

JAPAN AIRLINES Co., Ltd.

Financial Results

3rd Quarter Mar/2023 (FY2022)



JAPAN AIRLINES

On New Year's Day, 2023
Mt. Fuji and the first sunrise from "New Year Sunrise Flight"
Operated as a Sustainable Flight with SAF (Sustainable Aviation Fuel)

February 2, 2023



SKYTRAX

Covid-19 Safety
Rating
5-Star



SKYTRAX

COVID-19 Excellence Award



SKYTRAX

World Airline Star
Rating
5-Star



SKYTRAX

World's Best Economy Class



APEX

Health Safety Powered
by SimpliFlying Audit
Diamond



BEST WIFI
IN EASTERN ASIA
WINNER 2023



APEX

WORLD CLASS



APEX

FIVE STAR



2022 Award for Excellence
in Corporate Disclosure
— Industries —

SAAJ The Securities Analysts
Association of Japan



The 9th
IR Good Visual Award



2022
健康経営銘柄
Health and Productivity



2022
健康経営優良法人
ホワイト500

Health and Productivity
Management Brand

1. PERFORMANCE OVERVIEW FOR FY22Q3

2. FORECAST FOR FY22 FULL-YEAR

3. INITIATIVES FOR SAF

4. DETAILS OF FINANCIAL RESULTS FOR FY22Q3

5. REFERENCES

ESG Indices



FTSE Blossom[※]
Japan Index



FTSE Blossom
Japan Sector
Relative Index

2022 CONSTITUENT MSCI JAPAN[※]
EMPOWERING WOMEN INDEX (WIN)

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Dow Jones Sustainability
Asia Pacific Index

Climate Change 「A-」

Note (1) Regarding figures in tables of this material, amounts are rounded down to the nearest hundred million yen, and the second decimal point in ratios is rounded off to one decimal point. Regarding percentage or ratio compared to prior year, if changes exceed 1,000%, “-” is shown.

(2) 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).

(3) LCC=Low Cost Carrier (4) We introduced ESG-related index selections to evaluate executive officer's compensations. ※ indicates the applicable index.

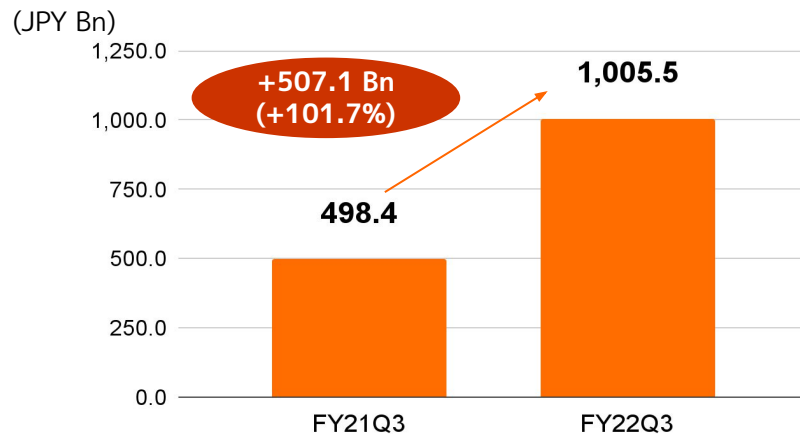
(5) Following the finalization of the provisional accounting processes for the consolidation of JALUX in FY22Q3, figures for the consolidated statement of financial position for FY21Q4 and consolidated profit and loss statement for FY22Q1 and Q2 have been retroactively adjusted.

Performance Overview for FY22Q3

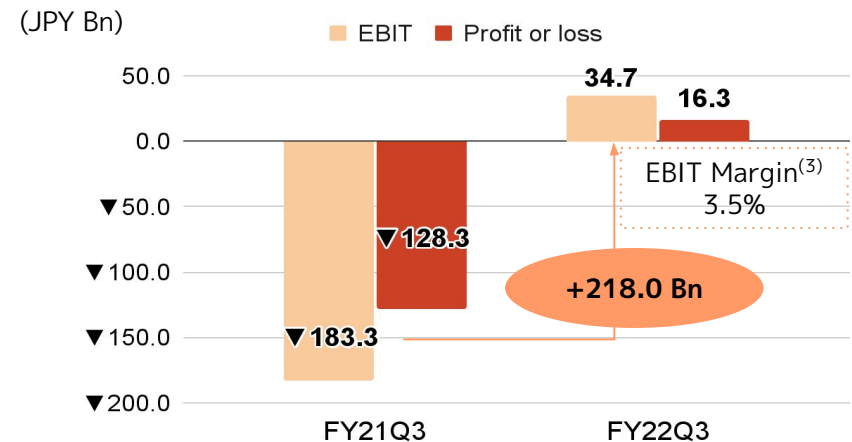


- ✓ Demand for International and Domestic Passenger rapidly recovered since October
- ✓ Net profit turned black in the third quarter, following the positive EBIT in the first half

Revenue



EBIT ⁽¹⁾ / Profit or Loss ⁽²⁾



Fuel/FX Markets

	FY21 Q3 (Apr. to Dec.)	FY22 Q3 (Apr. to Dec.)	y/y
Singapore Kerosene (USD/bbl)	77.2	134.2	+73.8%
Dubai Crude Oil (USD/bbl)	71.3	100.3	+40.7%
FX Rate (JPY/USD)	110.7	135.3	+22.2%

Operational Preconditions/ASK

	Vs. FY21Q3 (Apr. to Dec.)		
	International Routes	Domestic Routes	Total
Full Service Carrier	+60.7%	+48.5%	+54.4%
LCC	+223.8%	+571.9%	+246.7%
Total	+70.2%	+50.6%	+60.4%

(1) EBIT= Profit or Loss before Financing and Income tax (Profit or Loss before Tax – Finance Income and Expenses)

(2) Profit or Loss = Quarterly Profit or Loss Attributable to Owners of Parent (3) EBIT Margin =EBIT / Revenue

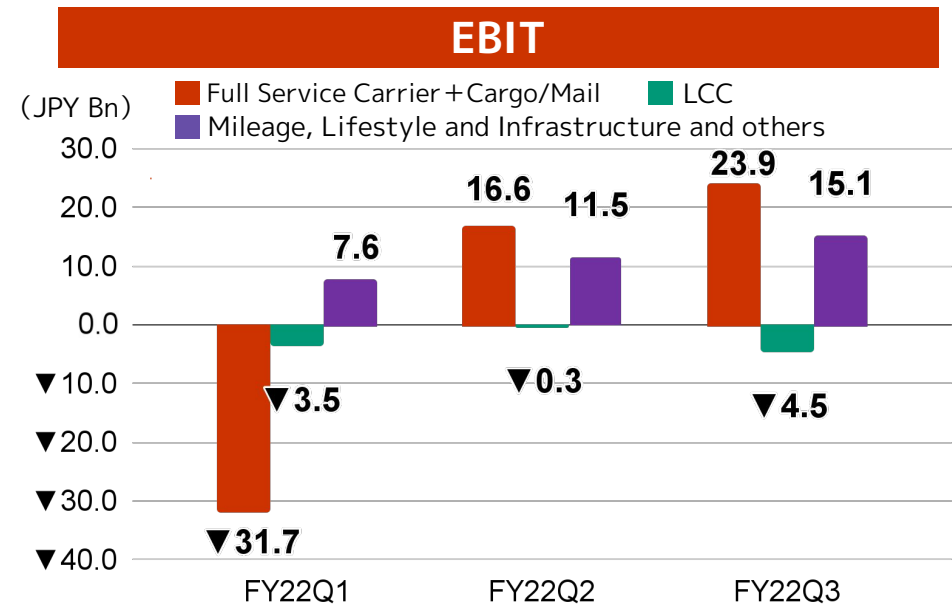
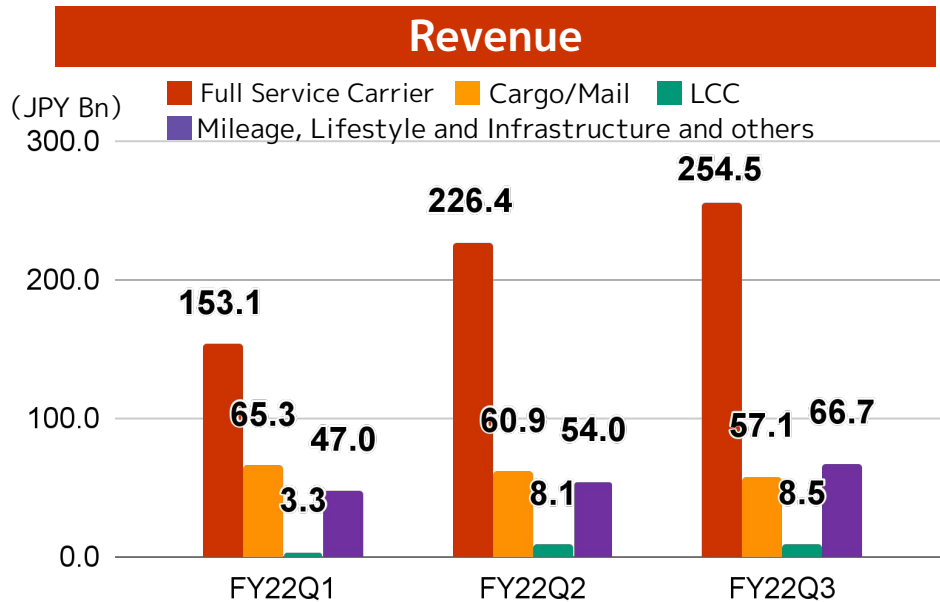
- In the third quarter, our revenue was 1,005.5 billion yen, improving by 507.1 billion yen year-on year, due to the recovery of international passenger demand from the drastic relaxation of border restrictions by Japan from October, and the recovery of domestic passenger demand as new modes of behavior were established.
- EBIT was 34.7 billion yen, which increased by 218 billion yen year-on-year, steadily accumulating the profit from the second quarter.
- We posted a cumulative net profit of 16.3 billion yen, which turned profitable on a quarterly basis for the first time after the pandemic.

