

[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 Three Months Ended June 30, 2022[IFRS]

Company name	Japan Airlines Co., Ltd	August 1, 2022
Stock Listing	Tokyo Stock Exchange	
Code No.	9201	URL: https://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:	August 2, 2022	
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 Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	268,896	102.1	(27,521)	-	(28,808)	-	(19,560)	-	(15,980)	-
Three months ended June 30, 2021	133,032	74.1	(82,645)	-	(83,885)	-	(57,919)	-	(55,931)	-

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
Three months ended June 30, 2022	Yen (44.76)	Yen -
Three months ended June 30, 2021	(132.54)	-

(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 June 30, 2022	Millions of Yen 2,444,989	Millions of Yen 824,523	Millions of Yen 783,099	% 32.0	Yen 1,791.96
As of March 31, 2022	2,371,658	844,141	799,736	33.7	1,830.03

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	-	-	-	-	-
Year Ending March 31, 2023 (Forecast)	-	0.00	-	-	-

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

No interim dividend will be paid. There will be no change to the year-end dividend forecast. Please refer to "1. Qualitative Information concerning Financial Results for the First 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	%
	1,390,000	103.6	80,000	-	45,000	-

(Note) Revisions to the most recently disclosed earnings forecast: None

Please refer to "1. Qualitative Information concerning Financial Results for the First Quarter of FY 2022 (3) Explanations of Forecast of Consolidated Financial Results" in the Attachment.

Notes

(1) Changes in significant consolidated subsidiaries during the three months ended June 30, 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 June 30, 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 June 30, 2022 : 136,291

As of March 31, 2022 : 136,291

(c) Average number of shares outstanding

During the three months ended June 30, 2022 : 437,007,209

During the three months ended June 30, 2021 : 437,007,265

※ 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 August 1, 2022.

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

CONTENTS

1.	Qualitative Information Concerning Financial Results for the First Quarter of FY2022	2
	(1) Explanation of Operating Results	2
	(2) Explanation on Financial Position	5
	(3) Explanations of Forecast of Consolidated Financial Results	6
	(4) Dividends	6
2.	Condensed Quarterly Consolidated Financial Statement and Primary Notes	7
	(1) Condensed Quarterly Consolidated Statement of Financial Position	7
	(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income	9
	(3) Condensed Quarterly Consolidated Statement of Changes in Equity	11
	(4) Condensed Quarterly Consolidated Statement of Cash flows	13
	(5) Notes for Condensed Quarterly Consolidated Financial Statements	14
	(Reporting company)	14
	(Basis of preparation)	14
	(Going Concern Assumption)	14
	(Additional Information)	14
	(Revenue)	15
	(Segment Information)	17

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

(1) Explanation of Operating Results

The revenue increased by 102.1% year on year to 268.8 billion yen, the operating expense increased by 40.7 % year on year to 303.0 billion yen, the profit or loss before financing and income tax (hereinafter referred as “EBIT”) was the loss of 27.5 billion yen (EBIT loss of 82.6 billion yen in the same period in the previous year). The loss attributable to owners of the parent for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022 hereinafter referred as the “First Quarter Period”) was 19.5 billion yen (the loss attributable to owners of the parent of 57.9 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Three months ended June 30, 2021	Three months ended June 30, 2022	% or points compared to prior period
Revenue	133.0	268.8	202.1%
FSC International Passenger	11.2	62.4	557.0%
FSC Domestic Passenger	38.0	88.0	231.4%
Cargo/Mail	47.6	65.3	137.1%
FSC Others	0.8	2.6	319.7%
LCC	0.0	3.3	-
Mileage, Lifestyle and Infrastructure and Others	35.2	47.0	133.5%
Operating Expense	215.4	303.0	140.7%
Fuel	26.5	69.8	262.6%
Excluding Fuel	188.8	233.1	123.5%
Profit or loss before financing and income tax (EBIT) (Loss in brackets)	(82.6)	(27.5)	-
EBIT Margin (%)	-	-	-
Profit or loss attributable to owners of the parent (Loss in brackets)	(57.9)	(19.5)	-

(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.

