

[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, 2020[IFRS]

Company name	Japan Airlines Co., Ltd	February 1, 2021
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 2, 2021	
Scheduled date for dividend payment:	Not Applicable	
Supplementary explanations of the 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, 2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Revenue		Profit before financing and income tax (Loss in brackets)		Profit before tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)		Comprehensive income (Loss in brackets)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2020	356,548	(68.0)	(294,179)	—	(299,539)	—	(212,722)	—	(181,328)	—
Nine months ended December 31, 2019	1,112,736	—	114,642	—	114,135	—	74,842	—	86,053	—

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2020	(597.38)	—
Nine months ended December 31, 2019	216.99	—

(Note) Profit before financing and income tax represents as index to monitor, compare and evaluate the JAL Group's performance continuously.

Profit before financing and income tax is Profit from which Income tax expense, Interest, and Finance income and expense are deducted.

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)	Equity per share attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2020	2,136,481	1,051,410	1,017,185	47.6	2,327.62
As of March 31, 2020	1,982,254	1,049,617	1,014,295	51.2	3,009.71

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, 2020	—	55.00	—	0.00	55.00
Year Ending March 31, 2021	—	0.00	—	—	—
Year Ending March 31, 2021 (Forecast)	—	—	—	0.00	—

(Note) Revisions to the most recently disclosed dividends forecast: Yes

We forecast no year-end dividends for this fiscal year. Please refer to "1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2020 (4) Dividends" in the Attachment.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2021

(Percentage compared to prior year)

	Revenue		Profit before financing and income tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)	
	Millions of Yen	%	Millions of Yen		Millions of Yen	
Entire Fiscal Year	460,000	(66.8)	(420,000)	—	(300,000)	—

(Note) Revisions to the most recently disclosed earnings forecast: Yes

Please refer to “1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2020 (3) Explanations of Forecast of Consolidated Financial Results” in the Attachment.

Notes

(1) Changes in significant consolidated subsidiaries during the nine months ended December 31, 2020: None

(2) Changes in accounting policies/changes in accounting estimates

1) Changes in accounting policies due to revisions in accounting standards under IFRS: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: Yes

(Note) For details, please refer to “2. Condensed quarterly consolidated financial statement and primary notes (5) Notes for Condensed Quarterly Consolidated Financial Statements (Changes in Accounting Estimates)” in the Attachment.

(3) Number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury shares)

As of December 31, 2020 : 437,143,500

As of March 31, 2020 : 337,143,500

(b) Number of treasury shares at the end of the period

As of December 31, 2020 : 136,157

As of March 31, 2020 : 136,157

(c) Average number of shares outstanding

During the nine months ended December 31, 2020 : 356,094,303

During the nine months ended December 31, 2019 : 344,903,783

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. However, it does not mean that we guarantee its achievement. 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 FY2020 (3) Explanations of Forecast of Consolidated Financial Results” in the Attachment for the assumptions used and other notes.

(Adoption of International Financial Reporting Standards (IFRS))

IFRS is applied from the fiscal year ending March 31, 2021, instead of the Japanese standard. Accordingly, the figures in the previous cumulative quarterly consolidated fiscal year and the previous consolidated fiscal year are also calculated in IFRS as well for comparison analysis.

* The Company holds a presentation for institutional investors and analysts on February 1, 2021. 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 FY 2020

(1) Explanation of Operating Results

The revenue decreased by 68.0% year on year to 356.5 billion yen, the operating expense decreased by 34.8 % year on year to 655.4 billion yen, the loss/earning before financing and income tax (hereinafter referred as “EBIT”) was loss of 294.1 billion yen (EBIT 114.6 billion yen in the same period in the previous year). The loss attributable to owners of the parent for the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020 hereinafter referred as the “Third Quarter Period”) was 212.7 billion yen (the profit attributable to owners of the parent 74.8 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Nine months ended December 31, 2019	Nine months ended December 31, 2020	% or points compared to prior period
Revenue	1,112.7	356.5	32.0%
International Passenger	401.3	18.8	4.7%
Domestic Passenger	427.9	136.9	32.0%
Cargo/Mail	69.1	90.9	131.5%
Others	214.2	109.8	51.2%
Operating Expense	1,005.5	655.4	65.2%
Fuel	189.6	73.5	38.8%
Excluding Fuel	815.9	581.8	71.3%
Profit or loss before financing and income tax (EBIT) (Loss in brackets)	114.6	(294.1)	—
EBIT Margin (%)	10.3	(82.5)	(92.8)
Profit or loss attributable to owners of the parent (Loss in brackets)	74.8	(212.7)	—

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

※: Profit or loss before financing and income tax is defined as EBIT for the JAL Group. EBIT is calculated as Profit or Loss excluding Income tax expense, Interest, and Finance income and expense.

※: EBIT Margin=EBIT/Revenue.

