

[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 Six Months Ended September 30, 2022[IFRS]

Company name **Japan Airlines Co., Ltd** November 1, 2022
 Stock Listing **Tokyo Stock Exchange**
 Code No. **9201** URL: <https://www.jal.com>
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 Scheduled date for filing of Quarterly Report: November 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 Six Months Ended September 30, 2022 (April 1, 2022 to September 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	%
Six months ended September 30, 2022	618,522	112.8	382	—	(2,834)	—	(2,112)	—	(16,815)	—
Six months ended September 30, 2021	290,647	49.2	(151,818)	—	(154,446)	—	(104,976)	—	(100,575)	—

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
Six months ended September 30, 2022	Yen (4.83)	Yen —
Six months ended September 30, 2021	(240.22)	—

(Note) Profit before financing and income tax represents as index to monitor, compare and evaluate the JAL Group's performance continuously.
 Profit before financing and income tax is Profit from which Income tax expense, Interest, and Finance income and expense are deducted.

(2) Consolidated Financial Position

	Total Assets	Total Equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)	Equity per share attributable to owners of the parent
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of September 30, 2022	2,448,551	820,432	780,917	31.9	1,786.97
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
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2022	—	0.00	—	0.00	0.00
Year Ending March 31, 2023	—	0.00	—	—	—
Year Ending March 31, 2023 (Forecast)	—	—	—	—	—

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

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 Second 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)

	Revenue		Profit before financing and income tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Entire Fiscal Year	1,404,000	105.7	80,000	—	45,000	—

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

The revenue has been revised in the new consolidated financial forecast for the fiscal year ending March 31, 2023, but the Profit before financing and income tax and the profit attributable to owners of parent have remained unchanged. Please refer to “1. Qualitative Information concerning Financial Results for the Second Quarter of FY 2022 (3) Explanations of Forecast of Consolidated Financial Results” in the Attachment.

Notes

- (1) Changes in significant consolidated subsidiaries during the six months ended September 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 September 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 September 30, 2022	:	136,291
As of March 31, 2022	:	136,291
 - (c) Average number of shares outstanding

During the six months ended September 30, 2022	:	437,007,209
During the six months ended September 30, 2021	:	437,007,242

※ 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 November 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 1000%, “—” is shown.

Attachment

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1. Qualitative Information concerning Financial Results for the Second Quarter of FY 2022

(1) Explanation of Operating Results

The revenue increased by 112.8% year on year to 618.5 billion yen, the operating expense increased by 43.9 % year on year to 637.2 billion yen, the loss/earning before financing and income tax (hereinafter referred as “EBIT”) was a gain of 0.3 billion yen (EBIT loss of 151.8 billion yen in the same period in the previous year). The loss attributable to owners of the parent for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022 hereinafter referred as the “Second Quarter Period”) was 2.1 billion yen (the loss attributable to owners of the parent of 104.9 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Six months ended September 30, 2021	Six months ended September 30, 2022	% or points compared to prior period
Revenue	290.6	618.5	212.8%
FSC International Passenger	29.1	163.2	560.3%
FSC Domestic Passenger	89.7	208.6	232.5%
FSC Cargo/Mail	98.3	126.2	128.3%
FSC Others	1.8	7.6	413.9%
LCC	0.8	11.5	—
Mileage, Lifestyle and Infrastructure and Others	70.6	101.0	143.0%
Operating Expense	442.9	637.2	143.9%
Fuel	58.9	154.8	262.5%
Excluding Fuel	383.9	482.4	125.6%
Profit or loss before financing and income tax (EBIT) (Loss in brackets)	(151.8)	0.3	—
EBIT Margin (%)	—	0.1	—
Profit or loss attributable to owners of the parent (Loss in brackets)	(104.9)	(2.1)	—

(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 a growing trend toward a balance of preventing the COVID-19 pandemic and socioeconomic activities. International passenger demand is gradually recovering due to continued strong transit demand between Asia and North America amid a global recovery in passenger demand, as well as a gradual recovery of demand for outbound business trips and tourism demand. As for domestic passenger demand, strong recovery was seen during the long weekend in May and summer holidays as balancing the infection prevention and socioeconomic activities gained momentum, but the speed of recovery temporarily slowed due to the seventh wave of infections and consequent increase in domestic infections. The cargo domain continued to perform strong for demand and unit price as the supply/demand balance remained tight worldwide.

