

[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, 2022[IFRS]

Company name Japan Airlines Co., Ltd

February 2, 2023

Stock Listing Tokyo Stock Exchange

Code No. 9201 **URL:** <https://www.jal.com>
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Scheduled date for filing of Quarterly Report: February 3, 2023

Scheduled date for dividend payment: -

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, 2022 (April 1, 2022 to December 31, 2022)

(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, 2022	1,005,590	101.7	34,715	-	24,665	-	16,313	-	(9,114)	-
Nine months ended December 31, 2021	498,480	39.8	(183,328)	-	(188,692)	-	(128,322)	-	(129,665)	-

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
Nine months ended December 31, 2022	Yen 37.33	Yen -
Nine months ended December 31, 2021	(293.64)	-

(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
As of December 31, 2022	Millions of Yen 2,439,645	Millions of Yen 829,345	Millions of Yen 788,388	% 32.3	Yen 1,804.06
As of March 31, 2022	2,375,724	846,067	799,736	33.7	1,830.03

(Note) During the third quarter of the current consolidated fiscal year, the JAL Group finalized the provisional accounting treatment related to a business combination. The figures for the fiscal year ended March 31, 2022 reflect the finalized content of the provisional accounting treatment.

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
Year Ended March 31, 2022	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Year Ending March 31, 2023	-	0.00	-		
Year Ending March 31, 2023 (Forecast)				20.00	20.00

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

Please refer to "1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2022 (4) Dividends" in the Attachment.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023

(Percentage compared to prior year)

Entire Fiscal 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	%
	1,358,000	98.9	50,000	-	25,000	-

(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 2022 (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, 2022: 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: None

(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, 2022 : 437,143,500

As of March 31, 2022 : 437,143,500

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

As of December 31, 2022 : 136,291

As of March 31, 2022 : 136,291

(c) Average number of shares outstanding

During the nine months ended December 31, 2022 : 437,007,209

During the nine months ended December 31, 2021 : 437,007,232

※ 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 statement 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.

※ The Company holds a presentation for institutional investors and analysts on February 2, 2023.

Documents distributed at the presentation are scheduled to be posted on our website on the same day.

※ Regarding percentage or ratio compared to prior year, if changes exceed 1,000%, "- "is shown.

Attachment

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1. Qualitative Information Concerning Financial Results for the Third Quarter of FY 2022

(1) Explanation of Operating Results

The revenue for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022 hereinafter referred as the “Third Quarter Period”) increased by 101.7% year on year to 1 trillion and 5.5 billion yen, the operating expense increased by 43.9 % year on year to 990.1 billion yen, the profit before financing and income tax (hereinafter referred as “EBIT”) was a profit of 34.7 billion yen (EBIT loss of 183.3 billion yen in the same period in the previous year). The profit attributable to owners of the parent was 16.3 billion yen (the loss attributable to owners of the parent of 128.3 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Nine months ended December 31, 2021	Nine months ended December 31, 2022	% or points compared to prior period
Revenue	498.4	1,005.5	201.7%
FSC International Passenger	47.0	287.1	609.7%
FSC Domestic Passenger	174.0	335.5	192.7%
Cargo/Mail	161.0	183.4	113.9%
FSC Others	3.6	11.4	315.3%
LCC	1.8	20.1	-
Mileage, Lifestyle and Infrastructure and Others	110.8	167.7	151.4%
Operating Expense	687.9	990.1	143.9%
Fuel	101.8	241.6	237.3%
Excluding Fuel	586.1	748.4	127.7%
Profit or loss before financing and income tax (EBIT) (Loss in brackets)	(183.3)	34.7	-
EBIT Margin (%)	-	3.5	-
Profit or loss attributable to owners of the parent (Loss in brackets)	(128.3)	16.3	-

(Note) 1. Figures have been truncated and percentages are rounded off to the first decimal place.

2. FSC: Full Service Carrier, LCC: Low Cost Carrier

3. LCC includes both passenger revenue and related charges or fees

4. 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.

5. EBIT Margin=EBIT/Revenue.

Passenger demand for both international and domestic is steadily recovering as a result of the growing trend toward balancing the prevention of the COVID-19 pandemic and socioeconomic activities. For international passenger demand, inbound demand recovered rapidly due to the relaxation of immigration restrictions by various governments that led to the resumption of free movement of people both domestically and internationally, as business travel demand by Japanese companies gradually recovered after the phased relaxation of border restrictions, and the drastic relaxation of Japan’s immigration regulations from October 2022. Domestic demand had recovered steadily despite the 8th wave of infections, as new behavioral patterns were established and restrictions to movements were removed, as well as the positive effects of the nationwide travel support program. For international cargo, while total air cargo demand declined from the previous year, demand and unit prices for our company remained strong.