The world and Japanese economy have deteriorated by the spread of COVID-19 and the airline industry has been still in very difficult circumstances as well. Severe worldwide restriction on international travel has caused the international passenger demand to almost disappear except for demand of returnees and correspondents in locations abroad. In some countries and areas, the spread of COVID-19 infection has weakened, and relaxation of restriction on international travel between these countries and Japan under certain conditions has been discussed and agreed. However, many countries and areas are suffering again from the rebound of the spread, which makes the recovery of international passenger demand unforeseeable. On the other hand, the domestic passenger demand which had gradually recovered, especially in leisure demand, since Tokyo was included to the Go To Travel promotional campaign on October 1. Nonetheless, the rebound of COVID-19 from the mid of November and the temporary suspension of the Go To Travel promotional campaign including the year-end holidays slowed down again the recovery of the domestic passenger demand like a seesaw.

In cargo operations, most of airlines reduced their cargo capacity by cancellation of flights and the demand-supply situation became tightened. In such circumstances, the JAL Group has been striving to support logistics domestically and globally by operating passenger aircraft for cargo flights, while maximizing its revenue as well.

In LCC business, our international mid- and long-haul LCC, ZIPAIR Tokyo (hereinafter referred as ZIPAIR) has started its Tokyo=Honolulu flight from December.

Amid this difficult business environment, we have prioritized “Safety”, the fundamental of our business and our management goal, and we have strived to support our international and domestic network with infection prevention measures for passengers and employees. However, the JL904 flight on December 4, bound for Haneda from Naha, flew back to Naha Airport due to damage to its left engine, which has been regarded as Serious Incident by the Ministry of Land, Infrastructure, Transport and Tourism. We are taking this incident seriously and we have swiftly conducted prevention measures including urgent check on all of 18 of the same-type engines equipped for the Boeing 777 and more frequent non-destructive inspections to detect invisibly small damage.

Also, we have taken various measures for preventing COVID-19 for passengers and employees including onboard infection. We enhance hygiene and contactless air travel by introducing JAL SMART AIRPORT. Moreover, we are developing safety and comfort measures for passengers by arranging PCR testing for domestic tour passengers or offering complimentary insurance coverage for those that test positive during their travels.

To weather this rapidly-decreasing demand as the infection rebounds, we are making continuous efforts of reducing our capacity to minimize our variable expense such as operating cost, together with fixed cost reduction by in-sourcing operations instead of outsourcing, reducing IT expenditure, personnel cost including voluntary return of executive officer's compensation, cancellation of stock-linked compensation and employee bonus cut. We will make a further fixed cost reduction to cover the effect on our performance of the decreasing demand. As the workload of employees that are closely related to flight operation decreases, the JAL Group uses this occasion to capture growth beyond COVID-19, by enhancing training, or by sending employees to various industries or municipalities, for improvement of each employee's ability.

In addition, we are currently utilizing public supports including deferral or exemption of landing fees and jet fuel tax to assist the airline industry or extension of the special measures for employment adjustment grants and the subsidy for educational training. We would like to show our sincere gratitude for the support.

In addition, our revenue maximizing efforts, active operation of cargo flights or operation of scenic tours of Japan from Haneda and Narita airports; featuring services offered on an international flight. In November, we inaugurated Regional Vitalization Division to establish new business in various regions in Japan to engage into regional vitalization further by letting cabin attendants engaged in the related activities. Also, JAL prepared a special website for hometown tax payment, while providing taxpayers with miles, to promote continuous development of local communities.

We will ensure flight safety and prevention of further spread of COVID-19. With the public supports, we will pursue further cost reduction and then survive this hardship and prepare for recovery.

Especially, we are currently striving to establish both domestic and international logistical supports for vaccines for COVID-19 that are expected to arrive in large scale from 2021.

In Japan, the declaration of a state of emergency for the second time was announced on January 8, and it is yet very difficult to foresee the future demand. The JAL Group will continue to cope with this unprecedented difficulty by taking appropriate measures to increase revenue and decrease costs as much as possible. Those measures include appropriate capacity adjustment, revenue maximization amid the boosted cargo demand, and demand-simulating measures, while keeping a close eye on the spread of COVID-19 in Japan and the world and passenger travel demand.

Financial results of each segment are as follows.

Air Transportation Segment

In the third quarter period, Revenue in Air Transportation Segment decreased by 68.5% year on year to 319.4 billion yen and the loss before investing, financing and income tax (hereinafter referred as "Segment profit (or loss)") was 298.3 billion yen (segment profit 103.5 billion yen in the same period in the previous year).

(Revenue and Segment profit (or loss) are before elimination of transactions between segments.)

The international passenger revenue (Full Service Carrier) was 18.8 billion yen, or down 95.3 % year on year.

The domestic passenger revenue was 136.9 billion yen, or down 68.0 % year on year.

The cargo and mail revenue was 90.9 billion yen, or up 31.5 % year on year.

The international passenger revenue for ZIPAIR, engaging in LCC business, was 17 million yen.

