69,090	70,297
Reserve for loss on antitrust liabilities	6,039	5,816
Other non-current liabilities	40,116	30,807
Subtotal	**456,507**	**272,762**
Total liabilities	**1,005,743**	**901,736**
NET ASSETS		
I Shareholders' equity		
Share capital	273,200	181,352
Capital surplus		
Capital reserves	266,341	174,493
Total capital surplus	**266,341**	**174,493**
Retained earnings		
Other retained earnings		
Retained earnings brought forward	306,025	592,126
Total retained earnings	**306,025**	**592,126**
Treasury shares		
Treasury shares	(408)	(408)
Total treasury shares	**(408)**	**(408)**
Total shareholders' equity	**845,158**	**947,564**
II Valuation, translation adjustments and other		
Net unrealized gain on other securities, net of taxes	24,269	17,345
Net unrealized gain on hedging instruments, net of taxes	12,648	(21,807)
Total valuation, translation adjustments and other	**36,918**	**(4,462)**
Total net assets	**882,077**	**943,102**
Total liabilities and net assets	**1,887,820**	**1,844,838**

(Note) The Company has made an early adoption of the Accounting Standard for Revenue Recognition from the fiscal year ended March 31, 2021. Accordingly, the figures presented for the previous fiscal year reflect retroactive treatments.

Non-consolidated Statement of Income

(April 1, 2020 – March 31, 2021)

(Millions of yen)

	Amount	(Reference) Amount of previous fiscal year
Operating revenues	**400,255**	**1,167,718**
Cost of operating revenues	629,406	969,351
Gross operating profit (loss)	**(229,150)**	**198,366**
Selling, general and administrative expenses	113,238	153,286
Operating profit (loss)	**(342,389)**	**45,079**
Non-operating income	**10,437**	**26,565**
Interest income and dividend income	2,416	21,923
Foreign exchange gains	2,456	–
Other non-operating income	5,564	4,641
Non-operating expenses	**17,328**	**7,278**
Interest expense	1,451	650
Exchange losses	–	1,243
Other non-operating expenses	15,877	5,384
Ordinary profit (loss)	(349,280)	64,366
Extraordinary gains	**877**	**799**
Gain on sales of investment securities in subsidiaries and associates	563	86
Gain on sales of investment securities	311	588
Other	2	125
Extraordinary losses	**43,234**	**5,240**
Provision of allowance for doubtful accounts	16,000	990
Loss on valuation of investment securities in subsidiaries and associates	13,122	150
Business restructuring expenses	8,680	–
Other	5,431	4,100
Profit (loss) before income taxes	**(391,637)**	**59,925**
Income taxes – current	(1,690)	(2,540)
Income taxes – deferred	(103,845)	21,476
Profit (loss)	**(286,101)**	**40,989**

(Note) The Company has made an early adoption of the Accounting Standard for Revenue Recognition from the fiscal year ended March 31, 2021. Accordingly, the figures presented for the previous fiscal year reflect retroactive treatments.

Non-consolidated Statement of Changes in Net Assets

(April 1, 2020 – March 31, 2021)

(Millions of yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
				Other retained earnings			
	Share capital	Capital reserves	Total capital surplus	Retained earnings brought forward	Total retained earnings	Treasury shares	Total share-holders' equity
Balance at the end of previous period	181,352	174,493	174,493	676,148	676,148	(408)	1,031,586
Cumulative effects of changes in accounting policies				(84,021)	(84,021)		(84,021)
Balance at the beginning of the period reflected changes in accounting policies	181,352	174,493	174,493	592,126	592,126	(408)	947,564
Changes of items during the period							
Issuance of new shares	91,848	91,848	91,848				183,696
Profit (loss)				(286,101)	(286,101)		(286,101)
Purchase of treasury shares						(0)	(0)
Net changes of items other than shareholders' equity during the period							
Total changes during the period	91,848	91,848	91,848	(286,101)	(286,101)	(0)	(102,405)
Balance at the end of the period	273,200	266,341	266,341	306,025	306,025	(408)	845,158

