

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 75th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Japan Airlines Co., Ltd.

Dear Shareholders,

I would like to take this opportunity to express my sincere gratitude to our shareholders and investors for their continued support. I am TOTTORI Mitsuko, Representative Director and President, and Chief Executive Officer of the JAL Group, effective from April 1, 2024. I am pleased to notify you of the 75th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd.

In FY2023, after completing three years of the “FY2021-2025 JAL Group Medium-term Management Plan,” we achieved profits exceeding the FY2019 levels, with EBIT of 145.2 billion yen and profit attributable to owners of parent of 95.5 billion yen. We would like to express our sincere gratitude to our shareholders for their warm support.

In the Medium-term Management Plan Rolling Plan 2024 announced on March 21, we will aim to realize further profit growth through business model reform and achieve the profit targets set at EBIT of 170.0 billion yen for FY2024 and EBIT of 200.0 billion yen for FY2025, as well as each financial indicator listed as management targets (EBIT margin of 10% or higher, ROIC of 9%, EPS of 290 yen level). We will carry out ESG investment, including environmental measures and human resource investments, with an aim to complete the Medium-term Management Plan and realize sustainable growth and development and the improvement of corporate value beyond the plan period. With a strive to realize continuous and stable shareholder returns, we have set an annual dividend forecast of 80 yen per share (dividend payout ratio of about 35%) for FY2024.

Thank you for your continued support.

May 2024

TOTTORI Mitsuko
Representative Director, President



Securities code: 9201

Date of sending by postal mail: May 27, 2024

Start date of measures for electronic provision: May 17, 2024

NOTICE OF THE 75th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We hereby announce that the 75th Ordinary General Meeting of Shareholders of Japan Airlines Co., Ltd. (the “Company”) will be held on Tuesday, June 18, 2024, as described hereunder.

If you choose not to attend the meeting, please review the Reference Documents for General Meeting of Shareholders, and please exercise your voting rights no later than 6:00 p.m., Monday, June 17, 2024 by either procedure described in “Guide for Exercising Voting Rights” on page 6.

Sincerely yours,

TOTTORI Mitsuko
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., Tuesday, June 18, 2024 (The reception starts at 8:30 a.m.)
- 2. Venue:** 2-1-6 Ariake, Koto-ku, Tokyo
TOKYO GARDEN THEATER (Please refer to the map of the venue at the end of this document.) (Japanese only)

3. Agenda:

- Items to be reported:*
1. Business Report and Consolidated Financial Statements, Audit Reports of the Accounting Auditors and Board of Corporate Auditors regarding the Consolidated Financial Statements for the 75th Fiscal Year (April 1, 2023 to March 31, 2024)
 2. Non-consolidated Financial Statements for the 75th Fiscal Year (April 1, 2023 to March 31, 2024)

Items to be proposed:

- Proposal 1: Appropriation of Surplus
- Proposal 2: Election of Nine (9) Directors
- Proposal 3: Election of Two (2) Audit and Supervisory Board Members

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

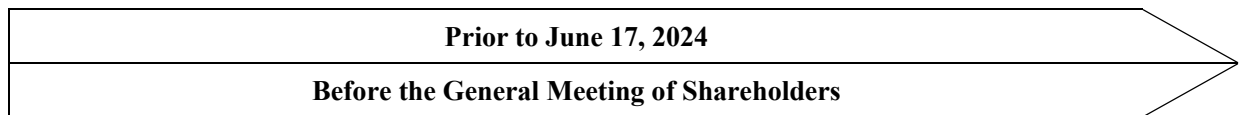
Please refer to the “Guide for Exercising Voting Rights” on pages 6 to 7.

- There are no souvenirs available for shareholders attending the General Meeting of Shareholders.
- It is prohibited to bring any dangerous items and other items that may interfere with smooth proceedings of the meeting into the meeting place.
- Proceedings on the day of the General Meeting of Shareholders will be carried out in Japanese. There will be no interpreters at the venue, 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 any shareholder requires support from our staff on the day of the General Meeting of Shareholders, please contact us by calling the following phone number at least one week before the meeting.

JAL shareholders call center: 03-6733-3090

(excluding Saturdays, Sundays and holidays; 9:30 a.m. to 12:00 p.m., 1:00 p.m. to 5:00 p.m.)

Flow of the General Meeting of Shareholders



Step 1

Submit questions / check answers in advance of the meeting

No later than 12:00 p.m., Friday, June 7 (JST)

► You can submit questions and check answers on the dedicated website for shareholders (see page 9).

Step 2


Exercise voting rights in advance

No later than 6:00 p.m., Monday, June 17 (JST)

► You can exercise your voting rights by scanning the 2D barcode located at the bottom right of the Voting Form (see page 7).

* You can also exercise your voting rights by mail.

The dedicated website for shareholders has been revamped.

| | | |
|---|--|--|
|  <p>Image of Top Page</p> | <p>The website provides the following information:</p> <ul style="list-style-type: none"> • Guide for the General Meeting of Shareholders • Shareholder benefit • Surveys • Special deals (website-only discounts, etc.) • Events <p>* For more information, please see the flyer enclosed with this Notice of Convocation.</p> | <p>Registration and login for the dedicated website for shareholders is here:</p> <p>https://jal.premium-yutaiclub.jp/ (in Japanese)</p> |
|---|--|--|

| |
|---|
| From 10:00 a.m., June 18, 2024 |
| Day of the General Meeting of Shareholders |

Step 3

Watch the live streaming of the meeting / attend the meeting in person

- Watch live streaming

Date and time: From 10:00 a.m. until the end of the meeting

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

▶ You can watch live streaming on the dedicated website for shareholders (see page 8).

- Attend the meeting in person

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

Date and time: 10:00 a.m., Tuesday, June 18, 2024 (The reception starts at 8:30 a.m.)

▶ Please bring the Voting Form to the meeting (see page 10 and the back cover (in Japanese)).

| |
|---|
| After June 18 |
| After the closing of the General Meeting of Shareholders |

Step 4

Review various information

- Resolutions adopted at the meeting (notice of resolutions adopted, extraordinary report)
- Archived videos (from the opening to the closing of the General Meeting of Shareholders)

▶ You can review the information on the Company's website.

The Company's website

https://www.jal.com/ja/investor/stockholders_meeting/ (in Japanese)

https://www.jal.com/en/investor/stockholders_meeting/ (in English)

Guide for Exercising Voting Rights

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

For shareholders exercising voting rights in advance

- Exercise of voting rights via the Internet

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

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

Otherwise, please scan the 2D barcode located at the bottom right of the Voting Form.

- Exercise of voting rights by mail

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

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

Guide for filling in the Voting Form

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

Proposal 1

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

Proposals 2 and 3

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

Exercise due date: No later than 6:00 p.m., Monday, June 17, 2024 (JST)
(Voting by mail must arrive no later than the due date.)

For shareholders attending the General Meeting of Shareholders in person

- Exercise your voting rights by attending the meeting

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

For institutional investors

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

The Voting Rights Exercise via the Internet

Method 1: Scanning 2D Barcode

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

Please scan the 2D barcode located at the bottom right of the Voting Form.

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

Exercise of Voting Rights Website

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

1. Please access the website for exercising voting rights.
2. Enter your “Login ID” and “Temporary Password” provided on the Voting Form, and click on Log in.

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

1. You will not be able to access the website from 2:30 a.m. to 4:30 a.m. each day during the exercise period.
2. The website may not be accessible depending on the shareholder’s Internet environment.
3. 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 Monday, June 17, 2024, but shareholders are requested to do so as early as possible. If you have any questions, please contact the Help Desk (*only in Japanese*).

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

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

Notes on exercising voting rights

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

Guide for Live Streaming Service

1. Date and time

From 10:00 a.m., Tuesday, June 18, 2024 (JST)

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

2. How to log in *Prior membership registration is required to watch live streaming. Please register early.

- (1) Please access **the dedicated website for shareholders** and click the “New Member Registration” button.

| | |
|--|---|
| URL for the dedicated website for shareholders | https://jal.premium-yutaiclub.jp/ (in Japanese) |
|--|---|

- (2) If you are logging in for the first time, please enter the shareholder number described on the Voting Form and the postcode registered with the securities company, confirm the terms of use, and complete the registration by following the on-screen instructions.

(From the second time onwards, please log in by using the email address and password you registered.)

* Dedicated website for shareholders: Member registration procedure

Step 1: Access the dedicated website for shareholders and click “New Member Registration.”

Step 2: Enter the shareholder number and postcode and click “Proceed to member registration.”

Step 3: Enter information for each item.

- (3) “Instructions for Setting Password” will be sent to the registered email address when registration is submitted with the required information. Registration is complete once you set your password via the URL provided.
- (4) Please click the “Click here for live streaming” button at the head of the top page after the registration is completed. You can watch live streaming when it is ready.

[Inquiries for the dedicated website for shareholders]

The dedicated website for shareholders help desk

0120-763-393

(9 a.m. to 5 p.m. on weekdays, excluding Saturdays, Sundays and holidays)

3. Notes on the live streaming

- Since viewing the live streaming is not recognized as attending the General Meeting of Shareholders according to the Companies Act, you will not be able to ask questions or exercise your voting rights on the day. Please exercise your voting rights in advance via the Internet or in writing (by mail), etc.
- Prior membership registration is required to watch live streaming. Therefore, please register early.
- Shareholders are asked to bear the connection fees, etc. that may incur for viewing the live streaming.
- Depending on your device or network environment, there may be viewing problems such as video and audio disruptions and you may not be able to watch the live streaming.
- Please note that there is a possibility that we may not be able to conduct the live streaming on the day for various reasons. In such case, we will notify our shareholders on the dedicated website for shareholders.
- Photography, video recording, voice recording, storing, and secondary use (publication on social media, etc.) of the live streaming are strictly prohibited.
- Viewing of the live streaming will be limited to our shareholders only.
- Please direct your inquiries regarding the live streaming as follows.

| For Login ID (shareholder number) inquiries | For troubles with the live streaming, etc. |
|--|---|
| Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 0120-232-711 *Toll free On weekdays excluding Saturdays, Sundays and holidays, etc., from 9:00 a.m. to 5:00 p.m. | V-cube, Inc. 03-6833-6855 From 9:00 a.m. until the meeting ends |

[Pre-meeting questions] No later than 12:00 p.m., Friday, June 7, 2024

We welcome shareholders' questions in advance regarding the agenda of the General Meeting of Shareholders (up to one question per person). We plan to provide answers to some key questions we have received on the Company's website before the meeting.

Please note that we are unable to individually respond to questions from shareholders. We thank you for your understanding.

*** Procedure for pre-meeting questions**

Step 1: Log in to the dedicated website for shareholders using the email address and password you registered on the previous page.

Step 2: Click on [Shareholder Post] and access "Submission of questions in advance of the 75th Ordinary General Meeting of Shareholders."

Step 3: Post a question by accessing "Link to the submission of pre-meeting questions" in the main body of Shareholder Post.

[Measures for Electronic Provision]

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

The Company's website

https://www.jal.com/ja/investor/stockholders_meeting/ (in Japanese)

https://www.jal.com/en/investor/stockholders_meeting/ (in English)

Tokyo Stock Exchange's website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show> (in English)

(Please access the TSE website above, enter and search for "Japan Airlines" in the "Issue name (company name)" field or "9201," the securities code of the Company in the "Code" field, select "Basic information" and "Documents for public inspection/PR information," in that order, and inspect the information posted in "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]" under "Filed information available for public inspection.")

- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the above Company's website and TSE website on the Internet.
- Of the matters subject to measures for electronic provision, the "Business results and assets," "Principal business," "Principal locations of business and plants," "Major creditors," "Other important matters concerning current status of the JAL Group," "Shares," "Company's systems and policies," "Outside Officers" in "Corporate Officers," "Accounting Auditor," and "Systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation and other systems to ensure the properness of operations of the Company, and operation statuses of such systems" in the Business Report, Consolidated Financial Statements, Non-Consolidated Financial Statements, and audit report of the Accounting Auditors are not stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents in accordance with the provisions of laws and regulations and the Company's Articles of Incorporation. The Audit and Supervisory Board Members and the Accounting Auditors have audited the documents subject to audit, including the matters listed above.

[For shareholders attending the meeting in person]

- If attending the meeting in person, please bring and present the enclosed Voting Form at the reception desk.
- If there are any changes in the administration or venue of the General Meeting of Shareholders due to changes in circumstances taking place up to the day of the meeting, we will announce such changes on our website, so please be sure to check it before attending the meeting.
- Please understand that although the video cameras are placed near the chairperson's and officers' seats to protect the privacy of shareholders, it is possible that some shareholders attending the meeting will be unavoidably captured in the video.

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Proposal 1: Appropriation of Surplus

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

In consideration of factors such as consolidated financial results and the outlook for our ability to generate cash flow, we propose to pay year-end dividends for the current fiscal year as follows.

1. Type of dividend property

Cash

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

45 yen per common stock of the Company

Total amount of dividends: 19,665,322,785 yen

3. Effective date for dividend of surplus

June 19, 2024

This, together with the interim dividend of 30 yen, will achieve an annual dividend of 75 yen per share for the current fiscal year.

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

Proposal 2: Election of Nine (9) Directors

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

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


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


The candidates for Directors are as follows:


| No. | Name | | | Current position and main responsibilities at the Company | Attendance at Board of Directors meetings | Tenure | Number of Company shares held |
|-----|--------------------|-----------------|--------|---|---|---------|-------------------------------|
| 1 | AKASAKA Yuji | Reappointment | Male | Representative Director, Chairperson Chairman of the Board of Directors Chief Safety Officer | 94% (15/16) | 6 years | 12,800 |
| 2 | TOTTORI Mitsuko | Reappointment | Female | Representative Director, President Chief Executive Officer of the JAL Group Chief Sustainability Officer | 100% (13/13) | 1 year | 1,600 |
| 3 | SAITO Yuji | Reappointment | Male | Representative Director, Executive Vice President Head of Corporate Division Chief Financial Officer of the JAL Group | 100% (13/13) | 1 year | 1,500 |
| 4 | AOKI Noriyuki | New appointment | Male | Executive Vice President Head of Customer Division Chief Customer Officer of the JAL Group Senior Vice President, Customer Experience Division | — | — | 700 |
| 5 | KASHIWAGI Yoriyuki | New appointment | Male | Senior Managing Executive Officer In charge of Policy Management Center | — | — | 1,100 |
| 6 | TAMURA Ryo | New appointment | Male | Managing Executive Officer Senior Vice President, Engineering & Maintenance Division | — | — | 700 |


| No. | Name | | | Current position and main responsibilities at the Company | Attendance at Board of Directors meetings | Tenure | Number of Company shares held |
|-----|-----------------|-------------------------------------|--------|---|---|---------|-------------------------------|
| 7 | KOBAYASHI Eizo | Reappointment, Outside, Independent | Male | Director | 100% (16/16) | 9 years | 10,400 |
| 8 | YANAGI Hiroyuki | Reappointment, Outside, Independent | Male | Director | 100% (16/16) | 3 years | 4,000 |
| 9 | MITSUYA Yuko | Reappointment, Outside, Independent | Female | Director | 100% (13/13) | 1 year | 400 |

* The Company has designated Mr. KOBAYASHI Eizo, Mr. YANAGI Hiroyuki and Ms. MITSUYA Yuko as Independent Officers as stipulated by the Tokyo Stock Exchange and provided the notification to the stock exchange.


| | | |
|--|--|---|
| No. 1 | (Career summary, position and responsibilities at the Company) | |
|  | April 1987 | Joined the Company |
| | April 2009 | Senior Vice President, Corporate Safety & Security Division of the Company Vice President, Customer Relations Department of the Company |
| | April 2014 | Executive Officer of the Company Senior Vice President, Engineering & Maintenance Division Representative Director, President of JAL ENGINEERING CO., LTD. |
| | April 2016 | Managing Executive Officer of the Company Senior Vice President, Engineering & Maintenance Division Representative Director, President of JAL ENGINEERING CO., LTD. |
| | April 2018 | President of the Company |
| | June 2018 | Representative Director, President of the Company |
| | April 2023 | Representative Director, President of the Company Chief Executive Officer of the JAL Group |
| | April 2024 | Representative Director, Chairperson of the Company (to present) |
| <p>AKASAKA Yuji (January 3, 1962) 62 years old [Male]</p> <p>Number of Company shares held</p> <p>Ordinary shares 12,800</p> <p>Tenure as Director: 6 years</p> <p>Reappointment</p> | (Important positions concurrently assumed outside the Company) None. | |
| | <p>(Reasons for the nomination as Director)</p> <p>After joining the Company, Mr. AKASAKA engaged mainly in Engineering & Maintenance Division, and acquired on-the-job experience and insight related to safety operations, etc. at an extremely high level as well as significant knowledge and extensive connections in the airline engineering & maintenance industry. 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 worked with all employees to realize JAL’s corporate philosophy. He possesses such advanced expertise and experience, and the Company expects him to contribute to enhancing its corporate value and play a role in supervising general management of the Company. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p> | |
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| No. 2 | (Career summary, position and responsibilities at the Company) | | |
|  | April | 1985 | Joined the Company |
| | May | 2015 | Senior Director, Cabin Attendants Office II, Narita Cabin Attendants I of the Company |
| | May | 2016 | Vice President, Narita Cabin Attendants II Department of the Company |
| | April | 2019 | Vice President, Cabin Safety Promotion Department of the Company |
| | April | 2020 | Executive Officer and Senior Vice President, Cabin Attendants Division of the Company |
| | April | 2022 | Managing Executive Officer and Senior Vice President, Cabin Attendants Division of the Company |
| | April | 2023 | Senior Managing Executive Officer of the Company Senior Vice President, Customer Experience Division in charge of Brand Communication |
| | June | 2023 | Representative Director, Senior Managing Executive Officer of the Company Chief Customer Officer of the JAL Group Senior Vice President, Customer Experience Division |
| | | April | 2024 |
| TOTTORI Mitsuko (December 31, 1964) 59 years old [Female] | (Important positions concurrently assumed outside the Company) None. | | |
| Number of Company shares held Ordinary shares 1,600 | (Reasons for the nomination as Director) After joining the Company, Ms. TOTTORI gained a high level of insight and field experience in safe flight operations and service through her career as a cabin attendant and through her work with Corporate Safety & Security. From 2020, she has demonstrated outstanding leadership as Senior Vice President, Cabin Attendants Division in balancing human resource development and employee motivation, making contribution to maintaining safe operations. From 2023, she has contributed to improving the quality we provide to our customers as Senior Vice President, Customer Experience Division. The Company expects her to continue honing JAL’s unique values and be a leader in implementing further reforms despite the increasingly complex corporate management environment. For all of these reasons, she is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect her as Director. | | |
| Tenure as Director: 1 year | | | |
| Reappointment | | | |