Traffic Results (Full Service Carrier)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	7,325,992	246,950	3.4%
Revenue passenger km (1,000 passenger-km)	36,753,727	1,493,364	4.1%
Available seat km (thousands)	41,463,648	7,295,478	17.6%
Revenue passenger-load factor (%)	88.6	20.5	(68.2)
Revenue cargo ton-km (thousands)	1,838,833	1,342,497	73.0%
Mail ton-km (thousands)	138,965	115,349	83.0%
DOMESTIC			
Revenue passengers carried (number of passengers)	29,149,543	9,720,433	33.3%
Revenue passenger km (1,000 passenger-km)	22,022,522	7,427,622	33.7%
Available seat km (thousands)	27,606,745	15,488,533	56.1%
Revenue passenger-load factor (%)	79.8	48.0	(31.8)
Revenue cargo ton-km (thousands)	253,541	182,210	71.9%
Mail ton-km (thousands)	19,149	15,436	80.6%
TOTAL			
Revenue passengers carried (number of passengers)	36,475,535	9,967,383	27.3%
Revenue passenger km (1,000 passenger-km)	58,776,250	8,920,987	15.2%
Available seat km (thousands)	69,070,393	22,784,011	33.0%
Revenue passenger-load factor (%)	85.1	39.2	(45.9)
Revenue cargo ton-km (thousands)	2,092,375	1,524,708	72.9%
Mail ton-km (thousands)	158,114	130,786	82.7%

- 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).
- 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.
- From FY2020, upon the application of IFRS, passengers flying with mileage award tickets are included as fare-paying passengers, and those passengers are included in Revenue passenger carried, Revenue passenger km and Revenue passenger-load factor. These changes are reflected in the corresponding figures in FY2019.
- For International Revenue passenger carried and International Revenue passenger km, Japan Airline's sales with codeshare flights operated by oneworld alliance member carriers except joint venture partners is excluded from FY2020. This change is also reflected in the corresponding figures in FY2019.
- Traffic results for ZIPAIR, which is classified in LCC business, are excluded from the traffic results above. International traffic results for ZIPAIR were as follows; passenger traffic 699 (number of passengers), Revenue passenger km 2,488 (1,000 passenger-km), Available seat km 117,328 (thousands) and load factor 2.1%.

(2) Explanation of Financial Position

(Assets, liabilities and net asset)

The assets in Third Quarter Period increased by 154.2 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 136.4 billion yen. Out of the current assets, Cash and Cash equivalents increased by 125.8 billion yen to 454.9 billion yen due to swift financing including borrowing, aircraft lease and public equity offering. Trade and other receivables decreased by 23.1 billion yen due to the decrease of International Passenger Revenue. Then, Current assets increased by 101.7 billion yen from the end of the previous consolidated fiscal year to 610.2 billion yen. Non-current assets increased by 52.4 billion yen to 1 trillion and 526.2 billion yen through the increase of Deferred tax assets and the decreased of Flight equipment.

The liabilities increased by 152.4 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 85 billion yen due to the financing of approximately 230 billion yen to ensure enough liquidity at hand.

The equity increased by 1.7 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 51.4 billion yen, as a result of loss attributable to owner of the parent of 212.7 billion yen, increase of approximately 180 billion yen due to the public equity offering and increase in Accumulated other comprehensive income.

The JAL Group has taken steps to raise fund backed by its strong financial position, and has borrowed, as of date, an additional approximately 300 billion yen from financial institutions since February 2020 when the spread of COVID-19 became apparent, in several countries. We have also secured an additional credit line of 100 billion yen in November, and the total of 300 billion yen credit line remains unused as of today.

In addition, we have initiated public equity offering in November in order to improve our financial structure at an early stage and to secure the necessary scale of funds to realize our growth strategy for the post-COVID era. Through the offering, we raised our equity capital of 182.9 billion yen. As result, we have established the world's best level of financial base, and shareholders' equity ratio now stands at 47.6% and D/E ratio at 0.5x.

We have secured liquidity at hand of about 750 billion yen as of December 31. In addition, we have been successful in reducing monthly cash burn, the sum of operating cash flow, excluding changes by one-time factors, and repayment of interest-bearing debts, to less than 20 billion yen during the second quarter period and to around 15 billion yen during Third Quarter Period, which has been reduced through our efforts to reduce cost and minimize cash outflow, from around 45 to 50 billion yen during the first quarter period.

We will continue to make every effort to secure liquidity at hand to prepare for the possibility where effect of the spread of COVID-19 infection is prolonged and promptly implement financial policies that contribute to the stabilization of management.

(Outline of Cash Flows)

Cash and cash equivalents at end of first quarter period increased by 125.8 billion yen from the end of the previous consolidated fiscal year to 454.9 billion yen.

① Cash Flows from Operating Activities

As a total of quarterly loss before tax of 299.5 billion yen, non-cash expenses like depreciation, and trade and other payables and receivables, cash flow from operating activities (outflow) was 179.8 billion yen (cash inflow of 65.8 billion yen in the same period of the previous year).

② Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 73.0 billion yen mainly due to acquisition of fixed assets (cash outflow of 188.3 billion yen in the same period of the previous year).