FY22Q3 Performance by Business Domain



- ✓ Revenue/EBIT steadily improved as passenger demand recovered
- ✓ Mileage Business records stable profit

FY22 Q3 (Apr. to Dec.) (JPY Bn)	Full Service Carrier	Cargo / Mail	LCC (1)	Mileage, Lifestyle and Infrastructure and others (2)
Revenue	634.1	183.4	20.1	167.7
EBIT	8.8		▼8.4	34.3



- The revenue and EBIT by each business domain shown above are calculated by a virtual method; Not showing the actual Revenue and EBIT
 - The criteria shown above does not match Air Transport Business Segment or Others
 - The figures may be changed because of the internal change of accounting rules ex post
 - The criteria shown above has started from this fiscal year. There is no historical data available
- (1) LCC = Passenger revenue and related charges or fees. Revenues of the two consolidated subsidiaries, ZIPAIR and Spring Japan. EBIT of the two subsidiaries and any factors related to the affiliated company accounted for by the equity-method, Jetstar Japan
- (2) Mileage, Lifestyle and Infrastructure and others = Travel Agency, Mileage, Ground Handling etc.

- On this page, I will explain the result of each business domain using internal management figures.
- The full-service carrier business domain posted an EBIT profit of 8.8 billion yen. By taking all possible measures to utilize our resources, we were able to capture the recovering passenger demand, and both revenue and EBIT steadily increased. As a result, we posted a quarterly profit of 23.9 billion yen in the third quarter.
- As for the LCC business domain, it resulted in an EBIT loss of 8.4 billion yen. Along with the recovery of the international passenger demand, ZIPAIR marked a good record. However, Spring Japan, which mainly operates on China routes, and Jetstar Japan, which mainly operates on domestic routes, continued to face difficult conditions, and their losses increased.
- The Mileage, Lifestyle and Infrastructure business domain posted a cumulative EBIT profit of 34.3 billion yen. The mileage business is recording stable profits, and the profitability of the commerce business is also improving. This business domain is playing a leading role as our future growth driver.

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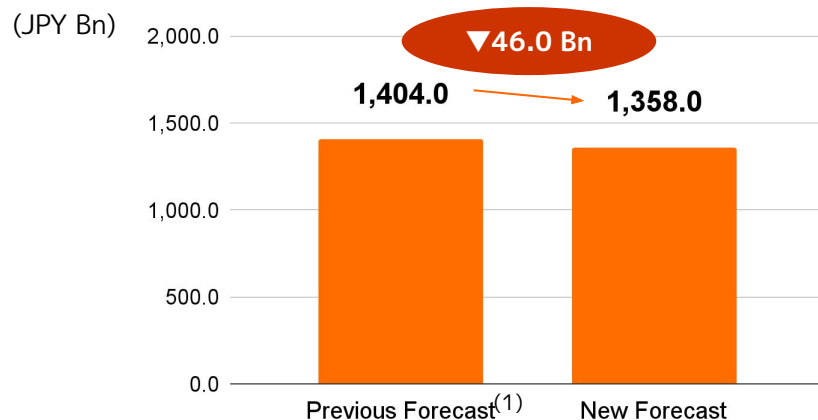


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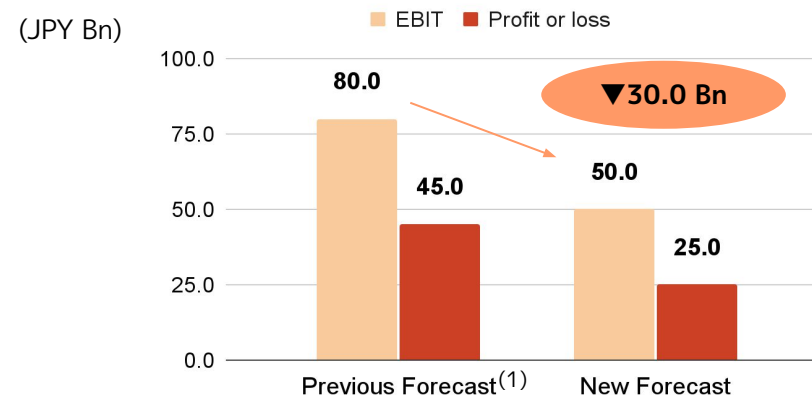
FY22 Full-Year Performance Forecast Revision

- ✓ Downward revision conducted for revenue, EBIT and net profit to reflect latest demand trends for passenger and cargo
- ✓ Steady cost reduction, although not able to cover downturn of dom. passenger revenue
- ✓ We will strive to resume dividends despite the revision. Dividends forecasted at 20 yen per share

Revenue



EBIT / Profit or Loss



Shareholder Return Forecast

	FY2021 Results	FY2022 Forecast
Year-End Dividend per share	—	20.0 JPY
Payout Ratio ⁽²⁾	—	35.0%

Fuel/FX Markets

	FY2021 Results	FY2022 Forecast	
		Previous ⁽¹⁾	New
Singapore Kerosene (USD/bbl)	81.6	132.7 (2nd Half 125.0)	130.7 (Q4 120.0)
Dubai Crude Oil (USD/bbl)	74.3	102.9 (2nd Half 100.0)	95.2 (Q4 80.0)
FX Rate (JPY/USD)	111.6	137.9 (2nd Half 145.0)	134.0 (Q4 130.0)

- On this page, I will explain the revision of the full-year consolidated earnings forecast for the fiscal year ending March 31, 2023.
- Based on the latest international and domestic passenger and cargo demand forecasts, we revised our full-year consolidated earnings forecast for the fiscal year ending March 31, 2023 downwardly. Our new forecast is revenue of 1,358 billion yen, EBIT of 50 billion yen, and net profit of 25 billion yen. We have downwardly revised revenue by 46 billion yen, EBIT by 30 billion yen, and net profit by 20 billion yen.
- Although the earnings forecast has been revised downwards, we will do our utmost to resume year-end dividends for this fiscal year, as we have mentioned.
- We understand that the air travel demand is still in the process of recovery and the future remains uncertain. However, as we were able to make some certainty to achieve profitability in the current fiscal year and for the future, we are forecasting a dividend of 20 yen per share at the end of the current fiscal year.
- At this moment, this level is the best we can pay, but from the next fiscal year onwards, we will focus on the continuity and stability of dividends. We will aim for a dividend payout ratio of around 35% or more, while generating a sufficient level of profit.

Details of FY22 Full-Year Performance Forecast Revision



(JPY Bn)	FY2021	FY2022			
	Results	Previous ⁽⁴⁾ Forecast	New Forecast	Diff. Forecast	Diff. y/y
Revenue	682.7	1,404.0	1,358.0	▼46.0	+675.2
Full Service Carrier	528.2	1,128.0	1,094.0	▼34.0	+565.7
International PAX	68.7	404.0	407.0	+3.0	+338.2
Domestic PAX	235.1	471.0	445.0	▼26.0	+209.9
Cargo / Mail	218.3	238.0	227.0	▼11.0	+8.6
Other Revenue	6.0	15.0	15.0	0	+8.9
LCC (1)	2.9	35.0	30.0	▼5.0	+27.0
Mileage, Lifestyle and Infrastructure and others(2)	151.5	241.0	234.0	▼7.0	+82.4
Operating Expense	940.2	1,356.0	1,340.0	▼16.0	+399.7
Fuel	145.4	322.0	322.0	0	+176.5
Excluding Fuel	794.7	1,034.0	1,018.0	▼16.0	+223.2
Others(3)	18.0	32.0	32.0	0	+13.9
EBIT	▼239.4	80.0	50.0	▼30.0	+289.4
Profit or loss	▼177.5	45.0	25.0	▼20.0	+202.5

EBIT by Business Domain		
(JPY Bn)	FY2022	
	Previous ⁽⁴⁾ Forecast	New Forecast
Full Service Carrier	47.0	13.0
Cargo / Mail		
LCC (1)	▼9.0	▼10.0
Mileage, Lifestyle and Infrastructure and others(2)	42.0	47.0

- The Revenue and EBIT by each business domain shown above are calculated by a virtual method; Not showing the actual Revenue and EBIT
- The criteria shown above does not match Air Transport Business Segment or Others

(1) LCC = Passenger revenue and related charges or fees. Revenues of the two consolidated subsidiaries, ZIPAIR and Spring Japan. EBIT of the two subsidiaries and any factors related to the affiliated company accounted for by the equity-method, Jetstar Japan

(2) Mileage, Lifestyle and Infrastructure and others = Travel Agency, Mileage, Ground Handling etc.