	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	17,345	(21,807)	(4,462)	1,027,123
Cumulative effects of changes in accounting policies				(84,021)
Balance at the beginning of the period reflected changes in accounting policies	17,345	(21,807)	(4,462)	943,102
Changes of items during the period				
Issuance of new shares				183,696
Profit (loss)				(286,101)
Purchase of treasury shares				(0)
Net changes of items other than shareholders' equity during the period	6,924	34,456	41,380	41,380
Total changes during the period	6,924	34,456	41,380	(61,025)
Balance at the end of the period	24,269	12,648	36,918	882,077

Notes to Non-Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Valuation of securities

Bonds held to maturity: Amortized cost method

Investment securities in subsidiaries and associates

Cost method based on the moving-average method

Other securities (securities classified as such):

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 carrying amount on the basis of declines in profitability).

(3) Depreciation of fixed assets

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

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

Leased assets

Leased assets in finance lease transactions that transfer ownership

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

Leased assets in finance lease transactions that do not transfer ownership

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

(4) Accounting standards of provisions

Accrued pension and severance costs

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

Past service cost is charged to income as incurred.

Allowance for doubtful accounts

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

Reserve for loss on antitrust liabilities

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

(5) Accounting standards for revenue

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

Other specific criteria for revenue recognition are described in "12. Notes concerning revenue recognition."

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

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

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

(Application of accounting standard for revenue recognition and its implementation guidance)
Effective from the beginning of the fiscal year under review, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) (the "Revenue Recognition Accounting Standard") and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 31, 2020). Accordingly, the Company recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of said goods or services is transferred to the customer. Accordingly, the following changes were made. Before the application, the Company recognized the future amount of costs borne through the use of miles granted to customers as "Selling, general and administrative expenses," and unredeemed miles were presented as "Accounts payable - trade" in the non-consolidated balance sheet. However, after the application, the mileage program will be recognized separately as either future deliverable goods or future deliverable services. Transaction prices allocated as performance obligations of benefits exchanged for miles are deferred from revenue to "contract liabilities," and revenue is recognized as the customers' miles are redeemed. In addition, the method of revenue recognition for the part of revenue that is recognized at the time of sale of a flight ticket and at the time of effective period expiry has changed to a method that recognizes revenue at appropriate timing that has been estimated giving consideration to terms and conditions and historical trends of flight tickets.
This change in accounting policy, in principle, has been applied retrospectively. As a result, since the cumulative effect is reflected in net assets as of the beginning of the fiscal year ended March 31, 2021, the beginning balance of "Retained earnings brought forward" in the non-consolidated statement of changes in net assets decreased by 84,021 million yen.
Moreover, items presented up until the previous fiscal year as "Advances received" are now presented as "Contract liabilities," and a part of liabilities presented up until the previous fiscal year as part of "Deposits received" are presented from the current fiscal year as "Contract liabilities." Also, "Accounts payable - trade" and a part of "Accounts receivable" presented based on gross amounts up until the previous fiscal year have changed to being presented based on net amounts.

3. Change of presentation

(Non-consolidated statement of income)
"Loss on valuation of investment securities in subsidiaries and associates," 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 valuation of investment securities in subsidiaries and associates" was 150 million yen in the previous fiscal year.
"Loss on sales and disposal of fixed assets," 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. "Loss on sales and disposal of fixed assets" was 1,484 million yen in the current fiscal year.
"Loss on valuation of investment securities," 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. "Loss on valuation of investment securities" was 3,023 million yen in the current fiscal year.

(Application of "Accounting Standard for Disclosure of Accounting Estimates")
The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) is applied from the non-consolidated financial statements pertaining to the end of the current fiscal year, and the non-consolidated financial statements list notes regarding important accounting estimates.