③ Cash Flows from Financing Activities

Cash flow from financing activities (inflow) was 378.9 billion yen mainly due to long term debts and public equity offering (cash outflow of 73.1 billion yen in the same period of the previous year).

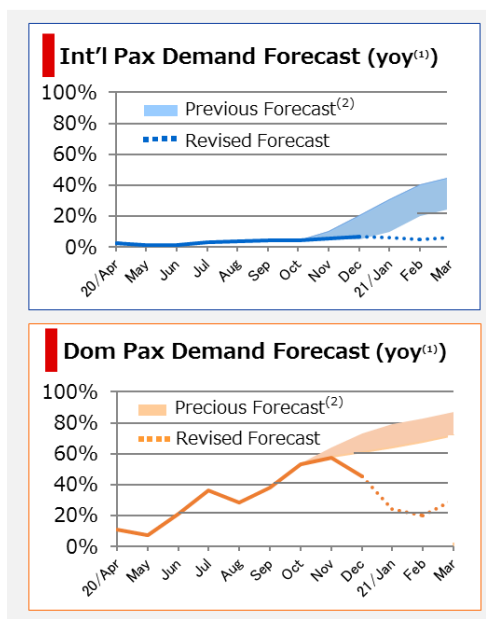
(3) Explanations of Forecast of Consolidated Financial Results

At present, it is difficult to foresee the recovery of demand while the global spread of COVID-19 shows no sign of slowdown. The recovery of international and domestic passenger demand may highly be affected by the circumstances surrounding COVID-19 and by situations of border closure and travel restrictions by governments so that uncertainty on our further business performances is expected to persist. However, we revise our forecast of consolidated financial results, estimating the international and domestic revenue based on the assumption that the current international and domestic passenger demand booking level will continue until the end of this fiscal year.

In the revised forecast of consolidated financial results, we estimate revenue for this fiscal year to be 460 billion yen, EBIT to be loss of 420 billion yen, and the loss attributable to owners of parent to be 300 billion yen.

These figures may significantly fluctuate depending on the circumstances surrounding COVID-19, on the progress in vaccination and on the recovery of international and domestic passenger demand.

From now on, in addition to making an effort to increase revenues including cargo and mail revenues, we will minimize loss by reducing fixed cost and other cost as much as possible and by adjusting our capacity to demand situations flexibly.



Change in Performance Forecast ⁽³⁾					
(JPY Bn)	FY2019	FY2020		Diff.	y/y
	Results	Previous Forecast ⁽²⁾	Revised Forecast		
Revenue	1,385.9	530.0~600.0	460.0	▼925.9	▼66.8%
Int'l Passenger	486.2	40.0~75.0	30.0	▼456.2	▼93.8%
Dom Passenger	529.7	235.0~265.0	165.0	▼364.7	▼68.9%
Cargo / Mail	91.6	-	125.0	+33.3	+36.4%
Other Revenue ⁽⁴⁾	278.3	-	140.0	▼138.3	▼49.7%
EBIT ⁽⁵⁾	88.8	▼380.0~ ▼330.0	▼420.0	▼508.8	-
Profit or Loss ⁽⁶⁾	48.0	▼270.0~ ▼240.0	▼300.0	▼348.0	-

- (1) FY2019 numbers are based on the revised forecast that was disclosed at FY19Q3 Financial Results announced on January 31, 2020
(2) Disclosed on October 30, 2020
(3) IFRS is adopted from FY2020 and to the figures in the previous year to enable comparison analysis
(4) Other Revenue = Travel Agency, Mileage, Ground Handling or etc.
(5) EBIT = Profit/Loss before Financing and Income tax (Profit/Loss before Tax - Finance Income/Expenses)
(6) Profit/Loss = Net Profit Attributable to Owners of Parent

	Revenue	EBIT	Profit or Loss
	Billions of Yen	Billions of Yen	Billions of Yen
Previous Forecast (A)	530.0—600.0	(380.0)—(330.0)	(270.0)—(240.0)
New Forecast (B)	460.0	(420.0)	(300.0)
Change (B-A)	(140.0)—(70.0)	(90.0)—(40.0)	(60.0)—(30.0)
Change (%)	(23.3)—(13.2)%	(27.3)—(10.5)%	(25.0)—(11.1)%
Ref.) Consolidated Financial Results of the Fiscal Year Ended March 31, 2020	1,385.9	88.8	48.0

(4) Dividends

Due to the spread of COVID-19 since February 2020, the airline industry including the JAL Group has been severely affected. In this third quarter period, EBIT decreased to loss of 294.1 billion yen and is forecasted to be loss of 420 billion yen for full year in our revision that shows our current hardship.

Amid the current situation in which early recovery of travel demand is unforeseeable, we determined to prioritize pursuing liquidity at hand and preventing current financial status from becoming worse. Therefore, we regrettably forecast no year-end dividends for this fiscal year.

We sincerely apologize to our shareholders and investors and would like to ask for their understanding amid the very difficult situation that we are currently in.