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|---|---|------|---|
| No. 3 | (Career summary, position and responsibilities at the Company) | | |
|  | April | 1988 | Joined the Company |
| | October | 2009 | Vice President, Sales Department of Tokyo Branch of the Company |
| | January | 2011 | Vice President, International Route Marketing Department of the Company |
| | April | 2019 | Executive Officer and Senior Vice President, Corporate Control Division of the Company |
| | April | 2021 | Managing Executive Officer of the Company Senior Vice President, Corporate Planning Division Senior Vice President, Corporate Control Division |
| | April | 2023 | Senior Managing Executive Officer of the Company Senior Vice President, Corporate Planning Division Chief Financial Officer of the JAL Group |
| | June | 2023 | Director and Senior Managing Executive Officer of the Company Senior Vice President, Corporate Planning Division Chief Financial Officer of the JAL Group |
| | April | 2024 | Representative Director, Executive Vice President of the Company Head of Corporate Division Chief Financial Officer of the JAL Group (to present) |
| SAITO Yuji (September 26, 1964) 59 years old [Male] | (Important positions concurrently assumed outside the Company) | | |
| Number of Company shares held Ordinary shares 1,500 | None. | | |
| Tenure as Director: 1 year | (Reasons for the nomination as Director) | | |
| Reappointment | After joining the Company, Mr. SAITO has held positions in the international passenger sales department and the corporate planning department, where he has proven his ability to exercise precise analysis and good judgment. He was appointed as Senior Vice President, Corporate Control Division in 2019, Senior Vice President, Corporate Planning Division and Senior Vice President, Corporate Control Division in 2021, and Senior Vice President, Corporate Planning Division and Chief Financial Officer of the JAL Group in 2023. He has made significant contribution to formulating the JAL Group’s Medium-term Management Plans based on major changes in the times and values and carrying out steps towards the completion of those plans. 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. | | |


| | | | |
|--|--|------|--|
| <div>No. 4</div> <div>  </div> <div> AOKI Noriyuki (July 28, 1964) 59 years old [Male] </div> <div> Number of Company shares held Ordinary shares 700 </div> <div> New appointment </div> | (Career summary, position and responsibilities at the Company) | | |
| | April | 1989 | Joined the Company |
| | March | 2012 | Vice President, Corporate Control Department of the Company |
| | April | 2014 | Vice President, Passenger System Promotion Department of the Company |
| | July | 2018 | Deputy Senior Vice President, Managing Division Route Marketing Division of the Company (In charge of Passenger System Promotion Department) |
| | April | 2019 | Executive Officer of the Company Assistant to Senior Vice President, Managing Division Route Marketing Division |
| | June | 2019 | Executive Officer of the Company Representative Director, President in charge of Okinawa Region of JAPAN TRANSOCEAN AIR CO., LTD. |
| | April | 2022 | Managing Executive Officer of the Company Senior Vice President, General Affairs Division |
| | April | 2024 | Executive Vice President of the Company Head of Customer Division Chief Customer Officer of the JAL Group Senior Vice President, Customer Experience Division (to present) |
| (Important positions concurrently assumed outside the Company) | | | None. |
| (Reasons for the nomination as Director) | | | After joining the Company, Mr. AOKI successively engaged in the information system department and the corporate planning department. He has steadily realized achievements, including the revamping of the Company's core system, demonstrating his outstanding leadership and planning ability. From 2019, as Representative Director and President of JAPAN TRANSOCEAN AIR CO., LTD., he contributed to its safety operations and customer satisfaction improvement. He was appointed to Senior Vice President, General Affairs Division in 2022 and greatly contributed to strengthening corporate governance and implementing ESG strategies. 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. |


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|---|---|------|---|
| No. 5 | (Career summary, position and responsibilities at the Company) | | |
|  | April | 1986 | Joined the Company |
| | January | 2011 | Vice President, Planning Department, Managing Division Passenger Sales Division of the Company |
| | July | 2013 | Senior Vice President, Kyushu Region of the Company |
| | April | 2016 | Executive Officer of the Company Deputy Senior Vice President, Managing Division Passenger Sales Division Senior Vice President, International Passenger Sales Division Senior Vice President, Web Sales Division Senior Vice President, Eastern Japan Region |
| | April | 2020 | Executive Officer of the Company In charge of Executive Secretariat Department, Strategic Corporate Relations Department and Policy Management Center |
| | April | 2022 | Managing Executive Officer of the Company In charge of Policy Management Center |
| | April | 2024 | Senior Managing Executive Officer of the Company In charge of Policy Management Center (to present) |
| Number of Company shares held | (Important positions concurrently assumed outside the Company) | | |
| Ordinary shares 1,100 | None. | | |
| New appointment | (Reasons for the nomination as Director) | | |
| | Since joining the Company, Mr. KASHIWAGI has accumulated a wealth of experience in sales and marketing departments and human resources departments. He has served as Executive Officer and Senior Vice President of sales divisions from 2016, contributing to maximizing revenue with his outstanding proposal abilities and negotiation skills, as well as meticulous responsiveness. He took charge of Executive Secretariat Department, Strategic Corporate Relations Department and Policy Management Center from 2020, strengthening external relations activities and greatly contributing to improving the Company’s presence. 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. | | |

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|---|--|---|
| No. 6 | (Career summary, position and responsibilities at the Company) | |
|  | April 1988 | Joined the Company |
| | April 2016 | Executive Officer of JAL ENGINEERING CO., LTD. |
| | April 2019 | Executive Officer of the Company Senior Vice President, Procurement Division |
| | April 2021 | Executive Officer of the Company Senior Vice President, Engineering & Maintenance Division Representative Director, President of JAL ENGINEERING CO., LTD. |
| | April 2023 | Managing Executive Officer of the Company Senior Vice President, Engineering & Maintenance Division Representative Director, President of JAL ENGINEERING CO., LTD. (to present) |
| <p>TAMURA Ryo (September 21, 1965) 58 years old [Male]</p> <p>Number of Company shares held</p> <p>Ordinary shares 700</p> <p>New appointment</p> | (Important positions concurrently assumed outside the Company) None. | |
| | <p>(Reasons for the nomination as Director)</p> <p>Since joining the Company, Mr. TAMURA has been involved in engineering departments and maintenance and contributed to upholding and improving the JAL Group's maintenance quality. He has served as Executive Officer and Senior Vice President, Procurement Division from 2019, contributing to carrying out sustainable procurement activities. He has assumed Executive Officer and Senior Vice President, Engineering & Maintenance Division of the Company as well as Representative Director and President of JAL ENGINEERING CO., LTD. since 2021, developing strong frontlines and greatly contributing to the Company's safety operations with his precise analysis and judgment. For all of these reasons, he is believed to be the right person for the Company to sustainably enhance its corporate value, so the Company hereby proposes that you elect him as Director.</p> | |

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| <p>No. 7</p>  <p>KOBAYASHI Eizo (January 7, 1949) 75 years old [Male]</p> <p>Number of Company shares held Ordinary shares 10,400</p> <p>Tenure as Director: 9 years</p> <p>Reappointment, Outside, Independent</p> | (Career summary, position and responsibilities at the Company) | | |
| | April | 1972 | Joined ITOCHU Corporation |
| | June | 2000 | Executive Officer of ITOCHU Corporation |
| | April | 2002 | Managing Executive Officer of ITOCHU Corporation |
| | June | 2003 | Representative Director, Managing Director of ITOCHU Corporation |
| | April | 2004 | Representative Director, Senior Managing Director of ITOCHU Corporation |
| | June | 2004 | President and Chief Executive Officer of ITOCHU Corporation |
| | April | 2010 | Representative Director Chairman of ITOCHU Corporation |
| | July | 2010 | Outside Auditor of Asahi Mutual Life Insurance Company |
| | June | 2011 | Director Chairman of ITOCHU Corporation |
| | June | 2013 | Director (Outside) of OMRON Corporation |
| | June | 2015 | Outside Director of the Company (to present) |
| | June | 2016 | Chairman of ITOCHU Corporation Outside Director of Japan Exchange Group, Inc. (to present) |
| | April | 2018 | Senior Representative for Business Community Relations of ITOCHU Corporation |
| | April | 2020 | Director Emeritus of ITOCHU Corporation (to present) |
| | (Important positions concurrently assumed outside the Company) | | |
| | Number of important concurrent positions assumed at other listed companies: 1 Outside Director of Japan Exchange Group, Inc. | | |
| | (Reasons for the nomination as Outside Director) | | |
| | Mr. KOBAYASHI has extensive experience in global management and leadership over multifaceted group companies and deep insight into management as a member of top management of a general trading company which develops businesses around the world. With such experience and insight, he gives advice to the Company's management and appropriately supervises the performance of duties from practical and diversified perspectives, and if he is elected, the Company expects that he will continue to fulfil those duties. For all of these reasons, he is believed to be the right person for the Company to realize sustainable enhancement of its corporate value, so the Company hereby proposes that you elect him as Outside Director who meets the Independence Standards of Outside Officers stipulated by the Company. He is currently serving as the Company's Outside Director. As of the conclusion of this General Meeting of Shareholders, his tenure as Outside Director will be nine (9) years. | | |

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

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| No. 8 | (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) |
| | March 2019 | Outside Director of Kirin Holdings Company, Limited (to present) |
| | March 2021 | Chairman and Director of Yamaha Motor Co., Ltd. |
| | June 2021 | Outside Director of the Company (to present) |
| | January 2022 | Director of Yamaha Motor Co., Ltd. |
| | March 2022 | Advisor of Yamaha Motor Co., Ltd. (to present) |
| | June 2022 | Outside Director of Mitsubishi Electric Corporation (to present) |
| <p>YANAGI Hiroyuki (November 20, 1954) 69 years old [Male]</p> <p>Number of Company shares held Ordinary shares 4,000</p> <p>Tenure as Director: 3 years</p> <p>Reappointment, Outside, Independent</p> | (Important positions concurrently assumed outside the Company) | |
| | Number of important concurrent positions assumed at other listed companies: 3 | |
| | Outside Director of AGC Inc. | |
| | Outside Director of Kirin Holdings Company, Limited | |
| | Outside Director of Mitsubishi Electric Corporation | |
| | (Reasons for the nomination as Outside Director) | |
| | <p>Mr. YANAGI has deep insight and extensive experience as a member of top management in a company pushing ahead with international expansion. With such insight and experience, he gives advice to the Company's management and appropriately supervises the performance of duties from practical and diversified perspectives, and if he is elected, the Company expects that he will continue to fulfil those duties. For all of these reasons, he is believed to be the right person for the Company to realize sustainable enhancement of its corporate value, so the Company hereby proposes that you elect him as Outside Director who meets the Independence Standards of Outside Officers stipulated by the Company. He is currently serving as the Company's Outside Director. As of the conclusion of this General Meeting of Shareholders, his tenure as Outside Director will be three (3) years.</p> | |

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| <p>No. 9</p>  <p>MITSUYA Yuko (July 29, 1958) 65 years old [Female]</p> <p>Number of Company shares held Ordinary shares 400</p> <p>Tenure as Director: 1 year</p> <p>Reappointment, Outside, Independent</p> | (Career summary, position and responsibilities at the Company) | | |
| | April | 1981 | Joined Hitachi, Ltd. |
| | July | 2010 | Representative Director of Cipher Co., Ltd. |
| | March | 2014 | Outside Audit & Supervisory Board Member of ASICS Corporation |
| | March | 2015 | Outside Director of Fujita Kanko Inc. |
| | April | 2015 | Outside Director of Paloma Co., Ltd. |
| | June | 2016 | President of Japan Basketball Association (to present) |
| | March | 2018 | Representative Director of SORA Corporation (currently PIT Co' Limited) (to present) |
| | June | 2018 | Outside Director of The Fukui Bank, Ltd. |
| | June | 2019 | Outside Director (Audit and Supervisory Committee Member) of JXTG Holdings, Inc. (currently ENEOS Holdings, Inc.) (to present) Outside Member of the Board of DENSO CORPORATION (to present) |
| | June | 2021 | Vice President of Japanese Olympic Committee (to present) |
| | June | 2023 | Outside Director of the Company (to present) |
| | (Important positions concurrently assumed outside the Company) | | |
| | Number of important concurrent positions assumed at other listed companies: 2 | | |
| | President of Japan Basketball Association | | |
| | Representative Director of PIT Co' Limited | | |
| | Outside Director (Audit and Supervisory Committee Member) of ENEOS Holdings, Inc. | | |
| | Outside Member of the Board of DENSO CORPORATION | | |
| | Vice President of Japanese Olympic Committee | | |
| | (Reasons for the nomination as Outside Director) | | |
| | Ms. MITSUYA has gained extensive experience and broad insight as a corporate manager, as well as a wealth of experience and practical knowledge in human resource development. With such insight and experience, she gives advice to the Company's management and appropriately supervises the performance of duties from diversified perspectives, 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 realize sustainable enhancement of its corporate value, so the Company hereby proposes that you elect her as Outside Director who meets the Independence Standards of Outside Officers stipulated by the Company. She is currently serving as the Company's Outside Director. As of the conclusion of this General Meeting of Shareholders, her tenure as Outside Director will be one (1) year. | | |

(Reference) Independence Standards of Outside Officers

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

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

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

■ Special interest

The candidate, Ms. MITSUYA Yuko, is the President of the Japan Basketball Association. Although the Company has provided services to this Association and received consideration for them, this amount represents less than 0.001% of the Company's consolidated revenue. In addition, although the Company has paid sponsorship fees to this Association, the total amount of such fees represents less than 0.15% of the Association's ordinary income. Ms. MITSUYA Yuko is Vice President of Japanese Olympic Committee and has been acting as President of the committee since November 2, 2023. Although the Company has paid sponsorship fees to the committee, the total amount of such fees represents less than 0.36% of the committee's ordinary income. As stated below, Ms. MITSUYA Yuko meets the Independence Standards of Outside Officers stipulated by the Company, and as such, the Company has designated her as an Independent Officer and provided the notification to the stock exchange.

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

■ Conclusion of a directors and officers liability insurance policy

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

■ Independent Officers

Mr. KOBAYASHI Eizo, Mr. YANAGI Hiroyuki and Ms. MITSUYA Yuko meet the requirements of Independent Officers who are unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of Outside Officers stipulated by the Company described on page 23. The Company, therefore, has designated them as the Independent Officers and provided the notification to the stock exchange. If they are reappointed as Director and assume the post of Outside Director, they will continue to be Independent Officers.

■ Overview of limited liability agreement

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

Proposal 3: Election of Two (2) Audit and Supervisory Board Members

The terms of office of Mr. KAMO Osamu and Mr. OKADA Joji, active Audit and Supervisory Board Members, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes the election of two (2) Outside Audit and Supervisory Board Members.

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

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

The candidates for Audit and Supervisory Board Members are as follows:


| No. | Name | | | Current position at the Company | Attendance at Board of Directors meetings | Attendance at Board of Corporate Auditors meetings | Tenure | Number of Company shares held |
|-----|------------------|---------------------------------------|--------|------------------------------------|---|--|---------|-------------------------------|
| 1 | OKADA Joji | Reappointment, Outside, Independent | Male | Audit and Supervisory Board Member | 100% (16/16) | 100% (15/15) | 4 years | 5,200 |
| 2 | MATSUMURA Mariko | New appointment, Outside, Independent | Female | — | — | — | — | 0 |


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

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

| Name | | Important positions concurrently assumed outside the Company | Attendance at Board of Directors meetings | Attendance at Board of Corporate Auditors meetings | Tenure | Number of Company shares held |
|------------------|----------------------------|---|---|--|---------|-------------------------------|
| KITADA Yuichi | Male | — | 100% (16/16) | 100% (15/15) | 3 years | 1,900 |
| KIKUYAMA Hideki | Male | — | 100% (13/13) | 100% (11/11) | 1 year | 2,000 |
| KUBO Shinsuke | Outside Independent Male | Representative Partner, Kyoei Accounting Office External Audit and Supervisory Board Member, KAWASAKI KISEN KAISHA, Ltd. | 100% (16/16) | 100% (15/15) | 6 years | 7,600 |
| OKADA Joji | Outside Independent Male | Governor (Outside), Japan Exchange Regulation Chairperson, ACFE JAPAN Outside Director, NEC Corporation | 100% (16/16) | 100% (15/15) | 4 years | 5,200 |
| MATSUMURA Mariko | Outside Independent Female | Partner and Attorney at Law, SHINWA LAW Outside Corporate Auditor, Fund Creation Group Independent Outside Member of the Board, Meiji Holdings Co., Ltd. Outside Audit & Supervisory Board Member, Komatsu Ltd. Outside Member of the Board, SODA NIKKA CO., LTD. | — | — | — | 0 |

* The Company has designated Mr. KUBO Shinsuke and Mr. OKADA Joji as Independent Officers as stipulated by the Tokyo Stock Exchange and provided the notification to the stock exchange. In addition, the Company plans to designate Ms. MATSUMURA Mariko as an Independent Officer as stipulated by the Tokyo Stock Exchange and provide the notification to the stock exchange.

| | | |
|---|--|--|
| No. 1 | (Career summary and position at the Company) | |
|  | April 1974 | Joined Mitsui & Co., Ltd. |
| | February 2006 | General Manager, Financial Planning Division of Mitsui & Co., Ltd. |
| | April 2008 | Managing Officer, General Manager, Accounting Division of Mitsui & Co., Ltd. |
| | June 2011 | Representative Director, Executive Managing Officer, CFO of Mitsui & Co., Ltd. |
| | February 2013 | Member, Business Accounting Council of Financial Services Agency |
| | July 2013 | Trustee of IFRS Foundation |
| | April 2014 | Representative Director, Executive Vice President, CFO of Mitsui & Co., Ltd. |
| | June 2015 | Full-time Audit & Supervisory Board Member of Mitsui & Co., Ltd. |
| | November 2017 | Chairperson of the Japan Audit & Supervisory Board Members Association |
| | June 2020 | Outside Audit and Supervisory Board Member of the Company (to present) |
| | October 2020 | Governor (Outside) of Japan Exchange Regulation (to present) |
| | June 2023 | Chairperson of ACFE JAPAN (to present) Outside Director of NEC Corporation (to present) |
| <p>OKADA Joji (October 10, 1951) 72 years old [Male]</p> <p>Number of Company shares held Ordinary shares 5,200</p> <p>Tenure as Audit and Supervisory Board Member: 4 years</p> | <p>(Important positions concurrently assumed outside the Company)</p> <p>Number of important concurrent positions assumed at other listed companies: 1</p> <p>Governor (Outside) of Japan Exchange Regulation</p> <p>Chairperson of ACFE JAPAN</p> <p>Outside Director of NEC Corporation</p> | |
| | <p>(Reasons for the nomination as Outside Audit and Supervisory Board Member)</p> <p>Mr. OKADA has significant insight into all aspects of audit work including governance and risk management, through his practical experience along with expertise as a manager in the administration and the finance & accounting department of a general trading company, as well as his rich experience as a Full-time Audit & Supervisory Board Member of a general trading company and Chairperson of the Japan Audit & Supervisory Board Members Association. He now carries out audits and provides advice concerning financial and other matters as an Audit and Supervisory Board Member of the Company. For all of these reasons, he is believed to be the right person to maintain the soundness of the Company and to achieve the sustainable enhancement of the Company's corporate value, so the Company hereby proposes that you elect him as Outside Audit and Supervisory Board Member who meets the Independence Standards of Outside Officers stipulated by the Company. He is currently serving as the Company's Outside Audit and Supervisory Board Member. As of the conclusion of this General Meeting of Shareholders, his tenure as Outside Audit and Supervisory Board Member will be four (4) years.</p> | |
| | <p>Reappointment Outside, Independent</p> | |

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|---|--|---|
| <p>No. 2</p>  <p>MATSUMURA Mariko (September 24, 1959) 64 years old [Female]</p> <p>Number of Company shares held Ordinary shares 0</p> <p>New appointment Outside, Independent</p> | (Career summary and position at the Company) | |
| | April 1988 | Registered as Attorney at law (Dai-Ichi Tokyo Bar Association) Joined Braun Moriya Hoashi & Kubota |
| | February 1994 | Joined Ryudo Sogo Law Office |
| | January 2006 | Partner and Attorney at Law of SHINWA LAW (to present) |
| | February 2017 | Outside Corporate Auditor of Fund Creation Group (to present) |
| | June 2018 | Independent Outside Member of the Board of Meiji Holdings Co., Ltd. (to present) |
| | April 2022 | President of Dai-Ichi Tokyo Bar Association Vice-President of Japan Federation of Bar Associations |
| | June 2023 | Outside Audit & Supervisory Board Member of Komatsu Ltd. (to present) Outside Member of the Board of SODA NIKKA CO., LTD. (to present) |
| | | <p>(Important positions concurrently assumed outside the Company)</p> <p>Number of important concurrent positions assumed at other listed companies: 4</p> <p>Partner and Attorney at Law of SHINWA LAW</p> <p>Outside Corporate Auditor of Fund Creation Group</p> <p>Independent Outside Member of the Board of Meiji Holdings Co., Ltd.</p> <p>Outside Audit & Supervisory Board Member of Komatsu Ltd.</p> <p>Outside Member of the Board of SODA NIKKA CO., LTD.</p> |
| | | <p>(Reasons for the nomination as Outside Audit and Supervisory Board Member)</p> <p>Since registering as Attorney at law in April 1988, Ms. MATSUMURA has served as President of Dai-Ichi Tokyo Bar Association and other positions, gaining a wealth of experience and insight in legal and compliance fields. For all of these reasons, she is believed to be the right person to maintain the soundness of the Company and to achieve the sustainable enhancement of the Company's corporate value through audits and advice on legal and other matters, so the Company hereby proposes that you elect her as Outside Audit and Supervisory Board Member who meets the Independence Standards of Outside Officers stipulated by the Company. Although she has no previous experience of being directly involved in corporate management other than as an outside officer, the Company believes that she is able to appropriately perform her duties as Outside Audit and Supervisory Board Member for the reasons stated above.</p> |

* Ms. MATSUMURA Mariko's name on her family register is Ms. HOSOI Mariko.