Regarding our ESG strategy that is placed at the core of our management strategy, we operated Japan's first “Sustainable Charter Flight” with net zero CO2 emissions on the Tokyo (Haneda)-Okinawa (Naha) route in November 2022. Moreover, in December 2022 we were selected for the first time as a constituent of the “DJSI Asia Pacific Index” that is utilized by many investors globally as an investing criterion, and an "A-" rating on climate change from CDP, an international environmental not-for-profit organization.

In addition, our company’s sustainability initiatives and service quality were recognized as among the world's best, thus we were awarded the “WORLD CLASS” by APEX (Airline Passenger Experience Association) for the second consecutive year. We will continue to promote our ESG strategy toward sustainable growth.

The following is a summary of our group’s operating results for the third quarter by business domain.

Full Service Carrier Business Domain

The JAL Group has steadily prepared for a recovery in demand amid the COVID-19 pandemic, including efforts to

maintain employment, improving their knowledge and skills for flight safety, and replacing our flagship domestic aircraft with the latest Airbus A350 with improved fuel efficiency.

For international passengers, as flights over Russian airspace were suspended due to the Russia-Ukraine situation, we worked to secure a network between Japan and Europe by changing to an alternative route that allows safe flights. In addition, the number of passengers arriving in and departing from Japan is gradually recovering especially for inbound passengers, as the maximum number of entries into Japan set at 50,000 per day was lifted from mid-October 2022, and drastic relaxation was conducted including the exemption of temporary visitor visas formerly required for tourism purposes. Furthermore, we have responded flexibly to changes in the business environment, including the establishment of flight schedules that offer convenient transit at Narita Airport, aimed at capturing transit demand particularly between Asia and North America, where demand is recovering quickly.

For domestic passengers, demand had recovered steadily especially for tourists, as new behavioral patterns were established and restrictions to movements were removed, as well as the positive effects of the nationwide travel support program from mid-October 2022. In response to the increase in passengers, we provided sufficient capacity, including the establishment of additional flights and aircraft upscale. As a result, many passengers boarded our flight especially during the high-demand period, and the number of passengers during the New Year's holiday recovered to approximately 90% of FY2019 levels, even during the 8th wave of infections.

For the cargo business, although total air cargo demand decreased due to the lockdown in China and the normalization of disruptions in maritime transportation, demand for our company's flights remained strong, especially between Asia and North America, and unit prices remained high.

LCC Business Domain

ZIPAIR Tokyo Co., Ltd. (ZIPAIR) – a LCC for medium to long-haul international flights, has seen steady progress in business operations, with rising customer recognition and steady increase in its load factors, with flights frequently fully-booked especially during periods of high demand. In addition, ZIPAIR has started its service of the San Jose route in December 2022 and has been steadily accumulating results, in line with the recovery of international passenger demand. Meanwhile, SPRING JAPAN Co., Ltd. (SPRING JAPAN) which targets China routes, is working to improve its profitability by temporarily increasing the number of domestic flights to make effective use of its resources, as demand in China is not expected to recover in the near term due to the continuation of strict entry regulations. The three LCC's with differing characteristics, including Jetstar Japan Co., Ltd. (Jetstar Japan) which mainly operates domestic flights, will work to build a network using Narita Airport as a hub to expand the scale of their business.

As a result of the above, in Full Service Carrier operations, the passenger traffic for International Passenger Business in the third quarter increased by 396.0% year over year, its revenue passenger kilometers (RPK) increased by 367.8% year over year, its the available seat kilometers (ASK) increased by 60.7% year over year, and the load factor was 70.7%. Likewise, the passenger traffic for Domestic Passenger Business increased by 86.5% year over year, its revenue passenger kilometers (RPK) increased by 92.4% year over year, its available seat kilometers (ASK) increased by 48.5% year over year, and the load factor was 64.6%. Revenue for Cargo and Mail Business increased by 13.9% year on year. In LCC operations, for ZIPAIR the passenger traffic was 306,107 (number of passengers), its revenue passenger kilometers (RPK) was 1,518,934 (1,000 passenger-km), and its available seat kilometers (ASK) was 3,303,124 (thousands). Likewise, for SPRING JAPAN the passenger traffic was 340,051 (number of passengers), its revenue passenger kilometers (RPK) was 281,766 (1,000 passenger-km), and its available seat kilometers (ASK) was 556,187 (thousands).