2. Condensed quarterly consolidated financial statement and primary notes
(1) Condensed quarterly consolidated statement of financial position

	The date of transition to IFRS (April 1, 2019)	As of March 31, 2020	As of December 31, 2020
	Millions of yen	Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	522,064	329,149	454,968
Trade and other receivables	144,053	94,071	70,970
Other financial assets	5,067	1,305	7,053
Inventories	23,682	28,409	26,288
Other current assets	46,442	55,500	50,928
Total current assets	<u>741,309</u>	<u>508,435</u>	<u>610,208</u>
Non-current assets			
Tangible fixed assets			
Flight equipment	795,439	894,835	859,192
Advances on flight equipment	138,569	102,519	108,920
Other tangible fixed assets	77,495	86,462	87,458
Total tangible fixed assets	<u>1,011,504</u>	<u>1,083,817</u>	<u>1,055,570</u>
Intangible assets	92,255	95,777	92,350
Investments accounted for using equity method	31,697	31,105	24,183
Other financial assets	119,515	120,218	131,800
Deferred tax assets	143,422	122,323	197,268
Retirement benefit asset	1,178	938	986
Other non-current assets	12,765	19,638	24,113
Total non-current assets	<u>1,412,338</u>	<u>1,473,819</u>	<u>1,526,273</u>
Total assets	<u>2,153,648</u>	<u>1,982,254</u>	<u>2,136,481</u>

	The date of transition to IFRS (April 1, 2019)	As of March 31, 2020	As of December 31, 2020
	Millions of yen	Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	137,684	125,208	97,740
Interest-bearing liabilities	38,408	38,618	61,569
Other financial liabilities	39,108	51,065	40,007
Income taxes payable	19,192	2,824	2,422
Contract liabilities	294,663	251,809	209,292
Provisions	—	1,220	2,432
Other current liabilities	49,916	30,903	43,516
Total current liabilities	578,972	501,651	456,981
Non-current liabilities			
Interest-bearing liabilities	185,920	238,811	433,013
Other financial liabilities	8,771	13,913	15,125
Deferred tax liabilities	163	222	125
Provisions	14,594	14,645	16,325
Retirement benefit liability	256,305	151,330	151,548
Other non-current liabilities	13,243	12,062	11,951
Total non-current liabilities	478,999	430,985	628,090
Total liabilities	1,057,972	932,637	1,085,071
Equity			
Share capital	181,352	181,352	273,200
Capital surplus	182,437	182,437	273,557
Retained earnings	666,030	645,408	432,419
Treasury shares	(408)	(408)	(408)
Accumulated other comprehensive income			
Financial assets measured at fair value through other comprehensive income	31,097	28,793	40,082
Effective portion of cash flow hedges	1,837	(23,146)	(1,297)
Exchange differences on translation of foreign operations	—	(141)	(368)
Total accumulated other comprehensive income	32,934	5,506	38,416
Total equity attributable to owners of parent	1,062,345	1,014,295	1,017,185
Non-controlling interests	33,330	35,321	34,224
Total equity	1,095,675	1,049,617	1,051,410
Total liabilities and equity	2,153,648	1,982,254	2,136,481

(2) Condensed quarterly consolidated statement of profit or loss and other comprehensive income

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	401,346	18,861
Domestic passenger revenue	427,991	136,946
Other revenue	283,398	200,740
Total revenue	1,112,736	356,548
Other income	4,492	9,433
Operating expenses		
Personnel expenses	(226,354)	(193,123)
Aircraft fuel	(189,660)	(73,578)
Depreciation, amortization and impairment losses	(122,441)	(138,323)
Other operating expenses	(467,139)	(250,459)
Total operating expenses	(1,005,595)	(655,484)
Operating profit (Loss in brackets)	111,633	(289,503)
Share of profit of investments accounted for using equity method	1,930	(6,336)
Profit before investing, financing and income tax (Loss in brackets)	113,563	(295,839)
Income/expenses from investments		
Investing income	2,101	1,890
Investing expenses	(1,023)	(229)
Profit before financing and income tax (Loss in brackets)	114,642	(294,179)
Finance income/expenses		
Finance income	862	1,108
Finance expenses	(1,368)	(6,468)
Profit before tax (Loss in brackets)	114,135	(299,539)
Income tax expense	(35,405)	85,733
Profit (Loss in brackets)	78,730	(213,805)
Profit attributable to		
owners of parent	74,842	(212,722)
Non-controlling interests	3,888	(1,083)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income		
Share of other comprehensive income of investments accounted for using equity method	6,732	11,028
Total of items that will not be reclassified to profit or loss	46	40
Other comprehensive income	6,779	11,068
Other comprehensive income		
Items that will not be reclassified to profit or loss	639	20,599
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(191)	(244)
Share of other comprehensive income of investments accounted for using equity method	95	1,052
Total of items that will not be reclassified to profit or loss	544	21,408
Other comprehensive income	7,323	32,477
Items that will not be reclassified to profit or loss	86,053	(181,328)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	82,188	(180,230)
Non-controlling interests	3,865	(1,097)
Earnings per share		
Basic earnings per share		
Diluted earnings per share (Loss in brackets)	216.99	(597.38)
Comprehensive income attributable to	—	—