■ Special interest

There is no special interest between the candidates for Audit and Supervisory Board Members and the Company.

■ Conclusion of a directors and officers liability insurance policy

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

■ Independent Officers

Mr. OKADA Joji meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of Outside Officers stipulated by the Company described on page 23. The Company, therefore, has designated him as the Independent Officer and provided the notification to the stock exchange. If he is reappointed as Audit and Supervisory Board Member and assumes the post of Outside Audit and Supervisory Board Member, he will continue to be an Independent Officer.

Additionally, Ms. MATSUMURA Mariko is a new candidate for Outside Audit and Supervisory Board Member and meets the requirements of an Independent Officer who is unlikely to have conflicts of interest with general shareholders as prescribed by the Tokyo Stock Exchange and the Independence Standards of Outside Officers stipulated by the Company described on page 23. If she is appointed as Audit and Supervisory Board Member and assumes the post of Outside Audit and Supervisory Board Member, she will become an Independent Officer.

■ Overview of limited liability agreement

In accordance with Article 427, Paragraph (1) of the Companies Act and the Company’s Articles of Incorporation, the Company has entered into an agreement with Mr. OKADA Joji to limit his liability pursuant to Article 423, Paragraph (1) of the Companies Act, setting the minimum amount stipulated by Article 425, Paragraph (1) of the said Act as the maximum liability. If he is reappointed as Audit and Supervisory Board Member and assumes the post, the Company will continue the agreement with him.

Additionally, in accordance with Article 427, Paragraph (1) of the Companies Act and the Company’s Articles of Incorporation, if Ms. MATSUMURA Mariko is appointed as Audit and Supervisory Board Member and assumes the post, the Company will enter 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.

(Reference) Skill matrix

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

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

| Position at the Company | Name | Management Experience | Finance & Accounting | Legal/ Risk Management (G) | Personnel Affairs/ Talent Development (S) | Safety Management | Global Experience | CX/ Marketing (S) | DX/ IT/ Technologies | GX/ Environment (E) |
|---|--------------------|-----------------------|----------------------|----------------------------|---|-------------------|-------------------|-------------------|----------------------|---------------------|
| Representative Director, Chairperson | AKASAKA Yuji | ○ | | | | ○ | | | ○ | ○ |
| Representative Director, President | TOTTORI Mitsuko | | | | ○ | ○ | | ○ | | |
| Representative Director, Executive Vice President | SAITO Yuji | | ○ | | | | | ○ | ○ | ○ |
| Director, Executive Vice President | AOKI Noriyuki | ○ | | ○ | | | ○ | | ○ | ○ |
| Director and Senior Managing Executive Officer | KASHIWAGI Yoriyuki | | | | ○ | | ○ | ○ | | |
| Director and Managing Executive Officer | TAMURA Ryo | ○ | | | | ○ | ○ | | ○ | |
| Outside Director | KOBAYASHI Eizo | ○ | | | | | ○ | ○ | | |
| Outside Director | YANAGI Hiroyuki | ○ | | | | | ○ | ○ | ○ | ○ |
| Outside Director | MITSUMA Yuko | ○ | | | ○ | | | ○ | | |
| Audit and Supervisory Board Member | KITADA Yuichi | ○ | | ○ | | ○ | ○ | | ○ | ○ |
| Audit and Supervisory Board Member | KIKUYAMA Hideki | | ○ | ○ | ○ | | ○ | | ○ | |
| Outside Audit and Supervisory Board Member | KUBO Shinsuke | | ○ | ○ | | | ○ | | | |
| Outside Audit and Supervisory Board Member | OKADA Joji | | ○ | ○ | | | ○ | | | |
| Outside Audit and Supervisory Board Member | MATSUMURA Mariko | | | ○ | ○ | | | | | |

(Attached Documents)

Business Report

(April 1, 2023 to March 31, 2024)

1. Current state of the JAL Group

(1) Business progress and results

For the fiscal year under review, we achieved profit levels higher than both FY2019 and the previous fiscal year, driven by full-service carriers and LCCs, among others.

The number of customers for the full-service carrier international passenger business largely exceeded the previous fiscal year, owing to the contribution of strong inbound demand surpassing the pre-COVID level on a monthly basis. The revenue per passenger also remained at a high level. Furthermore, we prepared for future growth by introducing a new flagship aircraft, Airbus A350-1000, and launching a direct flight to Doha in the Middle East. As for the domestic passenger business, the number of customers exceeded the previous fiscal year, as we revamped fares to be easier to understand, more economical, and easier to use, while providing supply at pre-COVID levels. As a result, both the international passenger business and the domestic passenger business realized an increase in revenue from the previous fiscal year.

For the cargo and mail business, we strived to capture demand for cargo, including high value-added cargo such as pharmaceuticals and perishables, while commencing the operation of Boeing 767-300ER cargo-only aircraft. As a result, we secured revenue significantly higher than the pre-COVID level, despite a decrease from the previous fiscal year.

LCC strived to create new human flow by expanding the network to and from Narita, achieving an increase in revenue from the previous fiscal year and turning full-year EBIT positive.

In the Mileage, Lifestyle and Infrastructure business, the “Life Status program” was launched, allowing members to accumulate status points over their lifetime by boarding JAL flights and using various everyday services and earn statuses and awards. Furthermore, we made efforts to achieve growth through the creation of connections between people and goods, such as expanding ground handling for foreign airlines’ flights.

To enhance our human capital, we hired approximately 2,000 new employees for the first time in three years and resumed mid-career recruitment. In addition, we enhanced human capital management, improving productivity through DX training and other measures and implementing a significant increase in base salary for the first time in four years.

As for expenses, while fuel costs increased from the previous fiscal year due to the expanding scale of operations, all employees made efforts to reduce costs.

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




| | (Billions of yen) | | |
|---|-----------------------|---------|---|
| | FY2019 (Pre-COVID) | FY2022 | FY2023 |
| Revenue | 1,385.9 | 1,375.5 | 1,651.8 (+276.3 year on year) |
| Earnings before interest and taxes (EBIT) | 88.8 | 64.5 | 145.2 (+80.6 year on year) |
| Profit attributable to owners of parent | 48.0 | 34.4 | 95.5 (+61.1 year on year) |

(Note) Hereinafter, all mention of months falling inside FY2023 are expressed by stating only the month with the year omitted.

Management targets

The JAL Group has set management targets respectively for “safety and comfort,” “sustainability,” and “finances” to be achieved by FY2025, and is taking steps towards achieving them.

In the case of “safety and comfort,” we have been striving for “zero aircraft accidents and zero serious incidents.” However, one case was classified as an aircraft accident and one case was classified as a serious incident by the Ministry of Land, Infrastructure, Transport and Tourism in FY2023. We will continue our ceaseless efforts to ensure safety and work fully to prevent recurrence of such accidents.

| FY2025 target value | | | FY2023 results |
|--|--------------------|---|---|
| Safety and Comfort  | Safety | Aircraft Accidents and Serious Incidents: 0 (during the entire period of the Medium-term management plan) | 2^{*8} |
| | CX (Comfort) | Top Level Customer Experience both in air travel services and daily life NPS^{*1} +4.0pt (International/domestic flights) | Domestic +5.7pt International +1.9pt |
| Sustainability  | Environment | CO₂ Emission Reduction Total emission: below 9.09 million tons (FY2019 results) | 9.07 million tons^{*9} |
| | | Reduction of Single-use Plastic^{*2} Cabin/Lounge: No use of virgin petroleum-based plastic Cargo/Airports: 100% switch to eco-friendly materials^{*3} | 58 % abolished^{*9} 92 % change^{*9} |
| | Communities | Regional Revitalization Domestic passenger ^{*4} and Cargo transport volume + 10% vs FY2019 | Passenger +2% Cargo (14) % |
| | People | Promotion of DEI Group female managers ratio ^{*5} : 30% Consistent efforts to encourage various human resources to demonstrate their potential | 29.8 % |
| Finances  | EBIT Margin | Achieve 10% or Higher | 8.8% |
| | ROIC ^{*6} | Achieve 9% | 7.3 % |
| | EPS | 290 yen level | 219 yen |

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

*2: Single-use plastic products provided to our customers

*3: Items that do not use new or reduced petroleum-derived raw materials, such as biomass, recycled plastic, and certified paper

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

*5: Organizational management positions

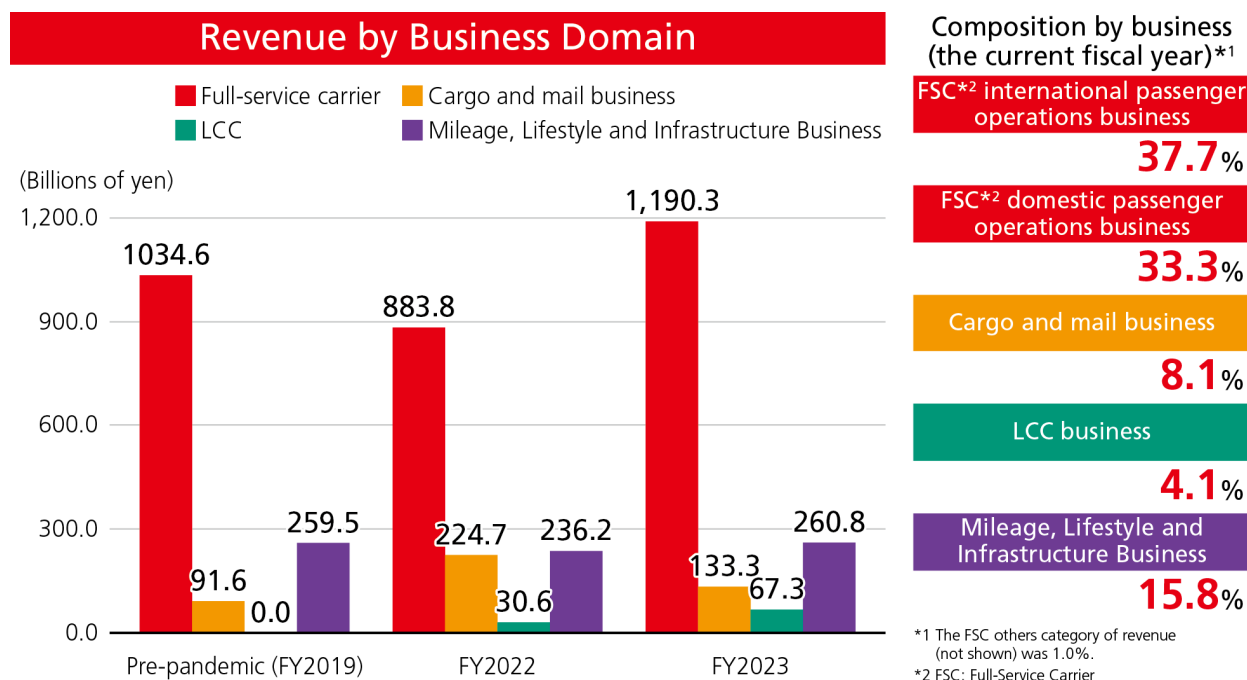
*6: Return on Invested Capital (ROIC) = EBIT (after tax) / average of fixed assets (*7) at the beginning and end of the fiscal year

*7: Fixed assets = Inventories + non-current assets - deferred tax assets - assets for retirement benefits

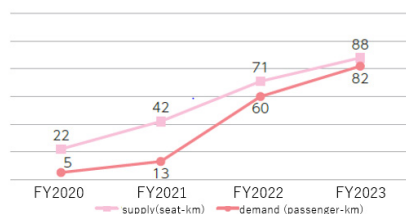
*8: July 12, Flight JL585: Reserve fuel shortage during landing (serious incident)
January 2, Flight JL516: Runway collision (aircraft incident)

*9: Preliminary data

(2) State of each department



Full-service carrier (international)



Supply and demand with FY2019 as 100



Airbus A350-1000

Growth driven by Airbus A350-1000 and network expansion

Regarding **international passenger demand**, full-year demand recovered to 80% of the FY2019 level, as the number of customers increased significantly compared to the previous year due to strong inbound demand, as seen in the number of foreign travelers visiting Japan in October exceeding the pre-COVID level, as well as a gradual recovery in outbound business demand from Japan. The revenue per passenger also remained at a high level from the previous year.

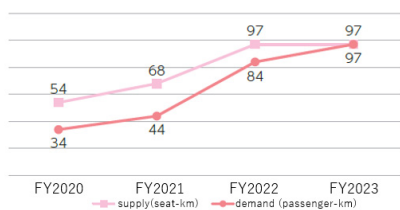
In **business operations**, we introduced Airbus A350-1000, a new flagship aircraft for international flights, which comes with the reduction of fuel consumption and CO₂ emissions by about 15 to 25% compared to previous models as well as maximum comfort. Airbus A350-1000 began flying on the Haneda-New York route in January. We also opened the new Haneda-Doha route in March, the first direct flight to the Middle East by a Japanese airline, enabling connection from Doha to Europe, Africa and South America through the networks of partner companies.

In **products and services**, we were highly acclaimed as providing the best quality in the world, including receiving the SKYTRAX (*1) “5-Star” certification for the seventh consecutive year and being the only airline in Japan to receive the APEX (*2) “WORLD CLASS” for the third consecutive year.

(*1) UK-based airline rating agency

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

Full-service carrier (domestic)



Supply and demand with FY2019 as 100



ATR 42-600 of Hokkaido Air System

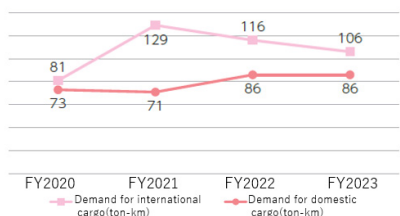
Higher revenue achieved by revamping fares and generating travel demand momentum

Regarding domestic passenger demand, while corporate demand is below the FY2019 level primarily due to the spread of remote meetings, tourism demand has recovered as a result of efforts to generate travel demand momentum. As a result, full-year demand was almost level with the FY2019 level.

Regarding **business operations**, as part of campaigns for post-COVID resumption of traveling, we carried out sales promotion for flight tickets and Dynamic Package products to achieve recovery in tourism demand. Hokkaido Air System introduced its fourth ATR 42-600 aircraft and started service on the Sapporo (Okadama)-Nemuro Nakashibetsu route from the 2023 winter schedule. It is the first time in 12 years for the JAL Group to serve a new airport for its domestic flights.

As for **products and services**, fares were redesigned to be simpler, easier to understand, and more economical in April. Many customers used connection flight discounts and Award Ticket PLUS that allows customers to book award ticket reservations with miles even during busy periods and for crowded flights, among others. We also introduced JAL SMART SECURITY at Naha Airport in March, the second location following Haneda Airport, making the Haneda-Okinawa (Naha) route stress-free and more comfortable.

Cargo and mail business



Demand with FY2019 as 100



JAL's own cargo-only aircraft Boeing 767-300ER

Cargo-only aircrafts introduced on both international and domestic routes and logistics network enhanced

International cargos

While demand for cargo to/from Japan was slow to recover, we strove to capture demand for cargo between Asia/China and North America and focused on capturing high value-added cargo such as pharmaceuticals and perishables, resulting in revenues far above the pre-COVID level. In February, we introduced two of our own cargo-only aircrafts for the first time in 13 years and started their operations to serve Narita, Nagoya, Seoul, Taipei and Shanghai through strong partnership with DHL Express, a global logistics company.

Domestic cargos

As supply recovered in line with the resumption of passenger flights, we strived to maximize revenues by capturing demand through flexible pricing policies. Furthermore, in order to resolve the issue of securing land transportation capacity after 2024 and build a sustainable logistics network, including an environmentally-friendly modal shift from land, we decided on the routes and number of flights for the operation of a dedicated cargo plane Airbus A321-200 from April 2024 with YAMATO HOLDINGS CO., LTD.

LCC



Expansion of networks with Narita Airport as the hub and creation of a new flow of people

With an aim to create a new flow of people, we aggressively expanded to international routes and captured inbound demand, achieving full-year profitability.

| | FY2022 | FY2023 |
|----------------------------------|--------|--------|
| Supply (Million seat-km) | 5,435 | 9,266 |
| Demand (Million passenger-km) | 2,880 | 7,117 |
| Load factor | 53.0% | 76.8% |

(Note) The above do not include the results of Jetstar Japan, an affiliate accounted for by the equity method.



ZIPAIR “the newly-launched Narita-Manila route”

ZIPAIR

ZIPAIR captured demand through aggressive route expansion to extend service to nine cities, opening routes from Narita to San Francisco in June, Manila in July, and Vancouver in March.

SPRING JAPAN

As immigration restrictions related to the China routes gradually eased, we resumed the Narita-Shanghai (Pudong) route after three years and eight months, steadily capturing demand.

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

We newly opened the Narita-Asahikawa route in December to expand and improve the network of flights to/from Narita. For international flights, we also resumed the Narita- Shanghai (Pudong) route, capturing domestic tourism demand and inbound demand.

Mileage, Lifestyle and Infrastructure Business



Statuses in “Life Status program”

Creation of connections between people and goods to grow the non-aviation business

We endeavored to grow the non-aviation business, by expanding “JAL Mileage and Lifestyle” in the Mileage/Finance and Commerce business, growing the ground handling business for foreign airlines’ flights, and promoting the Air Mobility business such as drone logistics.

Commencement of Life Status program

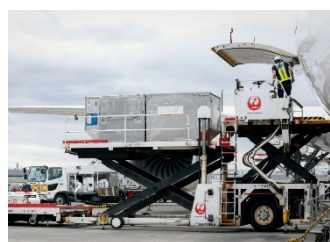
The “Life Status program” was launched in January. The program allows members to keep accumulating status points by using various everyday services, in addition to boarding JAL flights, and earn new statuses and awards.

Launch of JAL Mall where miles can be earned and spent

In May, we opened JAL Mall, a general online shopping mall, where not only JAL’s original goods but also many popular shops in a wide range of fields are available.

