

JAPAN AIRLINES Co., Ltd.

Financial Results

3rd Quarter Mar/2022 (FY2021)



JAPAN AIRLINES



February 2, 2022

On New Year's Day, 2022

Mt. Fuji and the first sunrise from A350 "New Year Sunrise Flight"

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APEX

WORLD CLASS



APEX

Health Safety Powered
by SimpliFlying Audit
Diamond



SKYTRAX

Covid-19 Safety Rating
5 Star



SKYTRAX

COVID-19 Excellence Award



SKYTRAX

2021
The World's Best
Economy Class

The Best
Economy Class Seat



SKYTRAX

5-Star Airline



2021 Award for Excellence
in Corporate Disclosure

— Industries —



The Securities Analysts
Association of Japan



The 8th
IR Good Visual Award

1. PERFORMANCE OVERVIEW FOR 3rd Quarter FY21

2. RECENT OUTLOOK

3. RECENT INITIATIVES

4. DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

5. REFERENCES



JobRainbow



「PRIDE Index 2021」
Gold

Best Workplace
D&I Award



Ministry of Internal Affairs and
Communications

「Top 100 Telework Pioneers」
Awards of the Minister



NPO J-Win

2021 J-Win Diversity Award
Advanced Achievement Award
Executive Management Award



DX銘柄2021
Digital Transformation



健康経営優良法人
2021
Health and Productivity
Management Brand

IFRS is adopted from FY2020. Accordingly, figures for FY2019 are also calculated under IFRS for comparison.

All figures include LCC ⁽²⁾ unless otherwise noted.

The 3rd Quarter results (October to December) are calculated by deducting the results of 1st Half (April to September) from 3rd Quarter (April to December).

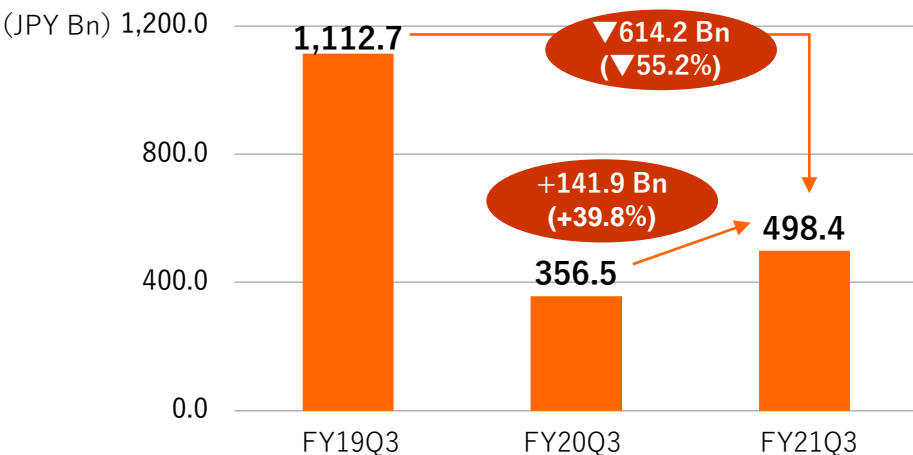
For SPRING JAPAN, as the results from acquisition of the subsidiary until the end of June are minor, passenger revenue from July is included as passenger revenue for LCC.

PERFORMANCE OVERVIEW FOR 3rd Quarter FY21

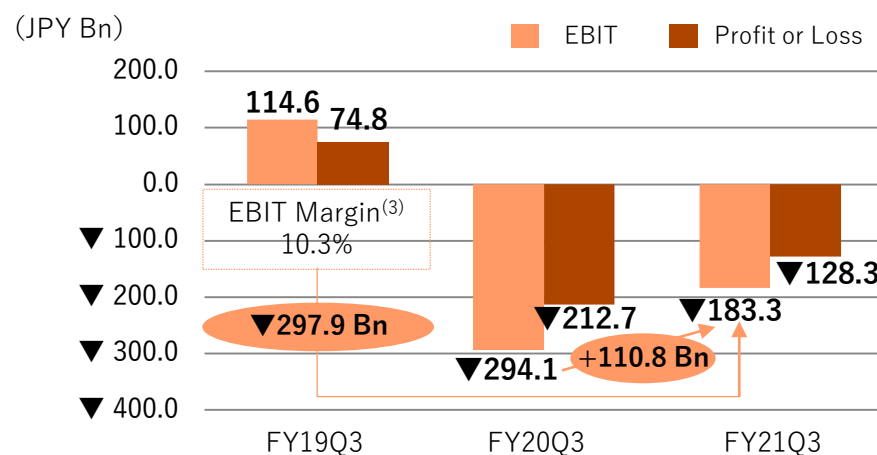


✓ Amid the prolonged COVID effect, Revenue and EBIT have rapidly improved

Revenue



EBIT ⁽¹⁾ / Profit or Loss ⁽²⁾



Fuel/FX Markets

	FY20Q3	FY21Q3	y/y
Singapore Kerosene (USD/bbl)	38.3	77.2	+101.6%
Dubai Crude Oil (USD/bbl)	37.6	71.3	+89.6%
FX Rate (JPY/USD)	106.6	110.7	+3.8%

Operational Preconditions/ASK

	Vs. FY19Q3	Vs. FY20Q3
International Routes	▼56.9%	+141.1%
Domestic Routes	▼34.9%	+15.9%
Total	▼48.1%	+56.5%

(1) EBIT= Profit/Loss before Financing and Income tax (Profit/Loss before Tax – Finance Income /Expenses) (2) Profit/Loss = Quarterly Profit Attributable to Owners of Parent

(3) EBIT Margin = EBIT / Revenue

- Thank you for participating in our conference call for the third Quarter Financial Result Reporting.
- The third quarter Revenue was 498.4 billion yen. It was down by 55.2% when compared with the pre-COVID level of the third quarter of fiscal year 2019, but it was up by about 40% year-on-year.
- EBIT became a loss of 183.3 billion yen and Net Loss became 128.3 billion yen.
- However, the performance is rapidly improving. EBIT increased by 110.8 billion yen year-on-year. EBIT for the three months from October to December has improved by 37.6 billion yen from the EBIT of the three months of July to September of this year 2021, which was a loss of 69.1 billion yen.