(3) Condensed quarterly consolidated statement of changes in equity

Consolidated financial results for the third quarter of FY2019 (April 1, 2019 to December 31, 2019)

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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2019	181,352	182,437	666,030	(408)	31,097	1,837
Profit (Loss in brackets)	—	—	74,842	—	—	—
Other comprehensive income	—	—	—	—	6,751	732
Comprehensive income	—	—	74,842	—	6,751	732
Issuance of new shares	—	—	—	—	—	—
Dividends	—	—	(38,058)	—	—	—
Transfer to non-financial assets	—	—	—	—	—	(267)
Purchase of treasury shares	—	—	—	(29,999)	—	—
Cancellation of treasury shares	—	—	(19,999)	19,999	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Increase (decrease) by change in equity in affiliates accounted for by equity method	—	(0)	—	—	—	—
Transfer to retained earnings	—	—	(612)	—	612	—
Total transactions with owners	—	(0)	(58,670)	(9,999)	612	(267)
Balance as of December 31, 2019	181,352	182,437	682,201	(10,408)	38,461	2,302

Equity attributable to owners of parent

	Accumulated other comprehensive income		Total Equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total accumulated other comprehensive income			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2019	—	32,934	1,062,345	33,330	1,095,675
Profit (Loss in brackets)	—	—	74,842	3,888	78,730
Other comprehensive income	(137)	7,346	7,346	(22)	7,323
Comprehensive income	(137)	7,346	82,188	3,865	86,053
Issuance of new shares	—	—	—	—	—
Dividends	—	—	(38,058)	(2,376)	(40,434)
Transfer to non-financial assets	—	(267)	(267)	—	(267)
Purchase of treasury shares	—	—	(29,999)	—	(29,999)
Cancellation of treasury shares	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	98	98
Changes in ownership interest in subsidiaries	—	—	—	328	328
Increase (decrease) by change in equity in affiliates accounted for by equity method	—	—	(0)	0	—
Transfer to retained earnings	—	612	—	—	—
Total transactions with owners	—	345	(68,325)	(1,949)	(70,275)
Balance as of December 31, 2019	(137)	40,625	1,076,208	35,245	1,111,454

Consolidated financial results for the first quarter of FY2020 (April 1, 2020 to December 31, 2020)

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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	181,352	182,437	645,408	(408)	28,793	(23,146)
Profit (Loss in brackets)	—	—	(212,722)	—	—	—
Other comprehensive income	—	—	—	—	11,022	21,696
Comprehensive income	—	—	(212,722)	—	11,022	21,696
Issuance of new shares	91,848	91,120	—	—	—	—
Dividends	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	152
Purchase of treasury shares	—	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—
Increase (decrease) by change in equity in affiliates accounted for by equity method	—	—	—	—	—	—
Transfer to retained earnings	—	—	(266)	—	266	—
Total transactions with owners	91,848	91,120	(266)	—	266	152
Balance as of December 31, 2020	273,200	273,557	432,419	(408)	40,082	(1,297)

Equity attributable to owners of parent

	Accumulated other comprehensive income		Total Equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total accumulated other comprehensive income			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	(141)	5,506	1,014,295	35,321	1,049,617
Profit (Loss in brackets)	—	—	(212,722)	(1,083)	(213,805)
Other comprehensive income	(227)	32,491	32,491	(14)	32,477
Comprehensive income	(227)	32,491	(180,230)	(1,097)	(181,328)
Issuance of new shares	—	—	182,968	—	182,968
Dividends	—	—	—	—	—
Transfer to non-financial assets	—	152	152	—	152
Purchase of treasury shares	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—
Increase (decrease) by change in equity in affiliates accounted for by equity method	—	—	—	—	—
Transfer to retained earnings	—	266	—	—	—
Total transactions with owners	—	419	183,121	—	183,121
Balance as of December 31, 2020	(368)	38,416	1,017,185	34,224	1,051,410

