

**[REFERENCE TRANSLATION]**

Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited.

In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

**Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Japanese GAAP)**

January 31, 2020

**Company name** Japan Airlines Co., Ltd  
**Stock Listing** Tokyo Stock Exchange  
**Code No.** 9201 **URL:** <http://www.jal.com>  
**Representative** Yuji Akasaka, President  
**Contact** Yuichiro Kito, General Manager, Finance **Phone:** +81-3-5460-3121  
 Scheduled date for filing of quarterly report: February 3, 2020  
 Scheduled date for dividend payment: Not Applicable  
 Supplementary explanations of quarterly financial results: Yes  
 Presentation for the quarterly financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen unless otherwise indicated)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)**

**(1) Consolidated Operating Results (Cumulative)**

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2019	1,130,872	(0.0)	120,168	(17.4)	121,844	(12.1)	76,315	(28.4)
Nine months ended December 31, 2018	1,131,064	8.1	145,511	0.2	138,598	(2.5)	106,597	(6.6)

\*Comprehensive income for the period April 1, 2019 - December 31, 2019: 89,367 Millions of Yen ( $\Delta$ 10.1%), April 1, 2018 - December 31, 2018: 99,418 Millions of Yen ( $\Delta$ 27.2%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	221.31	-
Nine months ended December 31, 2018	305.39	-

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Shareholder's equity ratio (%)	Shareholder's equity Per share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2019	1,941,730	1,219,501	60.9	3,477.75
As of March 31, 2019	2,030,328	1,200,135	57.4	3,340.15

(Reference) Shareholder's equity: Nine months ended December 31, 2019: 1,182,590 Millions of Yen, Year ended March 31, 2019: 1,165,133 Millions of Yen

**2. Dividends**

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2019	-	55.00	-	55.00	110.00
Year Ending March 31, 2020	-	55.00	-	-	-
Year Ending March 31, 2020 (Forecast)	-	-	-	55.00	110.00

Note: Revisions to the most recently disclosed dividends forecast: None

**3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2020**

(Percentage compared to prior year)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	1,486,000	(0.1)	140,000	(20.5)	145,000	(12.3)	93,000	(38.3)	269.69

Note: Revisions to the most recently disclosed earnings forecasts: Yes

## Notes

- (1) Changes in significant consolidated subsidiaries during the Nine months ended December 31, 2019: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
- 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
  - 2) Changes in accounting policies other than 1): Yes
  - 3) Changes in accounting estimates: Yes
  - 4) Restatement of corrections: None
- (4) Number of shares issued (common stock)
- (a) Total number of shares issued at the end of the period (including treasury stock)
    - As of December 31, 2019 : 343,210,600
    - As of March 31, 2019 : 349,028,700
  - (b) Number of treasury stock at the end of the period
    - As of December 31, 2019 : 3,165,951
    - As of March 31, 2019 : 201,957
  - (c) Average number of shares outstanding
    - During the Nine months ended December 31, 2019 : 344,838,039
    - During the Nine months ended December 31, 2018 : 349,060,053

### **Indication of quarterly review procedure implementation status**

This document is unaudited by certificated public accountants or audit firms.

### **Explanation for appropriate use of forecasts and other notes**

Remarks on the description on future forecast

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to “1. Qualitative Information concerning Financial Results for the Third Quarter of FY2019” (2) Explanations of Forecast of Consolidated Financial Results” in the Attachment for the assumptions used and other notes.

\* The Company will hold a presentation for institutional investors and analysts on January 31, 2020. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

# Attachment

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## 1. Qualitative Information concerning Financial Results for the Third Quarter of FY2019

The JAL Group implemented company-wide prevention measures and reconstructed its safety management system after receiving a Business Improvement Order from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) last year regarding pilots' alcoholic matters. However, we were unable to prevent inappropriate alcohol-related cases and as a result, JAL was issued a "Business Improvement Order concerning Assurance of Safety in Air Transportation" on October 8, 2019, for the second time.

The JAL Group submitted a report in response to the Business Improvement to the MLIT on October 23, and appointed the President Yuji Akasaka as General Safety Manager. The JAL Group will, with every one of us altogether, determinedly advance a fundamental mindset reform and alcohol control in order to achieve to "rebuild safety and sense of security" and to "restore public trust and increase corporate value."