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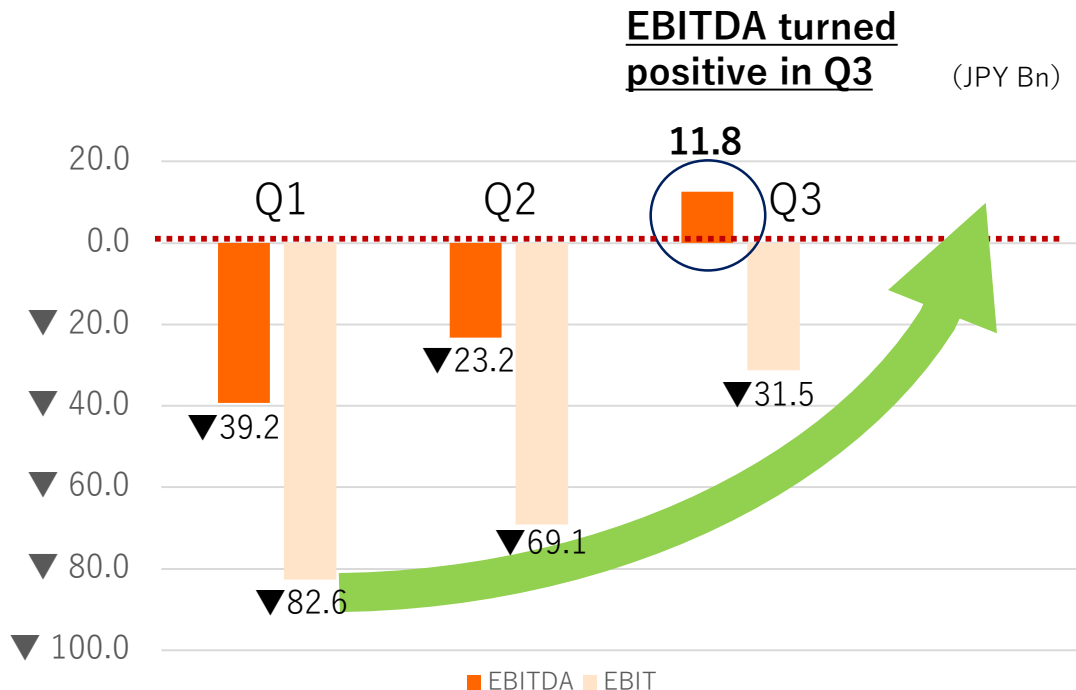
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EBIT, EBITDA and CASH BURN



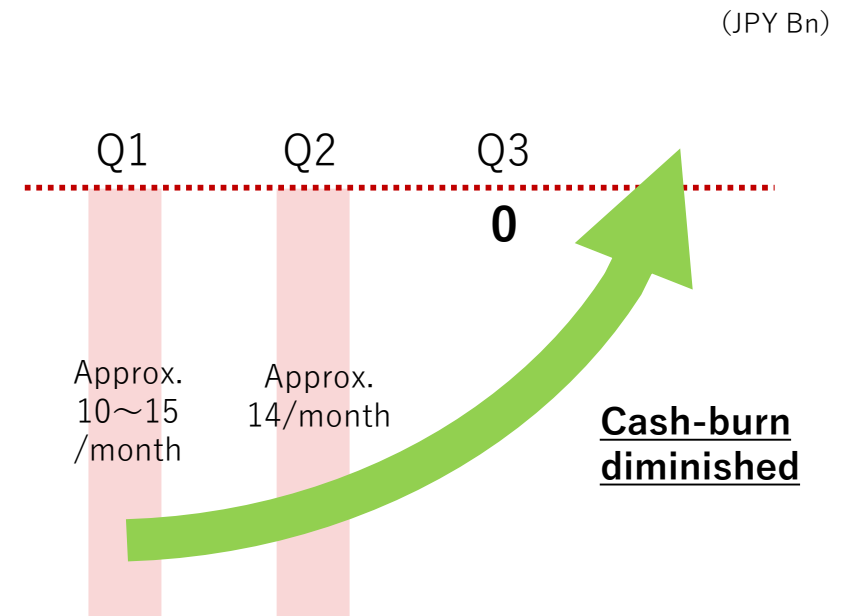
- ✓ Cash burn diminished and EBITDA turned positive in the Q3 period
- ✓ Q3 performance was in line with the performance forecast
- ✓ 350 billion yen was financed through hybrid financing, and the total liquidity at hand, together with the unused credit line of 300 billion yen, is 818.3 billion yen

EBIT · EBITDA⁽¹⁾



(1) EBITDA=EBIT + Depreciation

Cash Burn⁽²⁾



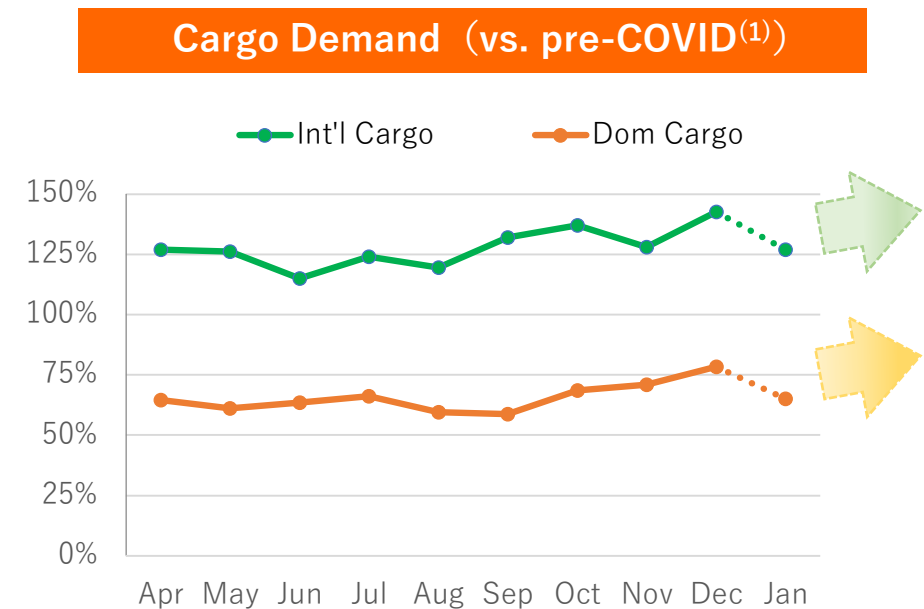
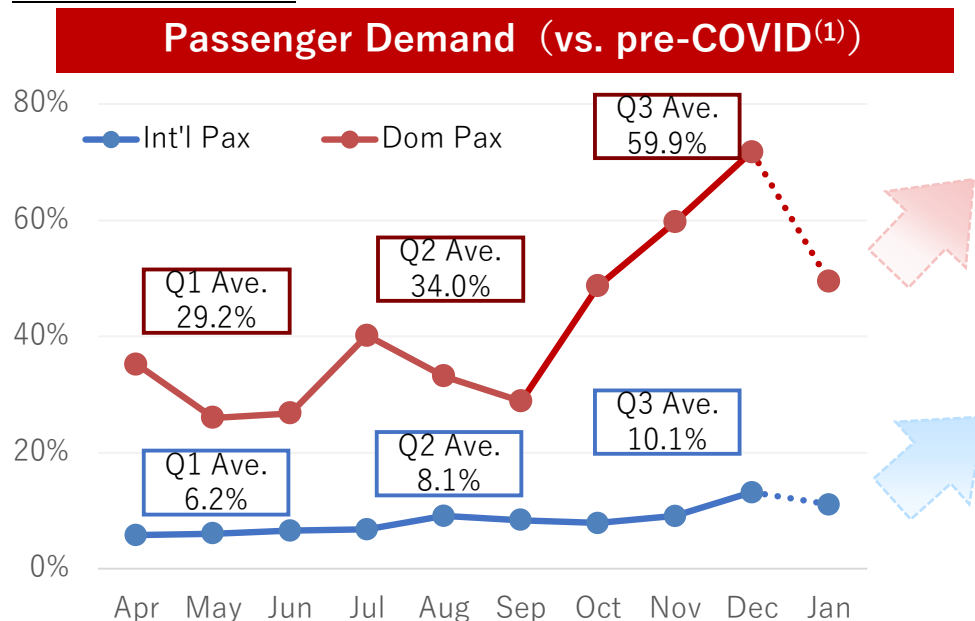
(2) Operating Cash Flow (one-time factors excluded) + Repayment of Interest-bearing Debts

- On this slide, I will explain EBITDA and Cash burn.
- In this third quarter period, the passenger revenue increased because mainly the domestic passenger demand rapidly recovered. Also, International Cargo revenue continued to be good.
- Moreover, we strived to reduce costs even further altogether.
- Consequently, for the third quarter period from October to December, we have succeeded in turning EBITDA positive for the first time since the outbreak of COVID-19 and also succeeded in diminishing cash burn.
- Liquidity at hand increased to 518.3 billion yen at the end of December because of the hybrid financing of 350 billion yen.
- Together with the unused credit line of 300 billion yen, we have secured enough liquidity at hand.