Expansion of ground handling

We strived to build a sustainable production system and provided ground handling for the flights of foreign airlines who are expanding operations, supporting the increase in inbound tourists.



Ground handling

(3) Initiatives related to safety and comfort

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

In January, JL516 collided with a Japan Coast Guard aircraft after landing at Haneda Airport. This was designated as an aircraft accident by the Civil Aviation Bureau in the Ministry of Land, Infrastructure, Transport and Tourism. For this case, an investigation by the Transport Safety Board of the Ministry of Land, Infrastructure, Transport and Tourism is currently underway. The Company will continue to fully cooperate in the investigation by the investigation agency and strive to prevent recurrence of accidents in cooperation with the agency and relevant parties.

Ongoing initiatives for enhancing safety

Aiming to be the leading company in safety, we have set “sustainable development of human resources,” “response to various changes in the environment for aviation,” and “safety innovation through the use of digital technology” as priority issues to achieve our management target “zero aircraft accidents and zero serious incidents,” and promoted various initiatives.

- We built career paths that span across the JAL Group and created development programs such as reciprocal assignments, with an aim to sustainably train human resources who can think and act with safety as top priority.
- To prepare for diversifying threats such as terrorism, we rolled out “JAL SMART SECURITY” at Naha Airport, following Haneda. “JAL SMART SECURITY” is security equipment fitted with a computed tomography (CT) device that can produce volumetric 3D images and capable of advanced security inspection.
- Leveraging the know-how cultivated in air transportation business, we made efforts to build a safety management system that addresses issues unique to the Air Mobility business, while promoting the creation of sustainable logistics using drones and eVTOL and initiatives to support local communities with local governments and cooperative companies.
- Aiming to accelerate the development of logic to predict aircraft failures, we collaborated with aircraft manufacturers to introduce a platform to predict and analyze failures and promote the use of AI. We also began research to detect failures using five senses such as smell and sound.
- We installed Wi-Fi in the cockpits and created a system to receive the latest weather information. In addition, we made preparations to install a system that automatically shares information related to tremors detected during navigation with other aircrafts.



Program to train human resources who can think and act with safety as top priority



Use of drones in Amami Setouchi-cho



Weather information received in cockpit

(4) Initiatives related to Sustainability

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

a. Environment

Efforts to Reduce CO₂ Emissions (Reference: (5) Issues to be addressed, “GX strategy.”)

Replacing our fleet by more fuel-efficient aircraft

The new flagship aircraft Airbus A350-1000 began service on international routes in January. For domestic routes, we decided in March to upgrade our fleet to Airbus A321neo as a mid-size aircraft successor, following Boeing 737-8 becoming a small-size aircraft successor. Together with other models, we made a decision to order a total of 42 state-of-the-art fuel-efficient aircrafts from Boeing and Airbus. As a result, 76% of our aircrafts will become fuel efficient by FY2030.



Airbus A321neo

Utilizing SAF (“SAF”: Sustainable Aviation Fuel)

With the goal of “replacing 10% of all fuel on board with SAF by FY2030,” we worked on initiatives with stakeholders across industries, such as the expansion of overseas SAF suppliers, the launch of initiatives using waste cooking oil as raw material to commercialize, promote, and expand the use of SAF in Japan, and campaign development.

Reduction of single-use plastics

As part of our “3Rs (Reduce, Reuse, Recycle) + 1R (Redesign)” to promote the effective use of limited resources, we have changed the trays and lids for inflight meals to paper-based products and implemented other reduction measures. In terms of progress on the management targets, we have achieved “eliminating 58%* of virgin petroleum-derived plastics on board and at lounges (+13pt year on year)” and “switching 92%* of single-use plastics to environmentally sustainable materials at airport and cargos (+1pt year on year).”

* Preliminary data

b. Communities

Regional revitalization (Reference: (5) Issues to be addressed, “Building relationships and societal connections.”)

To achieve the target of “increasing domestic passengers and cargo transport volume by 10% compared to FY2019,” we have made preparations for the start of operations of cargo-only aircraft, which will attract inbound visitors to local areas and promote the shift from land transportation to air transportation. In terms of progress on the management targets, the volume of domestic passengers increased by 2% (+17pt year on year), and the cargo transport volume decreased by 14% (+3pt year on year).

c. Human

Promotion of Diversity, Equity, and Inclusion (DEI) (Reference: (5) Issues to be addressed, “Human capital management.”)

The ratio of female managers* increased to 29.8% (+1.4pt from the previous year). In addition, the number of female Executive Officers also increased by one to eight, raising the ratio to 25.0% (+3.1pt from the previous fiscal year). Furthermore, we have provided more opportunities for employees with disabilities. We also worked to provide our diverse employees, such as those employees hired at overseas locations, the opportunity to actively enhance their careers.

* Changed in the fiscal year under review to the ratio based on the number of managers at or above the director-level who manage organizational departments.

Respect for human rights

We carried out initiatives based on mechanisms for human rights due diligence from three points of view: “supply chain management,” the “provision of products and services,” and the “enhancement of our internal

environment.” As part of our initiatives for supply chain management, we completed confirmation of the soundness of 461 major primary suppliers, which is an initiative carried out since FY2019.

(5) Issues to be addressed

In FY2023, the third year of the “FY2021-2025 JAL Group Medium-term Management Plan,” we achieved profits exceeding the FY2019 level. However, we faced new challenges common to all of society, such as unstable global conditions, rising prices, and a shortage of human resources.

In light of these changes in the business environment, we have formulated the “Medium-term Management Plan Rolling Plan 2024” in order to accomplish the Medium-term Management Plan in FY2025 and to prepare ahead of time for medium- to long-term growth.

We have positioned the ESG strategy as our top-level strategy since FY2023. While taking care of the environment, we have been working not only to provide a means of air transportation, but also to increase and improve the relationships and societal connections brought about by the movement of people and goods through air transportation.

We will strive to increase the number of people related to interacting communities and improve the level of community involvement to solve social issues, while steadily advancing Green Transformation (GX) and human capital management.

Create Value Through ESG Strategy for Medium and Long-Term Growth



CX: Customer Experience DX: Digital Transformation GX: Green Transformation

We have summarized the issues that the JAL Group is to address, along the timeline for achieving our target, as follows, and we will advance our initiatives accordingly.

(1) Medium-term issues (to 2025)

- (i) Achievement of profit targets and business model reform
- (ii) Achievement of management targets

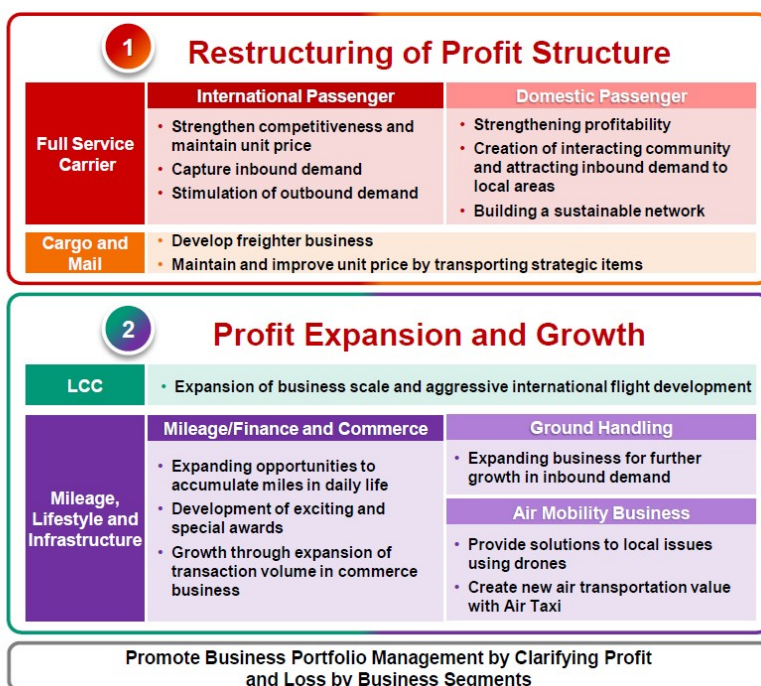
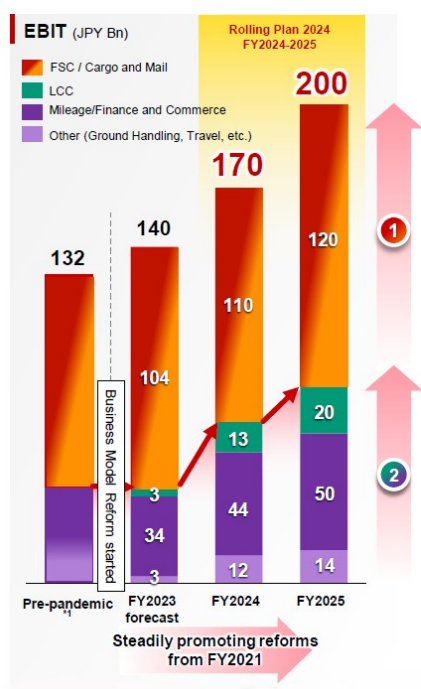
(2) Medium to long-term issues (to 2030 / to 2050)

- (i) Building relationships and societal connections
- (ii) GX strategy
- (iii) Human capital management

(1) Middle-term issues (to 2025)

(i) Achievement of profit targets and business model reform

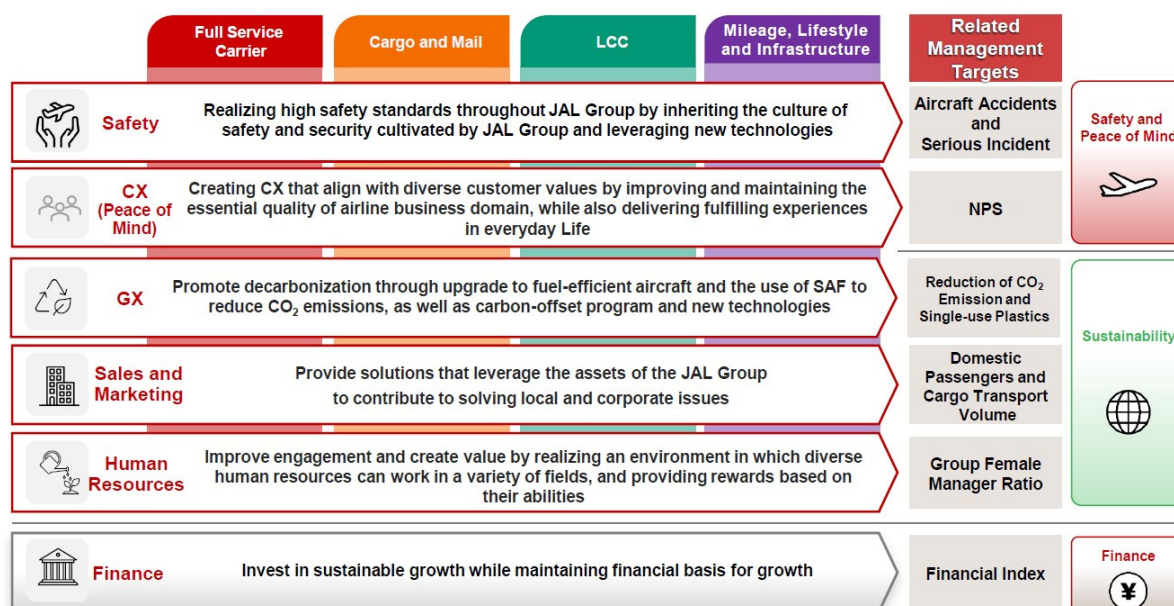
We will implement business model reform by promoting ESG strategies to achieve the profit targets of 170.0 billion yen in EBIT for FY2024 and 200.0 billion yen in EBIT for FY2025 and to establish the business model with resilience and growth potential.



*1 Pre-pandemic: FY2019 actual results excluding the impact of the COVID-19 pandemic (earnings forecast disclosed at the time of announcement of FY2019 Q3 financial results (IFRS))

(ii) Achievement of management targets

We will achieve FY2025 management targets and improve sustainability of business operations through cross-domain initiatives.



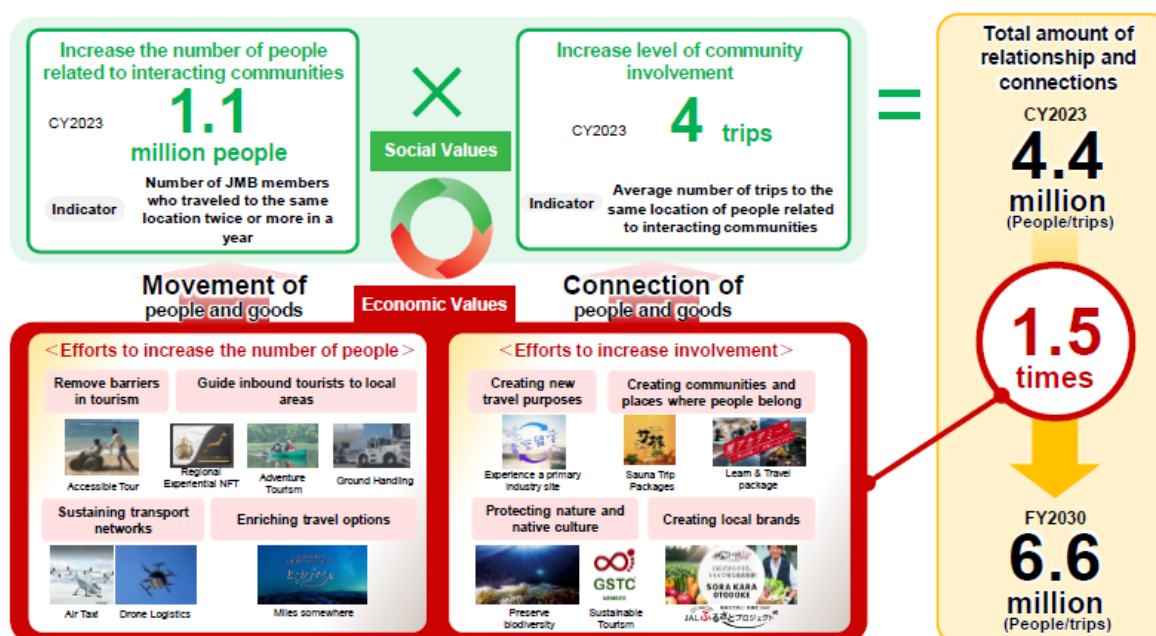
CX: Customer Experience GX: Green Transformation

(2) Medium to long-term issues (to 2030 / to 2050)

(i) Building relationships and societal connections (to 2030)

We will create social and economic value and enhance corporate value by building “relationships and connections” through the “movement” of goods and people. We will quantify “the number of people related to interacting communities” and “the level of community involvement” at the JAL Group and continuously strive to improve those numbers, with an aim to increase the total amount of relationship and connections by 1.5 times in 2030.

Create social and economic values by increasing the level of involvement of the interacting community*, through the expansion of overall relationships and connections



*"Interacting community" refers to those who are not immigrants, tourists, or simply returning home, but who are involved in a continuous and diverse way with a specific region outside of their daily lives or commuting area. But, in this material, it refers to "a person who visits the region more than once a year, including returning home and business trips, and who has a continuous and diverse relationship with the region."

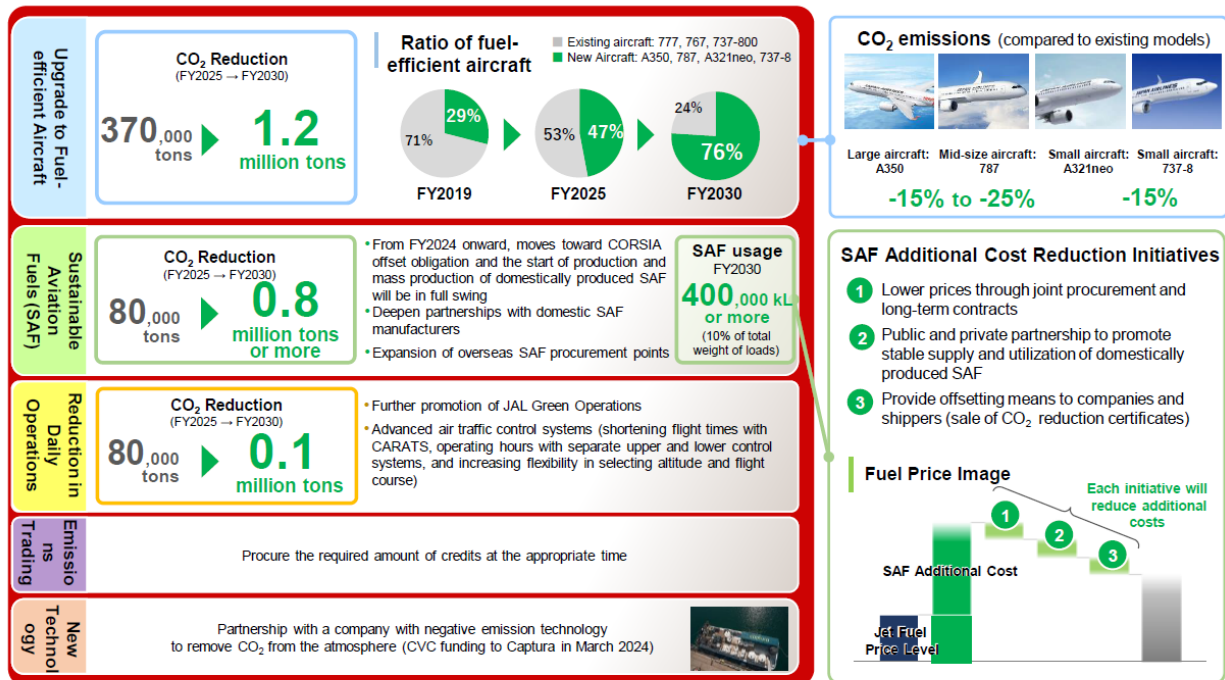
*Cooperation from University of Tsukuba

(ii) GX strategy (to 2050)

We will speed up our efforts to achieve “Net Zero CO₂ emissions by 2050.” “Upgrades to fuel-efficient aircrafts” will accelerate, replacing 76% of our aircrafts with more fuel-efficient ones by FY2030. In terms of “Sustainable Aviation Fuels (SAF),” as the start of production and mass production of domestically produced SAF gains momentum, we will deepen our partnerships with manufacturers to secure procurement. Furthermore, we will procure the required amount of credits at the appropriate time through “emissions trading” to achieve targets and implement CORSIA(*), while aggressively employing “new technology.”

(*) CORSIA: A scheme adopted by the International Civil Aviation Organization (ICAO) that requires airlines operating international flights to purchase SAF and carbon credits for the amount “exceeding 85% of CO₂ emissions in 2019.”