In the third quarter, natural disasters occurred in various regions, and also Shuri Castle in Okinawa was burned. Especially Typhoon Faxai and Typhoon Hagibis delayed or cancelled many flights, causing inconvenience to many customers. The JAL Group strengthened our crisis management system in a disaster. It supports affected areas by providing emergency transport of relief supplies or providing tourism-support campaigns.

### (1) Explanation of Operating Results

The consolidated operating revenue decreased by 0.0% year on year to 1,130.8 billion yen, the operating expense increased by 2.6 % year on year to 1,010.7 billion yen, the operating profit decreased by 17.4 % year on year to 120.1 billion yen and the ordinary profit decreased by 12.1 % year on year to 121.8 billion yen. The profit attributable to owners of parent for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019 hereinafter referred as the "Third Quarter Period") was 76.3 billion yen, down 28.4% year on year.

(JPY Bn)	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% or points compared to prior period
<b>Operating Revenue</b>	1,131.0	1,130.8	100.0%
International Passenger	403.4	392.1	97.2%
Domestic Passenger	404.7	415.4	102.7%
Cargo / Mail	77.2	69.1	89.5%
Other	245.6	254.1	103.5%
<b>Operating Expense</b>	985.5	1,010.7	102.6%
Fuel	191.7	189.6	98.9%
Excluding Fuel	793.8	821.0	103.4%
<b>Operating Profit</b>	145.5	120.1	82.6%
<b>Operating Profit Margin (%)</b>	12.9	10.6	(2.2)
<b>Ordinary Profit</b>	138.5	121.8	87.9%
<b>Profit attributable to owners of parent</b>	106.5	76.3	71.6%

Note: Figures have been truncated and percentages are rounded off to the first decimal place.

To summarize the business environment in the third quarter, amid rising uncertainty in the global economy caused by U.S.-China trade frictions and other factors, the Japanese economy had little impact from the consumption tax rise in October and remained strong in general. As for air transportation demand, it was affected by many canceled flights due to natural disasters such as typhoons. The international passenger demand was not very strong due to the global economic trends, while the domestic passenger demand remained strong backed by the 10-consecutive day long holidays, so-called Golden Week, including special holidays to commemorate the beginning of the new Reiwa era.

International cargo demand was slack globally.

Crude oil prices, which affect our fuel costs and international passenger and international cargo revenues, remained less fluctuated in general, although impacted by geopolitical risks from uncertain international affairs. The JAL Group will do its best to mitigate the negative impacts of oil price volatility on its financial performance through the collection of fuel surcharge or appropriate hedging. Also, the JAL Group will continue to closely monitor the impacts of oil price on economic trends and the Group's financial performance.

To “expand networks” and “innovate better products and services”, the JAL Group will take actions to improve customer service through new route inauguration, cabin configuration optimization, introduction of new aircraft and airline partnerships.

In September, the MLIT disclosed additional international flight slot allocations at Tokyo (Haneda) International Airport in line with the airport capacity expansion in 2020. Of the countries with increased slot allocations, JAL received all the slots that it had requested. We will fully utilize those additional slots that are allocated through the understanding of many parties concerned. We will also maintain and expand flights to/from Narita and create the optimal network out of both Haneda and Narita airports, leveraging their respective roles in 2020.

In September, JAL launched the state-of-the-art Airbus A350-900 on the Tokyo (Haneda) = Fukuoka and Tokyo (Haneda) = Sapporo (New-Chitose) routes and will progressively expand service to other major destinations in Japan. In October, the Boeing 787-8 entered service centered on the Tokyo (Haneda)=Osaka (Itami) route. The aircraft's new seats, personal monitors and power outlets will improve customer service and comfort.

In the third quarter, JAL was certified as a 5-Star Airline for the second consecutive year in the World Airline Star Rating and received the World's Best Economy Class Award in the World Airline Awards from SKYTRAX. Further, JAL received four awards in the 2019 TripAdvisor® Travelers' Choice™ awards for Airlines including Japan's best airline for the third consecutive year. Other awards include the Information Technology Excellence Award (Customer and Business Function/Transformation categories) at the FY2019 (37th) Information Technology Award from the Japan Institute of Information Technology. The JAL Group is aggressively embracing challenge toward “the world's most and preferred and valued airline” to provide a comfortable experience for every customer.