6. Regarding percentage or ratio compared to prior year, if changes exceed 1,000%, “-” is shown.

Passenger demand that had decreased significantly by the COVID infection was on a recovery trend again in this first quarter due to the advancement of vaccination and adjustment to a post-COVID lifestyle. International passenger demand has been gradually recovering as worldwide border restrictions eased and business travels from Japan restarted due to partial easing of very strict Japanese border restrictions. Domestic passenger demand has been steadily recovering especially from the Tokyo metropolitan area as the state of emergency declaration and similar preventive measures were fully lifted. For cargo business, despite the Russia-Ukraine situation, disrupted ocean shipments led to strong demand for air cargo and further price increase, which resulted in our cargo business to remain very strong.

Amid such business environment, the JAL Group disclosed on May 6 “JAL Group Medium-Term Management Plan FY2021-2025 Rolling Plan 2022” in order to surely accomplish our preceding “JAL Group Medium-Term Management Plan FY2021-2025”, which was disclosed last year. We will achieve our management targets by putting ESG at the core of our management strategy, working to solve social issues through our business activities, accelerating business model reform, and by rebuilding our financial structure.

Our ESG strategy aims to increase our long-term corporate value through creating sustainable movement of people and transactions by solving social issues. Accordingly, we ought to take initiatives to protect the environment, to pursue safety and peace of mind, to complete our social responsibilities sustainably as a social infrastructure and finally to provide rich life to everyone in the society. In June, our ESG initiatives and its disclosure were highly evaluated and thus JAL was selected as a constituent of two leading investment indices, “the FTSE Blossom Japan Index” and “the FTSE Blossom Japan Sector Relative Index”. In addition, from this year, JAL has added two ESG-related indices to the

performance-linked, share-based remuneration for Directors, which are the number of nominated investment indices and CO2 emissions per revenue-ton-km. Moreover, from July JAL has started the “JAL Carbon Offset” program for corporate accounts that visualizes their CO2 emissions volumes upon their business trips and provides opportunities to offset their CO2 emissions through supporting CO2 reduction and absorption programs.

The summary of our business situation in the financial period is described as below by business domain;

For Full Service Carrier business domain, the entry limit to Japan was raised to 20,000 entrants per day in June, which led to a gradual recovery of passenger demand to/from Japan. In addition, JAL steadily captured transit passenger demand travelling between Asia and North America by adjusting its flight schedules for easier connection at Narita Airport. For domestic passenger business we conducted promotional campaigns with local governments and railroad companies to stimulate Tokyo-inbound demand that has been slower to recover than Tokyo-outbound demand. Also, JAL has almost completed upgrading the main large-size fleets to A350s despite the COVID situation, which enabled us to provide enough capacity to meet the recovering demand in a timely manner. Due to this, JAL were able to effectively capture the strong demand during the long-holiday season in May.

For LCC business domain, our mid and long-haul international low-cost carrier, ZIPAIR Tokyo (ZIPAIR), has been gradually recognized by leisure customers and some flights were fully booked during the peak season. It has announced the launch of a new route to San Jose, California, USA, to enrich its international route network and capture further demand. Jetstar Japan started to fly cutting-edge, fuel-efficient A321 aircraft from July to mitigate environmental impacts and to improve comfort. Together with Spring Japan that had become our subsidiary since June 2021, the three low-cost carriers will continue to provide their customers with useful services and expand their business.

For the non-aviation business domain, JAL launched a new partnership program with one of the largest point service providers in Japan, Rakuten Point, which provided the JAL Groups’ customers with much more occasions to earn and redeem JAL mileage. For JALUX that became our subsidiary last fiscal year, JAL and JALUX mutually used their respective know-how and resources to conduct joint sales of flight simulator experience as well as the development of new products. We will further advance to create new services and business opportunities by utilizing our expertise.