(3) Others = Gain on Sales of Aircraft, Other Income, Share of Profit or Loss of Investment and Income/Expenses from Investment

(4) Disclosed on November 1, 2022

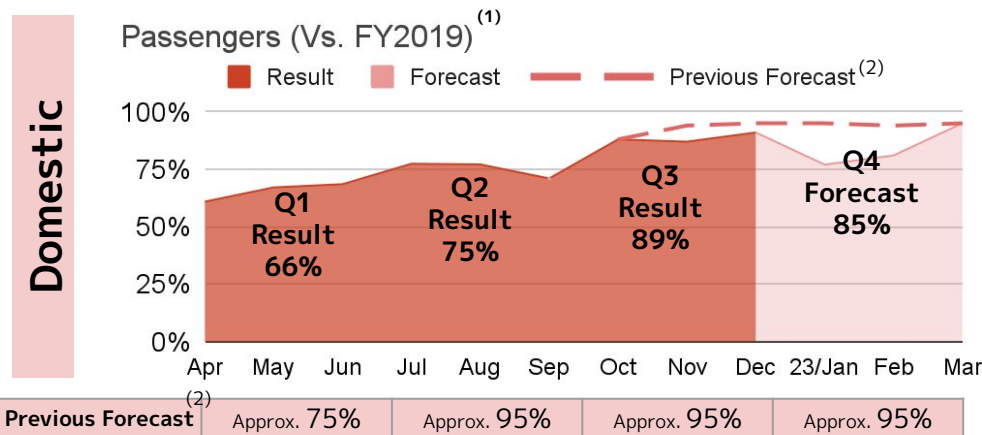
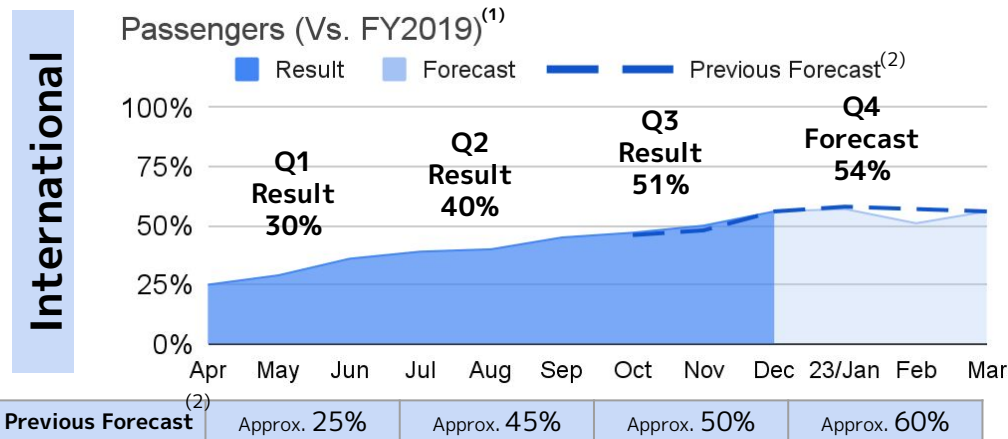
- On this page, I will focus on some points regarding the revisions made to the earnings forecast announced this time.
- Revenue is expected to decrease by 46 billion yen.
International passenger revenue is expected to exceed the forecast by 3 billion yen, mainly due to higher unit prices, while domestic passenger revenue is expected to fall below the previous forecast by 26 billion yen due to sluggish demand. Cargo revenue is expected to be 11 billion yen lower than the previous forecast as the unit price did not reach our previous forecast.
- On the other hand, operating expenses are expected to decrease by 16 billion yen. While fuel costs remained almost in line with our expectations, we were able to steadily reduce costs other than fuel. However, this was not enough to make up for the decline in revenue.
- As a result, we have revised our consolidated earnings forecast for the fiscal year ending March 31, 2023, to a revenue of 1,358 billion yen, operating expenses of 1,340 billion yen, EBIT of 50 billion yen, and net profit of 25 billion yen.
- Both EBIT and net profit have been revised downwards, but in the remaining two months, under strict cost control, we will do our utmost to increase sales through measures such as stimulating demand for domestic tourism and do our utmost to accumulate as much profit as possible.

Premises of Performance Forecast for FY22 Full-year Int'l & Domestic Passenger Operations (Full Service Carrier)



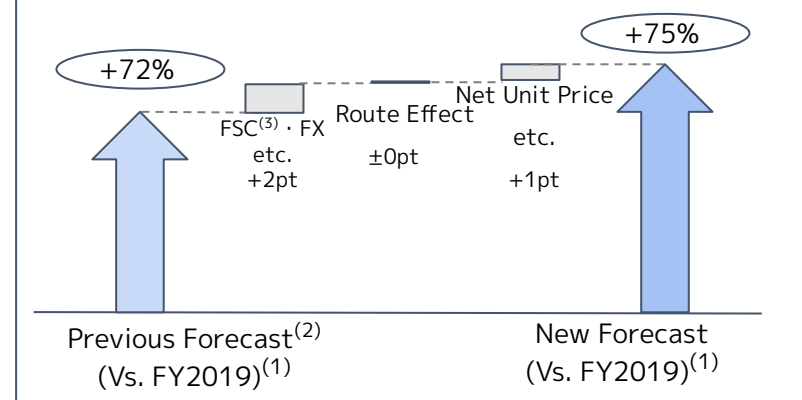
- ✓ International Passenger number is less than the previous forecast but revenue is above the previous forecast due to increasing revenue per passenger
- ✓ Domestic Passenger number will rise in March but fell below the previous forecast, resulting in lower revenue than previously expected

Passenger Demand

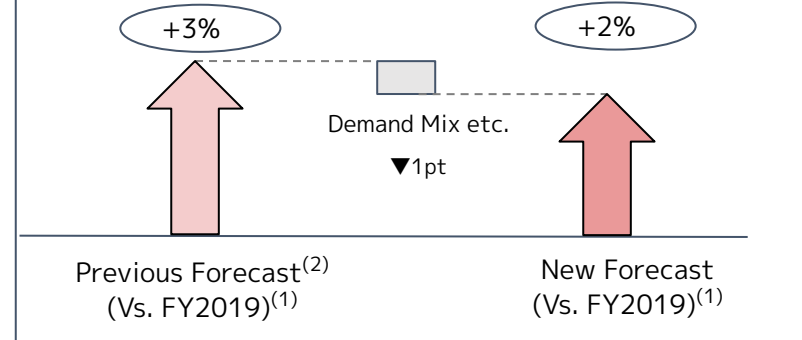


Revenue per Passenger

Factors of Changes



Factors of Changes



(1) vs FY2019 For January to March, based on demand estimation released in FY19 Q3 results (2) Disclosed on November 1, 2022 (3) FSC=Fuel Surcharge

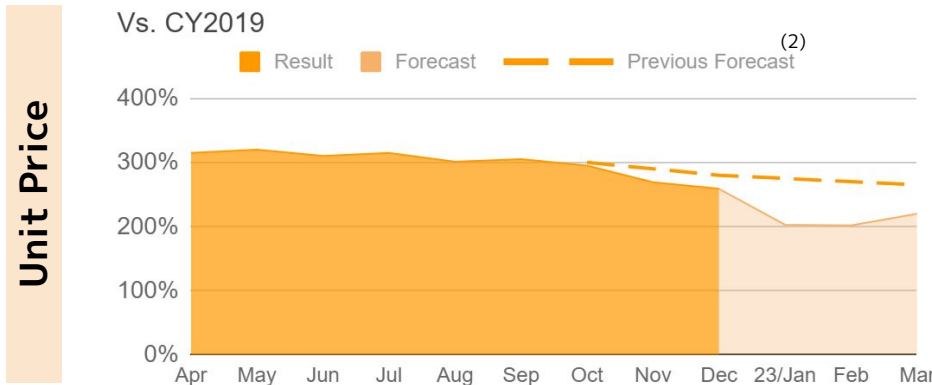
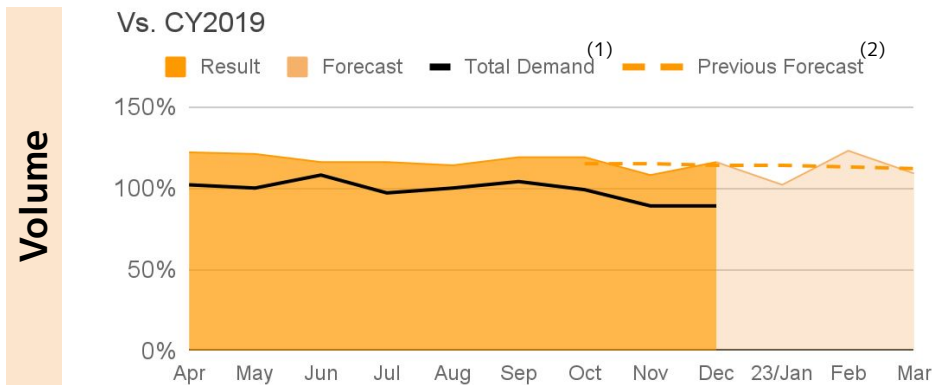
- On this page, I will explain the current trends in passenger demand for the full service carrier business.
- The number of international passengers is expected to fall slightly below expectations. Japan-bound demand excluding China is expected to recover to about 80% of pre-pandemic levels and exceed expectations. Demand from Japan is expected to fall slightly below expectations due to such factors as the weak yen and inflation outside of Japan.
- On the other hand, due to appropriate revenue management and the depreciation of the yen, the unit price has improved more than expected, mainly for Japan-bound passengers. As a result, international passenger revenue is expected to exceed the previous forecast by 3 billion yen.
- As for domestic passenger revenue, in addition to the fact that the speed of recovery in business demand is slower than we expected, the effect of increasing demand by the nation-wide travel support program during January and February is limited. We expect the number of passengers to be 89% of the pre-pandemic levels in the third quarter and remain at around 85% in the fourth quarter, not reaching the level of 95% which was previously forecasted.
- In March, it is expected to recover to more than 90% of pre-pandemic levels, and we expect a full-fledged recovery next fiscal year. However, domestic passenger revenue for the current fiscal year is expected to decrease by 26 billion yen from the previous forecast.