In international passenger operations, Japan-outbound corporate demand weakened along with the global economic slowdown. In addition, the supply-demand imbalance became apparent especially on European routes and China routes due to oversupply by competitors. Declining demand was observed on Hong Kong and Korean routes due to political uncertainty or the worsened relationship between Japan and South Korea. On the other hand, the number of inbound visitors to Japan spurred on especially European routes and Australian routes by the Rugby World Cup. With the launches of the Tokyo (Narita)=Seattle route and Tokyo (Haneda)=Manila route last fiscal year and cabin configuration optimization to meet demand, available seat kilometers (ASK) increased 1.4% year on year, passenger traffic decreased 1.5% year on year, revenue passenger kilometers (RPK) increased 0.4% year on year, and the load factor reached 81.0%.

In route operations, JAL will launch new service and increase flights from Haneda Airport to 11 cities (Chicago, Dallas, Los Angeles, New York, Honolulu, Helsinki, Moscow, Sydney, Delhi, Shanghai, Dalian) from March 29, using all new slots allocated to JAL. Also, new routes will launch from Narita Airport as well (i.e. Narita=Vladivostok route on February 28, Narita=Bangalore route on March 29). Their ticket sales also started from the third quarter. JAL will continue to expand its network through leveraging the strength of Haneda and Narita airports respectively. JAL strengthened and expanded airline partnerships such as the expansion of codeshare flights with Garuda Indonesia (from May 8, 2019), Cathay Dragon (from May 29, 2019), Xiamen Airlines (from June 3, 2019), Finnair (from October 27, 2019), and Aircalin (from December 3, 2019). JAL has also been granted antitrust immunity for the joint business with Malaysia Airlines. JAL is continuing to work on to start the joint business in April 2020.

In products and services, JAL completed a series of lounge renovations, and launched the self-service bag drop machine service in October. In December, JAL opened the newly renovated Special Assistance Counter for customers who need special assistance as part of our initiatives to increase customer accessibility. Further, the “JAL Dynamic Package to Japan” sales area was expanded from December to capture ever-growing inbound demand. JAL partnered with Didi Chuxing of China and launched the JAL×DiDi Airport Pickup and Taxi Arrangement Campaign in September. On Hawaii routes, the special painted-aircraft of the most popular J-pop idol group, the “ARASHI HAWAII JET,” has been in operation since May to strengthen our competitive advantage.

In international cargo operations, Japan-outbound demand slowed down rapidly along with U.S.-China trade frictions. As a result, cargo revenue decreased by 11.3% year on year.

In domestic passenger operations, both leisure and business demand remained strong especially on Okinawa routes. Together with competitive products and services, JAL increased flights on high-demand routes such as the Tokyo (Haneda) = Okinawa (Naha) and Tokyo (Haneda) = Sapporo (New-Chitose) routes during peak seasons. As a result, available seat kilometers (ASK) increased 1.6%, passenger traffic increased 2.6% year on year, revenue passenger kilometers (RPK) increased 3.2% year on year, and the load factor reached 74.1%.

In route operations, JAL strengthened and expanded partnerships with other airlines such as codesharing with Amakusa Airlines and Fuji Dream Airlines.

In products and services, the JAL Group redesigned its domestic reservation website in May and improved its smartphone app in July to enable passengers to purchase domestic tickets more easily. Further, it started to accept reservations and purchases 330 days prior to departure, starting from reservations in September. In November, it launched the A350-900 “20th ARASHI THANKS JET” as part of measures to improve preference of JAL’s new aircraft.

Regarding new business domains, the JAL Group is working to generate innovations for new products, services and businesses by combining human resources, which is one of our strengths, and advanced technologies. The medium- and long-haul international low cost carrier ZIPAIR Tokyo received an Air Operator Certificate in July and released its cabin interior in December. It is making smooth preparations to launch in 2020. In the rapidly growing e-commerce business, JAL established JAL Hongyuan Co., Ltd. (JAL Hongyuan) in July. JAL is also actively expanding new businesses. In September, JAL Business Aviation Co., Ltd. started services such as operational support of business jets and arrangement of maintenance services. In October, JAL Digital Experience launched a new membership organization ‘CLASS EXPLORER.’

Regarding the use of technologies, “JAL Innovation Lab” conducted various projects such as demonstration tests of an avatar robot at Haneda Airport to improve customer information and service as well as work environments, and promoted research, development and commercial use of next-generation services using the next-generation mobile communication standard “5G” and IoT in collaboration with “KDDI DIGITAL GATE” produced by KDDI Corporation.

To fulfill its social mission as a public transportation provider, the JAL Group is working to revitalize regional communities and increase the number of international visitors to Japan.