4. Estimates in accounting

In preparing the non-consolidated financial statements, the management makes estimates based on assumptions that affect the application of the JAL Group's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates are based on the management's best estimates reflecting historical experience and a variety of other factors that are considered to be reasonable at the end of the fiscal year. Actual results in future, however, may differ from these estimates.
These estimates and underlying assumptions are reviewed/revised on an ongoing basis. The impact of the revision is recognized in the period there were revised and future period.
Estimates of future business performance, which form the basis for matters including recognition of impairment of fixed assets and deferred tax assets, are based on the JAL Group's Medium Term Management Plan. The main assumptions built into estimates include the degree of impact of the spread of COVID-19 on air travel demand,

the period until demand recovery, post-recovery demand forecasts as well as fuel prices, and forecasts of exchange rate related market fluctuations. Moreover, regarding the impact of the spread of COVID-19, while it is expected that the movement of people both within and outside Japan will steadily recover with advancing vaccinations in Japan and countries around the world, the JAL Group is referring to demand recovery scenarios created by the International Air Transport Association (IATA) in creating its accounting estimates based on the assumption that the demand for air travel will recover over a certain period of time going forward and recover to a pre-pandemic profit level in fiscal 2023.
The impact of the COVID-19 pandemic is still uncertain in many ways, and may impact the Company's future financial position and operating results.
The management's estimates that have a significant impact on the amounts recognized in the non-consolidated financial statements are as follows:

(1) Recognition of revenues
Revenues from air transportation are recognized in contract liabilities at collecting consideration, and then recognized in revenue at completion of air transportation services.
The sales of air tickets that will not be used for air transportation (unused air tickets that are about to expire) are recognized in revenue at an appropriate timing, taking into account the contractual terms of the air tickets and historical trends.
The JAL Group also operates a customer loyalty program called "JAL Mileage Bank." Members of the JAL Mileage Bank can earn miles through flights with the airlines or other services, and can redeem them with the JAL Group or other partners' services.
The portion of granted miles that is expected to be redeemed by customers in the future is recognized as a performance obligation. The stand-alone selling price is estimated with the composition ratio of services selected by customers when using the miles taken into account; the transaction price is allocated on the basis of the ratio of the stand-alone selling price to the performance obligation. The transaction prices allocated to performance obligations under the mileage program are recognized as contract liabilities and are recorded as revenue in line with use of the miles.
As of the end of the current fiscal year, such contract liabilities amounted to 203,408 million yen.

(2) Depreciation expenses of flight equipment
In determining the useful life of each component, including flight equipment, aircraft engine components and cabin related assets, we calculate the depreciation expenses in consideration of their future estimated economically useful life.
As of the end of the current fiscal year, flight equipment amounted to 667,258 million yen.

(3) Impairment of fixed assets
Regarding the target assets as of the end of the fiscal year (carrying amount: tangible fixed assets 849,817 million yen and intangible fixed assets 89,305 million yen), the Company examines whether events that indicate a possibility of impairment of targeted assets present, and, if signs of impairment are present, considers whether or not to record an impairment loss with respect to the assets.
For the current fiscal year, the management environment significantly deteriorated due to the impact of the COVID-19 pandemic. As these impacts are expected to continue, the Company deemed signs of impairment to be present and examined the necessity of recording an impairment loss.
As a result of the examination. it was determined that the estimated recoverable amount of the fixed assets exceeds the carrying amount, and no impairment loss was recorded.
Regarding the impairment loss for the current fiscal year, the unit of asset grouping was changed for flight equipment for which sale contracts have been concluded or for which retirement has been decided, and the amount was reduced to the estimated recoverable amount.

(4) Recognition of deferred tax assets
The Company recognizes deferred tax assets within the limits that future deductible amounts and tax losses brought forward can mitigate future tax burdens.
As of the end of the current fiscal year, deferred tax assets amounted to 174,520 million yen.

5. Change in estimates in accounting

The Company has reviewed the future estimated economically useful lives of some flight equipment scheduled to retire, aircraft engine components and cabin related assets, and changed its determination of the useful life from the current fiscal year.

Following this change, operating loss, ordinary loss and loss before income taxes for the current fiscal year increased by 10,575 million yen, respectively.