As the society shifts toward a balance of social economic activities and COVID prevention, both international and domestic passenger demand have been steadily recovering. There still exists various uncertain external environments including the Russia-Ukraine situation or price hike of raw materials including fuel. However, we will strive all together to achieve our performance target of this year by agile revenue-increasing measures and comprehensive cost control while conducting thorough preventive measures.

As a result of the above, in Full Service Carrier operations, the passenger traffic for International Passenger Business in the first quarter increased by 387.5% year over year, its revenue passenger kilometers (RPK) increased by 371.1% year over year, its the available seat kilometers (ASK) increased by 35.9% year over year, and the load factor was 67.6%. Likewise, the passenger traffic for Domestic Passenger Business increased by 124.5% year over year, its revenue passenger kilometers (RPK) increased by 127.1% year over year, its available seat kilometers (ASK) increased by 64.7% year over year, and the load factor was 55.8%. Revenue for Cargo and Mail Business increased by 37.1% year on year.

In LCC operations, for ZIPAIR the passenger traffic was 53,566 (number of passengers), its revenue passenger kilometers (RPK) was 269,260 (1,000 passenger-km), and its available seat kilometers (ASK) was 983,340 (thousands). Likewise, for SPRING JAPAN the passenger traffic was 42,981 (number of passengers), its revenue passenger kilometers (RPK) was 39,300 (1,000 passenger-km), and its available seat kilometers (ASK) was 101,991 (thousands).

Financial results of each segment are as follows.

Air Transportation Segment

In the first quarter period, Revenue in Air Transportation Segment increased by 98.4% year on year to 248.3 billion yen and the loss before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 32.1 billion yen (segment loss of 80.8 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 62.4 billion yen, or up 457.0 % year on year.

The domestic passenger revenue was 88.0 billion yen, or up 131.3 % year on year.

The cargo and mail revenue was 65.3 billion yen, or up 37.1 % year on year.

Revenue for LCC operations were as follows;

The revenue for ZIPAIR was 2.0 billion yen.

The revenue for SPRING JAPAN was 1.2 billion yen.

Traffic Results (Full Service Carrier)

	Three months ended June 30, 2021	Three months ended June 30, 2022	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	149,492	728,817	487.5%
Revenue passenger km (1,000 passenger-km)	1,018,678	4,799,233	471.1%
Available seat km (thousands)	5,222,461	7,097,229	135.9%
Revenue passenger-load factor (%)	19.5	67.6	48.1
Revenue cargo ton-km (thousands)	735,495	729,983	99.3%
Mail ton-km (thousands)	42,178	28,137	66.7%
DOMESTIC			
Revenue passengers carried (number of passengers)	2,708,405	6,081,177	224.5%
Revenue passenger km (1,000 passenger-km)	2,012,309	4,569,889	227.1%
Available seat km (thousands)	4,972,326	8,187,575	164.7%
Revenue passenger-load factor (%)	40.5	55.8	15.3
Revenue cargo ton-km (thousands)	53,768	64,075	119.2
Mail ton-km (thousands)	5,746	5,498	95.7%
TOTAL			
Revenue passengers carried (number of passengers)	2,857,897	6,809,994	238.3%
Revenue passenger km (1,000 passenger-km)	3,030,988	9,369,122	309.1%
Available seat km (thousands)	10,194,787	15,284,805	149.9%
Revenue passenger-load factor (%)	29.7	61.3	31.6
Revenue cargo ton-km (thousands)	789,264	794,059	100.6%
Mail ton-km (thousands)	47,925	33,636	70.2%

Traffic Results (LCC)