In July, “Hokkaido Airports Co., Ltd” a consortium in which JAL participates, was given a first refusal right in the “Hokkaido Bundled 7 Airport Concession Project” by MLIT, Asahikawa City, Obihiro City, and Hokkaido Government. In October, five airlines established the Essential Air Service Alliance (EAS LLP), a limited liability partnership to cooperate in maintaining lifeline air transport to distant domestic islands or regions. The JAL Group will play an important role.

In July, the JAL Group released new uniform designs to be used from April 2020. The new designs have the quality and functions necessary for safe and secure services. It also complies with the Tokyo 2020 Olympic and Paralympic Games Sustainable Sourcing Code.

As for financial strategies, to improve capital efficiency and stable shareholder return, JAL completed the repurchase of 5,818,100 shares equivalent to 20 billion yen by the end of September and canceled those shares. In addition, the board meeting held in October resolved to repurchase and cancel up to 8 million shares or 20 billion yen of its common stocks and started to conduct repurchasing from November. In December, straight bonds totaling 20 billion yen (5-year and 10-year bonds) were issued as a part of disciplinary use of debts. In September, in order to mitigate future financial risks, JAL contributed 82.7 billion yen to the Corporate Pension Fund and reduced net defined benefit liability. In May, its credit rating outlook was improved from A— (stable) to A— (positive) by Rating and Investment Information, Inc. (R&I). We will continue to establish a stable financial structure with high capital efficiency. In October, JAL was honored with the 2019 Award for Excellence in Corporate Disclosure in the Transportation Industry by the Securities Analysts Association of Japan for the second consecutive year. We will continue to further improve disclosures in quantity and quality to realize constructive dialogue with markets and investors.

In accordance with the “FY2017 to FY2020 JAL Group Medium Term Management Plan-Rolling Plan 2019,” the JAL Group is taking firm action to prepare for capacity expansion at Tokyo metropolitan airports in 2020. Through the “Win a Trip with JAL” Campaign for international visitors to Japan, the JAL Group will contribute to achieving the government target of 40 million visitors to Japan annually and the success of the Olympic and Paralympic Games Tokyo 2020. Further, the JAL Group will aggressively implement measures toward value creation, human resources development and solutions to social issues.

Financial results of each segment are as follows.

### **Air Transportation Segment**

The operating revenue decreased by 0.2% year on year to 1,029.9 billion yen and the operating profit decreased by 19.0% year on year to 108.4 billion yen. (The operating revenue and the operating profit are before elimination of transactions between segments.)

The international passenger revenue was 392.1 billion yen, or down 2.8% year on year.

The domestic passenger revenue was 415.4 billion yen, or up 2.7 % year on year.

The cargo and mail revenue was 69.1 billion yen, or down 10.5 % year on year.

## Consolidated Traffic Results

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	6,872,951	6,769,582	98.5%
Revenue passenger km (1,000 passenger-km)	33,699,371	33,830,548	100.4%
Available seat km (thousands)	41,211,690	41,781,657	101.4%
Revenue passenger-load factor (%)	81.8	81.0	(0.8)
Revenue cargo ton-km (thousands)	1,860,322	1,838,833	98.8%
Mail ton-km (thousands)	180,926	138,965	76.8%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	26,437,937	27,124,025	102.6%
Revenue passenger-km (1,000 passenger-km)	19,817,003	20,444,315	103.2%
Available seat km (thousands)	27,184,275	27,606,745	101.6%
Revenue passenger-load factor (%)	72.9	74.1	1.2
Revenue cargo ton-km (thousands)	265,280	253,541	95.6%
Mail ton-km (thousands)	19,343	19,149	99.0%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	33,310,888	33,893,607	101.7%
Revenue passenger-km (1,000 passenger-km)	53,516,374	54,274,864	101.4%
Available seat km (thousands)	68,395,966	69,388,403	101.5%
Revenue passenger-load factor (%)	78.2	78.2	(0.0)
Revenue cargo ton-km (thousands)	2,125,602	2,092,375	98.4%
Mail ton km (thousands)	200,270	158,114	79.0%