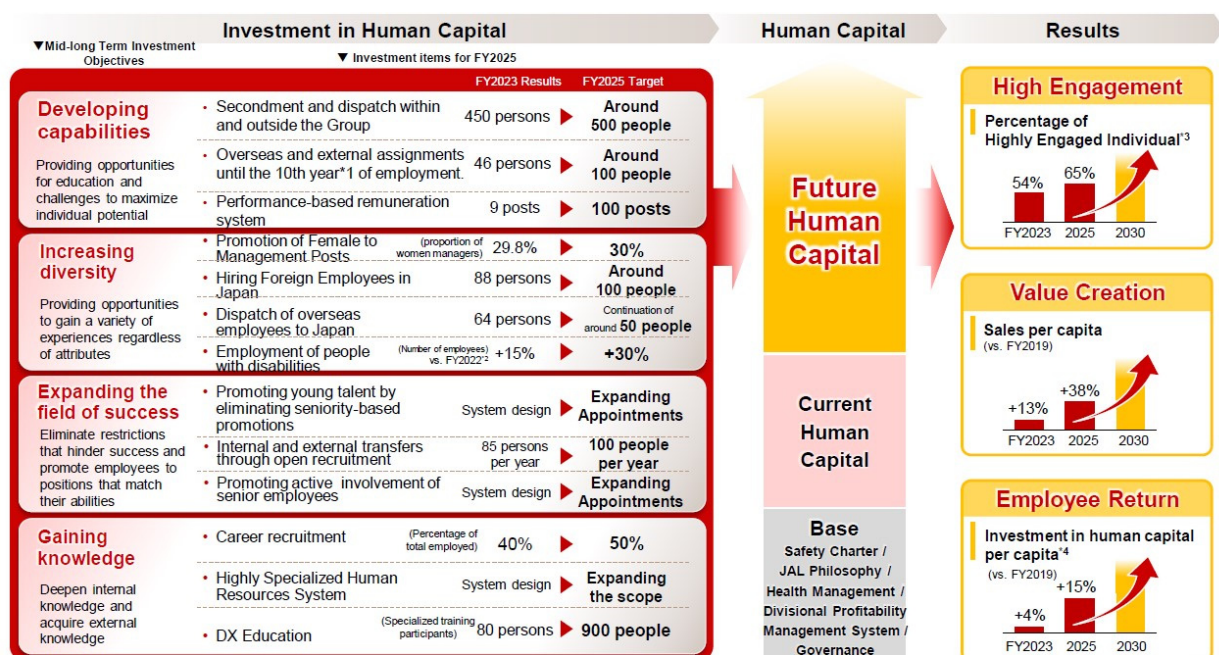
Accelerate initiatives to reduce CO₂ emissions*¹ from the projected emissions*² of 11 million tons in FY2030



*1: 10% less vs. FY2019 *2: Projected emissions without measures

(iii) Human capital management (to 2030)

We will improve engagement and create value by realizing an environment in which diverse human resources can work in a variety of fields through investment in human capital and providing rewards based on their abilities.



*1: JAL business planning staff *2: As of June 1, 2022 *3: Percentage of employees who selected 4 or 5 out of 5 in the employee awareness survey *4: Per capita base salary + training expenses

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



(6) Employees (as of March 31, 2024)

| | Number of Employees | Increase (decrease) from the previous fiscal year |
|-----------------------------|-----------------------------------|---|
| Air transportation business | 32,550 persons [1,912 persons] | +1,478 [+508] |
| Other | 3,950 persons [613 persons] | +143 [+181] |
| Total | 36,500 persons [2,525 persons] | +1,621 [+689] |

- (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 and part-time employees, the average annual number is provided separately in brackets. The increase (decrease) in dispatched employees and part-time employees from the previous fiscal year shows, in brackets, the difference between the average annual number in the previous fiscal year and the current fiscal year.

(7) Aircraft (as of March 31, 2024)

| Aircraft | Number of aircraft | | | Number of seats |
|-------------------------|--------------------|--------|-------|--------------------|
| | Owned | Leased | Total | |
| Large-sized aircrafts | | | | |
| Airbus A350-1000 | 3 | 0 | 3 | 239 |
| Airbus A350-900 | 11 | 4 | 15 | 369, 391 |
| Boeing 777-300ER | 13 | 0 | 13 | 244 |
| (Subtotal) | (27) | (4) | (31) | |
| Middle-sized aircrafts | | | | |
| Boeing 787-9 | 19 | 3 | 22 | 195, 203, 239 |
| Boeing 787-8 | 31 | 0 | 31 | 186, 206, 290, 291 |
| Boeing 767-300ER | 16 | 9 | 25 | 199, 252, 261 |
| (Subtotal) | (66) | (12) | (78) | |
| Small-sized aircrafts | | | | |
| Boeing 737-800 | 47 | 15 | 62 | 144, 165, 189 |
| (Subtotal) | (47) | (15) | (62) | |
| Regional aircrafts | | | | |
| Embraer 170 | 18 | 0 | 18 | 76 |
| Embraer 190 | 14 | 0 | 14 | 95 |
| De Havilland DHC8-400CC | 5 | 0 | 5 | 50 |
| ATR42-600 | 12 | 1 | 13 | 48 |
| ATR72-600 | 2 | 0 | 2 | 70 |
| (Subtotal) | (51) | (1) | (52) | |
| Cargo aircrafts | | | | |
| Boeing 767-300ER | 0 | 2 | 2 | - |
| Airbus A321-200 | 0 | 2 | 2 | - |
| (Subtotal) | (0) | (4) | (4) | |
| Total | 191 | 36 | 227 | |

(8) Capital expenditures

During the current fiscal year, the JAL Group's capital expenditures totaled 218.0 billion yen, which is broken down into 179.6 billion yen for aircraft-related capital expenditures, 9.8 billion yen for ground-based assets, etc., and 28.5 billion yen for intangible fixed assets.

Five new aircraft were purchased during the fiscal year under review. In contrast, four aircraft were sold off.

Of the aircraft currently on order, we made advance or other payments on 15 aircraft during the fiscal year under review.

◇ Newly introduced: 5 airplanes

| | |
|------------------|-------------|
| Airbus A350-1000 | 3 airplanes |
| Boeing 787-8 | 1 airplane |
| ATR42-600 | 1 airplane |

◇ Sold or disposed: 4 airplanes

| | |
|-----------------|-------------|
| Airbus A350-900 | 1 airplane |
| Boeing 777-200 | 3 airplanes |

(9) Financing

In order to make solid progress on the effort to replace our aircraft with advanced fuel-efficient aircraft, we have conducted the debt financing of about 44.9 billion yen in total (excluding increases or decreases of short-term borrowings), including the issuance of our second Transition Bond in June.

(10) Major parent companies and subsidiaries (as of March 31, 2024)

a. Parent companies

None

b. Subsidiaries

| Name | Capital | Ratio of voting rights | Principal business |
|--------------------------------|-------------------|------------------------|--|
| JAPAN TRANSOCEAN AIR CO., LTD. | 4,537 million yen | 72.8% | Air transportation business (full-service carrier) |
| J-AIR CO., LTD. | 100 million yen | 100.0% | Air transportation business (full-service carrier) |
| ZIPAIR Tokyo Inc. | 100 million yen | 100.0% | Air transportation business (LCC) |
| SPRING JAPAN Co., Ltd. | 100 million yen | 66.7% | Air transportation business (LCC) |
| JALUX Inc. | 2,558 million yen | * 69.7% | Wholesale |
| JALUX AIRPORT INC. | 15 million yen | * 100.0% | Airport shop management |
| JALCARD, Inc. | 360 million yen | 50.6% | Credit card business |
| JALPAK CO., LTD. | 80 million yen | * 97.8% | Travel agency |

(Notes) 1. We have revised which companies to present in the above list based on the viewpoint of materiality. The Company and the above-listed subsidiaries account for the majority of the operating revenues (after elimination of intersegment transactions) in the JAL Group's previous and current fiscal year.

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

2. Corporate Officers

(1) Directors and Audit and Supervisory Board Members (as of March 31, 2024)

| Position | Name | Responsibility | Important concurrent occupations or positions at other organizations (* indicates a listed company) |
|--|--------------------|--|--|
| Director, Chairperson | UEKI Yoshiharu | Chairman of the Board of Directors | Outside Director, Japan Airport Terminal Co., Ltd.(*) |
| Representative Director, President | AKASAKA Yuji | Chief Safety Officer Chief Executive Officer of the JAL Group Chairman of the Management Committee Chairman of the Group Management Council Chairman of the Council for Group Safety Enhancement Chairman of the JAL Philosophy Committee Chairman of the Group Risk Management Council Chair of the Sustainability Promotion Council Chair of the Customer Value Creation Council Chief Sustainability Officer | |
| Representative Director, Executive Vice President | SHIMIZU Shinichiro | Aide to the President, Chief Wellness Officer, Chair of the JAL Wellness Promotion Committee | |
| Representative Director, Senior Managing Executive Officer | TOTTORI Mitsuko | Senior Vice President, Customer Experience Division Chief Customer Officer of the JAL Group | |
| Director, Senior Managing Executive Officer | SAITO Yuji | Senior Vice President, Corporate Planning Division Chief Financial Officer of the JAL Group | |
| Director, Managing Executive Officer | TSUTSUMI Tadayuki | Senior Vice President, Corporate Safety and Security Division, Senior Director, Family Assistance & Support Office | |
| Director | KOBAYASHI Eizo | | Outside Director, Japan Exchange Group, Inc.(*) |
| Director | YANAGI Hiroyuki | | Outside Director, AGC Inc.(*) Outside Director, Kirin Holdings Company, Limited (*) Outside Director, Mitsubishi Electric Corporation (*) |
| Director | MITSUYA Yuko | | President, Japan Basketball Association Representative Director, PIT Co' Limited Outside Director (Audit and Supervisory Committee Member), ENEOS Holdings, Inc.(*) Outside Member of the Board, DENSO CORPORATION(*) Vice President, Japanese Olympic Committee |
| Audit and Supervisory Board Member, full-time | KITADA Yuichi | | |

| Position | Name | Responsibility | Important concurrent occupations or positions at other organizations (* indicates a listed company) |
|---|-----------------|----------------|--|
| Audit and Supervisory Board Member, full-time | KIKUYAMA Hideki | | |
| Outside Audit and Supervisory Board Member | KAMO Osamu | | Attorney at law, Ginza Sogo Law Office External Audit & Supervisory Board Member, Azearth Corporation(*) |
| Outside Audit and Supervisory Board Member | KUBO Shinsuke | | Representative Partner, Kyoei Accounting Office External Audit and Supervisory Board Member, KAWASAKI KISEN KAISHA, Ltd.(*) |
| Outside Audit and Supervisory Board Member | OKADA Joji | | Governor (Outside), Japan Exchange Regulation Chairperson, ACFE JAPAN Outside Director, NEC Corporation(*) |

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

(1) Assumption

At the 74th Ordinary General Meeting of Shareholders held on June 23, 2023, Ms. TOTTORI Mitsuko, Mr. SAITO Yuji and Ms. MITSUYA Yuko were newly appointed as Director, and Mr. KIKUYAMA Hideki was newly appointed as Audit and Supervisory Board Member, and they assumed office on the same date.

(2) Retirement

At the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 23, 2023, Mr. KIKUYAMA Hideki, Mr. TOYOSHIMA Ryuzo and Ms. HATCHOJI Sonoko retired from office of Director, and Mr. SAITO Norikazu retired from office of Audit and Supervisory Board Member, due to the expiration of the term of office.

(3) Changes of positions and responsibilities of Directors

Director, Mr. AKASAKA Yuji, was newly appointed as Chief Executive Officer of the JAL Group on April 1, 2023 and Chair of the Customer Value Creation Council on May 16, 2023.

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

(1) Assumption

Director, Mr. OKADA Joji, was newly appointed as Chairperson, ACFE JAPAN on June 9, 2023 and Outside Director, NEC Corporation on June 22, 2023.

(2) Retirement

Director, Ms. MITSUYA Yuko, retired from office of Outside Director, The Fukui Bank, Ltd. on June 24, 2023.

3. Directors, Mr. KOBAYASHI Eizo, Mr. YANAGI Hiroyuki and Ms. MITSUYA Yuko are Outside Directors who meet the Independence Standards of Outside Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to have conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange. In addition, Mr. KOBAYASHI Eizo is the Lead Independent Outside Director.

4. Audit and Supervisory Board Members, Mr. KAMO Osamu, Mr. KUBO Shinsuke and Mr. OKADA Joji are Outside Audit and Supervisory Board Members who meet the Independence Standards of Outside Officers stipulated by the Company. The Company has designated them as the Independent Officers who are unlikely to have conflicts of interests with general shareholders as stipulated by the Tokyo Stock Exchange and notified them to the stock exchange.

5. Audit and Supervisory Board Member, Mr. KIKUYAMA Hideki has considerable knowledge of finance and accounting, having been engaged mainly in general administrative departments over his many years since joining the Company, and having served as Senior Vice President of Finance & Accounting Division for the last four years since 2019.

6. Audit and Supervisory Board Member, Mr. KUBO Shinsuke is qualified to be a certified public accountant and has considerable knowledge of finance and accounting.

7. Audit and Supervisory Board Member, Mr. OKADA Joji has considerable knowledge of finance and accounting, having been engaged mainly in the finance and accounting departments over his many years since joining Mitsui & Co., Ltd., and having served as Executive Vice President, CFO of Mitsui & Co., Ltd.

8. Important positions which Outside Officers concurrently assumed outside the Company are as stated in the above table. Ms. MITSUYA Yuko is the President of the Japan Basketball Association. Although the Company has provided services to this Association and received consideration for them, this amount represents less than 0.001% of the Company's consolidated revenue. In addition, although the Company has paid sponsorship fees to this Association, the total amount of such fees represents less than 0.15% of the Association's ordinary income. Ms. MITSUYA Yuko is Vice President of Japanese Olympic Committee and has been acting as President of the committee since November 2, 2023. Although the Company has paid sponsorship fees to the committee, the total amount of such fees represents less than 0.36% of the committee's ordinary income. Ms. MITSUYA Yuko meets the Independence Standards of Outside Officers stipulated by the Company, and as such, the Company has designated

her as an Independent Officer and provided the notification to the stock exchange. There is no special interest between the Company and other companies of which important positions are concurrently held.

9. Effective April 1, 2024, the positions and responsibilities of Directors have been changed as follows:

| Position | Name | Responsibility |
|--|--------------------|--|
| Director | UEKI Yoshiharu | |
| Representative Director, Chairperson | AKASAKA Yuji | Chairman of the Board of Directors Chief Safety Officer |
| Director, Vice Chairperson | SHIMIZU Shinichiro | |
| Representative Director, President | TOTTORI Mitsuko | Chief Executive Officer of the JAL Group Chairman of the Management Committee Chairman of the Group Management Council Chairman of the Council for Group Safety Enhancement Chairman of the JAL Philosophy Committee Chairman of the Group Risk Management Council Chair of the Sustainability Promotion Council Chair of the Customer Value Creation Council Chief Sustainability Officer |
| Representative Director, Executive Vice President | SAITO Yuji | Head of Corporate Division Chief Financial Officer of the JAL Group Chief Wellness Officer Chair of the JAL Wellness Promotion Committee |
| Director | TSUTSUMI Tadayuki | |

(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 Outside Director and Audit and Supervisory Board Member, by which they are bound to be liable for damages specified in Article 423, Paragraph (1) of the Companies Act, to the extent of the amount of the minimum liability specified in Article 425, Paragraph (1) of the said Act.

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

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

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

| Classification | Number of Directors and Audit and Supervisory Board Members | Total amount paid (Millions of yen) | Total amount paid by type (Millions of yen) | | |
|---|---|-------------------------------------|---|---|--|
| | | | Basic remuneration | Performance-linked remuneration (Bonus) | Performance-linked remuneration (Non-monetary remuneration claims, etc.) |
| Directors (Of which, Outside Directors) | 12 (4) | 482 (36) | 258 (36) | 151 (—) | 72 (—) |
| Audit and Supervisory Board Members (Of which, Outside Audit and Supervisory Board Members) | 6 (3) | 77 (28) | 77 (28) | — | — |
| Total | 18 | 560 | 335 | 151 | 72 |

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

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

b. Policy on determination of remuneration in kind for Directors

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

The total amount of remuneration, etc.

- 1) The total amount of monetary remuneration, etc.: No more than 700 million yen (consisting of fixed basic remuneration of 350 million yen or less (of which, 50 million yen or less for Outside Directors), and a performance-linked bonus of 350 million yen or less)
- 2) The total amount of remuneration in the form of monetary remuneration receivables under the performance-linked share-based remuneration plan per each performance evaluation period (refers to the three most recent consecutive completed fiscal years): The amount obtained by multiplying the upper limit on the number of shares to be delivered per performance evaluation period (100,000 shares), by the upper limit on amount to be paid in* per share

(*) Upper limit on amount to be paid in:

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

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

Fundamental policies

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

Remuneration levels and remuneration composition ratios

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

If the degree of achievement of targets is 100%:

| | | | |
|---|-----|---------------------------------|--|
| Fixed remuneration | | | |
| Linked with financial targets and non-financial targets | | | |
| 0 | 50% | 80% | 100% |
| Basic remuneration 50% | | Performance-linked bonus 30% | Performance-linked share-based remuneration 20% |

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

Framework for performance-linked remuneration

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

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

| | The performance-linked bonus (*1) | The performance-linked share-based remuneration |
|---|---|---|
| Range of variation (with 100 in the case when performance targets are achieved) | The amount to be paid will vary from 0 to 150 | The number of shares to be granted will vary from 0 to 150 (*2) |
| Performance evaluation indices and ratios | | |
| Performance evaluation period | 1 year | 3 years |

Legend: ■ financial targets ■ non-financial targets

- *1 For Chairperson and President, “individual performance evaluation indices for each officer” is not set, and instead, “EBIT” is used for performance evaluation. The level of achievement in terms of indicators related to safety operation will be considered.
- *2 For the final fiscal year of the Medium-term Management Plan period, the number will vary from 0 to 200, adjusted by addition or subtraction according to the level of achievement of the targets.
- *3 Individual indices for each officer
- *4 TSR: Evaluated based on the ratio of the total shareholder return of the Company’s share to the return of TOPIX including dividends.
- *5 Evaluated based on consolidated ROIC.
- *6 Evaluated based on the number of major ESG stock indices etc., by which JAL has been listed or recognized (DJSI World Index, FTSE Blossom Japan Index, APEX WORLD CLASS, CDP A-, and MSCI WIN).
- *7 Evaluated based on CO₂ emissions per revenue-ton-km.

Procedures for determination of remuneration, etc.

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

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

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

Regarding the individual remuneration, etc., after a discussion based on the policies concerning the determination of the Director remuneration etc. described above at the Compensation Committee, which has an Outside Director serving as Chairperson and a majority of members who are Outside Directors, it was decided at the Board of Directors meeting held on February 22, 2023, with due respect for the deliberations and reports of that committee that the details of the individual remuneration, etc. are judged to be in compliance with the above policies established by the Company.

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

Basic stance on capital strategy

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

Outlook for the future

In the fiscal year under review, in the new post-COVID-19 environment, we finally achieved a return to the profit level exceeding EBIT of 100.0 billion yen. In the next fiscal year, we will realize further growth by promoting business model reform. With regard to the full-year consolidated earnings forecast for the next fiscal year, we forecast revenue of 1,930.0 billion yen, EBIT of 170.0 billion yen, and profit attributable to owners of parent of 100.0 billion yen based on the business environment and other factors presented in the FY2021-2025 JAL Group Medium-term Management Plan Rolling Plan 2024, assuming that the supply-demand balance of international passengers will remain tight.

The calculation is based on an exchange rate of 145 yen to the U.S. dollar and a market price of US\$110 per barrel for Singapore Jet Kerosene, an indicator of aviation fuel costs.

Policy on shareholder return

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

For the fiscal year under review, we plan to pay a year-end dividend of 45 yen per share, in consideration of factors such as consolidated financial results and the outlook for our ability to generate cash flow. Accordingly, the annual dividend for the fiscal year under review will be 75 yen per share, including the interim dividend of 30 yen per share.

Since the Company expects revenue and profit growth, mainly as a result of higher domestic passenger revenue due to further growth in unit prices and higher international passenger revenue due to a recovery in demand for flights from Japan, the annual dividend forecast for the next fiscal year is 80 yen per share, of which the interim dividend forecast is 40 yen per share.