PASSENGER and CARGO DEMAND



- ✓ **While Omicron variant makes the situation unclear, the current performance forecast remains unchanged because of cargo revenue increase and cost cut**
 - Domestic Passenger would recover rapidly if COVID infection slows down
 - International Cargo demand is expected to remain strong because the demand shift from ocean shipment will continue
 - Actual Fixed Cost will be further decreased to an about 470 billion yen level per annum (30 billion yen less than the original forecast)
- ✓ **Considering the unclear situations, no dividends will be planned in order to ensure further risk tolerance**



- This slide shows the recent Passenger and Cargo demand.
- In International Passenger, border restrictions still continue but we captured a transit demand between North America and Asia to make the passenger number about 10% of the pre-COVID level.
- Domestic Passenger recovered rapidly after the lift of the state of emergency declaration so the passenger number became about 60% of the pre-COVID level. For the New Year holidays, we adequately increased our capacity to make the passenger number about 85% of the pre-COVID level.
- Cargo demand remained strong. In International Cargo, the price level is more than double of the pre-COVID level.
- Going forward, Omicron variant has made the situation complicated. There is a risk of low demand, however, there is also a chance of rapid demand recovery if the infection settles soon.
- With further increase of the international cargo revenue and the cost-cutting efforts, we will keep the current performance forecast unchanged for the time being. We will immediately disclose an updated performance forecast if necessary.
- The overall demand trend is on the rise but in order to ensure risk tolerance, our year-end dividend is forecasted to be none. We would like to ask for shareholders' understanding.

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RECENT INITIATIVES ESG



Transition Bond



👑 The world's first transition bonds in the aviation industry ⁽¹⁾

👑 The first airline model example selected by the Japanese government

Purpose

Accelerating initiatives for **decarbonization**

Use of proceeds

Upgrading our main assets, aircrafts, to fuel-efficient models (A350・787 etc.)



Second Party Opinion

Obtained a second party opinion to our overall ESG strategy initiatives from **Sustainalytics**, an external review body with excellent reputation globally

Maturity & Amount : 5 years 10 billion yen, 10 years 10 billion yen (scheduled)
Timing : March, 2022 (Scheduled)

Actions to climate change



SAF(Sustainable Aviation Fuel) Development and Promotion

✓ Joint SAF Purchase with Alliance Members

- JAL and 8 alliance members jointly purchase SAF from Aemetis Inc. in California⁽²⁾
- Will be used for scheduled flights departing from San Francisco from FY2024



AEMETIS

Carbon Offsetting

✓ JAL Carbon Offsetting⁽³⁾ has been renewed

- Corporate service will be provided
- Easier usability including easier access by smartphones



(2) Press Release URL : <https://www.oneworld.com/news/2021-11-30-oneworld-members-to-purchase-blended-sustainable-aviation-fuel-from-Aemetis-in-industry-leading-commitment>

(3) JAL Carbon Offsetting details : https://www.jal.com/en/sustainability/environment/climate-action/emission_trading/

(1) Sustainability initiatives including transition bond : <https://www.jal.com/en/sustainability/>

- On this slide, I will explain our ESG initiatives.
- Today, we decided to issue the world's first transition bonds in the airline industry. With this financing, we will upgrade to more fuel-efficient aircrafts to accelerate our net-zero emission initiatives.
- Sustainalytics, an external review body with excellent reputation globally gave a second party opinion to our mid- and long-term SDGs initiatives. Also, this bonds has been selected as a “model example” by the Japanese government for the first time as an airline.
- We have announced joint purchase of Sustainable Aviation Fuel, SAF, with oneworld alliance members in order to achieve our goal of using SAF for at least 10% of the total fuel consumption by fiscal year 2030. SAF will be purchased jointly from an American company, Aemetis, to start using SAF for our flights departing from San Francisco from fiscal year 2024.
- Also, we renewed JAL Carbon Offsetting to make it more user-friendly. Also, we will start a corporate service that enables companies to assess and offset the total CO2 emission that is produced by their employees' flights through emission trading.

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DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

Consolidated Financial Results



(JPY : Bn)			Q3 (April to December)					Q3 (October to December)		
	FY19Q3	FY20Q3	FY21Q3	FY19Q3		FY20Q3		FY21Q3	FY20Q3	
				Diff.	y/y	Diff.	y/y		Diff.	y/y
Revenue	1,112.7	356.5	498.4	▼614.2	▼55.2%	+141.9	+39.8%	207.8	+46.0	+28.5%
International PAX	401.3	18.8	48.4	▼352.9	▼87.9%	+29.5	+156.8%	18.6	+8.9	+92.2%
Domestic PAX	427.9	136.9	174.4	▼253.5	▼59.2%	+37.5	+27.4%	84.5	+17.2	+25.6%
Cargo / Mail	69.1	90.9	161.0	+91.9	+133.0%	+70.1	+77.1%	62.6	+25.2	+67.3%
Other Revenue ⁽¹⁾	214.2	109.8	114.5	▼99.7	▼46.5%	+4.7	+4.3%	41.9	▼5.2	▼11.2%
Operating Expense	1,005.5	655.4	687.9	▼317.6	▼31.6%	+32.4	+5.0%	244.9	+8.9	+3.8%
Fuel	189.6	73.5	101.8	▼87.8	▼46.3%	+28.2	+38.4%	42.8	+13.9	+48.2%
Excluding Fuel	815.9	581.8	586.1	▼229.8	▼28.2%	+4.2	+0.7%	202.1	▼4.9	▼2.4%
Others ⁽²⁾	7.4	4.7	6.1	▼1.3	▼18.3%	+1.3	+28.8%	5.6	+1.6	+39.5%
EBIT	114.6	▼294.1	▼183.3	▼297.9	-	+110.8	-	▼31.5	+38.6	-
EBIT Margin (%)	10.3%	-	-	-	-	-	-	-	-	-
Profit or Loss	74.8	▼212.7	▼128.3	▼203.1	-	+84.4	-	▼23.3	+28.1	-
ASK (MN seat km)	69,070	22,901	35,830	▼33,240	▼48.1%	+12,928	+56.5%	14,029	+3,369	+31.6%
RPK (MN pax km)	58,776	8,923	13,089	▼45,686	▼77.7%	+4,165	+46.7%	6,031	+1,351	+28.9%
EBITDA Margin (%) ⁽³⁾	21.1%	-	-	-	-	-	-	5.7%	-	-

(1) Other Revenue = Travel Agency, Mileage, Ground Handling or etc.