Premises of Performance Forecast for FY22 Full-year Cargo, LCC, Mileage, Lifestyle, Infrastructure and others

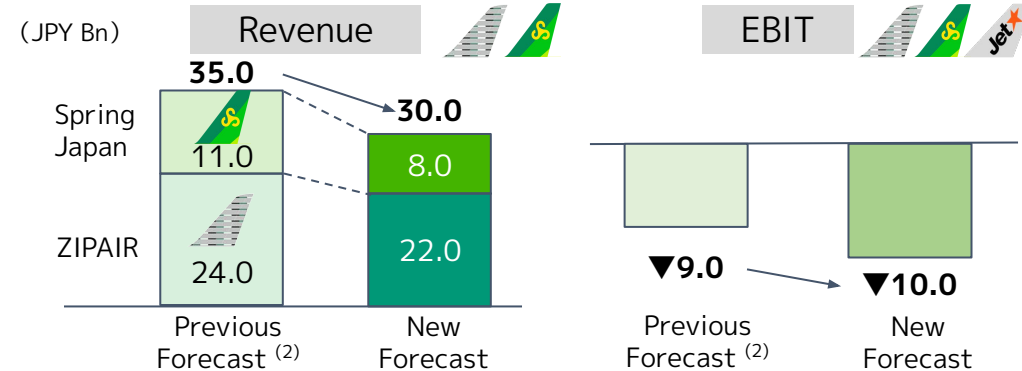


- ✓ Int'l Cargo volume maintains previous forecast levels amid declining market avg., but lower unit price from relaxation of supply-demand balance results in lower revenue than previously expected
- ✓ LCC is slow in the domestic market but ZIPAIR performs strongly
- ✓ Mileage business and Commerce business perform strongly

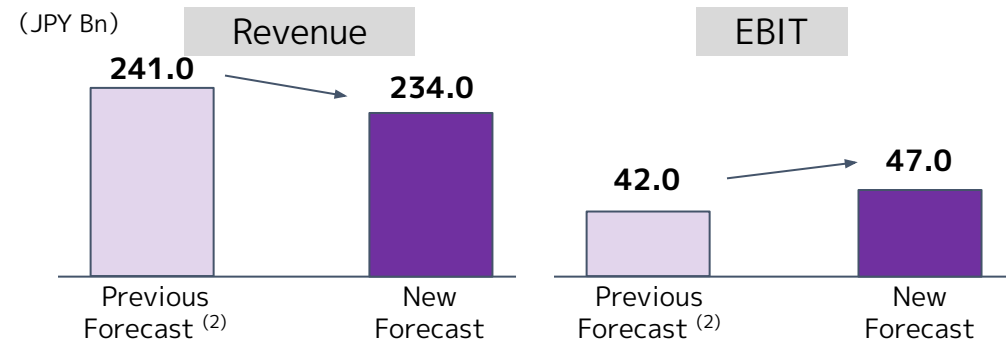
Cargo (International Cargo)



LCC (3)



Mileage, Lifestyle, Infrastructure and others (4)



(1) Market average is calculated from JAFJA (Japan Air Freight Forwarders Association) statistics (to/from Japan). (2) Disclosed on November 1, 2022

(3) LCC = Passenger revenue and related charges or fees. Revenues of the two consolidated subsidiaries, ZIPAIR and Spring Japan. EBIT of the two subsidiaries and any factors related to the affiliated company accounted for by the equity-method, Jetstar Japan (4) Mileage, Lifestyle and Infrastructure and others = Travel Agency, Mileage, Ground Handling etc.

- This page shows the performance of the international cargo business, LCC business and the Mileage, Lifestyle, Infrastructure and others business.
- As for international cargo business, the total demand for air cargo is on a downward trend due to the normalization of disruptions in marine transportation and the slowdown in cargo movement due to concerns about an economic slowdown. However, we expect that we will be able to secure the volume that we have expected.
- Unit price remains higher than in FY2019, but cargo revenue is expected to be 11 billion yen lower than the previous forecast due to factors such as the easing of the supply-demand balance.
- As for LCC business, ZIPAIR is steadily recording positive results mainly by strong demand from non-Japanese customers, but revenue is expected to be slightly lower than expected due to delayed delivery of their fifth aircraft. Spring Japan is increasing the number of domestic flights while the operation for China routes is restricted, but a difficult situation continues. Jetstar Japan, an equity-method affiliate that mainly operates domestic flights, is also struggling, thus LCC's deficit is expected to expand.
- The Mileage business records stable revenue and profit. The ground handling business for other airlines expected to be lower than the previous forecast due to delayed recovery of flights by foreign airlines.

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Initiatives for SAF⁽¹⁾



FY2018 FY2019 FY2020 FY2021 FY2022

SAF Procurement from overseas

- ① Invested in Fulcrum BioEnergy, Inc.,
- Loaded SAF for flight from San Francisco
- Start loading SAF for A350 delivery flights
- Joint procurement in the oneworld alliance
- ② Aemetis Inc.,
- ③ Gevo Inc.,
- Fulcrum BioEnergy, Inc., starts production
- ④ Agreements with Neste OYJ & Itochu Corporation
- ⑤ MOU with Raven SR Inc. & ITOCHU Corporation

Initiatives for Japan-made SAF Production

- Launched a project for the production of Japan-made SAF using cotton clothing
- Start Feasibility Study on Production and Sales with Marubeni Corporation and ENEOS Corporation
- Conducted the first flight with Japan-made SAF, using cotton from clothes
- Published joint report with ANA to expand awareness and promote understanding of SAF
- Established a voluntary organization "ACT FOR SKY"
- Participated in a public-private sector joint council for SAF
- Loaded SAF in Sustainable Charter Flight



Act for Sky



NESTE MY Sustainable Aviation Fuel

- ④ Neste OYJ & Itochu Corporation
Source : Tallow, waste cooking oil
Loading started from FY2022

Accelerating initiatives for Japan-made SAF's production!



Fulcrum BIOENERGY

- ① Fulcrum BioEnergy, Inc., (Nevada)
Source : Waste
Scheduled to be loaded from the latter half of the 2020s

AEMETIS

- ② Aemetis inc., (California)
Source : Tallow
Loading scheduled from FY2024

gevo

- ③ Gevo Inc (Minnesota)
Source : Inedible corn
Loading scheduled from FY2026

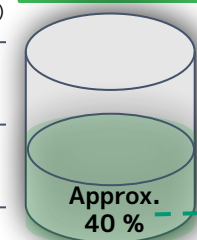
RAVEN

- ⑤ Raven SR Inc. (California)
Source : Waste
Loading scheduled from FY2024

FY2030 Target

10%
of total Fuel on board
Approx. 0.4 million KL

(KL)
0.4 million
0.2 million
0



Current
estimated
procurement
potential

We will continue to work on procurement both internationally and domestically

(1) Sustainable Aviation Fuel

- On this page, we will explain our initiatives around SAF, sustainable aviation fuel.
- In our medium-term management plan, we have set a goal of reducing our net CO2 emissions to zero by 2050, and replacing 10% of all fuel on-board to SAF by 2030.
- Currently, we are continuing various initiatives regarding the procurement of SAF. This fiscal year we have concluded contracts with Neste and Itochu Corporation, and signed a memorandum with Raven. We are steadily accumulating procurement from overseas manufacturers toward our goal. The production of SAF is also progressing, including the start of production at Fulcrum.
- In Japan, SAF production has not yet been realized, but through participation in the council across public and private entities and ACT FOR SKY activities, we are working to commercialize, popularize, and expand domestic SAF production by collaborating with various industries.
- We have secured about 40% of the required amount to achieve our goal for 2030, which is 10% of total fuel load, or about 400 thousand kiloliters of SAF.
- We will continue to work toward SAF procurement from both overseas and Japan in order to realize a sustainable air transportation business.