In line with the recovery of our business results, we will strive to realize continuous and stable shareholder returns, which has been our basic policy for some time.

4. Shareholder benefit programs, etc.

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

Basic concept of shareholder benefit

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

Details of shareholder benefit

As a benefit program, we issue JAL Group 50% discount coupons for domestic flights and provide information on travel discounts to shareholders as of March 31 and September 30 of each year, based on the number of shares held and other issuance criteria.

To become more familiar with JAL

We plan and implement special campaigns for our products and services aimed exclusively at shareholders, which are announced when we issue special benefit coupons. During the fiscal year under review, we implemented special promotions on “JAL Mall,” a general online shopping mall where miles can be earned and spent, and other websites.

We also offer plant tours and online information seminars as opportunities for people to become more familiar with our company.

We will inform you about special campaigns and events such as plant tours through the dedicated website for shareholders. Please register on the website.



Haneda hangar tour (a conceptual image)



Dedicated website for shareholders

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

Business results and assets

| Classification | 72nd fiscal year ended March 31, 2021 | 73rd fiscal year ended March 31, 2022 | 74th fiscal year ended March 31, 2023 | 75th fiscal year ended March 31, 2024 |
|--|--|--|--|--|
| Revenue (Millions of yen) | 481,225 | 682,713 | 1,375,589 | 1,651,890 |
| Profit (loss) before financing and income tax (EBIT) (Millions of yen) | (398,306) | (239,498) | 64,563 | 145,235 |
| EBIT margin (%) | (82.8) | (35.1) | 4.7 | 8.8 |
| Profit (loss) attributable to owners of parent (Millions of yen) | (286,693) | (177,551) | 34,423 | 95,534 |
| Basic earnings (loss) per share (Yen) | (764.99) | (406.29) | 78.77 | 218.61 |
| Return On Invested Capital (ROIC) (%) | (20.6) | (12.4) | 3.3 | 7.3 |
| Return On Equity (ROE) (%) | (29.2) | (20.3) | 4.3 | 11.1 |
| Total assets (Millions of yen) | 2,107,279 | 2,375,724 | 2,520,603 | 2,649,232 |
| Total equity (Millions of yen) | 981,535 | 846,067 | 856,957 | 948,345 |
| Equity per share attributable to owners of the parent (Yen) | 2,168.06 | 1,830.03 | 1,867.91 | 2,082.23 |
| Ratio of equity attributable to owners of the parent to total assets (%) | 45.0 | 33.7 | 32.4 | 34.3 |

- (Notes)
1. The Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards.
 2. 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.
 3. 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.
 4. EBIT margin (%) = EBIT / Revenue
 5. Return On Invested Capital (ROIC) (%) = EBIT (after tax) / Average fixed assets (*)
*Fixed assets = Inventories + Non-current assets - Deferred tax assets - Retirement benefit asset
 6. In the 74th fiscal year under review, the Company finalized the provisional accounting treatment for the business combination, and the amounts for the 73rd fiscal year reflect the details of the said treatment.

Principal business (as of March 31, 2024)

Air transportation business and other businesses incidental or related thereto.

Principal locations of business and plants (as of March 31, 2024)

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

Major creditors (as of March 31, 2024)

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

| Creditor | Loans outstanding at the end of the period |
|-------------------------------------|--|
| Mizuho Bank, Ltd. | 155,436 million yen |
| MUFG Bank, Ltd. | 155,436 million yen |
| Development Bank of Japan Inc. | 71,850 million yen |
| Sumitomo Mitsui Banking Corporation | 44,019 million yen |

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

Other important matters concerning current status of the JAL Group

- a. As regards the case that the Company was charged with forming a price cartel on air cargo by European Union antitrust authorities, a judgment by the European Court of Justice became final in February 2016, revoking the monetary penalty payment ordered by authorities. However, the authorities again issued an order of monetary penalty payment in March 2017. Accordingly, we filed a suit in the European Court of Justice again in May 2017 to confirm nullity of the order. A judgment was made in the first trial that part of the order shall be null and that the amount of monetary penalty payment shall be reduced in March 2022. In response, we appealed to the European Court of Justice in June of the same year, seeking a further reduction of the surcharge by means such as confirming the invalidity of the order. At the same time, as a civil suit, cargo owners are suing several airlines including the Company in the Netherlands, etc., claiming damages arising from the alleged air cargo cartel. In regard to reserve for loss on antitrust liabilities, for which the probability and amount of possible losses can be reasonably estimated, an estimated amount of possible losses is recorded. The JAL Group provides training for employees on overseas assignments before they are stationed abroad, and holds seminars on antitrust and provides e-learning mainly for staff in the sales departments, in order to prevent occurrence of cartel behavior, while requiring managerial staff in the sales departments to confirm compliance every six months. Thus, the JAL Group endeavors to strengthen the structure for compliance with the antimonopoly law.
- b. A case in which reserve fuel ran short during landing in July 2023 was designated as a serious incident. In addition, a case in which a collision with a Japan Coast Guard aircraft occurred after landing in January 2024 was designated as an aircraft accident by the Civil Aviation Bureau in the Ministry of Land, Infrastructure, Transport and Tourism. For these cases, an investigation by the Transport Safety Board of the Ministry of Land, Infrastructure, Transport and Tourism is underway. The Company will fully cooperate in the investigation by the investigation agency and strive to prevent recurrence of accidents.

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

Shares (as of March 31, 2024)

1. Status of shares issued by the Company

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

| Classification | Total number of shares issued | Number of shareholders |
|-----------------|-------------------------------|------------------------|
| Ordinary shares | 437,143,500 shares | 479,152 persons |

(Note) The total number of shares issued includes 136,327 shares of treasury shares.

(2) Major shareholders

(As of March 31, 2024)

| Name | Number of shares held (shares) | Shareholding ratio (%) |
|--|--------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 80,412,000 | 18.40 |
| Custody Bank of Japan, Ltd. (Trust account) | 27,266,200 | 6.23 |
| KYOCERA Corporation | 7,638,400 | 1.74 |
| JPMorgan Securities Japan Co., Ltd. | 5,107,711 | 1.16 |
| Daiwa Securities Group Inc. | 5,000,000 | 1.14 |
| GOVERNMENT OF NORWAY | 4,216,486 | 0.96 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 3,346,162 | 0.76 |
| BBH BOSTON CUSTODIAN FOR BLACKROCK GLOBAL ALLOCATION FUND, INC. 620313 | 2,955,500 | 0.67 |
| THE BANK OF NEW YORK 134088 | 2,673,100 | 0.61 |
| HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES | 2,532,209 | 0.57 |

(Note) Shareholding ratio is calculated with 136,327 shares of treasury shares excluded, rounded down to two decimal places.

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

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

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

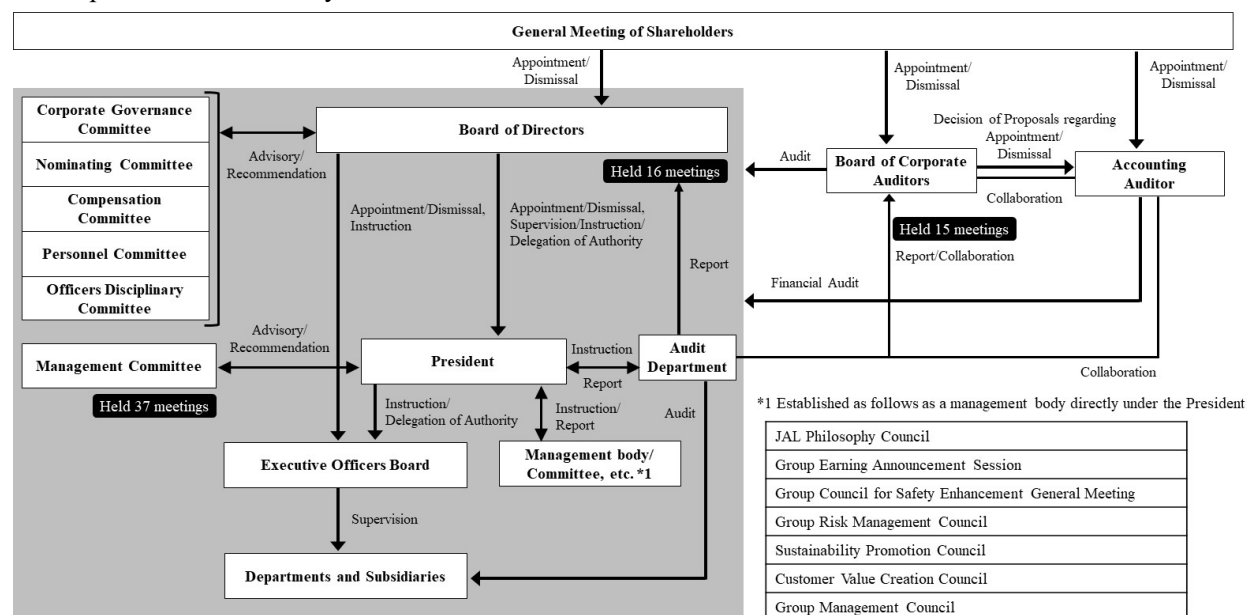
We will always verify the degree of contribution to corporate value enhancement of holding shares. Specifically, we compare profit on transactions attributable to dividends received and shares held with target capital cost, conduct quantitative study and take into consideration qualitative factors. We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

We confirmed the appropriateness of continuing to hold shares of listed companies at the Board of Directors meeting on January 17, 2024. We will continue to carefully review the significance of holding cross-shareholdings as well as the returns and risks associated with holding them, verifying the suitability of holding them.

Company's systems and policies

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

■ Corporate Governance System



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

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

Corporate Officers (Outside Officers)

| Position | Name | Attendance at meetings of the Board of Directors and the Board of Corporate Auditors | Major activities during the current fiscal year |
|------------------------------------|-----------------|---|---|
| Director | KOBAYASHI Eizo | Board of Directors meetings attended: 100% (16/16) | 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 supervise the performance of duties from practical and diversified perspective. He used this experience and so forth, as well as activities as Chairman of the Corporate Governance Committee and Chairman of the Compensation Committee to give advice to the Company's management and appropriately supervise the performance of duties. |
| Director | YANAGI Hiroyuki | Board of Directors meetings attended: 100% (16/16) | Mr. YANAGI has extensive experience and broad knowledge as a member of top management of a globally operating company. With such attributes, he was expected to give advice to the Company's management and supervise the performance of duties from practical and diversified perspective. He used the experience and so forth, as well as activities as Chairman of the Nominating Committee to give advice to the Company's management and appropriately supervise their performance of duties. |
| Director | ITSUYA Yuko | Board of Directors meetings attended: 100% (13/13) | Ms. ITSUYA has extensive experience and broad insight as a corporate executive, as well as extensive experience and practical knowledge in human resources development. With such attributes, she was expected to give advice to the Company's management and supervise the performance of duties from a diversified perspective. She used the experience and so forth to give advice to the Company's management and appropriately supervise their performance of duties. |
| Audit and Supervisory Board Member | KAMO Osamu | Board of Directors meetings attended: 100% (16/16) Board of Corporate Auditors meetings attended: 100% (15/15) | Mr. KAMO was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of a legal expert, based on his many years of experience regarding compliance and corporate governance in the legal field such having held positions as a member of an investigation committee on misconduct cases. He used this experience and so forth to give advice and suggestions to the Company's management. |
| Audit and Supervisory Board Member | KUBO Shinsuke | Board of Directors meetings attended: 100% (16/16) Board of Corporate Auditors meetings attended: 100% (15/15) | Mr. KUBO was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the perspective of an accounting professional, based on his many years of experience as a certified public accountant, where he has dealt with corporate auditing, stock listing, corporate restructuring, M&A support, etc. He used this experience and so forth to give advice and suggestions to the Company's management. |
| Audit and Supervisory Board Member | OKADA Joji | Board of Directors meetings attended: 100% (16/16) Board of Corporate Auditors meetings attended: 100% (15/15) | Mr. OKADA was expected to give advice and recommendations on the Company's managerial issues, operations of the Board of Directors, internal control, risk management, etc., from the practical perspective on all aspects of audit, based on his practical experience and professional expertise as a manager in the management and the finance & accounting department of a general trading company, as well as rich experience as a Full-time Audit & Supervisory Board Member of the general trading company and Chairperson of the Japan Audit & Supervisory Board Members Association. He used this experience and so forth to give advice and suggestions to the Company's management. |

(Note) As Ms. ITSUYA Yuko was newly appointed at the 74th Ordinary General Meeting of Shareholders held on June 23, 2023 and took office as Director on the same date, the number of the meetings of the Board of Directors that she could attend in the fiscal year under review is different from that for the other Outside Directors.

Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

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

| | |
|---|-----------------|
| a. Remuneration, etc., for Accounting Auditor for the current fiscal year | 159 million yen |
| b. Total amount of money and other financial interests to be paid by the Company and its subsidiaries | 283 million yen |

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

(3) Non-auditing services

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

* Agreed Upon Procedures

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

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

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

<Fundamental Policies on the Internal Controls System>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. We have developed a system for Directors and employees to report to Audit and Supervisory Board Members.
- b. We have developed a system for Directors, Audit and Supervisory Board Members, employees or persons who receive reports from them to report to Audit and Supervisory Board Members.
- c. We have developed a system to ensure that persons who report are not subjected to disadvantageous treatment as a result of reporting.

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

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

<Operation of the Internal Controls System>

- 1) We have developed a system to ensure compliance with the Articles of Incorporation and laws and regulations governing the execution of the duties of Directors and employees.
 - a. We established the JAL Philosophy and the JAL Group Code of Conduct, Commitment to Society, and penetrate and put them into action throughout the Group through education and other means.
 - b. We established Fundamental Policies on the Internal Controls System and Guidance for JAL Group Internal Control, and develop, operate and evaluate internal controls in accordance with the Companies Act and Financial Instruments and Exchange Act.
 - c. We established our hotline for whistleblowers for public interest including a hotline accessible in both Japanese and English (for internal and external use), which operates 24 hours a day, 365 days a year, and put in place a system that enables early detection of and quick response to incidents etc., related to compliance by regularly providing employees with information on the hotline. In light of the revision to the Whistleblower Protection Act in 2022, we have improved the environment related to whistleblowing and strengthened systems to detect risks before they occur.
 - d. We inspect attributes of new business partner candidates and conduct a review every three years as a regular inspection to verify whether there are any changes in attributes and/or information.
 - e. We explain legal considerations to Directors to ensure that they are aware of their duties, authorities, and responsibilities including the fiduciary duty of loyalty and the duty of care as a prudent manager. We provide education courses for employees, etc. to ensure that they acquire the necessary knowledge to perform their duties.
 - f. The Audit Department inspects the development and operation of the internal controls system stipulated by Guidance for JAL Group Internal Control according to the fiscal year plan, reports audit results of each audit to management, and regularly reports progress of audits and audit results to Audit and Supervisory Board Members. The Audit Department regularly reports audit results to the Board of Directors.
 - g. The Maintenance Audit Department conducts inspections to verify that maintenance work is performed according to laws, regulations, and internal rules.
 - h. The Safety Audit Department checks safety-related deliberations, engagement, instructions, and other operations regarding management by attending Group Safety Enhancement Council meetings and checking materials submitted to the meetings according to the Safety Audit Plan. It also conducts internal audits of production divisions, the Corporate Safety and Security Division, and airports.
- 2) We have developed a system concerning the preservation and management of information concerning the execution of the duties of Directors.
 - We prepare, keep, and manage information (documents and minutes) and “Ringi,” official internal documents for circulation and approval, related to decision making of the Board of Directors and other important meetings according to laws and regulations as well as internal regulations.
- 3) We have developed regulations and other systems concerning risk management of losses.
 - a. In order to prevent the risk of losses from occurring, we operate and implement the PDCA cycle of preventive risk management. The results of these efforts are reported to the Group Risk Management Council and the Board of Directors for management evaluation.
 - b. To improve the effectiveness of our business continuity plan, we established a branch office of the Operations Control Center in Osaka, and have been utilizing the knowledge of outside experts in expanding the plan and conducting training in preparation for contingencies such as an earthquake directly hitting the Tokyo area. In addition, we conduct periodic training as well as regular JAL group wide reporting drills to raise awareness of risk management and check the situation of staff quickly using a safety confirmation system.
 - c. We continuously train care givers who take care of victims and bereaved families, and Accident Command Board members to conduct risk management quickly and accurately in case of an aircraft accident or incident.

- 4) We have developed a system to ensure that the duties of Directors are executed efficiently.
- Through processes such as evaluation of effectiveness of the Board of Directors, we review administrative authorities and board operation methods every fiscal year and develop an environment for strategic discussions to achieve sustainable growth. In order to make appropriate and quick management decisions, we established the Management Committee and Group Earnings Announcement Sessions directly under the President. In addition, to advance ESG management toward achieving the SDGs, we established the Sustainability Promotion Council chaired by the President. In FY2023, the Customer Value Creation Council was established to solve fundamental issues related to customer value.
- 5) We have developed a system to ensure that duties in the JAL Group are executed appropriately.
- a. We established JAL Group Business Management Regulations and Guidance for JAL Group Internal Control and the General Affairs Department plays the central role in monitoring the appropriateness of duties.
 - b. Implementation of initiatives aimed at achieving targets are monitored through expanded Business Performance Reporting Meetings, and guidance and support are provided.
 - c. We provide the General Affairs Department of each JAL Group company, through daily and regular coordination and information sharing, with guidance and support that contribute to strengthening the risk management systems.
 - d. The Company and each Group company have concluded the basic agreement to make clear the basic relationship between the companies with regard to business operations.
 - e. We guide directors and others involved in the management of group companies to reaffirm their own responsibilities and roles and to ensure fair and efficient management.
 - f. The Audit Department conducts appropriate audits of group companies, and since FY2022, the Board of Directors has been regularly informed of the results of these audits.
 - g. The Maintenance Audit Department conducts inspections at each subsidiary to verify that maintenance work is performed according to laws, regulations, and internal rules.
 - h. The Safety Audit Department checks safety-related deliberations, engagement, instructions, and other operations regarding management by attending Group Safety Enhancement Council meetings in accordance with the Safety Audit Plan and checking materials submitted to the meetings. It also conducts internal audits of production divisions, the Corporate Safety and Security Division, and airports.
- 6) We have developed a system concerning employees in case Audit and Supervisory Board Members require the assistance of employees, a system concerning independence of such employees from Directors, and a system to ensure that instructions by Audit and Supervisory Board Members to those employees are effective.
- We established an organization independent from Directors and assign employees to serve as Audit and Supervisory Board Members to increase effectiveness of audits by Audit and Supervisory Board Members and execute audit duties smoothly. They receive work instructions and orders from and are appointed with the consent of Audit and Supervisory Board Members.
- 7) We have developed a system concerning reports, etc. to Audit and Supervisory Board Members.
- a. Audit and Supervisory Board Members attend the Board of Directors meetings and other important meetings, read Ringi documents requiring approval from Directors and above, and audit the execution of corporate duties through interviews with the President, hearings with related departments, visits to internal departments, etc. Audit and Supervisory Board Members report to the Board of Corporate Auditors and the Board of Directors on issues etc., recognized in audits twice a year, and confirm the status of follow-up work.
 - b. Audit and Supervisory Board Members exchange opinions and information regularly with Audit and Supervisory Board Members of Group companies and visit them.
 - c. Audit and Supervisory Board Members check the development of systems to ensure that persons who have reported to them do not receive disadvantageous treatment for making such reports.