(2) Others = Gain or Loss on Sales of Flight Equipment, Other Revenue, Share of Profit or Loss of Investment and Income/Expenses from Investment

(3) EBITDA Margin = EBITDA / Revenue

- I would like to explain the details of the third Quarter financial results.

DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

Changes in EBIT (Revenues/Expenses)

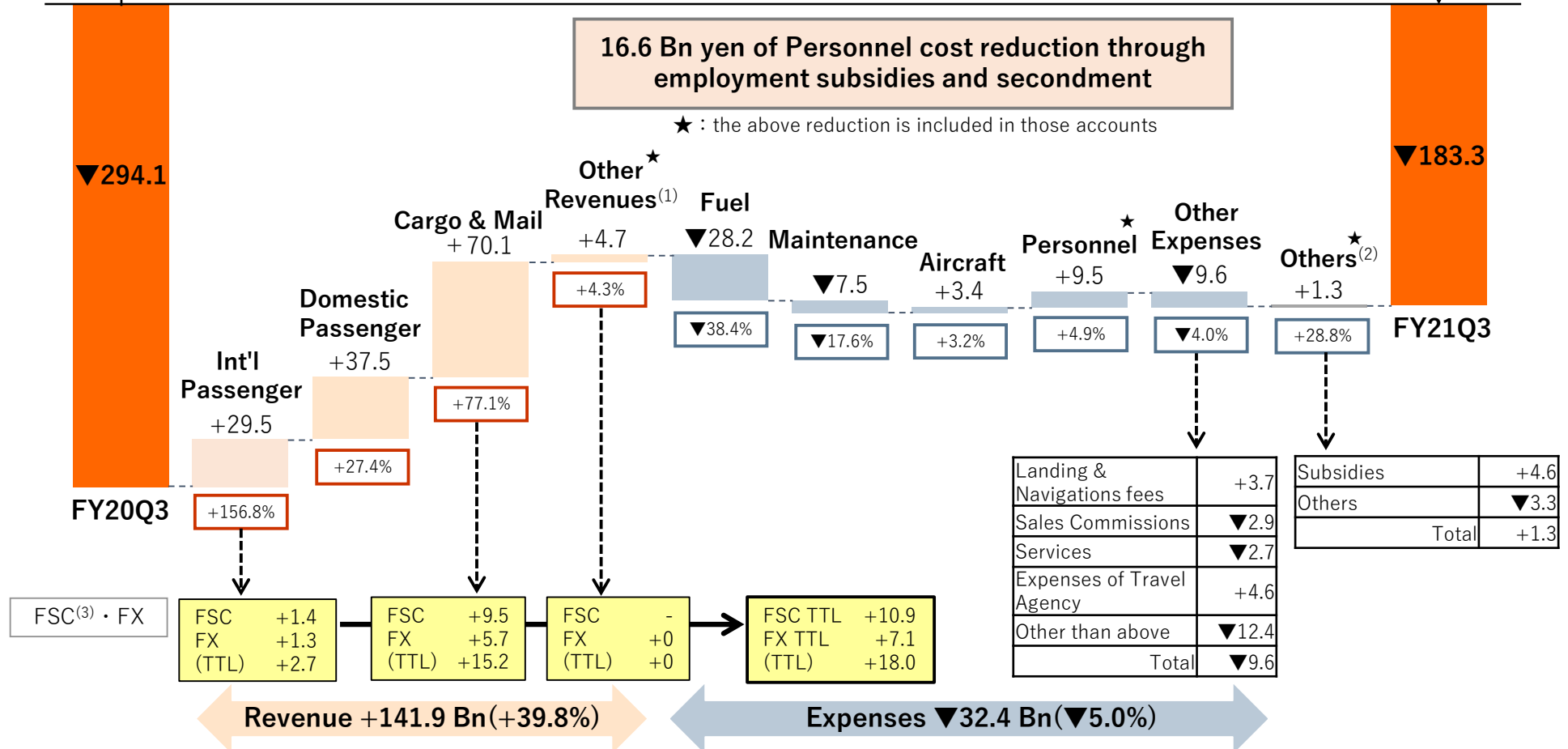


ASK y/y : +56.5%
RPK y/y : +46.7%

+ stands for profit increase (revenue increase, cost decrease)
▼ stands for profit decrease (revenue decrease, cost increase)

+110.8 Bn

(JPY : Bn)



(1) Other Revenues = Travel Agency, Mileage, Ground Handling or etc.

(2) Others = Gain or Loss on Sales of Flight Equipment, Other Revenue, Share of Profit or Loss of Investment and Income/Expenses from Investment (3) FSC=Fuel Surcharge

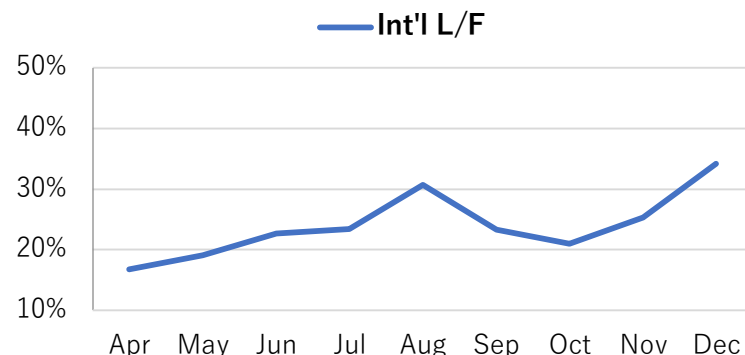
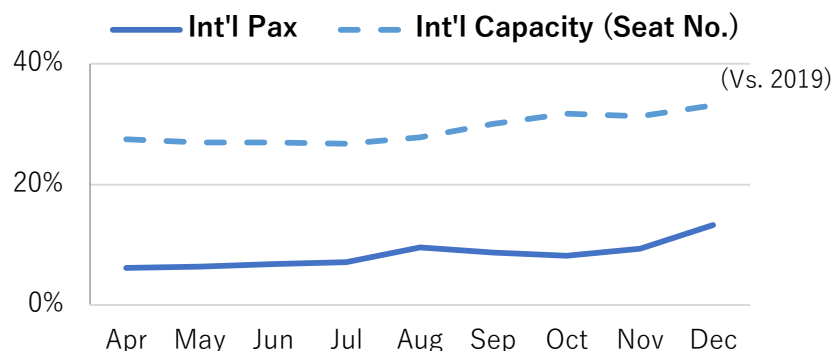
- This slide shows ups and downs of Revenues and Expenses year-on-year.
- Revenue increased by 141.9 billion yen year-on-year through the passenger number increase along with the rapidly-recovering domestic passenger demand and large sales increase in the still-good Cargo business.
- Expenses increased by just 32% of the revenue increase in spite of the variable cost increase due to capacity increase and fuel price increase. Fixed cost decreased, led by reduction in aircraft cost and personnel cost year-on-year, so the total expenses increased by 32.4 billion yen, up only 5% year-on-year.
- Consequently, EBIT improved by 110.8 billion yen.
- Excessive human resources were effectively used to reduce their cost by 16.6 billion yen through secondment or employment subsidies.

DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

International Passenger Operations (Full Service Carrier)



- ✓ The passenger number gradually recovered toward the end of December as transit passenger demand was captured and the border restriction was temporarily eased



International Passenger ⁽¹⁾	Q3 (April to Dec.)					Q3 (Oct. to Dec.)	
	FY19Q3	FY20Q3	FY21Q3	Vs.FY19Q3	Vs.FY20Q3	FY21Q3	Vs.FY20Q3
Passenger Revenue (JPY Bn)	401.3	18.8	47.0	▼88.3%	+149.9%	17.9	+85.7%
Passengers ('000)	7,325	246	594	▼91.9%	+140.9%	241	+78.9%
ASK (MN seat km)	41,463	7,295	16,831	▼59.4%	+130.7%	6,089	+52.5%
RPK (MN passenger km)	36,753	1,493	4,089	▼88.9%	+173.8%	1,647	+104.5%
L/F (%)	88.6%	20.5%	24.3%	▼64.3pt	+3.8pt	27.0%	+6.9pt
Revenue per Passenger (JPY) ⁽²⁾	54,784	76,303	79,171	+44.5%	+3.8%	74,449	+3.8%
Yield (JPY) ⁽³⁾	10.9	12.6	11.5	+5.5%	▼8.7%	10.9	▼9.2%
Unit Revenue (JPY) ⁽⁴⁾	9.7	2.6	2.8	▼71.1%	+8.3%	2.9	+21.7%

(1) Figures for LCC are excluded (2) Revenue per Passenger = Passenger Revenue / Passengers

(3) Yield = Passenger Revenue / RPK (4) Unit Revenue = Passenger Revenue / ASK

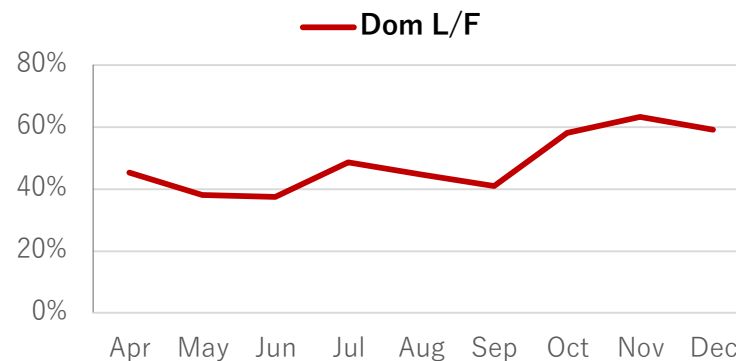
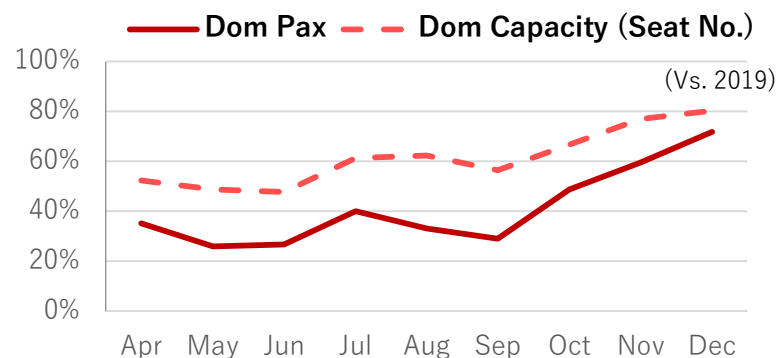
- I will explain the operation of International Passenger, Domestic Passenger and Cargo.
- This slide shows the International Passenger operation.
- Border restrictions in many countries are still in place, therefore we captured an expat demand and a transit demand between Asia and North America for this third quarter as well. A base demand is gradually recovering, and our passenger number is on the rise.
- As a result, International Passenger revenue increased 2.5 times larger year-on-year.

DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

Domestic Passenger Operations (Full Service Carrier)



- ✓ Demand recovered rapidly after the lift of state of emergency declaration
- ✓ Adequate operation captured 85% (vs. 2019) of passenger demand for New Year holidays
- ✓ “Award Anytime” for domestic flights will increase award ticket demand



Domestic Passenger ⁽¹⁾	Q3 (April to Dec.)					Q3 (Oct. to Dec.)	
	FY19Q3	FY20Q3	FY21Q3	Vs.FY19Q3	Vs.FY20Q3	FY21Q3	Vs.FY20Q3
Passenger Revenue (JPY Bn)	427.9	136.9	174.0	▼59.3%	+27.1%	84.3	+25.3%
Passengers ('000)	29,149	9,720	11,987	▼58.9%	+23.3%	5,832	+14.9%
ASK (MN seat km)	27,606	15,488	17,885	▼35.2%	+15.5%	7,190	+9.8%
RPK (MN passenger km)	22,022	7,427	8,912	▼59.5%	+20.0%	4,329	+11.8%
L/F (%)	79.8%	48.0%	49.8%	▼29.9pt	+1.9pt	60.2%	+1.1pt
Revenue per Passenger (JPY) ⁽²⁾	14,683	14,088	14,523	▼1.1%	+3.1%	14,461	+9.0%
Yield (JPY) ⁽³⁾	19.4	18.4	19.5	+0.5%	+5.9%	19.5	+12.0%
Unit Revenue (JPY) ⁽⁴⁾	15.5	8.8	9.7	▼37.2%	+10.1%	11.7	+14.1%

(1) Figures for LCC are excluded (2) Revenue per Passenger = Passenger Revenue / Passengers

(3) Yield = Passenger Revenue / RPK (4) Unit Revenue = Passenger Revenue / ASK

- This slide shows Domestic Passenger results.
- The domestic passenger demand rapidly recovered soon after the lift of the state of emergency declaration.
- Our timely-manner capacity expansion further increased our passenger number to the 85% level of pre-COVID for New Year holidays.
- Then, the total passenger number increased 1.2 times larger year-on-year, which clearly shows the steady demand recovery.
- We are taking revenue maximizing measures including Award Anytime that enables our JAL mileage members to book a flight for award ticket even in a peak season to stimulate domestic passenger demands and to improve JAL mileage usability.

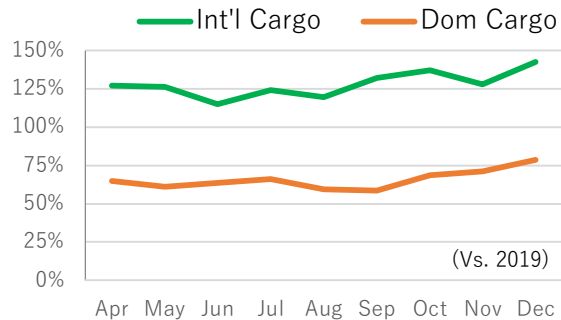
DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

Cargo

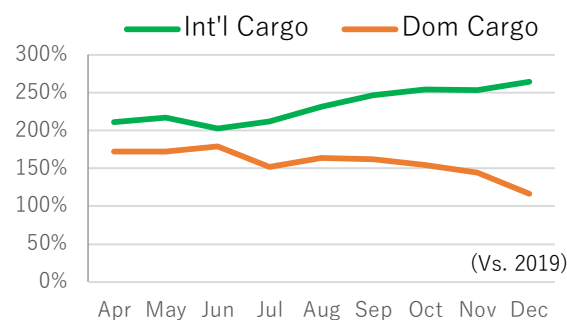


- ✓ International Cargo demand and price increased significantly y/y due to a shift from ocean shipment
- ✓ Achieved significant increase of revenue y/y through actively operating cargo flight with own passenger aircrafts and chartered freighters