Non-Aviation Business Domain

To further expand our business beyond the air transportation business, we are working to achieve innovation by integrating advanced technology with our group's strength in human resources and customer base, and to create new products, services and businesses by leveraging our brand power and the know-how cultivated by our air transportation business.

We have started to offer "JAL Purpose Loans", which can be used for various purposes through "JAL NEOBANK" – an online bank account for JAL Mileage Bank members, while also making it possible to gain mileage points through various situations other than boarding an aircraft. JALUX, Inc. (JALUX), which became a consolidated subsidiary in the last fiscal year, has been working to develop regional areas and create more associated demand centering on the JAL Group's destinations, through the "JAL hometown tax reduction program" site. Moreover, JAL Sales Co., Ltd. has decided on a merger with Japan Airlines in October 2022 and will strengthen its efforts to solve problems faced by regions and customers by providing sales solutions through utilizing assets across our group, not limited to sales of air tickets. Furthermore, with the aim of realizing seamless air travel, we expanded the number of partnerships surrounding the "JAL MaaS (Mobility as a Service)" service that supports the search and arrangement of travel conducted via airports.

Regarding flight safety, a sudden turbulence during flight caused a fracture of a cabin attendant on Flight NU036 operated by Japan Transocean Air Corporation on October 3, 2022, a fracture of a passenger on Flight JL 3760 operated by JAPAN AIR COMMUTER CO., LTD. on November 7, 2022, and a fracture of a passenger on Flight JL 687 operated by JAL on January 7, 2023, which were certified as air accidents by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). We take these incidents very seriously and will cooperate with MLIT in its investigation of the incidents, as well as making thorough efforts to prevent any recurrence, toward the aim of achieving the management goal of "Zero Aircraft Accidents, Zero Serious Incidents" raised in our Mid-Term Management Plan.

To date, the JAL Group has committed to comprehensive cost reduction through disciplined cost management using our divisional profitability management system. Since the beginning of the current fiscal year, the situation has been difficult for the airline industry due to the depreciation of the yen and the rising cost of fuel and other raw materials, but we have been able to curb actual fixed costs through the accumulation of efforts by each division, such as curbing expenses by insourcing formerly out-sourced operations and reducing costs related to IT operations. In addition, the government of Japan has provided support to the airline industry including reductions in landing fees and aviation fuel taxes, and public support such as the fuel/oil price change mitigation subsidy and extending the employment adjustment subsidy program. We would like to express our deep appreciation to all of those involved for their support.

Both domestic passenger demand and international passenger demand to and from Japan, which had lagged behind other major countries, is steadily recovering since the beginning of the current fiscal year. Despite some uncertainties in the external environment such as the impact of the Russia-Ukraine situation, concerns about a global economic downturn, and volatile markets including foreign exchange and fuel prices, we are making steady progress toward sustainable growth and development. We are steadily putting in place a system to fully capture the trend toward demand recovery, including resuming the hiring of employees. Going forward, the JAL Group will continue to make comprehensive efforts to improve our profitability by implementing agile measures to increase revenues and thoroughly controlling costs.

Financial results of each segment are as follows.

Air Transportation Segment

In the third quarter period, Revenue in Air Transportation Segment increased by 96.8% year on year to 923.0 billion yen and the profit before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 21.4 billion yen (segment loss of 186.3 billion yen in the same period in the previous year).

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

Revenue for Full Service Carrier operations were as follows;

The international passenger revenue was 287.1 billion yen, or up 509.7% year on year.

The domestic passenger revenue was 335.5 billion yen, or up 92.7% year on year.

The cargo and mail revenue was 183.4 billion yen, or up 13.9% year on year.

Revenue for LCC operations were as follows;

The revenue for ZIPAIR was 13.9 billion yen.

The revenue for SPRING JAPAN was 5.4 billion yen.