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Details of financial results for FY22Q3

Consolidated Financial Results



(JPY Bn)	Q3 (Apr. to Dec.)							Q3 (Oct. to Dec.)		
	FY19Q3	FY21Q3	FY22Q3	Vs. FY19Q3		Vs. FY21Q3		FY22Q3	Vs. FY21Q3	
				Diff.	y/y	Diff.	y/y		Diff.	y/y
Revenue	1,112.7	498.4	1,005.5	▼107.1	▼9.6%	+507.1	+101.7%	387.0	+179.2	+86.2%
Full Service Carrier	910.7	385.8	817.6	▼93.1	▼10.2%	+431.7	+111.9%	311.7	+144.9	+86.9%
International PAX	401.3	47.0	287.1	▼114.2	▼28.5%	+240.0	+509.7%	123.8	+105.9	+589.7%
Domestic PAX	427.9	174.0	335.5	▼92.4	▼21.6%	+161.4	+92.7%	126.8	+42.5	+50.4%
Cargo / Mail	69.1	161.0	183.4	+114.3	+165.4%	+22.4	+13.9%	57.1	▼5.4	▼8.7%
Other Revenue	12.2	3.6	11.4	▼0.8	▼6.6%	+7.8	+215.3%	3.7	+2.0	+112.7%
LCC (1)	-	1.8	20.1	-	-	+18.3	-	8.5	+7.6	+829.0%
Mileage, Lifestyle and Infrastructure and others (2)	201.9	110.8	167.7	▼34.1	▼16.9%	+56.9	+51.4%	66.7	+26.5	+66.2%
Operating Expense	1,005.5	687.9	990.1	▼15.4	▼1.5%	+302.1	+43.9%	352.7	+107.7	+44.0%
Fuel	189.6	101.8	241.6	+52.0	+27.4%	+139.8	+137.3%	86.8	+43.9	+102.7%
Excluding Fuel	815.9	586.1	748.4	▼67.4	▼8.3%	+162.3	+27.7%	265.8	+63.7	+31.5%
Others (3)	7.4	6.1	19.2	+11.7	+156.7%	+13.1	+214.2%	0.1	▼5.5	▼97.5%
EBIT	114.6	▼183.3	34.7	▼79.9	▼69.7%	+218.0	-	34.4	+66.0	-
EBIT Margin(%)	10.3%	-	3.5%	▼6.9pt	-	-	-	8.9%	-	-
Profit or loss	74.8	▼128.3	16.3	▼58.5	▼78.2%	+144.6	-	18.4	+41.8	-
RPK (MN passenger km)	58,776	13,089	38,079	▼20,696	▼35.2%	+24,990	+190.9%	14,935	+8,908	+147.8%
ASK (MN seat km)	69,070	35,830	57,466	▼11,603	▼16.8%	+21,636	+60.4%	21,128	+7,370	+53.6%
EBITDA Margin(%) (4)	21.1%	-	15.5%	▼5.6pt	-	-	-	18.8%	+13.1pt	-

(1) LCC = Passenger revenue and related charges or fees (2) Mileage, Lifestyle and Infrastructure and others = Travel Agency, Mileage, Ground Handling etc.

(3) Others = Gain on Sales of Aircraft, Other Income, Share of Profit or Loss of Investment and Income/Expenses from Investment

(4) EBITDA Margin = EBITDA/Revenue EBITDA=EBIT+Depreciation and Amortization

- From page 13, I will show you the results for the third quarter.
- Page 13 shows consolidated results.

Details of financial results for FY22Q3

Changes in EBIT (Revenues / Expenses)

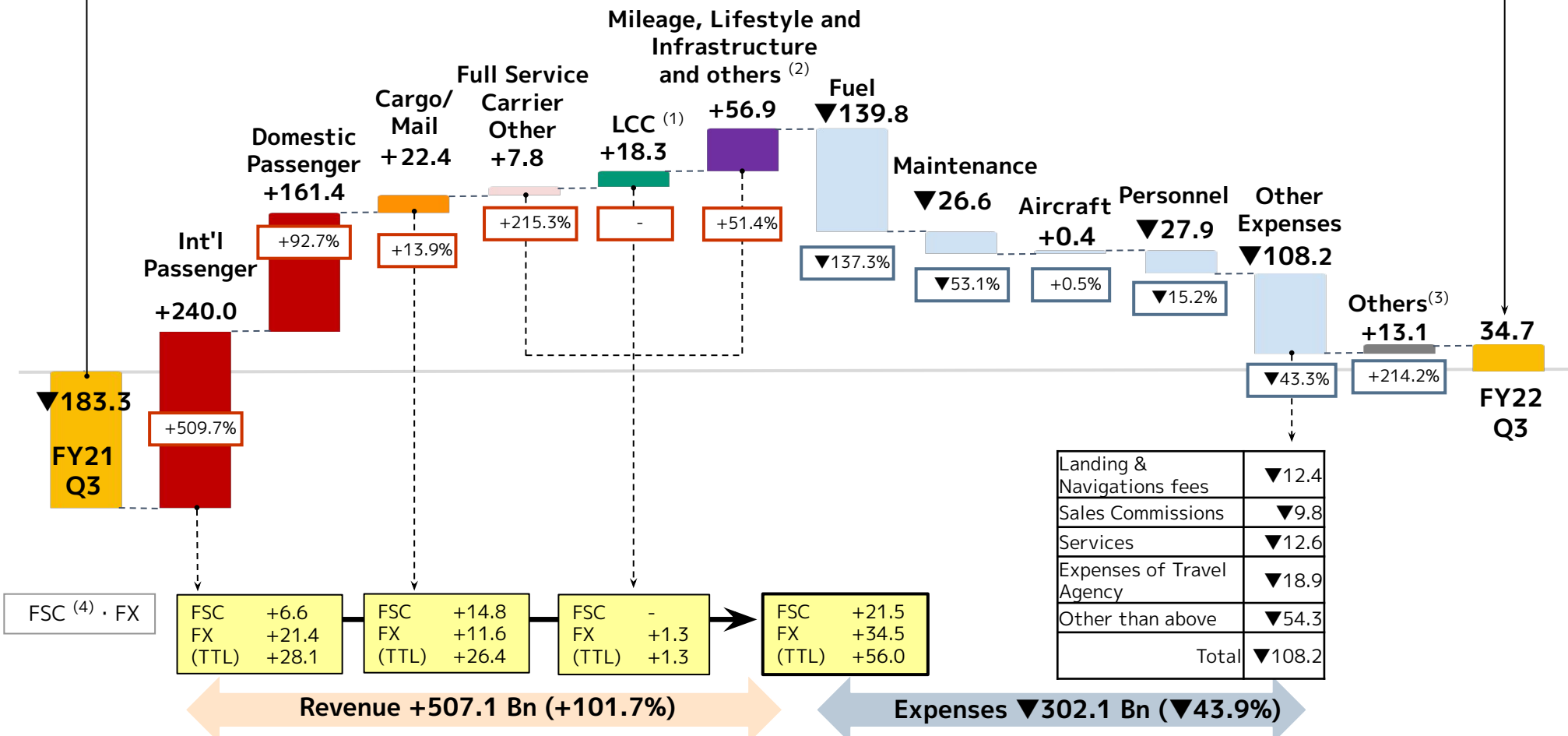


RPK y/y : +190.9%
ASK y/y : +60.4%

+218.0 Bn

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

(JPY Bn)



(1) LCC = Passenger revenue and related charges or fees (2) Mileage, Lifestyle and Infrastructure and others = Travel Agency, Mileage, Ground Handling etc.

(3) Others = Gain on Sales of Aircraft, Other Income, Share of Profit or Loss of Investment and Income/Expenses from Investment (4) FSC = Fuel Surcharge

- This page shows the factors behind the improvement in EBIT through revenue and expense.
- Revenue increased significantly by 507.1 billion yen. In addition to the significant increase in international passenger revenue from the easing of border restrictions, revenue in domestic passenger business, LCC business, and the mileage, lifestyle and infrastructure business have also increased.
- As for costs, fuel costs have increased significantly due to the soaring fuel market and the depreciation of the yen. As the number of passengers and capacity increased, the costs associated with the scale of operations and the number of passengers have also increased.
- On the other hand, while the increase in ASK was 60% year-on-year, the increase in operating expenses was limited to 302.1 billion yen, or an increase of 44%. This was achieved through our continued and appropriate cost control. The increase in operating expenses excluding fuel costs have been suppressed to less than 30% of the increase in revenue.
- As a result, EBIT improved by 218 billion yen year-on-year, and achieved an EBIT profit of 34.7 billion yen in the cumulative third quarter.