Volume



Unit Price



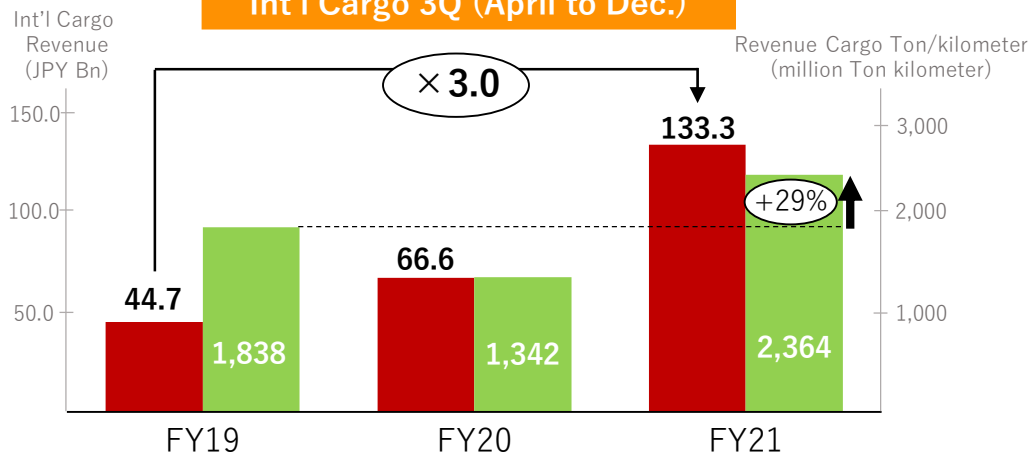
International

- North America-bound demands are extremely strong
- Demands of auto parts or electric parts remains strong

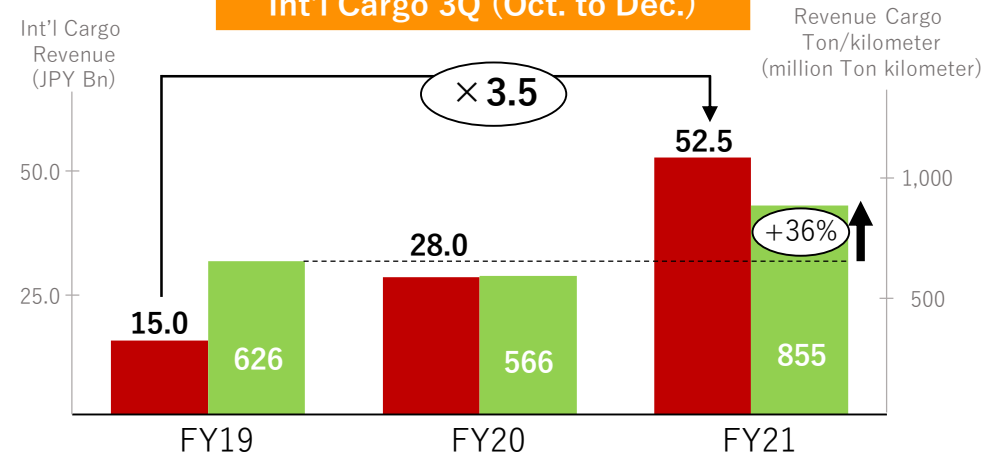
Domestic

- Strong parcel demand continued

Int'l Cargo 3Q (April to Dec.)



Int'l Cargo 3Q (Oct. to Dec.)



■ Int'l Cargo Revenue (JPY Bn) ■ Revenue Cargo Ton/kilometer (million Ton kilometer)

- This slide shows Cargo operations.
- International Cargo still continues to be good. As a result, the revenue for the third quarter increased about three times larger than the pre-COVID level.
- Especially, the revenue for the peak season from October to December increased 3.5 times larger.
- The disruption in ocean shipment can be prolonged. Consequently, the demand and the price level are expected to continue to be on the rise for the time being especially with North America-bound shipment.
- We are fully utilizing our own passenger aircraft and chartered freighters to capture high-yield international cargo for further increase cargo revenue.

DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

Expenses

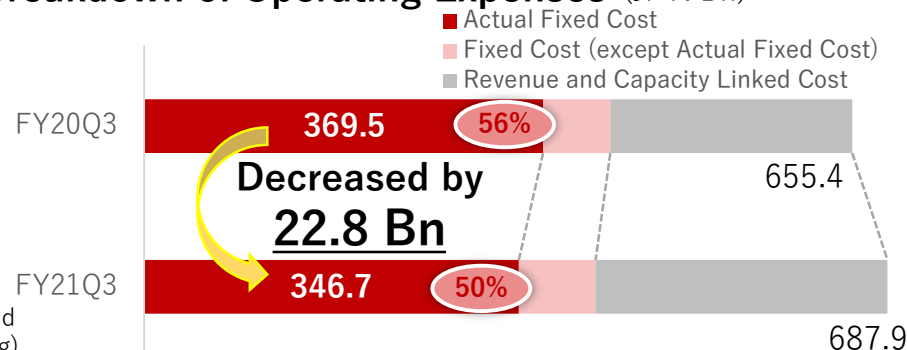


Actual Fixed Cost ⁽¹⁾

- ✓ Actual Fixed Cost for the Q3 period (April to Dec.) was 346.7 billion yen(y/y ▼22.8 billion yen) , steadily moving toward a **470-billion yen** level per annum by further cost cutting
- ✓ Actual fixed cost is just 50% of the total operating expense, which shows resilience to a drastically-changing environment

(1) Actual Fixed Cost: (Total Fixed Cost) – (costs that may be variable according to operational size and number of passengers, temporary or additional costs in association with the structural restructuring)

Breakdown of Operating Expenses (JPY: Bn)



Major Operating Expense Items

(JPY : Bn)	Q3 (April to Dec.)								Q3 (Oct. to Dec.)		
	FY19Q3	FY20Q3	FY21Q3	Vs. FY19Q3		Vs. FY20Q3		FY21Q3	Vs. FY20Q3		
				Diff.	y/y	Diff.	y/y		Diff.	y/y	
Fuel	189.6	73.5	101.8	▼87.8	▼46.3%	+28.2	+38.4%	42.8	+13.9	+48.2%	
Landing and navigation fees	65.2	29.7	25.9	▼39.2	▼60.2%	▼3.7	▼12.7%	9.7	▼2.2	▼18.6%	
Maintenance	58.8	42.6	50.2	▼8.6	▼14.7%	+7.5	+17.6%	15.7	+2.8	+21.8%	
Sales commissions (Air Transport)	13.9	2.3	5.2	▼8.6	▼62.2%	+2.9	+126.8%	2.3	+0.8	+60.2%	
Services ⁽²⁾	35.4	8.0	10.8	▼24.6	▼69.5%	+2.7	+33.5%	4.2	+0.8	+25.6%	
Other variable cost ⁽³⁾	159.4	67.3	76.2	▼83.1	▼52.2%	+8.9	+13.2%	29.2	▼2.4	▼7.8%	
Aircraft ⁽⁴⁾	97.6	105.7	102.3	+4.7	+4.9%	▼3.4	▼3.2%	33.2	▼5.5	▼14.3%	
Personnel ⁽⁴⁾	226.3	193.1	183.6	▼42.7	▼18.9%	▼9.5	▼4.9%	61.0	▼1.1	▼1.9%	
Other fixed cost ⁽⁴⁾	158.9	132.7	131.5	▼27.3	▼17.2%	▼1.1	▼0.9%	46.4	+1.8	+4.2%	
Total Operating Expenses	1,005.5	655.4	687.9	▼317.6	▼31.6%	+32.4	+5.0%	244.9	+8.9	+3.8%	

Variable factors or one-time factors are excluded

(2) Services = Expenses regarding inflight services, airport lounges, cargo equipment, etc.