(4) Condensed quarterly consolidated statement of cash flows

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	114,135	(299,539)
Depreciation, amortization and impairment losses	122,441	138,323
Loss (gain) on sale and retirement of fixed assets	2,272	1,077
Increase (decrease) in retirement benefit liability	(88,163)	215
Interest and dividend income	(2,648)	(2,047)
Interest expenses	985	2,109
Foreign exchange loss (gain)	(409)	(775)
Share of loss (profit) of investments accounted for using equity method	(1,930)	6,336
Decrease (increase) in trade and other receivables	3,008	7,551
Decrease (increase) in inventories	(2,794)	1,781
Increase (decrease) in trade and other payables	(11,609)	(24,932)
Increase (decrease) in contract liabilities	2,310	(42,513)
Other, net	(33,621)	22,290
Subtotal	103,976	(190,120)
Income taxes paid	(38,170)	10,227
Net cash provided by (used in) operating activities	65,806	(179,893)
Cash flows from investing activities		
Purchase of non-current assets	(191,039)	(73,146)
Proceeds from sales of non-current assets	1,896	975
Purchase of other financial assets	(4,741)	(6,251)
Proceeds from sale of other financial assets	532	1,427
Payments for loans receivable	(149)	(944)
Collection of loans receivable	633	591
Interest received	703	334
Dividends received	2,251	1,900
Other, net	1,525	2,069
Net cash provided by (used in) investing activities	(188,387)	(73,043)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20	(58)
Proceeds from long-term borrowings	2,722	232,269
Repayments of long-term borrowings	(6,883)	(13,310)
Proceeds from issuing bonds	19,881	-
Proceeds from issuing shares	-	182,745
Purchase of treasury shares	(30,011)	-
Interest paid	(518)	(1,030)
Dividends paid	(37,953)	(29)
Dividends paid to non-controlling interests	(2,383)	-
Repayments of lease liabilities	(18,704)	(17,748)
Other, net	725	(3,843)
Net cash provided by (used in) financing activities	(73,104)	378,994
Effect of exchange rate changes on cash and cash equivalents	55	(239)
Net increase (decrease) in cash and cash equivalents	(195,629)	125,819
Cash and cash equivalents at beginning of period	522,064	329,149
Cash and cash equivalents at end of period	326,434	454,968

(5) Notes for Condensed quarterly consolidated financial statements

(Reporting company)

Japan Airlines Co., Ltd. (hereinafter the “Company”) is a stock company located in Japan. The registered address of its Head Office is 4-11, 2-chome Higashi-shinagawa, Shinagawa-ku, Tokyo. The Company’s condensed quarterly consolidated financial statements for the nine months ended December 31, 2020 consists of the Company and its subsidiaries (the “JAL Group”) and interests in affiliates and jointly controlled entities.

The Company’s main business is the air transportation business. Details of each business are described in Note “5. Segment Information.”

(Basis of preparation)

1) Matters concerning compliance with IFRS and first-time adoption

As the condensed quarterly consolidated financial statements of the JAL Group fulfills requirements of Specified Companies Complying with Designated International Accounting Standards set forth in Article 1-2 of Regulation on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements, it was prepared in compliance with IAS No. 34 Interim Financial Reporting in accordance with Article 93 of the Regulations.

This condensed quarterly consolidated financial statements were approved by the Board of Directors on August 3, 2020.

The JAL Group adopted International Financial Reporting Standards (hereinafter “IFRS”) from this consolidated fiscal year (April 1, 2020 to March 31, 2021). The consolidated financial statements for this consolidated fiscal year will be the first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS is April 1, 2019.

On shifting to IFRS, the JAL Group applied IFRS No. 1 “First-time Adoption of International Financial Reporting Standards” (hereinafter “IFRS No. 1”).

JAL Group’s accounting policy complies with IFRS effective as of December 31, 2020, excluding IFRS not adopted earlier and exemption rules recognized in IFRS No. 1.

2) Functional currency and presentation currency

The JAL Group’s condensed quarterly consolidated financial statements are expressed in Japanese yen, our functional currency, as the presentation currency, and are rounded off to the nearest million yen.

(Going Concern Assumptions)

None

(Changes in the Accounting Estimates)

(Change in duration)

The JAL Group has changed duration for some of its aircrafts to be retired, engines and cabin interiors as a result of the revision in economically usable forecast period.

As a result, the estimated useful lives of these assets have been changed since the first three quarters of the Consolidated Fiscal Year. Accordingly, the operating loss, the loss before investing, financing and income tax, the loss before financing and income tax, and the loss before tax increased by 8,103 million yen in the first three quarters of the Consolidated Fiscal Year.

Its impact on the segment is shown in the “Segment Information”.

(Revenue)**(1) Breakdown of revenue****Revenue and Segment Revenue****Consolidated financial results for the third quarter of FY2019 (April 1, 2019 to December 31, 2019)**

	Segment				
	Air Transportation	Other	Sub-total	Internal transaction adjustment	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
International					
Passenger operations	401,346	—	401,346	—	—
Cargo and mail-service operation	50,339	—	50,339	—	—
Luggage operations	622	—	622	—	—
Sub-total	452,307	—	452,307	—	—
Domestic					
Passenger operations	427,991	—	427,991	—	—
Cargo and mail-service operation	18,778	—	18,778	—	—
Luggage operations	239	—	239	—	—
Sub-total	447,008	—	447,008	—	—
Total revenues from international and domestic operations	899,316	—	899,316	—	—
Other revenues					
Travel agency Revenue	—	147,200	147,200	—	—
Other	114,789	48,856	163,646	—	—
Total revenues	1,014,106	196,057	1,210,164	(97,428)	1,112,736

(Note) Figures of Segment revenue are before elimination of intra-segment transactions.