Traffic Results (Full Service Carrier)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	594,851	2,950,455	496.0%
Revenue passenger km (1,000 passenger-km)	4,089,495	19,130,340	467.8%
Available seat km (thousands)	16,831,994	27,055,126	160.7%
Revenue passenger-load factor (%)	24.3	70.7	46.4
Revenue cargo ton-km (thousands)	2,364,104	2,167,476	91.7%
Mail ton-km (thousands)	128,366	95,031	74.0%
DOMESTIC			
Revenue passengers carried (number of passengers)	11,987,895	22,353,270	186.5%
Revenue passenger km (1,000 passenger-km)	8,912,358	17,148,876	192.4%
Available seat km (thousands)	17,885,141	26,552,537	148.5%
Revenue passenger-load factor (%)	49.8	64.6	14.8
Revenue cargo ton-km (thousands)	175,391	211,065	120.3%
Mail ton-km (thousands)	17,391	16,820	96.7%
TOTAL			
Revenue passengers carried (number of passengers)	12,582,746	25,303,725	201.1%
Revenue passenger km (1,000 passenger-km)	13,001,854	36,279,216	279.0%
Available seat km (thousands)	34,717,136	53,607,664	154.4%
Revenue passenger-load factor (%)	37.5	67.7	30.2
Revenue cargo ton-km (thousands)	2,539,495	2,378,541	93.7%
Mail ton-km (thousands)	145,758	111,851	76.7%

Traffic Results (LCC)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	% or points compared to prior period
ZIPAIR			
Revenue passengers carried (number of passengers)	11,526	306,107	-
Revenue passenger km (1,000 passenger-km)	38,152	1,518,934	-
Available seat km (thousands)	1,013,178	3,303,124	326.0%
Revenue passenger-load factor (%)	3.8	46.0	42.2
SPRING JAPAN			
Revenue passengers carried (number of passengers)	51,828	340,051	656.1%
Revenue passenger km (1,000 passenger-km)	49,368	281,766	570.7%
Available seat km (thousands)	100,001	556,187	556.2%
Revenue passenger-load factor (%)	49.4	50.7	1.3

1. 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).
2. 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).
3. Full Service Carrier (International): Japan Airlines Co., Ltd.,
Full Service Carrier (Domestic): 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.,
4. Traffic Results for SPRING JAPAN includes both International and Domestic carriage
5. For SPRING JAPAN, as the results from acquisition of the subsidiary on 28th June 2021 until the end of June 2021 are minor, traffic results for this period are not included as traffic results for LCC.
6. Figures have been truncated and percentages are rounded off to the first decimal place.

(2) Explanation of Financial Position (Assets, liabilities and net asset)

Assets in the third quarter period increased by 63.9 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 439.6 billion yen. Current assets increased by 82.4 billion yen from the end of the previous consolidated fiscal year to 832.9 billion yen due to increase of Cash and Cash equivalents by 58.8 billion yen. Non-current assets decreased by 18.5 billion yen due to the depreciation of aircrafts to 1 trillion and 606.6 billion yen.

Liabilities increased by 80.6 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 610.3 billion yen mainly due to increase in trade and other payables.

Equity decreased by 16.7 billion yen from the end of the previous consolidated fiscal year to 829.3 billion yen, due to the decrease in the effective portion of cash flow hedges.

Liquidity at hand was maintained at a sufficient amount of 553.0 billion yen at the end of December 2022, as well as the unused credit line of 250.0 billion yen. Part of the contract regarding the credit line has been reviewed on June 30, 2022, in order to reflect the improvement in cash flow. We will continue to conduct financial policies for post-Covid growth while keeping our risk tolerance.

(Outline of Cash Flows)

Cash and cash equivalents at end of third quarter period increased by 58.8 billion yen from the end of the previous consolidated fiscal year to 553.0 billion yen.

1 Cash Flows from Operating Activities

As a total of quarterly profit before tax of 24.6 billion yen, non-cash expenses like depreciation, and trade and other payables and receivables, cash flow from operating activities (inflow) was 191.4 billion yen (cash outflow of 86.7 billion yen in the same period of the previous year).

2 Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 74.0 billion yen mainly due to acquisition of fixed assets (cash

outflow of 137.7 billion yen in the same period of the previous year).

3 Cash Flows from Financing Activities

Cash flow from financing activities (outflow) was 61.1 billion yen mainly due to repayment of long term debts and lease payment (cash inflow of 334.0 billion yen in the same period of the previous year).

(3) Explanations of Forecast of Consolidated Financial Results

To reflect the recent trend in air transport demand as of today, the full-year consolidated financial results forecast for the fiscal year is revised from the full-year consolidated financial results forecast announced on November 1, 2022, as shown in the table below.