As for “safety and peace of mind” – the basic premise of the JAL Group’s existence and the management objective of the Medium-Term Management Plan, we are working to maintain our airline network while also preventing infections for both our customers and employees.

In terms of safety initiatives, we aimed to achieve the goal of “Zero Aircraft Accidents, Zero Serious Incidents” in our Medium-Term Management Plan. However, a sudden turbulence during flight caused one of the flight attendants to break a bone on Flight NU036 (from Naha Airport to Komatsu Airport) operated by Japan Transocean Airlines on October 3, 2022, which was certified as an air accident by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). We take this incident very seriously and will cooperate with MLIT in its investigation of the accident, as well as making thorough efforts to prevent recurrence and continuing our utmost efforts to protect safety. In addition, due to the situation in Russia and Ukraine, we have suspended takeoffs/landings into and flights over Russian territory and have changed to an alternative route that allows us to fly safely. The

JAL Group will continue to implement various safety measures with a strong commitment to air safety in the rapidly-changing business environment.

To date, we have implemented a variety of infection prevention measures to ensure safety. In August, we completed the introduction of “JAL SMART SECURITY” - an aviation security check lane, to domestic flights at Haneda Airport, which improves the quality of aviation security checks, reduces checking time, and improves hygiene and cleanliness performance by utilizing UV sterilization equipment. We will strive toward airport services that are safer, more secure and more stress-free.

The purpose of our ESG strategy is to create sustainable flows of people, and sales and distribution channels by solving social issues and to achieve long-term growth in corporate value. We believe that what needs to be achieved to realize this goal is to protect the global environment and pursue safety and security thoroughly, to fulfill our mission as a social infrastructure in a sustainable manner, and to provide people with a rich life and livelihood. In July, we launched “JAL Carbon Offset”, a service for corporate customers that allows companies to visualize CO2 emissions from their business trips and offset these emissions by purchasing carbon credits. We also announced in November the “Sustainable Charter Flight” - the first net zero CO2 emission flight to operate in Japan. We will continue our efforts to protect the environment by providing customers with opportunities to reduce CO2 emissions. In addition, the JAL Group is implementing various activities in collaboration with the local community. To promote stable route operations and contribute to the realization of sustainable regional revitalization, five member airlines of the Essential Air Service Alliance LLP, including JAL and All Nippon Airways Co., Ltd., decided in August to implement codeshare flights beyond alliances. To achieve sustainable growth, the JAL Group will promote its management strategy with ESG strategy placed at its core.

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

Full Service Carrier Business Domain

For international passengers, the cap on the number of arrivals into Japan was raised to 20,000 per day in June then to 50,000 per day in September. Furthermore, negative PCR test certificates are no longer required prior to entry into Japan under certain conditions, such as having received three doses of vaccinations. As a result, both business travel and tourism demand in total passengers arriving in and departing from Japan have gradually recovered. In addition, from October, with further easing of restrictions including removal of the cap on the number of people entering Japan and exemption of short-stay visas for tourism, we expect a full-fledged recovery in demand, including inbound travel. Domestic passenger demand showed a steady recovery, despite the speed of recovery slowing in the summer due to the impact of the seventh wave of the COVID-19 pandemic. Moreover, a strong demand recovery is expected with the launch of the government's nationwide travel support program in early October.

In the COVID-19 pandemic, the JAL Group worked to maintain employment and improve knowledge and skills for flight safety, as well as nearly completing the upgrade of its domestic fleet to its flagship aircraft, the Airbus A350, ensuring solid capacity recovery for recovering demand. As a result, we were able to accommodate a large number of passengers during the long weekend in May and summer holidays, when demand was high.