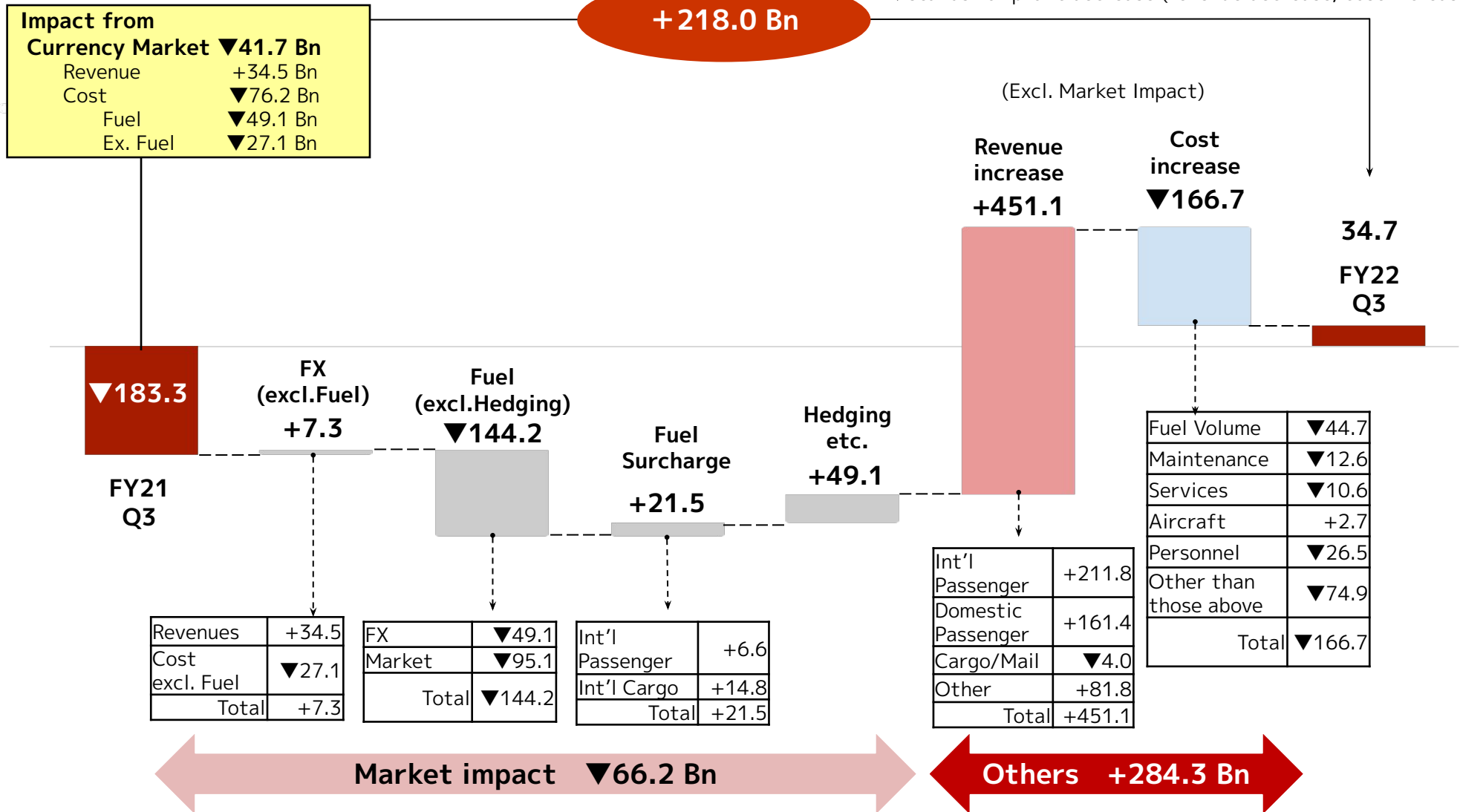
Details of financial results for FY22Q3

Changes in EBIT (Market and other impact)



(JPY Bn)

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



- This page shows the improvement of EBIT divided into market impacts and other factors.
- The impact of the market was a negative of 66.2 billion yen year-on-year. Although the negative impact of the rapid rise in the fuel market and the depreciation of the yen is significant, we worked to reduce its impact by applying fuel surcharges, appropriately implementing hedging and receiving subsidies from the government.
- We would like to thank everyone involved from the government for their support in response to the soaring fuel costs and the reduction of taxes and other public expenses.
- On the other hand, with the effects of these market impacts excluded, we have achieved an improvement of 284.3 billion yen. We will continue to strive to improve profitability by offsetting the negative impact of market conditions.
- The fuel market has been gradually settling down and the level for fuel surcharges is going down, which is a good condition for the recovery of international passenger demand. We will continue to pay close attention to the fuel and FX market.

Details of financial results for FY22Q3

Int'l & Domestic Passenger Operations (Full Service Carrier)



International Passenger	Q3 (Apr. to Dec.)					Q3 (Oct. to Dec.)	
	FY19Q3	FY21Q3	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
Passenger Revenue (JPY Bn)	401.3	47.0	287.1	▼28.5%	+509.7%	123.8	+589.7%
Passengers ('000)	7,325	594	2,950	▼59.7%	+396.0%	1,208	+400.9%
RPK (MN passenger km)	36,753	4,089	19,130	▼47.9%	+367.8%	7,555	+358.8%
ASK (MN seat km)	41,463	16,831	27,055	▼34.7%	+60.7%	10,652	+74.9%
L/F (%)	88.6%	24.3%	70.7%	▼17.9pt	+46.4pt	70.9%	+43.9pt
Revenue per Passenger (JPY) (1)	54,784	79,171	97,315	+77.6%	+22.9%	102,517	+37.7%
Yield (JPY) (2)	10.9	11.5	15.0	+37.4%	+30.3%	16.4	+50.3%
Unit Revenue (JPY) (3)	9.7	2.8	10.6	+9.6%	+279.3%	11.6	+294.3%

Domestic Passenger	Q3 (Apr. to Dec.)					Q3 (Oct. to Dec.)	
	FY19Q3	FY21Q3	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
Passenger Revenue (JPY Bn)	427.9	174.0	335.5	▼21.6%	+92.7%	126.8	+50.4%
Passengers ('000)	29,149	11,987	22,353	▼23.3%	+86.5%	8,635	+48.0%
RPK (MN passenger km)	22,022	8,912	17,148	▼22.1%	+92.4%	6,594	+52.3%
ASK (MN seat km)	27,606	17,885	26,552	▼3.8%	+48.5%	9,097	+26.5%
L/F (%)	79.8%	49.8%	64.6%	▼15.2pt	+14.8pt	72.5%	+12.3pt
Revenue per Passenger (JPY) (1)	14,683	14,523	15,012	+2.2%	+3.4%	14,694	+1.6%
Yield (JPY) (2)	19.4	19.5	19.6	+0.7%	+0.2%	19.2	▼1.2%
Unit Revenue (JPY) (3)	15.5	9.7	12.6	▼18.5%	+29.8%	13.9	+18.9%

(1) Revenue per Passenger = Passenger Revenue / Passengers (2) Yield = Passenger Revenue / RPK (3) Unit Revenue = Passenger Revenue / ASK

- This page shows the performance of the international and domestic passenger business.
- For international passengers, the number of passengers remained at a level of 40% compared to Fiscal Year 2019, but as unit price increased by 78%, the revenue recovered to 72%. This is about 6 times higher than the previous year.
- For domestic passengers, the number of passengers remained at a level of 77% compared to Fiscal Year 2019, but as a result of a 2% increase in unit price, the revenue recovered to 78%. This is about double that of the previous year
- While both international and domestic passenger demand is recovering, we have been able to maintain and achieve a high level of unit price compared to last year by implementing fare revisions and conducting appropriate revenue management measures.

Details of financial results for FY22Q3

Cargo



International Cargo	Q3 (Apr. to Dec.)					Q3 (Oct. to Dec.)	
	FY19Q3	FY21Q3	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
Cargo Revenue (JPY Bn)	44.7	133.3	156.2	+249.1 %	+17.2 %	47.2	▼10.1%
Available Ton Km (MN ton km)	3,378	2,513	2,853	▼15.5%	+13.5 %	995	+11.0 %
Revenue Ton Km (MN ton km)	1,838	2,364	2,167	+17.9 %	▼8.3%	721	▼15.7%
Carried Cargo Weight (Thousand ton)	303	387	352	+16.3 %	▼8.8%	117	▼15.7%
Revenue Ton (JPY/kg)	148	344	443	+200.1 %	+28.6 %	403	+6.7 %

Domestic Cargo	Q3 (Apr. to Dec.)					Q3 (Oct. to Dec.)	
	FY19Q3	FY21Q3	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
Cargo Revenue (JPY Bn)	16.0	16.3	15.2	▼4.9%	▼6.8%	5.4	▼2.5%
Available Ton Km (MN ton km)	1,275	813	1,221	▼4.2%	+50.1 %	421	+27.3 %
Revenue Ton Km (MN ton km)	253	175	211	▼16.8%	+20.3 %	77	+17.7 %
Carried Cargo Weight (Thousand ton)	274	181	222	▼19.0%	+22.6 %	83	+19.1 %
Revenue Ton (JPY/kg)	58	90	69	+17.5 %	▼24.0%	66	▼18.2%

- This page shows the performance of the Cargo business.
- As for international cargo business, we were able to limit our transport volume to a decline of 9% compared to the same period of the previous year, despite the rapid decline in total demand for air cargo due to factors such as the normalization of marine transport and concerns about a global economic downturn.
- Although unit price is on a downward trend due to the easing of the supply-demand balance, it still maintains about three times the level in Fiscal Year 2019. As a result, the cumulative third quarter revenue increased by 17% from the strong performance of last year's third quarter.
- Domestic cargo also remained firm, although the demand-supply balance eased due to the recovery of the number of passenger flights.