	Three months ended June 30, 2021	Three months ended June 30, 2022	% or points compared to prior period
ZIPAIR			
Revenue passengers carried (number of passengers)	1,556	53,566	-
Revenue passenger km (1,000 passenger-km)	4,477	269,260	-
Available seat km (thousands)	270,924	983,340	363.0%
Revenue passenger-load factor (%)	1.7	27.4	25.7
SPRING JAPAN			
Revenue passengers carried (number of passengers)	-	42,981	-
Revenue passenger km (1,000 passenger-km)	-	39,300	-
Available seat km (thousands)	-	101,991	-
Revenue passenger-load factor (%)	-	38.5	-

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)

The assets in first quarter period increased by 73.3 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 444.9 billion yen. Current assets increased by 71.6 billion yen from the end of the previous consolidated fiscal year to 822.1 billion yen due to increase of Cash and Cash equivalents by 36.1 billion yen. Non-current assets increased by 1.6 billion yen through the increase of Deferred tax assets to 1 trillion and 622.7 billion yen.

The liabilities increased by 92.9 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 620.4 billion yen mainly due to increase in contract liabilities.

The equity decreased by 19.6 billion yen from the end of the previous consolidated fiscal year to 824.5 billion yen, as a result of loss attributable to owner of the parent of 19.5 billion yen.

Liquidity at hand was maintained at a sufficient amount of 530.3 billion yen at the end of June, as well as the unused credit line of 250.0 billion yen, which has been reduced because of the improvement of cash inflow. We will conduct financial policies for post-Covid growth while keeping our risk tolerance.

(Outline of Cash Flows)

Cash and cash equivalents at end of first quarter period increased by 36.1 billion yen from the end of the previous consolidated fiscal year to 530.3 billion yen.

1 Cash Flows from Operating Activities

As a total of quarterly loss before tax of 28.8 billion yen, non-cash expenses like depreciation, and trade and other payables and receivables, cash flow from operating activities (inflow) was 78.7 billion yen (cash outflow of 45.8 billion yen in the same period of the previous year).

2 Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 32.4 billion yen mainly due to acquisition of fixed assets (cash outflow of 47.3 billion yen in the same period of the previous year).

3 Cash Flows from Financing Activities

Cash flow from financing activities (outflow) was 15.0 billion yen mainly due to repayment of long term debts and lease payment (cash inflow of 41.5 billion yen in the same period of the previous year).

(3) Explanations of Forecast of Consolidated Financial Results

There is no change to our current full-year forecast of this fiscal year ending March 2023 that was disclosed on May 6, 2022.

(4) Dividends

Although our performance and cash flow have been steadily improving, our first quarter EBIT results was a loss of 27.5 billion yen. Thus, there is need to carefully monitor further performance. Therefore, we regret that we cannot pay the interim dividends to shareholders, but we would like to ask for their understanding in this situation.

For the year-end dividends for the fiscal year ending March 2023, while we must keep a close eye on the geopolitical risk or the fuel price hike risk, we will aim for achieving our profit target and dividends payment for the fiscal year ending March 2023, unless there occur significant negative events. We will update our forecast immediately when our performance becomes foreseeable.

2. Condensed quarterly consolidated financial statement and primary notes

(1) Condensed quarterly consolidated statement of financial position

	As of March 31, 2022	As of June 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	494,226	530,363
Trade and other receivables	120,322	145,750
Other financial assets	43,359	44,817
Inventories	31,279	32,514
Other current assets	61,316	68,743
Total current assets	750,504	822,190
Non-current assets		
Tangible fixed assets		
Flight equipment	887,212	883,106
Advances on flight equipment	70,409	71,748
Other tangible fixed assets	93,662	90,147
Total tangible fixed assets	1,051,284	1,045,002
Intangible assets	87,637	84,325
Investment property	1,503	2,447
Investments accounted for using equity method	19,664	19,789
Other financial assets	152,233	154,694
Deferred tax assets	284,287	292,580
Retirement benefit asset	4,496	4,609
Other non-current assets	20,046	19,350
Total non-current assets	1,621,153	1,622,799
Total assets	2,371,658	2,444,989