In the cargo business, although total demand for air cargo from Japan decreased from the previous year due to the impact of China's lockdown, demand for our flights especially between Asia and North America continued to be strong and unit prices remained high.

LCC Business Domain

ZIPAIR Tokyo Co., Ltd. (ZIPAIR) - a LCC for medium- and long-haul international flights, has been steadily increasing its load factor, especially in the first half of the year during the peak season, showing fully-booked flights frequently, thereby increasing its recognition to customers with tourism and VFR(*) demands. In addition, ZIPAIR began its sales of tickets for the San Jose route from September, which are seeing a steady increase in bookings in line with the recovery in international passenger demand and will begin its service in December. On the other hand, Spring Japan Co., Ltd. (Spring Japan), which targets China routes, has temporarily redirected its production resources to domestic routes as the situation for its international routes continue to be difficult due to China's strict border restrictions. In addition, to maximize synergies as the JAL Group, the company has launched a service that allows JAL mileage points to be used to pay for Spring Japan's airline tickets, thereby steadily improving its load factor to improve its bottom line. The three LCCs 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.

(*) VFR = Visit Friends and Relatives

As a result of the above, in Full Service Carrier operations, the passenger traffic for International Passenger Business in the second quarter increased by 392.7% year over year, its revenue passenger kilometers (RPK) increased by 373.9%

year over year, its available seat kilometers (ASK) increased by 52.7% year over year, and the load factor was 70.6%. Likewise, the passenger traffic for Domestic Passenger Business increased by 122.9% year over year, its revenue passenger kilometers (RPK) increased by 130.3% year over year, its available seat kilometers (ASK) increased by 63.2% year over year, and the load factor was 60.5%. Revenue for Cargo and Mail Business increased by 28.3% year on year. In LCC operations, for ZIPAIR the passenger traffic was 162,785 (number of passengers), its revenue passenger kilometers (RPK) was 841,844 (1,000 passenger-km), and its available seat kilometers (ASK) was 2,155,023 (thousands). Likewise, for SPRING JAPAN the passenger traffic was 208,406 (number of passengers), its revenue passenger kilometers (RPK) was 173,921 (1,000 passenger-km), and its available seat kilometers (ASK) was 325,543 (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 the know-how cultivated by our air transportation business.

In the Mileage and Lifestyle business, we started to offer "JAL Purpose Loans", which can be used for various purposes while also gaining JAL mileage points. In addition, JALUX, Inc. (JALUX), which was consolidated and became our subsidiary at the end of last fiscal year, has been increasing the number of BtoC touchpoints by launching the "JAL FURUSATO (hometown) Crowdfunding" website, which directly supports local government projects aimed at supporting the next generation and protecting the natural environment, in order to strengthen its commerce business.

In the Next-Generation Air Mobility business, we worked with partner companies to prepare for the development of air taxi and drone businesses. We have launched initiatives to eliminate congestion in urban areas, to provide transportation in areas with inadequate transportation infrastructure, to verify air taxi's business model for use in times of disaster, and to develop technology to enable a single operator to operate multiple drones for the advancement of drones as a social infrastructure.

We will continue to apply the wisdom of each and every employee to provide new products and services unique to our group and to create new values.

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 continue to curb actual fixed costs through the accumulation of small 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 has extended its employment adjustment subsidy program. We would like to express our deep appreciation to all of those involved for their support.

The following provides an overview of the JAL Group's financial condition.

EBITDA and operating cash flow returned to the black in the first quarter this fiscal year, and free cash flow also turned positive in the first half of the fiscal year, as cash inflow continued due to an increase in airline ticketing as demand recovered.

EBIT and net profit also returned to profitability in the second quarter (July to September, 2022) for the first time since the COVID-19 pandemic and are steadily improving. From this fiscal year onward, we will continue to restructure our solid financial position and implement without delay financial policies that will help stabilize our management.

Furthermore, the JAL Group works to enhance the quality of disclosure and build trust with shareholders and market participants through interactive communication. This disclosure approach has earned the company the highest ranking in the transportation sector's "Award for Excellence in Corporate Disclosure" designated by the Japan Securities Analysts Association, for the second consecutive year. This is the fourth time we have won first place in the past 5 years since 2018, and with this award as encouragement, we will strive to further enhance and improve the quality of our disclosure.