Forecast of Consolidated Financial Results for the Fiscal Year ending March 2023 (1st April, 2022 to 31st March, 2023)

	Revenue	Profit before financing and income tax (EBIT)	Profit attributable to owners of parent
Previous full-year forecast (A)	Millions of yen 1,404,000	Millions of yen 80,000	Millions of yen 45,000
Revised full-year forecast (B)	1,358,000	50,000	25,000
Changes (B – A)	(46,000)	(30,000)	(20,000)
% compared to prior forecast	(3.3)	(37.5)	(44.4)
(Reference) Consolidated financial results for the Fiscal Year Ended March 31, 2022 (Loss in brackets)	682,713	(239,498)	(177,551)

For revenue, we forecast a decrease of 46.0 billion yen. Revenue for domestic passenger revenue is forecasted to be lower than the previous forecast due to the slower recovery of business demand than expected and the limited effect of increased demand from the resumption of the nationwide travel support program during January-February 2023. In addition, international cargo revenue is also expected to be lower than expected due to the relaxation of air cargo's supply-demand balance.

For operating expenses, we forecast a decrease of 16.0 billion yen. While fuel expenses remained largely in line with expectations and we were able to steadily reduce non-fuel expenses, this was not enough to cover the decrease in revenues.

In light of the above, the forecast for revenue, EBIT and profit attributable to owners of parent for the consolidated financial results of the fiscal year ending March 2023 have been revised downwards. The forecast for revenue has been revised to 1 trillion and 358.0 billion yen (decrease of 46.0 billion yen compared to the previous full-year forecast), EBIT has been revised to 50.0 billion yen (decrease of 30.0 billion yen compared to the previous full-year forecast), and the profit attributable to owners of parent has been revised to 25.0 billion yen (decrease of 20.0 billion yen compared to the previous full-year forecast).

Although with only two months left in the current fiscal year, we will continue to make our utmost effort to further improve our profitability.

In calculating the above forecast, we have assumed the dollar-yen exchange rate for the 4th financial quarter to be 130 yen, and the market price of Singapore kerosene, an indicator of aviation fuel costs, of US \$120 for the 4th financial quarter.

(4) Dividends

Since the spread of the COVID-19 pandemic, the JAL Group has not provided dividends for fiscal years 2020 and 2021 as it was necessary to place the highest priority on securing liquidity on hand and strengthening our financial position. However, the JAL Group plans to pay its year-end dividend for the current fiscal year, as cash flow is steadily recovering, positive profitability is expected for the full fiscal year, and as air transport demand is expected to make a steady recovery toward the next fiscal year. The forecasted dividend per share is 20 yen per share.

As air transport demand is still recovering mainly for international flights, and as there are many uncertain factors in the business environment surrounding our company, such as the risk of a weakening global economy, rising geopolitical risks, and trends in the fuel market and currency rates, we have set the dividend forecast at the above level as it is necessary to strengthen the company's financial position in order to be prepared for these risks.

We would like to express our deep appreciation to our shareholders for their continued support during the pandemic. Going forward, we will strive to achieve our basic policy of a continuous and stable shareholder return, that is in line with our business recovery.

2. Condensed quarterly consolidated financial statement and primary notes

(1) Condensed quarterly consolidated statement of financial position

	As of March 31, 2022	As of December 31, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	494,226	553,050
Trade and other receivables	120,322	151,437
Other financial assets	43,359	15,265
Inventories	31,279	39,423
Other current assets	61,316	73,812
Total current assets	<u>750,504</u>	<u>832,989</u>
Non-current assets		
Tangible fixed assets		
Flight equipment	887,212	843,603
Advances on flight equipment	70,409	97,829
Other tangible fixed assets	93,662	86,668
Total tangible fixed assets	<u>1,051,284</u>	<u>1,028,101</u>
Intangible assets	91,703	83,652
Investment property	1,503	2,678
Investments accounted for using equity method	19,664	20,014
Other financial assets	152,233	150,618
Deferred tax assets	284,287	293,898
Retirement benefit asset	4,496	7,137
Other non-current assets	20,046	20,556
Total non-current assets	<u>1,625,219</u>	<u>1,606,656</u>
Total assets	<u><u>2,375,724</u></u>	<u><u>2,439,645</u></u>