	As of March 31, 2022	As of June 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	94,046	116,095
Interest-bearing liabilities	86,786	99,574
Other financial liabilities	16,564	40,132
Income taxes payable	3,602	1,055
Contract liabilities	240,224	297,172
Provisions	2,188	2,454
Other current liabilities	27,073	38,264
Total current liabilities	<u>470,486</u>	<u>594,750</u>
Non-current liabilities		
Interest-bearing liabilities	841,677	821,578
Other financial liabilities	26,464	16,921
Deferred tax liabilities	1,968	1,847
Provisions	26,289	25,792
Retirement benefit liability	151,028	151,825
Other non-current liabilities	9,601	7,750
Total non-current liabilities	<u>1,057,030</u>	<u>1,025,716</u>
Total liabilities	<u>1,527,517</u>	<u>1,620,466</u>
Equity		
Share capital	273,200	273,200
Capital surplus	273,617	273,617
Retained earnings	176,406	156,805
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	35,512	33,627
Effective portion of cash flow hedges	41,018	45,411
Exchange differences on translation of foreign operations	390	846
Total accumulated other comprehensive income	<u>76,921</u>	<u>79,885</u>
Total equity attributable to owners of parent	<u>799,736</u>	<u>783,099</u>
Non-controlling interests	44,404	41,423
Total equity	<u>844,141</u>	<u>824,523</u>
Total liabilities and equity	<u><u>2,371,658</u></u>	<u><u>2,444,989</u></u>

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

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	11,251	65,432
Domestic passenger revenue	38,046	88,342
Other revenue	83,734	115,121
Total revenue	133,032	268,896
Other income	5,574	3,962
Operating expenses		
Personnel expenses	(60,757)	(70,051)
Aircraft fuel	(26,596)	(69,846)
Depreciation, amortization and impairment losses	(43,354)	(41,981)
Other operating expenses	(84,744)	(121,165)
Total operating expenses	(215,453)	(303,044)
Operating profit (Loss in brackets)	(76,845)	(30,186)
Share of profit of investments accounted for using equity method (Loss in brackets)	(3,309)	313
Profit before investing, financing and income tax (Loss in brackets)	(80,155)	(29,873)
Income/expenses from investments		
Investing income	515	2,402
Investing expenses	(3,005)	(50)
Profit before financing and income tax (Loss in brackets)	(82,645)	(27,521)
Finance income/expenses		
Finance income	14	2,749
Finance expenses	(1,254)	(4,036)
Profit before tax (Loss in brackets)	(83,885)	(28,808)
Income tax expense	25,705	8,475
Profit (Loss in brackets)	(58,180)	(20,332)
Profit attributable to		
Owners of parent	(57,919)	(19,560)
Non-controlling interests	(260)	(771)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(4,403)	(1,656)
Share of other comprehensive income of investments accounted for using equity method	(30)	(55)
Total of items that will not be reclassified to profit or loss	(4,434)	(1,711)
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	6,366	5,485
Exchange differences on translation of foreign operations	281	536
Share of other comprehensive income of investments accounted for using equity method	35	41
Total of items that may be reclassified to profit or loss	6,683	6,064
Other comprehensive income, net of tax	2,248	4,352
Comprehensive income	(55,931)	(15,980)

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(55,761)	(15,627)
Non-controlling interests	(169)	(353)
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	(132.54)	(44.76)
Diluted earnings per share (Yen)	-	-

(3) Condensed quarterly consolidated statement of changes in equity
Consolidated financial results for the first quarter of FY2021 (April 1, 2021 to June 30, 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)	-	-	(57,919)	-	-	-
Other comprehensive income	-	-	-	-	(4,414)	6,408
Comprehensive income	-	-	(57,919)	-	(4,414)	6,408
Transfer to non-financial assets	-	-	-	-	-	(443)
Purchase of treasury shares	-	-	-	(0)	-	-
Acquisition of subsidiaries	-	-	-	-	-	-
Change in ownership interest in subsidiaries	-	(0)	-	-	-	-
Transfer to retained earnings	-	-	(15)	-	15	-
Total transactions with owners	-	(0)	(15)	(0)	15	(443)
Balance as of June 30, 2021	273,200	273,557	295,030	(408)	31,068	18,842