International and domestic passenger demand to and from Japan, which had lagged behind other major countries, has steadily recovered 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 rising raw material costs 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 hiring in all job categories in our group. Going forward, the JAL Group will continue to make comprehensive efforts to achieve our operating targets for this fiscal year by implementing agile measures to increase revenues and thoroughly controlling costs.

Financial results of each segment are as follows.

Air Transportation Segment

In the second quarter period, Revenue in Air Transportation Segment increased by 108.2% year on year to 570.0 billion yen and the loss before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 9.8 billion yen (segment loss of 152.6 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 163.2 billion yen, or up 460.3 % year on year.

The domestic passenger revenue was 208.6 billion yen, or up 132.5 % year on year.

The cargo and mail revenue was 126.2 billion yen, or up 28.3 % year on year.

Revenue for LCC operations were as follows;

The revenue for ZIPAIR was 7.4 billion yen.

The revenue for SPRING JAPAN was 3.6 billion yen.

Traffic Results (Full Service Carrier)

	Six months ended September 30, 2021	Six months ended September 30, 2022	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	353,640	1,742,288	492.7%
Revenue passenger km (1,000 passenger-km)	2,442,474	11,574,448	473.9%
Available seat km (thousands)	10,742,629	16,402,425	152.7%
Revenue passenger-load factor (%)	22.7	70.6	47.8
Revenue cargo ton-km (thousands)	1,509,101	1,446,389	95.8%
Mail ton-km (thousands)	86,008	59,437	69.1%
DOMESTIC			
Revenue passengers carried (number of passengers)	6,155,013	13,717,994	222.9%
Revenue passenger km (1,000 passenger-km)	4,582,713	10,554,164	230.3%
Available seat km (thousands)	10,694,521	17,455,313	163.2%
Revenue passenger-load factor (%)	42.9	60.5	17.6
Revenue cargo ton-km (thousands)	109,209	133,178	121.9%
Mail ton-km (thousands)	11,036	10,855	98.4%
TOTAL			
Revenue passengers carried (number of passengers)	6,508,653	15,460,282	237.5%
Revenue passenger km (1,000 passenger-km)	7,025,187	22,128,613	315.0%
Available seat km (thousands)	21,437,150	33,857,739	157.9%
Revenue passenger-load factor (%)	32.8	65.4	32.6
Revenue cargo ton-km (thousands)	1,618,311	1,579,568	97.6%
Mail ton-km (thousands)	97,044	70,293	72.4%

Traffic Results (LCC)

	Six months ended September 30, 2021	Six months ended September 30, 2022	% or points compared to prior period
ZIPAIR			
Revenue passengers carried (number of passengers)	5,143	162,785	—
Revenue passenger km (1,000 passenger-km)	14,905	841,844	—
Available seat km (thousands)	578,642	2,155,023	372.4%
Revenue passenger-load factor (%)	2.6	39.1	36.5
SPRING JAPAN			
Revenue passengers carried (number of passengers)	23,050	208,406	904.1%
Revenue passenger km (1,000 passenger-km)	22,596	173,921	769.7%
Available seat km (thousands)	56,238	325,543	578.9%
Revenue passenger-load factor (%)	40.2	53.4	13.2

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 second quarter period increased by 76.8 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 448.5 billion yen. Current assets increased by 81.7 billion yen from the end of the previous consolidated fiscal year to 832.2 billion yen mainly due to the increase of Cash and Cash equivalents by 48.7 billion yen. Non-current assets decreased by 4.8 billion yen to 1 trillion and 616.3 billion yen mainly through the depreciation of aircrafts.

The liabilities increased by 100.6 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 628.1 billion yen mainly through the increase of contract liabilities.

The equity decreased by 23.7 billion yen from the end of the previous consolidated fiscal year to 820.4 billion yen, as a result of a decrease in the effective portion of cash flow hedges.