	As of March 31, 2022	As of December 31, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	94,046	140,215
Interest-bearing liabilities	86,786	100,399
Other financial liabilities	16,564	53,319
Income taxes payable	3,602	1,383
Contract liabilities	240,224	284,393
Provisions	2,188	2,944
Other current liabilities	27,073	36,379
Total current liabilities	<u>470,486</u>	<u>619,036</u>
Non-current liabilities		
Interest-bearing liabilities	841,677	791,719
Other financial liabilities	26,464	13,293
Deferred tax liabilities	4,108	4,554
Provisions	26,289	23,051
Retirement benefit liability	151,028	152,320
Other non-current liabilities	9,601	6,324
Total non-current liabilities	<u>1,059,170</u>	<u>991,264</u>
Total liabilities	<u>1,529,657</u>	<u>1,610,300</u>
Equity		
Share capital	273,200	273,200
Capital surplus	273,617	273,631
Retained earnings	176,406	192,679
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	35,512	37,601
Effective portion of cash flow hedges	41,018	10,341
Exchange differences on translation of foreign operations	390	1,343
Total accumulated other comprehensive income	<u>76,921</u>	<u>49,286</u>
Total equity attributable to owners of parent	<u>799,736</u>	<u>788,388</u>
Non-controlling interests	<u>46,330</u>	<u>40,956</u>
Total equity	<u>846,067</u>	<u>829,345</u>
Total liabilities and equity	<u><u>2,375,724</u></u>	<u><u>2,439,645</u></u>

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

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	48,425	303,961
Domestic passenger revenue	174,464	338,155
Other revenue	275,590	363,472
Total revenue	498,480	1,005,590
Other income	15,909	18,475
Operating expenses		
Personnel expenses	(183,613)	(211,579)
Aircraft fuel	(101,822)	(241,670)
Depreciation, amortization and impairment losses	(132,946)	(121,705)
Other operating expenses	(269,552)	(415,167)
Total operating expenses	(687,935)	(990,123)
Operating profit (Loss in brackets)	(173,545)	33,942
Share of profit of investments accounted for using equity method (Loss in brackets)	(8,643)	(2,952)
Profit before investing, financing and income tax (Loss in brackets)	(182,188)	30,990
Income/expenses from investments		
Investing income	1,860	3,790
Investing expenses	(3,000)	(66)
Profit before financing and income tax (Loss in brackets)	(183,328)	34,715
Finance income/expenses		
Finance income	424	853
Finance expenses	(5,788)	(10,903)
Profit before tax (Loss in brackets)	(188,692)	24,665
Income tax expense	58,402	(8,644)
Profit (Loss in brackets)	(130,289)	16,021
Profit attributable to		
Owners of parent	(128,322)	16,313
Non-controlling interests	(1,967)	(291)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(6,835)	2,206
Share of other comprehensive income of investments accounted for using equity method	(70)	(52)
Total of items that will not be reclassified to profit or loss	(6,906)	2,154
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	7,245	(28,735)
Exchange differences on translation of foreign operations	433	1,417
Share of other comprehensive income of investments accounted for using equity method	(148)	26
Total of items that may be reclassified to profit or loss	7,530	(27,291)
Other comprehensive income, net of tax	624	(25,136)
Comprehensive income	(129,665)	(9,114)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(127,796)	(9,895)
Non-controlling interests	(1,869)	780
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	(293.64)	37.33
Diluted earnings per share (Yen)	-	-

(3) Condensed quarterly consolidated statement of changes in equity
Consolidated financial results for the third quarter of FY2021 (April 1, 2021 to December 31, 2021)

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, 2021	273,200	273,557	352,965	(408)	35,468	12,877
Profit (Loss in brackets)	-	-	(128,322)	-	-	-
Other comprehensive income	-	-	-	-	(6,869)	7,077
Comprehensive income	-	-	(128,322)	-	(6,869)	7,077
Dividends	-	-	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,922)
Purchase of treasury shares	-	-	-	(0)	-	-
Acquisition of subsidiaries	-	-	-	-	-	-
Change in ownership interest in subsidiaries	-	(0)	-	-	-	-
Transfer to retained earnings	-	-	(2,621)	-	2,621	-
Total transactions with owners	-	(0)	(2,621)	(0)	2,621	(1,922)
Balance as of December 31, 2021	273,200	273,557	222,021	(408)	31,220	18,032

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, 2021	(201)	48,144	947,459	34,075	981,535
Profit (Loss in brackets)	-	-	(128,322)	(1,967)	(130,289)
Other comprehensive income	318	526	526	98	624
Comprehensive income	318	526	(127,796)	(1,869)	(129,665)
Dividends	-	-	-	(3,077)	(3,077)
Transfer to non-financial assets	-	(1,922)	(1,922)	-	(1,922)
Purchase of treasury shares	-	-	(0)	-	(0)
Acquisition of subsidiaries	-	-	-	(938)	(938)
Changes in ownership interest in subsidiaries	-	-	(0)	(0)	(0)
Transfer to retained earnings	-	2,621	-	-	-
Total transactions with owners	-	698	(1,923)	(4,015)	(5,938)
Balance as of December 31, 2021	116	49,369	817,740	28,191	845,931