- Revenue Passenger Kilometers (RPK) is the number of fare-paying passengers multiplied by the distance flown (km).  
Available Seat Kilometers (ASK) is the number of available seats multiplied by the distance flown (km).  
Revenue Cargo Ton Kilometers (RCTK) is the amount of cargo (ton) transported multiplied by the distance flown (km).
- The distance flown between two points, used for calculations of RPK, ASK and RCTK above is based on the great-circle distance and according to statistical data from IATA (International Air Transport Association) and ICAO (International Civil Aviation Organization).
- The Fiscal Year Ending March 31, 2020  
International operations: Japan Airlines Co., Ltd., Japan Transocean Air Co.  
Domestic operations: Japan Airlines Co., Ltd., Japan Transocean Air Co., Ltd., Japan Air Commuter Co., Ltd., J-Air Co., Ltd., Ryukyu Air Commuter Co., Ltd., and Hokkaido Air System Co., Ltd.  
The Fiscal Year Ending March 31, 2019  
International operations: Japan Airlines Co., Ltd.,  
Domestic operations: Japan Airlines Co., Ltd., Japan Transocean Air Co., Ltd., Japan Air Commuter Co., Ltd., J-Air Co., Ltd., Ryukyu Air Commuter Co., Ltd., and Hokkaido Air System Co., Ltd.,
- Figures have been truncated and percentages are rounded off to the first decimal place.

## (2) Explanations of Forecast of Consolidated Financial Results

### a. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2020

	Operating Revenue	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	1,516,000	170,000	171,000	114,000	329.21
New Forecast (B)	1,486,000	140,000	145,000	93,000	269.69
Change (B-A)	(30,000)	(30,000)	(26,000)	(21,000)	—
Change (%)	(2.0)	(17.6)	(15.2)	(18.4)	—
Ref.) Consolidated Financial Results of the Fiscal Year Ended March 31, 2019	1,487,261	176,160	165,360	150,807	432.10

The average number of stocks at the beginning and the end of the fiscal term used for the earning per share calculation is as of December 31, 2019.

### b. Reasons for Revisions of Financial Forecast for the Fiscal Year Ending March 31, 2020

We have revised our earnings forecast for the fiscal year ending March 31, 2020 as shown in the table above.

The full-year consolidated revenue is expected to decrease by 30.0 billion yen, compared with our previous forecast, primarily due to weaker demand in the international passenger operations and cargo operations than expected. The full-year consolidated expenses are expected to be in line with our plan. As a result, the full-year consolidated operating profit decreases by 30.0 billion yen from our previous forecast. Accordingly, we project a decrease of 26.0 billion yen in the full-year consolidated ordinary profit and a decrease of 21.0 billion yen in the full-year net income attributable to owners of the parent.

The projected annual dividend for the fiscal year ending March 2020 remains the same at 110 yen per share. An interim dividend of 55 yen per share was paid.

## 2. Consolidated Financial Statements with Some Notes

### (1) Consolidated Balance Sheets as of March 31, 2019 and as of December 31, 2019

(Millions of Yen)

	FY2018 As of March 31, 2019	FY2019 As of December 31, 2019
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	462,064	296,434
Notes and operating account receivable	153,112	155,190
Securities	60,000	30,000
Flight equipment spare parts and supplies	21,929	24,478
Other	65,095	103,728
Allowance for doubtful accounts	(661)	(651)
<b>Total current assets</b>	<b>761,539</b>	<b>609,180</b>
<b>Non-current assets</b>		
<b>Tangible fixed assets, net</b>		
Flight equipment	733,961	821,469
Other tangible fixed assets	195,254	183,252
<b>Total tangible fixed assets</b>	<b>929,216</b>	<b>1,004,722</b>
<b>Intangible assets</b>		
Investments and other assets	92,255	94,101
	247,317	233,725
<b>Total non-current assets</b>	<b>1,268,788</b>	<b>1,332,549</b>
<b>Total assets</b>	<b>2,030,328</b>	<b>1,941,730</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Operating accounts payable	185,650	175,360
Short-term loans payable	65	85
Current portion of long-term loans payable	13,287	11,733
Lease obligations	2,461	1,097
Accounts payable-installment purchase	190	194
Other	252,743	231,365
<b>Total current liabilities</b>	<b>454,399</b>	<b>419,837</b>
<b>Non-current liabilities</b>		
Bonds payable	50,000	70,000
Long-term loans payable	73,524	70,916
Lease obligations	2,504	2,023
Long-term accounts payable-installment purchase	312	163
Provision	5,936	5,959
Net defined benefit liability	212,672	122,469
Other non-current liabilities	30,842	30,858
<b>Total non-current liabilities</b>	<b>375,793</b>	<b>302,391</b>
<b>Total liabilities</b>	<b>830,192</b>	<b>722,228</b>
<b>(Net Assets)</b>		
<b>Shareholders' equity</b>		
Common stock	181,352	181,352
Capital surplus	183,050	183,049
Retained earnings	822,554	840,819
Treasury shares	(535)	(10,534)
<b>Total shareholders' equity</b>	<b>1,186,421</b>	<b>1,194,686</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	20,371	24,989
Deferred gains (losses) on hedges	1,837	2,302
Foreign currency translation adjustment	99	(29)
Remeasurements of defined benefit plans	(43,596)	(39,358)
<b>Total accumulated other comprehensive income</b>	<b>(21,287)</b>	<b>(12,095)</b>
Non-controlling interests	35,001	36,910
<b>Total net assets</b>	<b>1,200,135</b>	<b>1,219,501</b>
<b>Total liabilities and net assets</b>	<b>2,030,328</b>	<b>1,941,730</b>