Liquidity at hand was maintained at a sufficient amount of 542.9 billion yen at the end of September, 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 second quarter period increased by 48.7 billion yen from the end of the previous consolidated fiscal year to 542.9 billion yen.

① Cash Flows from Operating Activities

As a total of quarterly loss before tax of 2.8 billion yen, non-cash expenses like depreciation, and Trade and other payables and receivables, cash flow from operating activities (inflow) was 120.2 billion yen (cash outflow of 95.8 billion yen in the same period of the previous year).

② Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 52.5 billion yen mainly due to acquisition of Fixed assets (cash outflow of 104.0 billion yen in the same period of the previous year).

③ Cash Flows from Financing Activities

Cash flow from financing activities (outflow) was 26.6 billion yen mainly due to repayment of long-term debts and lease liabilities (cash inflow of 163.9 billion yen in the same period of the previous year).

(3) Explanations of Forecast of Consolidated Financial Results

The revenue forecast for the JAL Group's full-year consolidated financial results of this year has been increased by 14 billion yen compared to the initial forecast of the consolidated financial results announced on May 6, 2022. Specifically, we forecast domestic passenger revenue to be less than the initial forecast due to the impact of the seventh wave of the COVID-19 pandemic, while we forecast international passenger revenue to exceed the initial forecast due to a sharp recovery in business travel from Japan and inbound demand following the drastic relaxation and elimination of border restrictions, and revenue for cargo and mail revenue is also forecasted to exceed the initial forecast. In terms of operating expenses, although fuel costs are expected to exceed the initial forecast by 32 billion yen due to the depreciation of the yen and rise in fuel prices, we expect to suppress its increase to 31 billion yen by cutting costs other than fuel. In addition to the above, an increase in sale of assets is also expected.

As a result of the above, the forecast for profit before financing and income tax (EBIT) remains unchanged at 80 billion yen, and the forecast for profit attributable to owners of the parent remains unchanged at 45 billion yen.

The JAL Group will continue to take utmost precaution against its surrounding risks such as rising geopolitical risks, weakening of the yen, rising price of fuel and other raw materials, and the re-spread of the COVID-19 pandemic.

On the other hand, there are positive factors such as further acceleration in the recovery of international passenger demand and strong recovery of domestic passenger demand driven by government measures such as the nationwide travel support subsidy program. Through these positive factors and also by further strengthening our cost management, we will strive to achieve the above-mentioned financial forecast.

The following revisions have been made to the revenue of the consolidated financial results forecast for the fiscal year ending March 2023.

Consolidated financial results forecast for the fiscal year ending March 2023

	Revenue	Profit before financing and income tax (EBIT)	Profit attributable to owners of parent
Previous full-year forecast (A)	Millions of yen 1,390,000	Millions of yen 80,000	Millions of yen 45,000
Revised full-year forecast (B)	1,404,000	80,000	45,000
Changes (B-A)	14,000	0	0
% compared to prior forecast	1.0	0	0
(Reference) Consolidated financial results for the the Fiscal Year Ended March 31, 2022 (Loss in brackets)	682,713	(239,498)	(177,551)

In calculating the above forecast, we have assumed a dollar-yen exchange rate of 145 yen and the market price of Singapore kerosene, an indicator of aviation fuel costs, of US \$125 per barrel.

(4) Dividends

We will continue to make every effort to provide year-end dividends to meet the expectations of our shareholders, who have supported us throughout the COVID-19 pandemic. Year-end dividends and annual dividend forecasts will be disclosed as soon as we are able to assess the business environment going forward and the situation becomes more visible.