Consolidated financial results for the third quarter of FY2022 (April 1, 2022 to December 31, 2022)

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, 2022	273,200	273,617	176,406	(408)	35,512	41,018
Profit (Loss in brackets)	-	-	16,313	-	-	-
Other comprehensive income	-	-	-	-	2,049	(29,210)
Comprehensive income	-	-	16,313	-	2,049	(29,210)
Dividends	-	-	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,466)
Acquisition of subsidiaries	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	14	-	-	-	-
Transfer to retained earnings	-	-	(39)	-	39	-
Total transactions with owners	-	14	(39)	-	39	(1,466)
Balance as of December 31, 2022	273,200	273,631	192,679	(408)	37,601	10,341

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, 2022	390	76,921	799,736	46,330	846,067
Profit (Loss in brackets)	-	-	16,313	(291)	16,021
Other comprehensive income	953	(26,208)	(26,208)	1,071	(25,136)
Comprehensive income	953	(26,208)	(9,895)	780	(9,114)
Dividends	-	-	-	(2,798)	(2,798)
Transfer to non-financial assets	-	(1,466)	(1,466)	(644)	(2,111)
Acquisition of subsidiaries	-	-	-	(2,653)	(2,653)
Disposal of subsidiaries	-	-	-	(44)	(44)
Changes in ownership interest in subsidiaries	-	-	14	(14)	-
Transfer to retained earnings	-	39	-	-	-
Total transactions with owners	-	(1,427)	(1,452)	(6,154)	(7,607)
Balance as of December 31, 2022	1,343	49,286	788,388	40,956	829,345

(4) Condensed quarterly consolidated statement of cash flows

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	(188,692)	24,665
Depreciation, amortization and impairment losses	132,946	121,705
Loss (gain) on sale and retirement of fixed assets	(257)	(3,631)
Increase (decrease) in retirement benefit liability	1,553	1,285
Interest and dividend income	(1,560)	(2,997)
Interest expenses	4,639	9,475
Foreign exchange loss (gain)	629	(776)
Share of loss (profit) of investments accounted for using equity method	8,643	2,952
Decrease (increase) in trade and other receivables	(15,481)	(37,081)
Decrease (increase) in inventories	(1,684)	(8,031)
Increase (decrease) in trade and other payables	5,015	46,075
Increase (decrease) in contract liabilities	11,826	44,160
Other, net	(39,829)	4,009
Subtotal	(82,251)	201,812
Income taxes (paid) refund	(4,478)	(10,385)
Net cash provided by (used in) operating activities	(86,729)	191,426
Cash flows from investing activities		
Purchase of non-current assets	(132,773)	(83,443)
Proceeds from sales of non-current assets	3,729	11,235
Purchase of other financial assets	(12,587)	(0)
Proceeds from sale of other financial assets	829	342
Acquisition of subsidiaries	-	(3,087)
Proceeds from acquisition of subsidiaries	2,140	-
Payments for loans receivable	(5,629)	(4,639)
Collection of loans receivable	4,524	619
Interest received	203	428
Dividends received	1,196	2,775
Other, net	663	1,700
Net cash provided by (used in) investing activities	(137,703)	(74,070)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	16	3,813
Proceeds from long-term borrowings	219,760	2,300
Repayments of long-term borrowings	(21,739)	(38,377)
Proceeds from issuance of bonds	178,538	-
Redemption of bonds	(10,000)	-
Interest paid	(1,741)	(6,879)
Dividends paid	(6)	(2)
Dividends paid to non-controlling interests	(3,077)	(2,894)
Repayments of lease liabilities	(26,810)	(17,993)
Other, net	(844)	(1,072)
Net cash provided by (used in) financing activities	334,095	(61,106)
Effect of exchange rate changes on cash and cash equivalents	343	2,574
Net increase (decrease) in cash and cash equivalents	110,005	58,823
Cash and cash equivalents at beginning of period	408,335	494,226
Cash and cash equivalents at end of period	518,340	553,050

(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, 2022 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 “Revenue”.

(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.

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

(Additional Information)

(Recognition of deferred tax assets)

The JAL Group recognizes deferred tax assets as deductible temporary differences and carried forward loss within the scope where there are expectations of future taxable income to utilize future deductible temporary differences and future taxable income.

We carefully examined the expectations of future taxable income, considering our new mid-term management plan or other factors. As a result of the examination of the scope of the expectations of future taxable income to utilize future deductible temporary differences and future taxable income, we recorded 8,644 million yen of income tax expenses (decrease of profit) and the profit attributable to the owners of the parent became 16,313 million yen.