## (2) Consolidated Statement of Income and Comprehensive Income

(Millions of Yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
<b>Operating revenue</b>	<b>1,131,064</b>	<b>1,130,872</b>
<b>Operating cost</b>	810,904	833,037
<b>Operating gross profit</b>	320,159	297,835
<b>Selling, general and administrative expenses</b>	174,647	177,667
<b>Operating profit</b>	<b>145,511</b>	<b>120,168</b>
<b>Non-operating income</b>		
Interest and dividend income	2,049	2,644
Share of profit of entities accounted for using equity method	1,173	1,921
Other	2,754	1,873
<b>Total non-operating income</b>	<b>5,977</b>	<b>6,439</b>
<b>Non-operating expenses</b>		
Interest expense	638	493
Loss on sales and disposal of flight equipment	9,681	2,090
Other	2,571	2,179
<b>Total non-operating expenses</b>	<b>12,891</b>	<b>4,763</b>
<b>Ordinary profit</b>	<b>138,598</b>	<b>121,844</b>
<b>Extraordinary income</b>		
Subsidy income for aircraft purchase	-	1,025
Other	137	177
<b>Total extraordinary income</b>	<b>137</b>	<b>1,203</b>
<b>Extraordinary losses</b>		
Impairment loss	182	1,906
Other	1,049	4,185
<b>Total extraordinary losses</b>	<b>1,231</b>	<b>6,091</b>
<b>Profit before income taxes</b>	<b>137,503</b>	<b>116,955</b>
<b>Income taxes</b>	27,015	36,746
<b>Profit</b>	<b>110,488</b>	<b>80,209</b>
<b><u>Breakdown</u></b>		
<b>Profit attributable to owners of the parent</b>	106,597	76,315
<b>Profit attributable to non-controlling interests</b>	3,890	3,893
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(106)	4,573
Deferred gains (losses) on hedges	(14,432)	372
Foreign currency translation adjustment	126	(179)
Remeasurements of defined benefit plans, net of tax	4,030	4,244
Share of other comprehensive income of entities accounted for using equity method	(685)	146
<b>Total other comprehensive income</b>	<b>(11,069)</b>	<b>9,157</b>
<b>Comprehensive income</b>	<b>99,418</b>	<b>89,367</b>
<b><u>Breakdown</u></b>		
<b>Comprehensive income attributable to owners of the parent</b>	95,518	85,507
<b>Comprehensive income attributable to non-controlling interests</b>	3,900	3,859

## (3) Consolidated Statement of Cash Flows - Summary

(Millions of Yen)

	Nine months ended December 31,2018	Nine months ended December 31,2019
I . Cash flows from operating activities (※1)	205,699	51,035
II . Cash flows from investing activities	(143,674)	(191,481)
III . Cash flows from financing activities	(49,963)	(55,238)
IV . Cash and cash equivalents at end of period	460,556	326,434
※1 Included amounts for depreciation and amortization:	92,784	102,500

Relationship between the amount of accounts that are in the consolidated balance sheet and cash and cash equivalents

(Millions of Yen)

	FY2018 April 1, 2018 to December 31, 2018	FY2019 April 1, 2019 to December 31, 2019
Cash and time deposits	400,556	296,434
Securities	60,000	30,000
Cash and cash equivalents	460,556	326,434

#### (4) Notes for Consolidated Financial Statements

##### Going Concern Assumptions

None

##### Explanatory Note in case of Remarkable Changes in Shareholders' Equity

The Company resolved to repurchase shares at the meeting of the Board of Directors held on April 26, 2019, in accordance with the Companies Act Article 156, Paragraph 1, applied by replacement under Article 165, Paragraph 3 of the same Act, and repurchased shares. Also, The Company resolved to repurchase shares at the meeting of the Board of Directors held on October 31, 2019, in accordance with the Companies Act Article 156, Paragraph 1, applied by replacement under Article 165, Paragraph 3 of the same Act, and repurchased shares.