6. 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 651,410 million yen

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

(Assets pledged as collateral)

Flight equipment	436,334 million yen
Investment securities in subsidiaries and associates	0 million yen
Corporate bonds of subsidiaries and associates	5,185 million yen
Long-term loans receivable	3,330 million yen
Investments in securities	5,693 million yen

(Obligations secured by such collateral)

Current portion of long-term borrowings	23,658 million yen
Long-term borrowings	260,964 million yen

For assets pledged as collateral, when a default in the repayment of principal and/or payment of interest of the debt that became due or other similar case has occurred, the financial institution can exercise its right to dispose of the assets pledged as collateral and appropriate the proceeds from such disposal for repaying or offsetting the debt. In addition, the assets pledged as collateral include assets for which revolving pledges have been established to secure debts of the following three companies, under the syndicated loan agreements concluded between each company and financial institutions for the business that is the objective of each company's establishment

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

(4) Liabilities for guarantee, etc.

Liabilities for guarantee

(Guarantee for bank loans, etc.)

Jetstar Japan Co., Ltd.	9,000 million yen
Hokkaido Air System Co., LTD.	2,025 million yen
Other	8 million yen

As of March 31, 2021, the Company has been provided a reguarantee from other company for 4,500 million yen of its outstanding guarantee for bank loans to Jetstar Japan Co., Ltd.

(Guarantee for lease liabilities)

Jetstar Japan Co., Ltd.	2,948 million yen

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

7,867 million yen

(5) Monetary claims and liabilities to subsidiaries and associates

Short-term monetary claims	36,745 million yen
Short-term monetary liabilities	169,248 million yen
Long-term monetary claims	24,121 million yen
Long-term monetary liabilities	75 million yen

7. Non-consolidated statement of income

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

(2) Total transactions with subsidiaries and associates

Operating revenues	50,496 million yen
Operating expense	199,003 million yen
Amount resulting from non-business transactions	16,078 million yen

(3) Business restructuring expenses

Included in the main components of business restructuring expenses is an impairment losses of 7,458 million related to the early retirement of flight equipment, which was implemented as part of business restructuring, among other items.

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

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

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

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

9. Tax effect accounting

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

10. Transactions with related parties

Subsidiaries and associates, etc.

Attribute	Name	Percentage of voting rights holding or being held (%)	Relations		Details of transaction	Amount (millions of yen)	Item	Ending balance (millions of yen)
			Concurrently serving, etc.	Business relations				
Subsidiary	JALCARD, Inc.	Holding direct 50.6%	–	Consignment of card related business	Borrowing and lending of money (Note 1)	–	Short-term borrowings	22,594
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)	99,892	Accounts payable - trade	14,431

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.

11. Notes on per share information

(1) Net assets per share 2,018.45 yen

(2) Basic earnings (loss) per share (763.41) yen

12. Notes on revenue recognition

(Information forming the basis for understanding revenue)

This information is the same as the information provided in “12. Notes on revenue recognition” in the Notes to Consolidated Financial Statements.

Independent Auditor's Report

May 11, 2021

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

Masaya Ariyoshi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444-4 of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Japan Airlines Co., Ltd. for the 71st fiscal year from April 1, 2020 to March 31, 2021.

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

Rationale for the Opinion

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

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

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

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

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 pursuant to the provisions of the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, 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 11, 2021

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

Masaya Ariyoshi
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, 2021, 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 72nd fiscal year from April 1, 2020 to March 31, 2021.

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 of the Board of Corporate Auditors

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 72nd fiscal year from April 1, 2020 to March 31, 2021, 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 through using the Internet, etc. as well as face-to-face meetings and in-person inspections.

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 related to 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 on Corporate Accounting) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) from the accounting auditors and requested explanations as necessary. Also, Audit & Supervisory Board Members have cooperated with the KPMG AZSA LLC, Accounting Auditor, on key audit matters, received reports regarding the status of their audits and also requested explanations as necessary.

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

2. Audit Results

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

1) We confirm that the business reports and supplementary 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 performance of duties by the Directors.

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

(2) Result of audit of non-consolidated financial statements and supplementary 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 12, 2021

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	Osamu Kamo (Seal)
External Audit & Supervisory Board Member	Shinsuke Kubo (Seal)
External Audit & Supervisory Board Member	Joji Okada (Seal)