	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)	-	-	(57,919)	(260)	(58,180)
Other comprehensive income	164	2,157	2,157	91	2,248
Comprehensive income	164	2,157	(55,761)	(169)	(55,931)
Transfer to non-financial assets	-	(443)	(443)	-	(443)
Purchase of treasury shares	-	-	(0)	-	(0)
Acquisition of subsidiaries	-	-	-	(938)	(938)
Changes in ownership interest in subsidiaries	-	-	(0)	(0)	(0)
Transfer to retained earnings	-	15	-	-	-
Total transactions with owners	-	(428)	(443)	(938)	(1,382)
Balance as of June 30, 2021	(37)	49,873	891,253	32,967	924,221

Consolidated financial results for the first quarter of FY2022 (April 1, 2022 to June 30, 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)	-	-	(19,560)	-	-	-
Other comprehensive income	-	-	-	-	(1,924)	5,401
Comprehensive income	-	-	(19,560)	-	(1,924)	5,401
Dividends	-	-	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,009)
Changes in ownership interest in subsidiaries	-	(0)	-	-	-	-
Transfer to retained earnings	-	-	(39)	-	39	-
Total transactions with owners	-	(0)	(39)	-	39	(1,009)
Balance as of June 30, 2022	273,200	273,617	156,805	(408)	33,627	45,411

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	44,404	844,141
Profit (Loss in brackets)	-	-	(19,560)	(771)	(20,332)
Other comprehensive income	456	3,933	3,933	418	4,352
Comprehensive income	456	3,933	(15,627)	(353)	(15,980)
Dividends	-	-	-	(2,627)	(2,627)
Transfer to non-financial assets	-	(1,009)	(1,009)	-	(1,009)
Changes in ownership interest in subsidiaries	-	-	(0)	(0)	(0)
Transfer to retained earnings	-	39	-	-	-
Total transactions with owners	-	(969)	(1,009)	(2,627)	(3,637)
Balance as of June 30, 2022	846	79,885	783,099	41,423	824,523

(4) Condensed quarterly consolidated statement of cash flows

	Three months ended June 30, 2021	Three months ended June 30, 2022
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	(83,885)	(28,808)
Depreciation, amortization and impairment losses	43,354	41,981
Loss (gain) on sale and retirement of fixed assets	(487)	27
Increase (decrease) in retirement benefit liability	788	792
Interest and dividend income	(410)	(930)
Interest expenses	893	3,172
Foreign exchange loss (gain)	(222)	(2,760)
Share of loss (profit) of investments accounted for using equity method	3,309	(313)
Decrease (increase) in trade and other receivables	2,886	(27,656)
Decrease (increase) in inventories	(465)	(1,069)
Increase (decrease) in trade and other payables	(5,058)	22,409
Increase (decrease) in contract liabilities	6,550	56,933
Other, net	(9,416)	18,673
Subtotal	(42,163)	82,451
Income taxes (paid) refund	(3,721)	(3,655)
Net cash provided by (used in) operating activities	(45,885)	78,796
Cash flows from investing activities		
Purchase of non-current assets	(46,581)	(35,415)
Proceeds from sales of non-current assets	2,103	888
Purchase of other financial assets	(3,087)	(0)
Acquisition of subsidiaries	2,140	-
Payments for loans receivable	(3,061)	(97)
Collection of loans receivable	105	186
Interest received	49	60
Dividends received	346	1,026
Other, net	619	861
Net cash provided by (used in) investing activities	(47,365)	(32,489)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	18	1,951
Proceeds from long-term borrowings	23,693	2,000
Repayments of long-term borrowings	(5,998)	(7,351)
Proceeds from issuance of bonds	29,842	-
Interest paid	(555)	(1,874)
Dividends paid	(3)	(1)
Dividends paid to non-controlling interests	-	(2,676)
Repayments of lease liabilities	(5,370)	(6,446)
Other, net	(90)	(668)
Net cash provided by (used in) financing activities	41,535	(15,068)
Effect of exchange rate changes on cash and cash equivalents	(398)	4,899
Net increase (decrease) in cash and cash equivalents	(51,316)	36,136
Cash and cash equivalents at beginning of period	408,335	494,226
Cash and cash equivalents at end of period	357,019	530,363