Details of financial results for FY22Q3

LCC



LCC	ZIPAIR					Spring Japan (1)(2)		
	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)		Q3 (Apr. to Dec.)	Q3 (Oct. to Dec.)	
	FY21Q3	FY22Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3	FY22Q3	FY22Q3	Vs. FY21Q3
Passenger Revenue (JPY Bn)	0.2	13.9	-	6.5	-	5.4	1.7	+153.9%
Passengers ('000)	11	306	-	143	-	340	131	+357.5%
RPK (MN passenger km)	38	1,518	-	677	-	281	107	+302.8%
ASK (MN seat km)	1,013	3,303	+226.0%	1,148	+164.2%	556	230	+427.0%
L/F (%)	3.8%	46.0%	+42.2pt	59.0%	+53.6pt	50.7%	46.8%	▼14.4pt
Revenue per Passenger (JPY) (3)	25,508	45,582	+78.7%	45,457	+74.8%	16,083	13,597	▼44.5%
Yield (JPY) (4)	7.7	9.2	+19.2%	9.6	+34.7%	19.4	16.6	▼37.0%
Unit Revenue (JPY) (5)	0.3	4.2	-	5.7	-	9.8	7.8	▼51.8%

(Reference) Jetstar Japan (2)	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)	
	FY21Q3	FY22Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
Passengers ('000)	2,122	3,193	+50.5%	1,091	+25.0%
L/F (%)	73.7%	77.1%	+3.4pt	76.0%	▼4.5pt

(1) No data for Spring Japan's FY21Q1 due to pre-consolidation.

(2) Summary of International and domestic passenger business

(3) Revenue per Passenger = Passenger Revenue / Passengers

(4) Yield = Passenger Revenue / RPK

(5) Unit Revenue = Passenger Revenue / ASK

- This page shows the performance of our LCC business.
- ZIPAIR's San Jose route is performing well after starting service in December, and recognition in the market have progressed. Its non-consolidated performance continues to be profitable, and we look forward to its future growth.
- Spring Japan is allocating resources to domestic flights as it is difficult to increase the number of flights to China, but the current situation continues to be challenging.
- For Jetstar Japan, a domestic LCC, while they are showing significant improvement in their load factor, its recovery is slow due to the impact of the fuel and FX market. However, they are continuously making a loss at this moment. We are currently working toward a profitable structure with our joint business partner, Qantas Airways.

Details of financial results for FY22Q3

Expenses



- ✓ Actual fixed costs for FY22Q3 was 367.1 billion yen, on track to suppress it under the annual goal of 500 billion yen. Further cost control will be conducted to suppress increase in costs by the market.

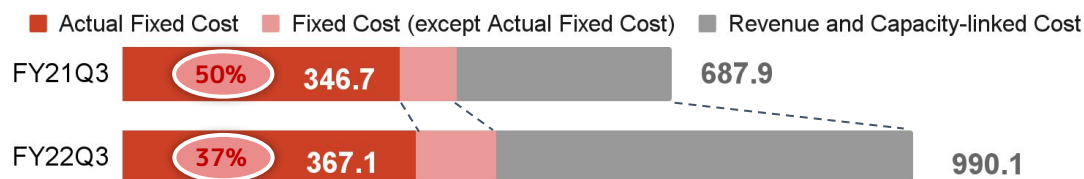
Major Operating Expense Items

(JPY Bn)	Q3 (Apr. to Dec.)							Q3 (Oct. to Dec.)		
	FY19Q3	FY21Q3	FY22Q3	Vs. FY19Q3		Vs. FY21Q3		FY22Q3	Vs. FY21Q3	
				Diff.	y/y	Diff.	y/y		Diff.	y/y
Fuel	189.6	101.8	241.6	+52.0	+27.4%	+139.8	+137.3%	86.8	+43.9	+102.7%
Landing and navigation fees	65.2	25.9	38.4	▼26.8	▼41.2%	+12.4	+47.8%	14.2	+4.5	+46.5%
Maintenance	58.8	50.2	76.8	+17.9	+30.6%	+26.6	+53.1%	29.1	+13.3	+84.6%
Sales commissions (Air Transport)	13.9	5.2	15.1	+1.1	+8.3%	+9.8	+186.6%	5.7	+3.3	+139.9%
Services(1)	35.4	10.8	23.5	▼11.9	▼33.7%	+12.6	+117.4%	9.5	+5.2	+123.7%
Other variable cost(2)	159.4	76.2	127.2	▼32.2	▼20.2%	+50.9	+66.8%	50.1	+20.9	+71.8%
Aircraft(3)	97.6	102.3	101.8	+4.2	+4.3%	▼0.4	▼0.5%	33.8	+0.6	+1.8%
Personnel(3)	226.3	183.6	211.5	▼14.7	▼6.5%	+27.9	+15.2%	72.3	+11.2	+18.4%
Other cost(3)	158.9	131.5	153.8	▼5.0	▼3.2%	+22.3	+17.0%	50.8	+4.4	+9.5%
Total Operating Expenses	1,005.5	687.9	990.1	▼15.4	▼1.5%	+302.1	+43.9%	352.7	+107.7	+44.0%

Excludes temporal costs and variable factors, etc

Actual Fixed Costs (4)

Expense Breakdown



- (1) Services = Expenses regarding inflight services, airport lounges, cargo equipment, etc. (2) Other variable cost = Travel agency, Mileage, Ground handling etc.
 (3) Includes costs that have variable factors such as the number of flights and passengers, and temporary and additional costs associated with business structural reforms.
 (4) Actual Fixed Costs excludes the variable factors such as the number of flights and passengers, and temporary and additional costs associated with business structural reforms.

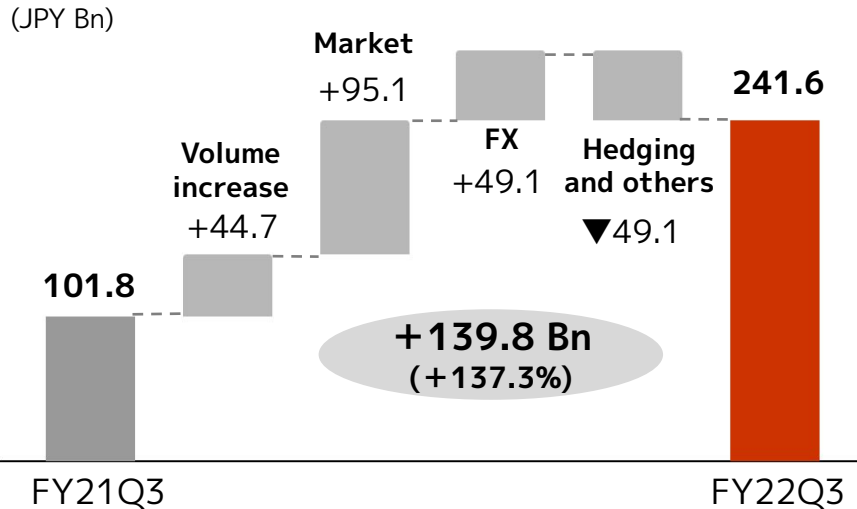
- This page shows the breakdown of the cost and our cost management initiatives.
- Operating expenses rose by 43.9%, or 302.1 billion yen, to 990.1 billion yen. This is due to increased costs linked to the scale of operations and the number of passengers from a recovery in demand, in addition to the impact of market conditions such as rising fuel costs and the ongoing depreciation of the yen.
- However, its increase was 30% excluding the impact of fuel costs and the weaker yen, which is much lower than the 60% increase in ASK.
- The actual fixed cost was 367.1 billion yen, lower than our target. By continuing to control costs, we aim to suppress actual fixed costs for the full year of fiscal 2022 below the 500 billion yen, promised in the medium-term management plan.

Details of financial results for FY22Q3

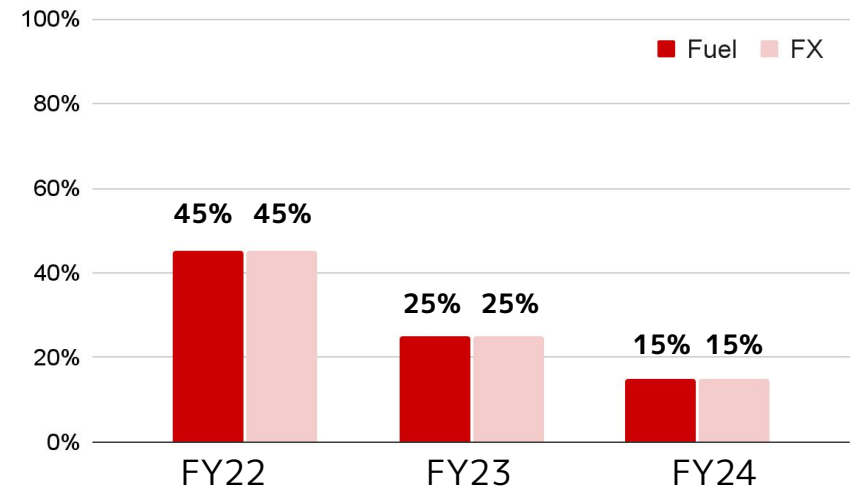
Fuel Costs



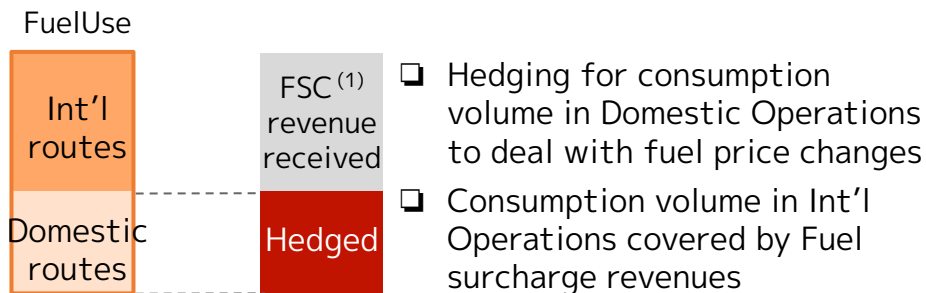
Changes in fuel costs



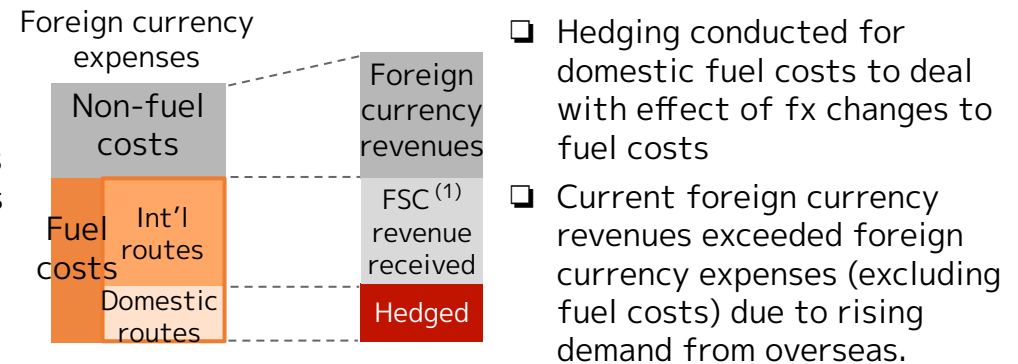
Hedge Ratio (As of End of Dec/2022)