As a result, treasury stock increased by 29,999 million yen in the Third Quarter Period of consolidated financial statements. Also, the Company resolved to cancel treasury stock at the meeting of the Board of Directors held on October 23, 2019 in accordance with the Companies Act Article 178, and canceled shares on November 8, 2019. As a result, retained earnings decreased by 19,999 million yen and treasury stock decreased by 19,999 million yen in the Third Quarter Period of consolidated financial statements.

As a result of the above, the value of retained earnings was 840,819 million yen and treasury stock was 10,534 million yen at the end of the Third Quarter Period of consolidated financial statements.

##### Changes in Accounting Policies

(Change in the definition of cash and cash equivalents in the Consolidated Statement of Cash Flows - Summary)

Up till now, time deposits with a maturity of more than three months were not included within cash equivalents. However, from this First Quarter Period, time deposits with a maturity of up to one year will be included.

This is because we determined that by including these time deposits within cash equivalents, we would be able to report cash flows more appropriately, given the fact that time deposits with maturities ranging from three months to one year were actually operated together with time deposits with shorter terms of three months or less in recent years, and based on this situation, internal regulations were clarified from this First Quarter Period.

This change in the accounting policy has been retroactively applied. The amount after retroactive application is indicated also in the previous Third Quarter Period.

As a result, Cash flows from investing activities decreased by 51,610 million yen and cash equivalents at end of period increased by 214,373 million yen in the Third Quarter Period.

##### Changes in the Accounting Estimates

(Change in duration)

The JAL Group has improved its accounting system to reflect more properly a durable period of each asset such as engines and cabin interiors of some aircrafts. As a result, the estimated useful lives of these assets have been changed since the First Quarter Period. Accordingly, the operating profit decreased by 6,802 million yen, and the ordinary profit and the profit before income taxes decreased by 4,880 million yen in the Third Quarter Period.

Its impact on the segment is shown in the "Segment Information".

## Segment Information, etc.

### Segment information

#### a. Consolidated financial results for the Third quarter of FY2018 (April 1, 2018 to December 31, 2018)

##### 1) Information concerning amount of operating revenue and profits or losses by reportable segment

(millions of yen)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air transportation				
Operating revenue					
1. Sales to external	937,798	193,265	1,131,064	—	1,131,064
2. Intersegment	94,354	26,274	120,629	(120,629)	—
Total	1,032,153	219,540	1,251,693	(120,629)	1,131,064
Segment profit	133,933	11,597	145,531	(19)	145,511

(Note) 1. "Others" refer to business segments that are not included in the reportable segment, such as travel services, etc.

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with operating profit on the Consolidated Statement of Income and Comprehensive Income.

#### b. Consolidated financial results for the Third quarter of FY2019 (April 1, 2019 to December 31, 2019)

##### 1) Information concerning amount of operating revenue and profits or losses by reportable segment

(millions of yen)

	Reportable segment	Others (Note) 1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air transportation				
Operating revenue					
1. Sales to external	938,186	192,685	1,130,872	—	1,130,872
2. Intersegment	91,713	27,789	119,502	(119,502)	—
Total	1,029,900	220,475	1,250,375	(119,502)	1,130,872
Segment profit	108,449	11,762	120,211	(43)	120,168

(Note) 1. "Others" refer to business segments that are not included in the reportable segment, such as travel services, etc.

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with operating profit on the Consolidated Statement of Income and Comprehensive Income.

##### 2) Information regarding changes to reported segments

###### (Change in duration)

As described in "Changes in the Accounting Estimates", the JAL Group has improved its accounting system to reflect more properly a durable period of each asset such as engines and cabin interiors of some aircrafts. As a result, the estimated useful lives of these assets have been changed since the First Quarter Period. Accordingly, the segment profit decreased by 6,802 million yen in the Third Quarter Period.

(Significant Subsequent Event)

None