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

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

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

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

Consolidated Statement of Financial Position

As of March 31, 2024

| | | (Millions of yen) |
|---|-----------|--------------------------------|
| | | (Reference) |
| ASSETS | Amount | Amount of previous fiscal year |
| I Current assets | | |
| Cash and cash equivalents | 713,867 | 639,247 |
| Trade and other receivables | 173,023 | 174,906 |
| Other financial assets | 16,472 | 11,202 |
| Inventories | 43,949 | 36,747 |
| Other current assets | 75,294 | 60,776 |
| Subtotal | 1,022,608 | 922,880 |
| II Non-current assets | | |
| Tangible fixed assets | | |
| Flight equipment | 871,409 | 839,205 |
| Advances on flight equipment | 134,745 | 102,431 |
| Other tangible fixed assets | 89,396 | 86,158 |
| Total tangible fixed assets | 1,095,551 | 1,027,795 |
| Goodwill and intangible assets | 87,189 | 83,310 |
| Investment property | 3,561 | 3,296 |
| Investments accounted for using equity method | 24,259 | 20,200 |
| Other financial assets | 158,930 | 158,638 |
| Deferred tax assets | 229,212 | 278,655 |
| Retirement benefit asset | 12,294 | 8,522 |
| Other non-current assets | 15,624 | 17,303 |
| Subtotal | 1,626,623 | 1,597,722 |
| Total assets | 2,649,232 | 2,520,603 |

Consolidated Statement of Financial Position

As of March 31, 2024

| | | (Millions of yen) |
|--|-----------|--------------------------------|
| | | (Reference) |
| LIABILITIES | Amount | Amount of previous fiscal year |
| I Current liabilities | | |
| Trade and other payables | 160,052 | 136,138 |
| Interest-bearing liabilities | 106,935 | 111,968 |
| Other financial liabilities | 44,972 | 58,749 |
| Income taxes payable | 2,601 | 2,642 |
| Contract liabilities | 368,916 | 316,873 |
| Provisions | 3,325 | 2,737 |
| Other current liabilities | 50,396 | 40,467 |
| Subtotal | 737,200 | 669,578 |
| II Non-current liabilities | | |
| Interest-bearing liabilities | 780,358 | 813,535 |
| Other financial liabilities | 25,401 | 9,331 |
| Deferred tax liabilities | 3,317 | 3,505 |
| Provisions | 23,550 | 23,908 |
| Retirement benefit liability | 120,575 | 132,355 |
| Other non-current liabilities | 10,483 | 11,430 |
| Subtotal | 963,686 | 994,067 |
| Total liabilities | 1,700,886 | 1,663,645 |
| | | |
| EQUITY | | |
| I Equity attributable to owners of parent | | |
| Share capital | 273,200 | 273,200 |
| Capital surplus | 273,992 | 273,631 |
| Retained earnings | 306,879 | 225,644 |
| Treasury shares | (408) | (408) |
| Accumulated other comprehensive income | | |
| Financial assets measured at fair value through other comprehensive income | 43,171 | 38,384 |
| Effective portion of cash flow hedges | 11,836 | 4,812 |
| Exchange differences on translation of foreign operations | 1,275 | 1,024 |
| Total accumulated other comprehensive income | 56,283 | 44,220 |
| Subtotal | 909,947 | 816,288 |
| II Non-controlling interests | 38,398 | 40,669 |
| Total equity | 948,345 | 856,957 |
| Total liabilities and equity | 2,649,232 | 2,520,603 |

Consolidated Statement of Profit or Loss

(April 1, 2023 – March 31, 2024)

| | | (Millions of yen) |
|---|-------------|--|
| | Amount | (Reference) Amount of previous fiscal year |
| Revenue | | |
| International passenger revenue | 684,523 | 444,662 |
| Domestic passenger revenue | 556,046 | 454,665 |
| Other revenue | 411,320 | 476,261 |
| Total revenue | 1,651,890 | 1,375,589 |
| Other income | 31,330 | 34,157 |
| Personnel expenses | (334,089) | (292,312) |
| Aircraft fuel | (356,796) | (323,353) |
| Depreciation, amortization and impairment losses | (149,960) | (158,197) |
| Other operating expenses | (701,442) | (570,823) |
| Total operating expenses | (1,542,288) | (1,344,686) |
| Operating profit | 140,932 | 65,059 |
| Share of profit (loss) of investments accounted for using equity method | 469 | (3,353) |
| Profit before investing, financing and income tax | 141,402 | 61,706 |
| Investing income | 4,490 | 3,970 |
| Investing expenses | (657) | (1,112) |
| Profit before financing and income tax | 145,235 | 64,563 |
| Finance income | 9,277 | 2,074 |
| Finance expenses | (15,206) | (14,209) |
| Profit before tax | 139,306 | 52,429 |
| Income tax expense | (43,394) | (18,553) |
| Profit | 95,911 | 33,876 |
| Profit (loss) attributable to | | |
| Owners of parent | 95,534 | 34,423 |
| Non-controlling interests | 377 | (547) |

Consolidated Statement of Changes in Equity

(April 1, 2023 – March 31, 2024)

(Millions of yen)

| | Equity attributable to owners of parent | | | | | |
|---|---|-----------------|-------------------|-----------------|--|---------------------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Accumulated other comprehensive income | |
| | | | | | Financial assets measured at fair value through other comprehensive income | Effective portion of cash flow hedges |
| Balance as of April 1, 2023 | 273,200 | 273,631 | 225,644 | (408) | 38,384 | 4,812 |
| Profit | – | – | 95,534 | – | – | – |
| Other comprehensive income | – | – | – | – | 3,881 | 9,334 |
| Comprehensive income | – | – | 95,534 | – | 3,881 | 9,334 |
| Dividends | – | – | (24,035) | – | – | – |
| Share-based payments | – | 365 | – | – | – | – |
| Transfer to hedged non-financial assets | – | – | – | – | – | (2,310) |
| Purchase of treasury shares | – | – | – | (0) | – | – |
| Changes in ownership interest in subsidiaries | – | (4) | – | – | – | – |
| Transfer to retained earnings | – | – | 9,736 | – | 904 | – |
| Total transactions with owners | – | 361 | (14,298) | (0) | 904 | (2,310) |
| Balance as of March 31, 2024 | 273,200 | 273,992 | 306,879 | (408) | 43,171 | 11,836 |

| | 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, 2023 | 1,024 | – | 44,220 | 816,288 | 40,669 | 856,957 |
| Profit | – | – | – | 95,534 | 377 | 95,911 |
| Other comprehensive income | 251 | 10,641 | 24,109 | 24,109 | 1,368 | 25,477 |
| Comprehensive income | 251 | 10,641 | 24,109 | 119,643 | 1,745 | 121,389 |
| Dividends | – | – | – | (24,035) | (3,341) | (27,376) |
| Share-based payments | – | – | – | 365 | – | 365 |
| Transfer to hedged non-financial assets | – | – | (2,310) | (2,310) | (601) | (2,911) |
| Purchase of treasury shares | – | – | – | (0) | – | (0) |
| Changes in ownership interest in subsidiaries | – | – | – | (4) | (74) | (78) |
| Transfer to retained earnings | – | (10,641) | (9,736) | – | – | – |
| Total transactions with owners | – | (10,641) | (12,047) | (25,984) | (4,016) | (30,001) |
| Balance as of March 31, 2024 | 1,275 | – | 56,283 | 909,947 | 38,398 | 948,345 |

Notes to Consolidated Financial Statements

(Base of Preparation of the Consolidated Financial Statements)

1. Standards for the preparation of consolidated financial statements

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

2. Scope of consolidation

Consolidated subsidiaries

Number of consolidated subsidiaries: 53

Names of principal consolidated subsidiaries:

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

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

3. Application of the equity method

Affiliates accounted for by the equity method

Number of affiliates accounted for by the equity method: 10

Names of affiliates accounted for by the equity method:

AGP CORPORATION, Airport Facility Co., Ltd.

In the current fiscal year, one company was added to the scope of the application of the equity method due to the acquisition of new shares.

4. Summary of significant accounting policies

(1) Valuation of significant assets

I. Financial instruments

a. Financial assets

(a) Initial recognition and measurement

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

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

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

(i) Financial assets that are debt instruments

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

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

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

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

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

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

(ii) Financial assets that are equity instruments

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

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

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

(b) Subsequent measurement

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

(i) Financial assets measured at amortized cost

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

(ii) Financial assets measured at fair value

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

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

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

(c) Derecognition of financial assets

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

(d) Impairment of financial assets

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

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

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

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

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

b. Financial liabilities

(a) Initial recognition and measurement

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

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

(b) Subsequent measurement

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

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

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

(ii) Financial liabilities measured at amortized cost

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

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

(c) Derecognition of financial liabilities

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

c. Presentation of financial assets and liabilities

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

d. Derivatives and hedge accounting

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

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

Specifically, a hedge is considered to be effective if all of the following items are met:

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

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

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

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

The JAL Group only uses cash flow hedges as a hedge accounting method.

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income while the ineffective portion is recognized immediately in profit or loss.

The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

When forecast transactions are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is reclassified to profit or loss. In cases where hedged forecast transactions become less likely to occur but are still expected to occur, the amounts that have been recognized in equity through other comprehensive income continue to be recorded in equity until such future cash flows occur.

II. Inventories

Inventories are measured at the lower of acquisition cost or net realizable value.

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

III. Tangible fixed assets (excluding leases)

(i) Recognition and measurement

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

(ii) Depreciation and useful life

Depreciation is measured by primarily using the straight-line method, with the depreciable amount, over the estimated useful life of each component. Land and advances on flight equipment and other purchases are not depreciated.

The estimated useful lives of major tangible fixed assets are as follows:

Flight equipment: 8 to 20 years

Other: 2 to 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. Goodwill

Goodwill arising from business combinations is stated at acquisition cost less accumulated impairment losses. Goodwill is not amortized, and is allocated to a cash-generating unit or a group of cash generating units and tested for impairment annually or whenever there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.

The measurement of goodwill at the time of initial recognition is described in “(7) Business combinations.”

V. Intangible assets

The JAL Group measures intangible assets by using the cost model at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured at an acquisition cost at the initial recognition.

After the initial recognition, intangible assets, except those with indefinite useful lives, are amortized by using the straight-line method over their estimated useful lives. The estimated useful lives of major intangible assets are as follows:

Software: 5 years

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

VI. Investment property

Investment property is real estate owned for rental income. Investment properties are measured using the cost model in conformity with tangible fixed assets and are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Investment properties are depreciated primarily on a straight-line basis over their respective estimated useful lives. Land and the construction suspense account are not depreciated. The estimated useful lives of major investment properties are as follows:

Investment property: 1 to 47 years

VII. Leases

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

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

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

VIII. Impairment of non-financial assets

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

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

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

Any impairment loss is recognized in profit or loss if the carrying amount of an asset or cash generating unit exceeds the estimated recoverable amount of the asset or cash generating unit. Impairment losses that are

recognized in association with a cash generating unit proportionally reduce the carrying amount of the principal assets within the cash generating unit.

The JAL Group assesses at the end of each 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) Criteria for the recording of major provisions

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

(i) Asset retirement obligations

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

(ii) Reserve for loss on antitrust litigation

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

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

Foreign currency translations

(i) Foreign currency transactions

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

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

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

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

(ii) Financial statements of foreign operations

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

(4) 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.

(5) 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.”

(6) Business combinations

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

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

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

(7) 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. Change of accounting policy

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

| IFRS | | Summary of introduction or revision |
|--------|--------------|---|
| IAS 12 | Income Taxes | Clarification of the accounting for deferred tax on leases and decommissioning obligations |
| IAS 12 | Income Taxes | Amendment requiring disclosure of a company’s exposure to income taxes arising from tax systems enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD) |

The application of the above statements does not have a material impact on the consolidated financial statements of the JAL Group.

6. 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 are based on the JAL Group's Medium-term Management Plan. The main assumptions built into estimates include demand forecasts for the period of the Medium-term Management Plan as well as fuel prices, and forecasts of exchange rate related market fluctuations.

There are uncertainties in these assumptions, and they 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 368,916 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 871,409 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 1,095,551 million yen, goodwill and intangible assets of 87,189 million yen and investment properties of 3,561 million yen) exist as of the end of the fiscal year, and, if signs of impairment are present, considers whether or not to record an impairment loss with respect to the assets.

Since operating profit was recorded in the fiscal year under review and the Company expects to continue to post an operating profit in its future results estimates, the Company has determined that there are no signs of an impairment loss.

Regarding the impairment loss for the current fiscal year, the cash generation unit was changed mainly for trademarks and aircraft parts that are to be sold or decommissioned, and the amount was reduced to the estimated recoverable amount.

(4) Recognition of deferred tax assets

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

As of the end of the current fiscal year, deferred tax assets and deferred tax liabilities amounted to 229,212 million yen and 3,317 million yen respectively.

7. Notes to consolidated statement of financial position

| | | |
|-----|---|---------------------|
| (1) | Allowance for doubtful accounts deducted directly from assets | 10,874 million yen |
| (2) | Accumulated depreciation of tangible fixed assets and owned investment property | 854,279 million yen |
| (3) | Assets pledged as collateral and obligations secured by such collateral | |
| | Assets pledged as collateral | |
| | • Flight equipment | 396,651 million yen |
| | • Others | 8,619 million yen |
| | Obligations secured by such collateral | |
| | • Current portion of long-term borrowings | 57,410 million yen |
| | • Long-term borrowings | 194,194 million yen |

It is confirmed under general arrangements for transactions with financial institutions that the financial institutions have the right to dispose of the assets pledged as collateral and appropriate the amount to or offset the amount with the amount to be repaid in cases where the principal of and/or interest on past-due borrowings are not repaid, giving rise to a default.

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

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

(4) Contingent liabilities

| | |
|-----------------------------------|--------------------|
| Guarantee liabilities | |
| (Guarantee for bank loans) | |
| • B eleven, LLC | 12,076 million yen |
| • Other | 2,116 million yen |
| (Guarantee for lease liabilities) | |
| • Jetstar Japan Co., Ltd. | 1,828 million yen |

8. Notes to consolidated statement of changes in equity

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

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

2. Dividends

(1) Dividends paid

| Resolution | Class of shares | Source of dividends | Total amount of dividends (Millions of yen) | Dividend per share (yen) | Record date | Effective date |
|--|-----------------|---------------------|---|--------------------------|--------------------|------------------|
| June 23, 2023 Ordinary General Meeting of Shareholders | Ordinary shares | Retained earnings | 10,925 | 25.0 | March 31, 2023 | June 26, 2023 |
| October 31, 2023 Board of Directors' meeting | Ordinary shares | Retained earnings | 13,110 | 30.0 | September 30, 2023 | December 4, 2023 |

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

| Resolution | Class of shares | Source of dividends | Total amount of dividends (Millions of yen) | Dividend per share (yen) | Record date | Effective date |
|---|-----------------|---------------------|---|--------------------------|----------------|----------------|
| June 18, 2024 Ordinary General Meeting of Shareholders (Plan) | Ordinary shares | Retained earnings | 19,665 | 45.0 | March 31, 2024 | June 19, 2024 |

9. Notes on 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 failing to discharge a contractual obligation.

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

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

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

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

The JAL Group's exposure to credit risk (before deduction of allowance for doubtful accounts) for each category of receivables is as follows:

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

| | Trade and other receivables | Other financial assets |
|------------|---|-------------------------------------|
| | Items recorded as allowance for doubtful accounts in the same amount as the lifetime expected credit losses | Credit-impaired financial assets |
| | Millions of yen | Millions of yen |
| Category 1 | 173,445 | — |
| Category 2 | 405 | — |
| Category 3 | 5,724 | 12,811 |
| Total | 179,575 | 12,811 |

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 trade receivables with similar credit risk at an amount equal to the lifetime expected credit losses. The amount is determined by multiplying the carrying amount of similar trade receivables by the provision rate, which reflects forecasts of future economic conditions and other circumstances in the historical credit loss rate of such assets.

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

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

When collection of all or portion of receivables is considered impossible or extremely difficult, it is deemed to be a default.

When delinquency of a debtor is caused not by temporary fund requirement but primarily by significant financial difficulty of the debtor, and the collectability of receivables is considered to be of particular concern, such financial assets are deemed to be credit-impaired.

When it is evident that the amount of such financial assets cannot be collected in the future, the JAL Group writes it off and reduces the corresponding amount of allowance for doubtful accounts.

Changes in allowance for doubtful accounts recorded by the JAL Group are as follows.

| | Trade and other receivables | Other financial assets |
|----------------|---|-------------------------------------|
| | Items recorded as allowance for doubtful accounts in the same amount as the lifetime expected credit losses | Credit-impaired financial assets |
| | Millions of yen | Millions of yen |
| March 31, 2023 | 6,136 | 3,803 |
| Increase | 607 | 523 |
| Decrease | (192) | (4) |
| March 31, 2024 | 6,551 | 4,322 |

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

(3) Liquidity risk management

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

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

(4) Foreign currency risk management

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

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

(5) Interest rate risk management

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

The JAL Group monitors interest rates in the market.

(6) Fuel price fluctuation risk management

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

2. Matters concerning the fair value of financial instruments

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

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

(1) Method of fair value measurement

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

(Cash and cash equivalents, trade and other receivables, trade and other payables, and current interest-bearing liabilities)

The carrying amounts are used as fair value of these assets, given that the fair value is almost the same as the carrying amounts, as they are mostly settled in a short time.

(Other financial assets and other financial liabilities)

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

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

(Non-current interest-bearing liabilities)

The fair value is measured at the present value of future cash flows discounted at an interest rate assumed if similar contracts were newly executed.

(2) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost are as follows.

Financial instruments measured at fair value, those whose carrying amount closely approximates to the fair value and those not significant are not included in the table below:

| | Carrying amount | Fair value |
|-----------------------------------|-----------------|-----------------|
| | Millions of yen | Millions of yen |
| Financial liabilities measured at | | |
| amortized cost | | |
| Non-current | | |
| Bonds payable | 258,732 | 255,241 |
| Long-term borrowings | 469,415 | 475,901 |
| Total | 728,148 | 731,142 |

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

(3) Financial instruments measured at fair value

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

| | 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 | 56,133 | — | 41,292 | 97,426 |
| Financial assets measured at fair value through profit or loss | | | | |
| Investments in investment limited partnerships | — | — | 15,069 | 15,069 |
| Derivative assets designated as hedges | — | 16,162 | — | 16,162 |
| Total | <u>56,133</u> | <u>16,162</u> | <u>56,361</u> | <u>128,658</u> |
| Liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | |
| Derivative liabilities designated as hedges | — | 592 | — | 592 |
| Total | <u>—</u> | <u>592</u> | <u>—</u> | <u>592</u> |

10. Notes on investment property

1. Matters concerning the status of investment property

The Group owns buildings (including land) for lease.

2. Matters concerning the fair value of investment property

Fair value 2,990 million yen

(Note) The fair value at the end of the current fiscal year is the amount measured by the Group with reference to the “Japanese Real Estate Appraisal Standards.”

In cases where there have been no material changes in a certain valuation amount (actual value or appraised value) or an index that is considered to appropriately reflect market prices since the time of acquisition from a third party or the most recent valuation, the amount is based on the amount adjusted using such valuation amount or index.