2. Condensed quarterly consolidated financial statement and primary notes

(1) Condensed quarterly consolidated statement of financial position

	As of March 31, 2022	As of September 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	494,226	542,998
Trade and other receivables	120,322	154,613
Other financial assets	43,359	25,738
Inventories	31,279	36,783
Other current assets	61,316	72,074
Total current assets	<u>750,504</u>	<u>832,209</u>
Non-current assets		
Tangible fixed assets		
Flight equipment	887,212	866,237
Advances on flight equipment	70,409	83,111
Other tangible fixed assets	93,662	87,844
Total tangible fixed assets	1,051,284	1,037,194
Goodwill and intangible assets	87,637	81,361
Investment property	1,503	2,602
Investments accounted for using equity method	19,664	20,209
Other financial assets	152,233	154,342
Deferred tax assets	284,287	295,001
Retirement benefit asset	4,496	7,038
Other non-current assets	20,046	18,592
Total non-current assets	<u>1,621,153</u>	<u>1,616,342</u>
Total assets	<u><u>2,371,658</u></u>	<u><u>2,448,551</u></u>

	As of March 31, 2022	As of September 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	94,046	131,025
Interest-bearing liabilities	86,786	108,117
Other financial liabilities	16,564	49,118
Income taxes payable	3,602	2,182
Contract liabilities	240,224	293,620
Provisions	2,188	2,900
Other current liabilities	27,073	27,062
Total current liabilities	470,486	614,027
Non-current liabilities		
Interest-bearing liabilities	841,677	815,712
Other financial liabilities	26,464	13,335
Deferred tax liabilities	1,968	2,705
Provisions	26,289	23,387
Retirement benefit liability	151,028	152,182
Other non-current liabilities	9,601	6,769
Total non-current liabilities	1,057,030	1,014,092
Total liabilities	1,527,517	1,628,119
Equity		
Share capital	273,200	273,200
Capital surplus	273,617	273,631
Retained earnings	176,406	174,254
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	35,512	37,278
Effective portion of cash flow hedges	41,018	21,602
Exchange differences on translation of foreign operations	390	1,358
Total accumulated other comprehensive income	76,921	60,239
Total equity attributable to owners of parent	799,736	780,917
Non-controlling interests	44,404	39,514
Total equity	844,141	820,432
Total liabilities and equity	2,371,658	2,448,551

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

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	29,810	172,695
Domestic passenger revenue	89,904	210,373
Other revenue	170,932	235,452
Total revenue	290,647	618,522
Other income	10,587	14,763
Operating expenses		
Personnel expenses	(122,527)	(139,224)
Aircraft fuel	(58,988)	(154,838)
Depreciation, amortization and impairment losses	(89,565)	(83,083)
Other operating expenses	(171,856)	(260,098)
Total operating expenses	(442,938)	(637,244)
Operating profit (Loss in brackets)	(141,703)	(3,958)
Share of profit of investments accounted for using equity method	(8,486)	(245)
Profit before investing, financing and income tax (Loss in brackets)	(150,190)	(4,204)
Income/expenses from investments		
Investing income	1,372	4,652
Investing expenses	(3,000)	(65)
Profit before financing and income tax (Loss in brackets)	(151,818)	382
Finance income/expenses		
Finance income	36	4,259
Finance expenses	(2,664)	(7,476)
Profit before tax (Loss in brackets)	(154,446)	(2,834)
Income tax expense	48,005	18
Profit (Loss in brackets)	(106,440)	(2,815)
Profit attributable to		
owners of parent	(104,976)	(2,112)
Non-controlling interests	(1,463)	(703)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,158)	2,041
Share of other comprehensive income of investments accounted for using equity method	8	(50)
Total of items that will not be reclassified to profit or loss	(2,149)	1,991
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	7,740	(17,316)
Exchange differences on translation of foreign operations	309	1,252
Share of other comprehensive income of investments accounted for using equity method	(35)	72
Total of items that may be reclassified to profit or loss	8,014	(15,991)
Other comprehensive income, net of taxes	5,865	(13,999)
Comprehensive income	(100,575)	(16,815)

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(99,211)	(17,408)
Non-controlling interests	(1,363)	592
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	(240.22)	(4.83)
Diluted earnings per share (Yen)	—	—