Consolidated financial results for the third quarter of FY2020 (April 1, 2020 to December 31, 2020)

	Segment				
	Air Transportation	Other	Sub-total	Internal transaction adjustment	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
International					
Passenger operations	18,861	—	18,861	—	—
Cargo and mail-service operation	72,021	—	72,021	—	—
Luggage operations	224	—	224	—	—
Sub-total	91,107	—	91,107	—	—
Domestic					
Passenger operations	136,946	—	136,946	—	—
Cargo and mail-service operation	18,901	—	18,901	—	—
Luggage operations	157	—	157	—	—
Sub-total	156,006	—	156,006	—	—
Total revenues from international and domestic operations	247,113	—	247,113	—	—
Other revenues					
Travel agency Revenue	—	45,762	45,762	—	—
Other	72,348	36,975	109,323	—	—
Total revenues	319,461	82,737	402,199	(45,651)	356,548

(Note) Figures of Segment revenue are before elimination of intra-segment transactions.

The JAL Group operates “Air Transportation”, mainly in passenger and baggage carriage or mail and cargo handling in both international and domestic routes, and “Other” business.

Revenues arising out of these businesses are recognized in accordance with contracts with customers, and there is no significant financing component in the contracts. None of consideration in contracts with customers is not reflected in transaction prices. The JAL Group operates a customer loyalty program called “JAL Mileage Bank”. Members in the JAL Mileage Bank can collect miles through flights with the airlines in JAL Group or other services, and can redeem them for flights with JAL group or other partners' services. Miles that are expected to be redeemed are identified as performance obligations, and deferred on the statement of financial position as a contract liability. When miles are redeemed for services, revenue is recognized in the statement of profit or loss and other comprehensive income. A transaction value allocated as performance obligations of miles is deferred as contract liabilities in condensed quarterly consolidated statement of financial position, and revenue is recognized as miles are redeemed.

Air Transportation

In the air transportation business segment, the JAL Group provides services related to the international and domestic transportation of passengers, cargo & mail and baggage on aircraft. The main revenues are recognized as follows.

Passenger operations

Passenger revenue is mainly revenue earned from passenger transportation services using aircraft. The JAL Group has the obligation to provide customers with international and domestic air transportation services according to the Conditions of Carriage. The performance obligation is satisfied upon completion of the passenger's air transportation service. The transaction price may fluctuate because we may offer discounts when selling tickets or pay incentives based on the amount of sales. In addition, consideration for a transaction is generally received in advance at a point in time before the performance obligation is satisfied.

Cargo and mail-service operations

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

Luggage operations

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

Other

In “Other” businesses, we are mainly engaged in planning and sales of air travel package tour and a credit card business.

(Segment Information)

(1) Overview of segment reporting

The reportable segments of the JAL Group are components of the Company about which separate financial information is available and evaluated regularly by the Board of Directors in deciding how to allocate resources and evaluating business performance.

The main business operations of the JAL Group are scheduled and nonscheduled international and domestic air transportation services. Therefore, the JAL Group recognizes the “air transportation business” as the reportable segment.

(2) Information on reportable segment

Revenue and business performance by JAL Group’s reportable segment are as follows.

Intersegment sales is based on the current market price.

Consolidated financial results for the third quarter of FY2019 (April 1, 2019 to December 31, 2019)

	Reportable segment Air Transportation	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	936,296	176,440	1,112,736	—	1,112,736
Intersegment	77,810	19,617	97,428	(97,428)	—
Total	1,014,106	196,057	1,210,164	(97,428)	1,112,736
Profit or loss before investing, financing and income tax	103,543	10,089	113,633	(70)	113,563
Investing income	—	—	—	—	2,101
Investing expenses	—	—	—	—	(1,023)
Finance income	—	—	—	—	862
Finance expenses	—	—	—	—	(1,368)
Profit before tax	—	—	—	—	114,135

(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 profit before investing, financing and income tax on the condensed quarterly consolidated statement of profit or loss and other comprehensive income.

Consolidated financial results for the third quarter of FY2020 (April 1, 2020 to December 31, 2020)

	Reportable segment Air Transportation	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	289,978	66,569	356,548	—	356,548
Intersegment	29,482	16,168	45,651	(45,651)	—
Total	319,461	82,737	402,199	(45,651)	356,548
Profit or loss before investing, financing and income tax	(298,342)	2,494	(295,848)	9	(295,839)
Investing income	—	—	—	—	1,890
Investing expenses	—	—	—	—	(229)
Finance income	—	—	—	—	1,108
Finance expenses	—	—	—	—	(6,468)
Profit before tax	—	—	—	—	(299,539)

(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 profit before investing, financing and income tax on the condensed quarterly consolidated statement of profit or loss and other comprehensive income.

4. The JAL Group has changed duration for some of its aircrafts to be retired, engines and cabin interiors as a result of the revision in economically usable forecast period. Accordingly, the loss before investing, financing and income tax in Air Transportation segment increased by 8,103 million yen in the first three quarters of the Consolidated Fiscal Year.