(3) Other Variable cost = Travel agency, Mileage, Ground handling or etc.

(4) These are nominal fixed costs however that include variable parts that are linked to capacity or passenger numbers and one-time/additional expenses due to business restructuring

- On this slide, I will explain the expenses.
- The operating expense increased by just 5% year-on-year to 687.9 billion yen, while ASK increased by 56.5% year-on-year.
- The Actual Fixed Cost for the third quarter period was 346.7 billion yen, reduced by 22.8 billion year-on-year.
- In the previous financial reporting of the second quarter, we revised our Actual Fixed Cost forecast from the original 500 billion yen to 475 billion yen because of further cost reduction of 25 billion yen. I would like to say, we have been successful in cutting cost even further.
- As a result, our full-year Actual Fixed Cost will be at a 470 billion yen level.
- Also, the ratio of Actual Fixed Cost to the total operating cost remains at 50% even with the decreased numbers of flights due to COVID-19 so that we maintain structural flexibility to react to external changes in a timely manner.
- The increase of the variable costs is just 32% of the revenue increase. Despite the fuel price hike, flexible capacity control and reduction in landing fees and fuel taxes enabled us to control our cost management.
- We will strive to cut costs even further altogether.

DETAILS OF FINANCIAL RESULTS FOR 3rd Quarter FY21

Summary of Consolidated Statement of Financial Position and Cash Flow



BS

✓ Equity Ratio and Net D/E Ratio for credit rating was improved by the hybrid financing to a solid level of 42.9% and 0.2x, respectively

CF

✓ Operating cash flow turned to 9.1 billion yen of inflow, and EBITDA turned positive of 11.8 billion yen in the Q3 period (Oct. to Dec. 2021)

Balance Sheet	End of FY20	End of FY21Q3	Diff.
Total Assets	2,107.2	2,312.6	+205.4
Cash and Deposits	408.3	518.3	+110.0
Balance of Interest-bearing Debt	515.1	879.4	+364.3
Repayment within one year (※1)	69.6 (20.5)	66.6 (14.6)	▼2.9 (▼5.8)
Shareholders' Equity ⁽¹⁾	947.4	817.7	▼129.7
Shareholders' Equity Ratio(%)(※2) ⁽²⁾	45.0%	35.4% (42.9%)	▼9.6pt
D/E Ratio (x) ⁽³⁾	0.5x	1.1x	+0.5x
Net D/E Ratio (x) (※3) ⁽⁴⁾	0.1x	0.4x (0.2x)	+0.3x
Cash Flow	FY20Q3	FY21Q3	Diff.
Cash Flow from Operating Activities	▼179.8	▼86.7	+93.1
Depreciation and Amortization	135.8	132.6	▼3.1
Cash Flow from Investing Activities	▼73.0	▼137.7	▼64.6
Capital Investment	▼79.3	▼145.3	▼65.9
Free Cash Flow ⁽⁵⁾	▼252.9	▼224.4	+28.5
Cash Flow from Financing Activities	378.9	334.0	▼44.8
Total Cash Flow ⁽⁶⁾	126.0	109.6	▼16.3
EBITDA ⁽⁷⁾	▼158.3	▼50.6	+107.6

(JPY Bn)

※1 Figures in brackets represent aircraft lease payment within one year

※2 Figures in brackets represent Equity Ratio for credit rating adding the hybrid financing

※3 Figures in brackets represent Net D/E Ratio for credit rating adding the hybrid financing

(1) Equity attributable to owners of the parent

(2) Ratio of equity attributable to owners of the parent to total assets

(3) Interest-bearing Debt/ Shareholders' Equity

(4) (Interest-bearing Debt – Cash and Deposits) / Shareholders' Equity

(5) Cash Flow from Operating Activities + Cash Flow from Investing Activities

(6) Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities

(7) EBITDA=EBIT+ Depreciation

- This slide shows balance sheet and cash flow.
- 350 billion yen of the hybrid financing and the unused credit line of 300 billion yen enabled us to secure enough amount of liquidity at hand. Our liquidity at hand at the end of December is more than 800 billion yen.
- Equity ratio for credit rating became 43%, and net D/E ratio for credit rating is 0.2. Despite the prolonged difficult situations, we are able to maintain financial soundness.
- Because of demand recovery mainly in Domestic Passenger, the third quarter period from October to December cash flow turned positive for the first time since the fourth quarter of FY2019. It turned to 9.1 billion yen of cash inflow. EBITDA also turned positive of 11.8 billion yen.
- The following pages are for your references.
- This concludes my presentation. Thank you so much for your attention.

1. PERFORMANCE OVERVIEW FOR
3rd Quarter FY21
2. RECENT OUTLOOK
3. RECENT INITIATIVES
4. DETAILS OF FINANCIAL RESULTS
FOR 3rd Quarter FY21
- 5. REFERENCES**

《Reference》

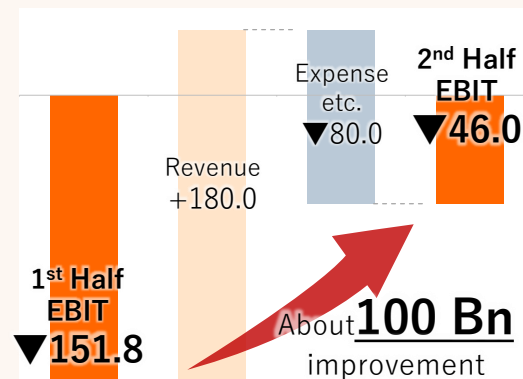
FULL-YEAR PERFORMANCE FORECAST MAR/2022

- ✓ Full-year performance forecast is expected to improve significantly y/y to EBIT ▼198 billion yen and Net loss ▼146 billion yen
- ✓ The 2nd half is expected to improve from the 1st Half by about EBIT 100 billion yen
- ✓ Full-year actual fixed cost is expected to be 475 billion yen, 25 billion yen less than the initial and previous year's level of 500 billion yen

Full-year Performance Forecast

(Bn Yen)	FY2020	FY2021		
	Result	Forecast	Diff.	y/y
Revenue	481.2	766.0	+284.7	+59.2%
Int'l PAX	27.9	93.0	+65.0	+232.5%
Dom PAX	174.0	297.0	+122.9	+70.7%
Cargo / Mail	128.8	201.0	+72.1	+56.0%
Other Revenue ⁽¹⁾	150.4	175.0	+24.5	+16.3%
Operating Expense	885.0	974.0	+88.9	+10.1%
Others ⁽²⁾	5.5	10.0	+4.4	+81.6%
EBIT	▼398.3	▼198.0	+200.3	-
Profit or Loss	▼286.6	▼146.0	+140.6	-