(3) Condensed quarterly consolidated statement of changes in equity**Consolidated financial results for the second quarter of FY2021 (April 1, 2021 to September 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)	—	—	(104,976)	—	—	—
Other comprehensive income	—	—	—	—	(2,135)	7,687
Comprehensive income	—	—	(104,976)	—	(2,135)	7,687
Transfer to non-financial assets	—	—	—	—	—	(1,132)
Purchase of treasury shares	—	—	—	(0)	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Change in ownership interest in subsidiaries	—	(0)	—	—	—	—
Total transactions with owners	—	(0)	—	(0)	—	(1,132)
Balance as of September 30, 2021	273,200	273,557	247,989	(408)	33,332	19,433

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)	—	—	(104,976)	(1,463)	(106,440)
Other comprehensive income	212	5,764	5,764	100	5,865
Comprehensive income	212	5,764	(99,211)	(1,363)	(100,575)
Transfer to non-financial assets	—	(1,132)	(1,132)	—	(1,132)
Purchase of treasury shares	—	—	(0)	—	(0)
Acquisition of subsidiaries	—	—	—	(938)	(938)
Change in ownership interest in subsidiaries	—	—	(0)	(0)	(0)
Total transactions with owners	—	(1,132)	(1,132)	(938)	(2,071)
Balance as of September 30, 2021	10	52,776	847,115	31,774	878,889

Consolidated financial results for the second quarter of FY2022 (April 1, 2022 to September 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)	—	—	(2,112)	—	—	—
Other comprehensive income	—	—	—	—	1,726	(17,991)
Comprehensive income	—	—	(2,112)	—	1,726	(17,991)
Dividends	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	(1,425)
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	(1,425)
Balance as of September 30, 2022	273,200	273,631	174,254	(408)	37,278	21,602

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)	—	—	(2,112)	(703)	(2,815)
Other comprehensive income	968	(15,296)	(15,296)	1,296	(13,999)
Comprehensive income	968	(15,296)	(17,408)	592	(16,815)
Dividends	—	—	—	(2,627)	(2,627)
Transfer to non-financial assets	—	(1,425)	(1,425)	(595)	(2,020)
Acquisition of subsidiaries	—	—	—	(2,201)	(2,201)
Disposal of subsidiaries	—	—	—	(44)	(44)
Changes in ownership interest in subsidiaries	—	—	14	(14)	—
Transfer to retained earnings	—	39	—	—	—
Total transactions with owners	—	(1,385)	(1,411)	(5,482)	(6,893)
Balance as of September 30, 2022	1,358	60,239	780,917	39,514	820,432

(4) Condensed quarterly consolidated statement of cash flows

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	(154,446)	(2,834)
Depreciation, amortization and impairment losses	89,565	83,083
Loss (gain) on sale and retirement of fixed assets	(566)	(2,270)
Increase (decrease) in retirement benefit liability	1,377	1,148
Interest and dividend income	(1,194)	(2,471)
Interest expenses	1,943	6,334
Foreign exchange loss (gain)	(218)	(4,397)
Share of loss (profit) of investments accounted for using equity method	8,486	245
Decrease (increase) in trade and other receivables	(1,316)	(38,643)
Decrease (increase) in inventories	(1,426)	(5,075)
Increase (decrease) in trade and other payables	(2,616)	38,135
Increase (decrease) in contract liabilities	1,019	53,376
Other, net	(33,806)	(1,932)
Subtotal	(93,200)	124,699
Income taxes (paid) refund	(2,683)	(4,436)
Net cash provided by (used in) operating activities	(95,883)	120,263
Cash flows from investing activities		
Purchase of non-current assets	(98,851)	(56,704)
Proceeds from sales of non-current assets	2,944	3,944
Purchase of other financial assets	(12,587)	0
Proceeds from sale of other financial assets	—	(3,087)
Acquisition of subsidiaries	2,140	—
Payments for loans receivable	(3,807)	(1,341)
Collection of loans receivable	4,346	366
Interest received	155	199
Dividends received	942	2,441
Other, net	660	1,674
Net cash provided by (used in) investing activities	(104,055)	(52,506)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2)	10,291
Proceeds from long-term borrowings	171,164	2,300
Repayments of long-term borrowings	(14,499)	(18,084)
Proceeds from issuance of bond	29,842	—
Interest paid	(1,014)	(5,043)
Dividends paid	(84)	(1)
Dividends paid to non-controlling interests	—	(2,723)
Repayments of lease liabilities	(19,541)	(12,473)
Other, net	(1,902)	(928)
Net cash provided by (used in) financing activities	163,961	(26,663)
Effect of exchange rate changes on cash and cash equivalents	612	7,678
Net increase (decrease) in cash and cash equivalents	(35,364)	48,771
Cash and cash equivalents at beginning of period	408,335	494,226
Cash and cash equivalents at end of period	372,970	542,998