(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 three months ended June 30, 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 8,475 million yen of income tax expenses (increase of profit) and the loss attributable to the owners of the parent became 19,560 million yen.

Deferred tax assets increased by 8,293 million yen while deferred tax liabilities decreased by 120 million yen during the reporting period. Deferred tax assets and liabilities as of the end of the reporting period were 292,580 million yen and 1,847 million yen respectively.

(Revenue)**(1) Breakdown of revenue****Revenue and Segment Revenue****Consolidated financial results for the first quarter of FY2021 (April 1, 2021 to June 30, 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	11,218	-	11,218	-	-
Cargo and mail-service operation	41,225	-	41,225	-	-
Luggage operations	150	-	150	-	-
Sub-total	52,594	-	52,594	-	-
Domestic (FSC)					
Passenger operations	38,046	-	38,046	-	-
Cargo and mail-service operation	6,434	-	6,434	-	-
Luggage operations	58	-	58	-	-
Sub-total	44,539	-	44,539	-	-
Total revenues from international and domestic operations	97,133	-	97,133	-	-
LCC passenger operations	33	-	33	-	-
Travel agency Revenue	-	6,954	6,954	-	-
Other (*2)	28,013	11,864	39,878	-	-
Total revenues	<u>125,180</u>	<u>18,819</u>	<u>143,999</u>	<u>(10,967)</u>	<u>133,032</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 first quarter of FY2022 (April 1, 2022 to June 30, 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	62,488	-	62,488	-	-
Cargo and mail-service operation	59,564	-	59,564	-	-
Luggage operations	416	-	416	-	-
Sub-total	122,469	-	122,469	-	-
Domestic (FSC)					
Passenger operations	88,020	-	88,020	-	-
Cargo and mail-service operation	5,762	-	5,762	-	-
Luggage operations	87	-	87	-	-
Sub-total	93,870	-	93,870	-	-
Total revenues from international and domestic operations	216,340	-	216,340	-	-
LCC passenger operations	3,265	-	3,265	-	-
Travel agency Revenue	-	17,686	17,686	-	-
Other (*2)	28,719	21,622	50,341	-	-
Total revenues	<u>248,324</u>	<u>39,308</u>	<u>287,633</u>	<u>(18,737)</u>	<u>268,896</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 first quarter of FY2021 (April 1, 2021 to June 30, 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	119,710	13,322	133,032	-	133,032
Intersegment	5,469	5,497	10,967	(10,967)	-
Total	125,180	18,819	143,999	(10,967)	133,032
Profit or loss before investing, financing and income tax	(80,806)	633	(80,172)	17	(80,155)
Investing income	-	-	-	-	515
Investing expenses	-	-	-	-	(3,005)
Finance income	-	-	-	-	14
Finance expenses	-	-	-	-	(1,254)
Profit before tax	-	-	-	-	(83,885)

(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 first quarter of FY2022 (April 1, 2022 to June 30, 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	236,231	32,664	268,896	-	268,896
Intersegment	12,092	6,644	18,737	(18,737)	-
Total	248,324	39,308	287,633	(18,737)	268,896
Profit or loss before investing, financing and income tax	(32,159)	2,221	(29,937)	64	(29,873)
Investing income	-	-	-	-	2,402
Investing expenses	-	-	-	-	(50)
Finance income	-	-	-	-	2,749
Finance expenses	-	-	-	-	(4,036)
Profit before tax	-	-	-	-	(28,808)

(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.