Deferred tax assets increased by 9,611 million yen while deferred tax liabilities increased by 445 million yen during the reporting period. Deferred tax assets and liabilities as of the end of the reporting period were 293,898 million yen and 4,554 million yen respectively.

(Revenue)**(1) Breakdown of revenue****Revenue and Segment Revenue****Consolidated financial results for the third quarter of FY2021 (April 1, 2021 to December 31, 2021)**

	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 (FSC)					
Passenger operations	47,095	-	47,095	-	-
Cargo and mail-service operation	141,904	-	141,904	-	-
Luggage operations	521	-	521	-	-
Sub-total	189,521	-	189,521	-	-
Domestic (FSC)					
Passenger operations	174,097	-	174,097	-	-
Cargo and mail-service operation	19,129	-	19,129	-	-
Luggage operations	222	-	222	-	-
Sub-total	193,449	-	193,449	-	-
Total revenues from international and domestic operations	382,971	-	382,971	-	-
LCC passenger operations	1,696	-	1,696	-	-
Travel agency Revenue	-	34,026	34,026	-	-
Other	84,446	36,260	120,706	-	-
Total revenues	<u>469,113</u>	<u>70,287</u>	<u>539,400</u>	<u>(40,920)</u>	<u>498,480</u>

(Note) 1. Figures of Segment revenue are before elimination of intra-segment transactions.

2. FSC: Full Service Carrier, LCC: Low Cost Carrier

Consolidated financial results for the third quarter of FY2022 (April 1, 2022 to December 31, 2022)

	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 (FSC)					
Passenger operations	287,123	-	287,123	-	-
Cargo and mail-service operation	165,436	-	165,436	-	-
Luggage operations	1,332	-	1,332	-	-
Sub-total	453,892	-	453,892	-	-
Domestic (FSC)					
Passenger operations	335,569	-	335,569	-	-
Cargo and mail-service operation	18,005	-	18,005	-	-
Luggage operations	296	-	296	-	-
Sub-total	353,871	-	353,871	-	-
Total revenues from international and domestic operations	807,764	-	807,764	-	-
LCC passenger operations	19,423	-	19,423	-	-
Travel agency Revenue	-	79,437	79,437	-	-
Other	95,845	73,558	169,403	-	-
Total revenues	<u>923,033</u>	<u>152,995</u>	<u>1,076,029</u>	<u>(70,439)</u>	<u>1,005,590</u>

(Note) 1. Figures of Segment revenue are before elimination of intra-segment transactions.

2. FSC: Full Service Carrier, LCC: Low Cost Carrier

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

Other revenues are earned mainly from mileage award services excluding award tickets, and business consignment services related to air transportation. The performance obligation is satisfied upon completion of the services.

Other

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

Revenues related to planning and sales of air travel package tour and credit card business are mainly recognized over a certain period of time as the service is provided. In addition, consideration for a transaction is generally received in advance at a point in time before the performance obligation is satisfied. Also, revenues related to sales of merchandise is recognized upon the delivery of merchandise or completion of acceptance by customers, and consideration for a transaction is generally received after the performance obligation is satisfied.

(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 FY2021 (April 1, 2021 to December 31, 2021)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation Business				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	445,031	53,448	498,480	-	498,480
Intersegment	24,081	16,839	40,920	(40,920)	-
Total	469,113	70,287	539,400	(40,920)	498,480
Profit or loss before investing, financing and income tax	(186,383)	4,175	(182,207)	19	(182,188)
Investing income	-	-	-	-	1,860
Investing expenses	-	-	-	-	(3,000)
Finance income	-	-	-	-	424
Finance expenses	-	-	-	-	(5,788)
Profit before tax	-	-	-	-	(188,692)

(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 FY2022 (April 1, 2022 to December 31, 2022)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation Business				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	873,697	131,892	1,005,590	-	1,005,590
Intersegment	49,336	21,103	70,439	(70,439)	-
Total	923,033	152,995	1,076,029	(70,439)	1,005,590
Profit or loss before investing, financing and income tax	21,425	9,494	30,919	70	30,990
Investing income	-	-	-	-	3,790
Investing expenses	-	-	-	-	(66)
Finance income	-	-	-	-	853
Finance expenses	-	-	-	-	(10,903)
Profit before tax	-	-	-	-	24,665

(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.

(Finalization of the provisional accounting treatment for a business combination)

The figures for the fiscal year ended March 31, 2022 reflect the finalization of provisional accounting for a business combination in the third quarter of the fiscal year ending March 31, 2023