(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 six months ended September 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 18 million yen of income tax expenses (increase of profit) and the loss attributable to the owners of the parent became 2,112 million yen.

Deferred tax assets and deferred tax liabilities increased by 10,714 million yen and 737 million yen respectively during the reporting period, and deferred tax assets and liabilities as of the end of the reporting period were 295,001 million yen and 2,705 million yen respectively.

(Revenue)**(1) Breakdown of revenue****Revenue and Segment Revenue****Consolidated financial results for the second quarter of FY2021 (April 1, 2021 to September 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	29,137	—	29,137	—	—
Cargo and mail-service operation	85,883	—	85,883	—	—
Luggage operations	341	—	341	—	—
Sub-total	115,362	—	115,362	—	—
Domestic (FSC)					
Passenger operations	89,750	—	89,750	—	—
Cargo and mail-service operation	12,491	—	12,491	—	—
Luggage operations	131	—	131	—	—
Sub-total	102,374	—	102,374	—	—
Total revenues from international and domestic operations	217,737	—	217,737	—	—
LCC passenger operations	826	—	826	—	—
Travel agency Revenue	—	16,063	16,063	—	—
Other	55,293	23,801	79,095	—	—
Total revenues	<u>273,857</u>	<u>39,865</u>	<u>313,722</u>	<u>(23,075)</u>	<u>290,647</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 second quarter of FY2022 (April 1, 2022 to September 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	163,265	—	163,265	—	—
Cargo and mail-service operation	114,686	—	114,686	—	—
Luggage operations	895	—	895	—	—
Sub-total	278,848	—	278,848	—	—
Domestic (FSC)					
Passenger operations	208,684	—	208,684	—	—
Cargo and mail-service operation	11,564	—	11,564	—	—
Luggage operations	193	—	193	—	—
Sub-total	220,443	—	220,443	—	—
Total revenues from international and domestic operations	499,291	—	499,291	—	—
LCC passenger operations	11,118	—	11,118	—	—
Travel agency Revenue	—	45,531	45,531	—	—
Other	59,649	45,784	105,433	—	—
Total revenues	<u>570,059</u>	<u>91,315</u>	<u>661,374</u>	<u>(42,852)</u>	<u>618,522</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 second quarter of FY2021 (April 1, 2021 to September 30, 2021)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	261,803	28,843	290,647	—	290,647
Intersegment	12,054	11,021	23,075	(23,075)	—
Total	273,857	39,865	313,722	(23,075)	290,647
Profit or loss before investing, financing and income tax	(152,609)	2,324	(150,284)	94	(150,190)
Investing income	—	—	—	—	1,372
Investing expenses	—	—	—	—	(3,000)
Finance income	—	—	—	—	36
Finance expenses	—	—	—	—	(2,664)
Profit or loss before tax	—	—	—	—	(154,446)

(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 second quarter of FY2022 (April 1, 2022 to September 30, 2022)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	541,038	77,484	618,522	—	618,522
Intersegment	29,021	13,830	42,852	(42,852)	—
Total	570,059	91,315	661,374	(42,852)	618,522
Profit or loss before investing, financing and income tax	(9,889)	5,618	(4,271)	67	(4,204)
Investing income	—	—	—	—	4,652
Investing expenses	—	—	—	—	(65)
Finance income	—	—	—	—	4,259
Finance expenses	—	—	—	—	(7,476)
Profit or loss before tax	—	—	—	—	(2,834)

(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.