11. Notes on per share information

- | | |
|-----------------------------|--------------|
| 1. Owners' equity per share | 2,082.23 yen |
| 2. Basic earnings per share | 218.61 yen |

12. Notes on revenue recognition

1. Information on breakdown of revenue

| | Segment | | | Internal transaction adjustment | Total |
|---|--------------------|-----------------|-----------------|---------------------------------|-----------------|
| | Air transportation | Others | Sub-total | | |
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| International (FSC) | | | | | |
| Passenger | 622,399 | — | 622,399 | — | — |
| Cargo and mail | 110,133 | — | 110,133 | — | — |
| Baggage | 1,556 | — | 1,556 | — | — |
| Sub-total | 734,090 | — | 734,090 | — | — |
| Domestic (FSC) | | | | | |
| Passenger | 551,026 | — | 551,026 | — | — |
| Cargo and mail | 23,234 | — | 23,234 | — | — |
| Baggage | 491 | — | 491 | — | — |
| Sub-total | 574,751 | — | 574,751 | — | — |
| Total revenues from international and domestic operations (FSC) | 1,308,841 | — | 1,308,841 | — | — |
| Passenger (LCC) | 67,335 | — | 67,335 | — | — |
| Travel agency | — | 120,836 | 120,836 | — | — |
| Other | 138,757 | 115,508 | 254,266 | — | — |
| Total revenue | 1,514,934 | 236,345 | 1,751,280 | (99,389) | 1,651,890 |
| Revenue recognized from contracts with customers | | | | | 1,648,166 |
| Revenue recognized from other sources | | | | | 3,724 |

(Notes) 1: Figures of segment revenue are those before elimination of intersegment transactions.

2: FSC refers to Full-service carrier.

3: Revenue recognized from other sources includes lease revenue based on IFRS 16, etc.

2. Basic information for understanding revenue

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

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

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

Air transportation business

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

Passenger

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

Cargo and mail

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

Baggage

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

Other

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

Other

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

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

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

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

| | At the beginning of the year | At the end of the year |
|---|---------------------------------|---------------------------|
| | Millions of yen | Millions of yen |
| Receivables from contracts with customers | 153,507 | 155,051 |
| Contract liabilities | 316,873 | 368,916 |

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

The balance of contract liabilities increased by 52,042 million yen during the fiscal year due to an increase in the balance of the JAL Group's air tickets.

Of revenue recognized in the fiscal year, the amount included in the balance of contract liabilities at the beginning of the fiscal year was 228,475 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 368,916 million yen in the current fiscal year. The amount included contract liabilities associated with advance consideration received from customers who are expected to be provided with services in the future and those associated with miles expected to be redeemed by customers in the future. Revenue will be recognized primarily over a period of three years or less according to the progress of service provision to customers.

(3) Contract costs

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

Non-consolidated Balance Sheet

As of March 31, 2024

| | | (Millions of yen) |
|--|-----------|--|
| ASSETS | Amount | (Reference) Amount of previous fiscal year |
| I Current assets | | |
| Cash and time deposits | 686,195 | 615,481 |
| Accounts receivable | 159,983 | 165,354 |
| Flight equipment spare parts and supplies | 29,852 | 25,474 |
| Short-term prepaid expenses | 14,908 | 14,951 |
| Other current assets | 93,612 | 77,411 |
| Allowance for doubtful accounts | (36,782) | (28,458) |
| Subtotal | 947,770 | 870,215 |
| II Fixed assets | | |
| Tangible fixed assets | 922,078 | 848,993 |
| Buildings, net | 27,873 | 29,015 |
| Structure, net | 242 | 236 |
| Machinery, equipment, net | 9,441 | 9,110 |
| Flight equipment, net | 735,055 | 696,223 |
| Vehicles, net | 2,864 | 2,863 |
| Tools, furniture and equipment | 9,382 | 7,497 |
| Land | 747 | 747 |
| Construction suspense account | 136,470 | 103,300 |
| Intangible fixed assets | 79,079 | 71,886 |
| Software | 79,075 | 71,885 |
| Other intangible fixed assets | 4 | 0 |
| Investments and other assets | 401,938 | 454,384 |
| Investments in securities | 74,093 | 70,352 |
| Investment securities in subsidiaries and associates | 76,125 | 77,150 |
| Corporate bonds of subsidiaries and associates | 5,185 | 5,185 |
| Investments in other securities of subsidiaries and associates | 9,506 | 8,651 |
| Long-term loans receivable | 22,760 | 25,427 |
| Long-term prepaid expenses | 9,558 | 10,885 |
| Prepaid pension costs | 3,121 | 13,747 |
| Deferred tax assets | 189,602 | 226,037 |
| Other investments | 29,084 | 35,567 |
| Allowance for doubtful accounts | (17,099) | (18,619) |
| Subtotal | 1,403,097 | 1,375,264 |
| Total assets | 2,350,867 | 2,245,480 |

Non-consolidated Balance Sheet

As of March 31, 2024

| | | (Millions of yen) | |
|-------------|--|-------------------|--|
| LIABILITIES | | Amount | (Reference) Amount of previous fiscal year |
| I | Current liabilities | | |
| | Accounts payable-trade | 159,412 | 146,626 |
| | Short-term borrowings | 162,429 | 140,783 |
| | Current portion of corporate bonds | 10,000 | 10,000 |
| | Current portion of long-term borrowings | 56,609 | 55,222 |
| | Accounts payable - other | 14,787 | 12,483 |
| | Lease liabilities | 696 | 480 |
| | Accrued income taxes | 2,183 | 2,150 |
| | Accrued expenses | 20,486 | 18,173 |
| | Contract liabilities | 327,924 | 289,591 |
| | Deposits received | 22,463 | 18,714 |
| | Air transport deposits received | 31,746 | 24,277 |
| | Other current liabilities | 2,934 | 23,677 |
| | Subtotal | 811,674 | 742,180 |
| II | Non-current liabilities | | |
| | Corporate bonds | 260,000 | 250,000 |
| | Long-term borrowings | 395,342 | 440,531 |
| | Lease liabilities | 3,563 | 2,798 |
| | Accrued pension and severance costs | 70,641 | 68,973 |
| | Reserve for loss on antitrust liabilities | 4,284 | 4,284 |
| | Other non-current liabilities | 48,347 | 31,234 |
| | Subtotal | 782,179 | 797,820 |
| | Total liabilities | 1,593,854 | 1,540,001 |
| NET ASSETS | | | |
| I | Shareholders' equity | | |
| | Share capital | 273,200 | 273,200 |
| | Capital surplus | | |
| | Capital reserves | 266,341 | 266,341 |
| | Total capital surplus | 266,341 | 266,341 |
| | Retained earnings | | |
| | Other retained earnings | | |
| | Retained earnings brought forward | 173,555 | 132,473 |
| | Total retained earnings | 173,555 | 132,473 |
| | Treasury shares | | |
| | Treasury shares | (408) | (408) |
| | Total treasury shares | (408) | (408) |
| | Total shareholders' equity | 712,688 | 671,606 |
| II | Valuation, translation adjustments and other | | |
| | Net unrealized gain on other securities, net of taxes | 32,502 | 29,010 |
| | Net unrealized gain on hedging instruments, net of taxes | 11,822 | 4,862 |
| | Total valuation, translation adjustments and other | 44,325 | 33,872 |
| | Total net assets | 757,013 | 705,478 |
| | Total liabilities and net assets | 2,350,867 | 2,245,480 |

Non-consolidated Statement of Income

(April 1, 2023 – March 31, 2024)

| | | (Millions of yen) |
|--|-----------|--|
| | Amount | (Reference) Amount of previous fiscal year |
| Operating revenues | 1,361,281 | 1,161,145 |
| Cost of operating revenues | 1,107,618 | 1,009,774 |
| Gross operating profit | 253,663 | 151,370 |
| Selling, general and administrative expenses | 159,984 | 141,261 |
| Operating profit | 93,678 | 10,109 |
| Non-operating income | 24,981 | 48,923 |
| Interest income and dividend income | 14,182 | 10,340 |
| Foreign exchange gains | 6,120 | – |
| Other non-operating income | 4,677 | 38,583 |
| Non-operating expenses | 16,037 | 15,577 |
| Interest expense | 10,645 | 10,468 |
| Foreign exchange losses | – | 234 |
| Other non-operating expenses | 5,392 | 4,875 |
| Ordinary profit | 102,621 | 43,455 |
| Extraordinary gains | 21,792 | 11,064 |
| Insurance claim income | 19,971 | – |
| Compensation income | – | 8,000 |
| Reversal of reserve for loss on antitrust litigation | – | 1,958 |
| Other | 1,820 | 1,106 |
| Extraordinary losses | 28,425 | 8,128 |
| Loss on retirement of aircraft | 14,423 | – |
| Compensation payment | 7,760 | – |
| Provision of allowance for doubtful accounts | 3,689 | 5,968 |
| Other | 2,552 | 2,159 |
| Profit before income taxes | 95,988 | 46,392 |
| Income taxes – current | (1,228) | (3,595) |
| Income taxes – deferred | 32,099 | 17,247 |
| Profit | 65,117 | 32,740 |

Non-consolidated Statement of Changes in Net Assets

(April 1, 2023 – March 31, 2024)

(Millions of yen)

(millions of yen)

| | Shareholders' equity | | | | | | |
|--|----------------------|------------------|-----------------------|-----------------------------------|-------------------------|-----------------|-----------------------------|
| | Share capital | Capital Surplus | | Retained earnings | | Treasury shares | Total share-holders' equity |
| | | Capital reserves | Total capital surplus | Other retained earnings | Total retained earnings | | |
| | | | | Retained earnings brought forward | | | |
| Balance at the end of previous period | 273,200 | 266,341 | 266,341 | 132,473 | 132,473 | (408) | 671,606 |
| Changes of items during the period | | | | | | | |
| Dividends of surplus | | | | (24,035) | (24,035) | | (24,035) |
| Profit (loss) | | | | 65,117 | 65,117 | | 65,117 |
| Purchase of treasury shares | | | | | | (0) | (0) |
| Net changes of items other than shareholders' equity during the period | | | | | | | |
| Total changes during the period | — | — | — | 41,082 | 41,082 | (0) | 41,081 |
| Balance at the end of the period | 273,200 | 266,341 | 266,341 | 173,555 | 173,555 | (408) | 712,688 |

| | 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 | 29,010 | 4,862 | 33,872 | 705,478 |
| Changes of items during the period | | | | |
| Dividends of surplus | | | | (24,035) |
| Profit (loss) | | | | 65,117 |
| Purchase of treasury shares | | | | (0) |
| Net changes of items other than shareholders' equity during the period | 3,492 | 6,959 | 10,452 | 10,452 |
| Total changes during the period | 3,492 | 6,959 | 10,452 | 51,534 |
| Balance at the end of the period | 32,502 | 11,822 | 44,325 | 757,013 |

Notes to Non-Consolidated Financial Statements

1. Summary of significant accounting policies

(1) Valuation of securities

Bonds held to maturity: Amortized cost method

Investment securities in subsidiaries and associates

Cost method based on the moving-average method

Other securities (securities classified as such):

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

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

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

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

Investments in other securities of subsidiaries and associates:

Stated at cost based on the moving-average method

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

(2) Valuation principles and methods of inventories

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

(3) Depreciation of fixed assets

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

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

Leased assets

Leased assets in finance lease transactions that transfer ownership

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

Leased assets in finance lease transactions that do not transfer ownership

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

(4) Accounting standards of provisions

Accrued pension and severance costs

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

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

Past service cost is charged to expenses as incurred.

Allowance for doubtful accounts

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

Reserve for loss on antitrust liabilities

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

(5) Accounting standards for revenue

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

(6) Hedge accounting

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

2. Change of presentation

(Non-consolidated statement of income)

“Loss on valuation of investment securities,” which was separately presented as “Extraordinary losses” in the previous fiscal year, is included in “Other” from the fiscal year under review because it is less than or equal to 10/100 of the total extraordinary losses. “Loss on valuation of investment securities” for the fiscal year under review was 40 million yen.

3. 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 are based on the JAL Group’s Medium-term Management Plan. The main assumptions built into estimates include demand forecasts for the period of the Medium-term Management Plan as well as fuel prices, and forecasts of exchange rate related market fluctuations.

There are uncertainties in these assumptions, and they 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 327,924 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 735,055 million yen.

(3) Impairment of fixed assets

Regarding the target assets as of the end of the fiscal year (carrying amount: tangible fixed assets 922,078 million yen and intangible fixed assets 79,079 million yen), the Company examines whether events that indicate a possibility of impairment of targeted assets present, and, if signs of impairment are present, considers whether or not to record an impairment loss with respect to the assets.

Since the Company recorded an operating profit in the fiscal year under review and expects to continue to record an operating profit in the estimated future results, there is no indication of an impairment loss.

Regarding the impairment loss for the current fiscal year, the unit of asset grouping was changed for aircraft parts that are to be sold or decommissioned, and the amount was reduced to the estimated recoverable amount.

(4) Recognition of deferred tax assets

The Company recognizes deferred tax assets within the limits that future deductible amounts and tax losses brought forward can mitigate future tax burdens.

The Company applies the group totalization system, and judges recoverability of deferred tax assets with regard to corporate taxes based on the future taxable income, etc., of the Group in total, and with regard to local taxes based on the future taxable income, etc., of the Company. With regard to tax losses brought forward, the JAL Group schedules the expected fiscal year and amount of deduction from tax losses brought forward based on the estimate of future taxable income, etc., projected within the carryforward period, and records the amount expected to be recovered as deferred tax assets.

As of the end of the current fiscal year, deferred tax assets amounted to 189,602 million yen.

4. Notes to non-consolidated balance sheet

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

(2) Accumulated depreciation for tangible fixed assets 746,408 million yen

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

(Assets pledged as collateral)

Flight equipment 388,266 million yen

Investment securities in subsidiaries and associates 0 million yen

Corporate bonds of subsidiaries and associates 5,185 million yen

Long-term loans receivable 3,330 million yen

Investments in securities 2,039 million yen

(Obligations secured by such collateral)

Current portion of long-term borrowings 56,609 million yen

Long-term borrowings 195,342 million yen

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

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

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

(4) Liabilities for guarantee, etc.

Liabilities for guarantee

(Guarantee for bank loans, etc.)

B eleven, LLC 12,076 million yen

Hokkaido Air System Co., LTD. 4,743 million yen

Japan Air Commuter Co., LTD. 980 million yen

Other 1 million yen

(Guarantee for lease liabilities)

Jetstar Japan Co., Ltd. 1,828 million yen

(5) Monetary claims and liabilities to subsidiaries and associates

Short-term monetary claims 92,153 million yen

Short-term monetary liabilities 216,282 million yen

Long-term monetary claims 26,670 million yen

Long-term monetary liabilities 1,856 million yen

5. Non-consolidated statement of income

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

| | |
|---|---------------------|
| (2) Total transactions with subsidiaries and associates | |
| Operating revenues | 89,997 million yen |
| Operating expense | 355,042 million yen |
| Amount resulting from non-business transactions | 43,232 million yen |

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

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

| | | |
|---|-----------------|-------------------------|
| (2) Total number of issued shares at the end of the current fiscal year | | |
| Total number of issued shares | Ordinary shares | 437,143 thousand shares |
| | Treasury shares | 136 thousand shares |

7. Tax effect accounting

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

8. 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 | ZIPAIR Tokyo Inc. | Holding direct 100% | — | Codesharing, etc. | Borrowing and lending of money (Note 1) | — | Short-term borrowings | 28,366 |
| 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) | 178,196 | Accounts payable - trade | 6,941 |

Terms of transactions and method for determining them

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

9. Notes on per share information

(1) Net assets per share 1,732.27 yen

(2) Basic earnings per share 149.01 yen

10. 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 8, 2024

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

KPMG AZSA LLC
Tokyo Office
OTSUKA Toshihiro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
TANAKA Atsushi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
ARIYOSHI Masaya
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph (4) of the Companies Act, we have audited the consolidated financial statements, which comprise the consolidated statement of financial position as of March 31, 2024, 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 75th fiscal year from April 1, 2023 to March 31, 2024.

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

Rationale for the Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibility in Auditing the Consolidated Financial Statements

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

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

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

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

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

Interest

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

Independent Auditor's Report

May 8, 2024

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

KPMG AZSA LLC
Tokyo Office
OTSUKA Toshihiro
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
TANAKA Atsushi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant
ARIYOSHI Masaya
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph (2), Item (i) of the Companies Act, we have audited the non-consolidated financial statements, which comprise the non-consolidated balance sheet as of March 31, 2024, 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 75th fiscal year from April 1, 2023 to March 31, 2024.

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

Rationale for the Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Audit Report of the Board of Corporate Auditors

Audit Report

Based on the audit reports prepared by Audit and Supervisory Board Members with regard to the performance of duties by the Directors of Japan Airlines Co., Ltd. (the “Company”) for the 75th fiscal year from April 1, 2023 to March 31, 2024, the Board of Corporate Auditors of the Company prepares this audit report after deliberation and reports as follows:

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

- (1) The Board of Corporate Auditors specified auditing policies, assigned duties to each Audit and Supervisory Board Member, and received reports from each Audit and Supervisory Board Member on the status of implementation and results of audit, and it also received reports from Directors, etc. and accounting auditors on the status of their duties and asked them for explanation as necessary.
- (2) All Audit and Supervisory Board Members executed their audits in conformity with the Standard for Audit and Supervisory Board Members established by the Board of Corporate Auditors and in accordance with the audit policy, audit plan, etc. while endeavoring to collect information and establish audit environment and maintaining proper communication with Directors, internal audit staff and other employees through using the Internet, etc. as well as face-to-face meetings and in-person inspections.
- 1) Audit and Supervisory Board Members attended the meetings of the Board of Directors and other important meetings of the Company, received reports from Directors and employees, etc. on the status and results of the execution of their duties and asked them for explanations as necessary, reviewed important approval documents, etc. and conducted investigation on the status of business operations and assets related to Head Office and at major offices. Also, Audit and Supervisory Board Members have maintained good communications and exchanged information with Directors, Audit and Supervisory Board Members and others of the subsidiaries of the Company and asked the subsidiaries for reports on their business conditions as per need.
- 2) Audit and Supervisory Board Members periodically received reports, sought explanations as necessary and made opinions, regarding the contents of the resolution by the Board of Directors regarding the establishment of a system as stipulated in Article 100 (1) and (3) of the Regulation for Enforcement of the Companies Act as necessary for ensuring that the performance of duties by the Directors conforms to the laws and regulations and the Articles of Incorporation, as well as for ensuring an appropriateness of operations of a corporate organization consisting of a stock company and its subsidiaries, and the internal control system established based on said resolution.
- 3) Audit and Supervisory Board Members have also monitored and verified whether the accounting auditors maintain independence and properly implement audit, received from the accounting auditors reports on the execution of their duties and asked them for explanations as necessary. In addition, Audit and Supervisory Board Members were informed of the arrangement of the “System for ensuring that the duties are executed appropriately” (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with “Standards for the Quality Control of Audits” (Business Accounting Council, November 16, 2021) from the accounting auditors and requested explanations as necessary. Also, Audit and Supervisory Board Members have cooperated with the KPMG AZSA LLC, Accounting Auditor, on key audit matters, received reports regarding the status of their audits and also requested explanations as necessary.

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

2. Audit Results

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

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

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

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

(3) Result of audit of consolidated financial statements

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

May 10, 2024

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

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|--|------------------------|
| Audit and Supervisory Board Member | KITADA Yuichi (Seal) |
| Audit and Supervisory Board Member | KIKUYAMA Hideki (Seal) |
| Outside Audit and Supervisory Board Member | KAMO Osamu (Seal) |
| Outside Audit and Supervisory Board Member | KUBO Shinsuke (Seal) |
| Outside Audit and Supervisory Board Member | OKADA Joji (Seal) |