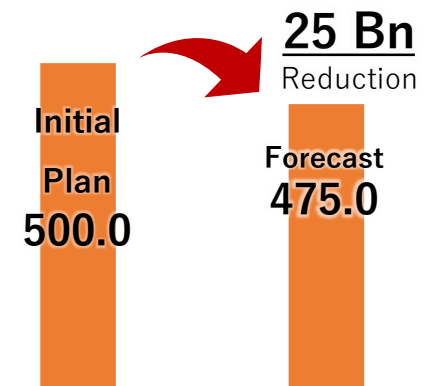
EBIT Improvement



- Steady increase in Dom. Pax. Revenue
- Good revenue continues in Cargo

【2nd Half Fuel/FX Markets Assumptions】

- Singapore Kerosene : 90USD/bbl
- Dubai Crude Oil : 83USD/bbl
- FX : 110 yen/USD

Actual Fixed Cost⁽³⁾ vs. Initial Plan

- Personnel : about 20 Bn yen reduced
- Services or Rent : about 5 Bn yen reduction

Sensitivity※

- Fuel : about 0.4 Bn (1USD/bbl)
- FX : about 0.3 Bn (1yen/USD)

※For the 2nd Half only,
Hedging included.

(1) Other Revenue = Travel Agency, Mileage, Ground Handling or etc.

(2) Others = Gain or Loss on Sales of Flight Equipment, Other Revenue, Share of Profit or Loss of Investment and Income/Expenses from Investment

(3) Actual Fixed Cost: (Total Fixed Cost) – (costs that may be variable according to operational size and number of passengers, temporary or additional costs in association with the structural restructuring)

《Reference》 Operation Performance by Geographic Segment⁽¹⁾ (Full Service Carrier)



Passenger Revenue					
(%)	Q3 (April to Dec.)			Q3 (Oct. to Dec.)	
	FY21Q3 Component Ratio	Vs. FY19Q3	Vs. FY20Q3	FY21Q3 Component Ratio	Vs. FY20Q3
America	48%	▼79.9%	+295.1%	45%	+157.7%
Europe	16%	▼88.8%	+92.5%	16%	+68.8%
Asia/Oceania	26%	▼90.2%	+98.8%	29%	+65.5%
China	7%	▼91.9%	+27.9%	7%	▼20.8%
Hawaii/Guam	3%	▼97.5%	+253.6%	3%	+245.4%
Total	100%	▼88.3%	+149.9%	100%	+85.7%

ASK					
(MN seat km)	Q3 (April to Dec.)			Q3 (Oct. to Dec.)	
	FY21Q3	Vs. FY19Q3	Vs. FY20Q3	FY21Q3	Vs. FY20Q3
America	8,224	▼34.9%	+137.8%	2,900	+44.4%
Europe	3,476	▼43.2%	+109.0%	1,237	+46.8%
Asia/Oceania	4,681	▼67.4%	+131.8%	1,751	+68.1%
China	180	▼93.4%	+106.7%	65	+18.0%
Hawaii/Guam	269	▼95.2%	+301.7%	135	+210.0%
Total	16,831	▼59.4%	+130.7%	6,089	+52.5%

RPK					
(MN passenger km)	Q3 (April to Dec.)			Q3 (Oct. to Dec.)	
	FY21Q3	Vs. FY19Q3	Vs. FY20Q3	FY21Q3	Vs. FY20Q3
America	2,240	▼80.3%	+264.0%	862	+158.2%
Europe	598	▼89.1%	+95.0%	237	+61.1%
Asia/Oceania	1,065	▼91.5%	+114.6%	470	+67.5%
China	71	▼96.8%	+44.4%	25	▼17.7%
Hawaii/Guam	113	▼97.7%	+359.0%	50	+310.3%
Total	4,089	▼88.9%	+173.8%	1,647	+104.5%

Revenue Passengers Carried					
('000)	Q3 (April to Dec.)			Q3 (Oct. to Dec.)	
	FY21Q3	Vs. FY19Q3	Vs. FY20Q3	FY21Q3	Vs. FY20Q3
America	239	▼80.2%	+270.1%	93	+165.7%
Europe	64	▼89.4%	+92.2%	25	+58.3%
Asia/Oceania	235	▼93.1%	+100.0%	101	+54.8%
China	36	▼96.9%	+36.6%	12	▼20.3%
Hawaii/Guam	18	▼97.9%	+358.2%	8	+307.1%
Total	594	▼91.9%	+140.9%	241	+78.9%

Load Factor					
(%)	Q3 (April to Dec.)			Q3 (Oct. to Dec.)	
	FY21Q3	Vs. FY19Q3	Vs. FY20Q3	FY21Q3	Vs. FY20Q3
America	27.2%	90.1%	17.8%	29.7%	16.6%
Europe	17.2%	89.8%	18.5%	19.2%	17.5%
Asia/Oceania	22.8%	87.6%	24.6%	26.9%	27.0%
China	39.8%	81.8%	57.0%	38.7%	55.5%
Hawaii/Guam	42.0%	90.1%	36.8%	37.5%	28.4%
Total	24.3%	88.6%	20.5%	27.0%	20.2%

(1) Figures for LCC are excluded

《 Reference 》 Fleet Information



			End of FY20 (March 31, 2021)				End of FY21Q3 (December 31, 2021)				Diff. Total2 of Mar/21 and Dec/21
			Owned	Leased	Total 1	Total 2 retired aircraft excluded	Owned	Leased	Total 1	Total 2 retired aircraft excluded	
FSC (1)	Large	Airbus A350-900	4	4	8	8	10	4	14	14	+6
		Boeing 777-300ER	13	0	13	13	13	0	13	13	-
		Boeing 777-300	4	0	4	0	4	0	4	0	-
		Boeing 777-200ER	11	0	11	6	9	0	9	5	▼1
		Boeing 777-200	9	0	9	0	8	0	8	0	-
		Large-sized Total	41	4	45	27	44	4	48	32	+5
	Middle	Boeing 787-9	17	3	20	20	19	3	22	22	+2
		Boeing 787-8	27	0	27	27	26	0	26	26	▼1
		Boeing 767-300ER	29	0	29	29	29	0	29	29	-
		Boeing 767-300	2	0	2	2	1	0	1	0	▼2
		Middle-sized Total	75	3	78	78	75	3	78	77	▼1
	Small	Boeing 737-800	43	18	61	61	47	13	60	60	▼1
		Small-sized Total	43	18	61	61	47	13	60	60	▼1
	Regional	Embraer 170 / Embraer 190	32	0	32	32	32	0	32	32	-
		De Havilland DHC-8-400CC	5	0	5	5	5	0	5	5	-
		SAAB340B	3	0	3	2	1	0	1	0	▼2
		ATR42-600 / ATR72-600	10	1	11	11	12	1	13	13	+2
		Regional Total	50	1	51	50	50	1	51	50	-
FSC Total			209	26	235	216	216	21	237	219	+3
LCC	Boeing 787-8	2	0	2	2	3	0	3	3	+1	
	Boeing 737-800	0	0	0	0	0	6	6	6	+6	
LCC Total			2	0	2	2	3	6	9	9	+7
FSC – LCC Total			211	26	237	218	219	27	246	228	+10

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