Fuel Hedging



FX Hedging



(1) FSC=Fuel Surcharge

- This page explains our fuel cost and hedging.
- Fuel costs for the third quarter was 241.6 billion yen, which increased by 139.8 billion yen year-on-year. While consumption did increase, the increase is mainly due to market situations such as fuel prices and FX. In addition to soaring crude oil prices and a significant depreciation of the yen, the difference between crude oil and jet fuel has been widened, making strong headwinds.
- The graph on the top right shows the current hedge progress. We have already hedged the required amount for this fiscal year, but the progress for the next fiscal year is about 60% of the required amount.

Details of financial results for FY22Q3

Balance Sheet and Cash Flow



BS ✓ Equity ratio is 39.5% and Net D/E ratio is x0.2 both in terms of credit evaluation basis, keeping a healthy level

CF ✓ Cash flow from operating activities is 191.4 billion yen, Free cash flow is 117.3 billion yen of inflow, improving cash inflow significantly

Balance Sheet	End of FY21	End of FY22Q3	Diff.
Total Assets	2,375.7	2,439.6	+63.9
Cash and Deposits	494.2	553.0	+58.8
Balance of Interest-bearing Debt	928.4	892.1	▼36.3
Repayment within one year (※1)	86.7 (14.4)	100.3 (13.8)	+13.6 (▼0.5)
Shareholders' Equity (1)	799.7	788.3	▼11.3
Shareholders' Equity Ratio(%) (2) (※2)	33.7% (41.0%)	32.3% (39.5%)	▼1.3pt (▼1.5pt)
D/E Ratio (x) (3)	1.2x	1.1x	▼0.0x
Net D/E Ratio (x) (4) (※3)	0.5x (0.3x)	0.4x (0.2x)	▼0.1x (▼0.1x)
Cash Flow	FY21Q3	FY22Q3	Diff.
Cash Flow from Operating Activities	▼86.7	+191.4	+278.1
Depreciation and Amortization	+132.6	+121.4	▼11.2
Cash Flow from Investing Activities	▼137.7	▼74.0	+63.6
Capital Investment	▼145.3	▼86.5	+58.8
Free Cash Flow (5)	▼224.4	+117.3	+341.7
Cash Flow from Financing Activities	+334.0	▼61.1	▼395.2
Total Cash Flow (6)	+109.6	+56.2	▼53.4
EBITDA (7)	▼50.6	+156.1	+206.7

(JPY Bn)

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

※2 Figures in brackets represent Shareholders' Equity Ratio based on credit rating evaluation considering Hybrid Finance

※3 Figures in brackets represent Net D/E Ratio based on credit evaluation considering Hybrid Finance

(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 Investment Activities

(6) Cash flow from Operating Activities + Cash flow from Investment Activities + Cash Flow from Financial Activities

(7) EBITDA=EBIT+Depreciation and Amortization

- This page shows our balance sheet and cash flow.
- The equity ratio on a credit rating evaluation basis is 39.5% and the net D/E ratio on a credit rating evaluation basis is 0.2 times, kept at a healthy level.
- Our cash position at the end of December was 553 billion yen, a 58.8 billion yen increase from the end of the previous fiscal year due to the accumulation of cash flow from operating activities. A safe level of liquidity is secured with an unused credit line of 250 billion yen.
- EBITDA was 156.1 billion yen, and the cash flow from operating activities was 191.4 billion yen of inflow, which increased significantly by 278.1 billion yen year-on-year due to an increase in EBITDA and advance payments reflecting the recovery of passenger demand. Free cash flow is also in the black at 117.3 billion yen.

1. PERFORMANCE OVERVIEW FOR FY22Q3
2. FORECAST FOR FY22 FULL-YEAR
3. INITIATIVES FOR SAF
4. DETAILS OF FINANCIAL RESULTS FOR FY22Q3
- 5. REFERENCES**



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[Reference]

Operation Performance by Geographic Segment (Full Service Carrier)



Passenger Revenue

(%)	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)	
	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
	Component Ratio			Component Ratio	
America	39%	▼0.2%	+397.8%	37%	+457.0%
Europe	19%	▼16.5%	+642.8%	19%	+730.8%
Asia/Oceania	32%	▼25.9%	+657.4%	35%	+746.0%
China	3%	▼81.7%	+127.8%	2%	+127.2%
Hawaii/Guam	7%	▼64.9%	+1,305.4%	7%	+1,368.8%
Total	100%	▼28.5%	+509.7%	100%	+589.7%

ASK

(MN seat km)	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)	
	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
America	11,808	▼6.6%	+43.6%	4,543	+56.7%
Europe	3,822	▼37.6%	+9.9%	1,508	+21.9%
Asia/Oceania	9,150	▼36.3%	+95.5%	3,593	+105.2%
China	213	▼92.2%	+18.9%	110	+69.2%
Hawaii/Guam	2,060	▼63.1%	+664.2%	896	+560.9%
Total	27,055	▼34.7%	+60.7%	10,652	+74.9%

RPK

(MN passenger km)	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)	
	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
America	8,639	▼24.2%	+285.7%	3,262	+278.3%
Europe	2,591	▼52.9%	+332.9%	1,010	+325.3%
Asia/Oceania	6,459	▼48.7%	+506.1%	2,689	+471.2%
China	107	▼95.2%	+50.4%	40	+60.2%
Hawaii/Guam	1,331	▼73.5%	+1,075.1%	552	+984.9%
Total	19,130	▼47.9%	+367.8%	7,555	+358.8%

Revenue Passengers Carried

('000)	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)	
	FY22Q3	Vs. FY19Q3	Vs. FY21Q3	FY22Q3	Vs. FY21Q3
America	927	▼23.3%	+286.8%	350	+276.2%
Europe	277	▼54.5%	+328.8%	108	+322.7%
Asia/Oceania	1,473	▼57.0%	+526.7%	639	+530.1%
China	54	▼95.5%	+48.2%	20	+61.7%
Hawaii/Guam	216	▼75.4%	+1,083.1%	89	+988.1%
Total	2,950	▼59.7%	+396.0%	1,208	+400.9%

Load Factor

(%)	Q3 (Apr. to Dec.)			Q3 (Oct. to Dec.)	
	FY22Q3	FY19Q3	FY21Q3	FY22Q3	FY21Q3
America	73.2%	90.1%	27.2%	71.8%	29.7%
Europe	67.8%	89.8%	17.2%	67.0%	19.2%
Asia/Oceania	70.6%	87.6%	22.8%	74.9%	26.9%
China	50.3%	81.8%	39.8%	36.7%	38.7%
Hawaii/Guam	64.6%	90.1%	42.0%	61.6%	37.5%
Total	70.7%	88.6%	24.3%	70.9%	27.0%

[Reference]

Fleet Information



			End of FY21 (March 31, 2022)				End of FY22Q3 (December 31, 2022)				Diff.
			Owned	Leased	Total1	Total2 Retired AircraftExcluded	Owned	Leased	Total1	Total2 Retired AircraftExcluded	Total2 of Dec/22 - Mar/22
Full Service Carrier	Large	Airbus A350-900	11	4	15	15	12	4	16	16	+1
		Boeing 777-300ER	13	0 ⁽¹⁾	13	13	13	0	13	13	0
		Boeing 777-300	4	0	4	0	0	0	0	0	0
		Boeing 777-200ER	8	0	8	5	3	0 ⁽¹⁾	3	3	▼2
		Boeing 777-200	4	0	4	0	1	0	1	0	0
	Large-sized Total		40	4	44	33	29	4	33	32	▼1
	Middle	Boeing 787-9	19	3	22	22	19	3	22	22	0
		Boeing 787-8	25	0	25	25	25	0	25	25	0
		Boeing 767-300ER	29	0	29	29	28	0	28	28	▼1
		Middle-sized Total	73	3 ⁽¹⁾	76	76	72	3 ⁽¹⁾	75	75	▼1
	Small	Boeing 737-800	47	12	59	58	47	10	57	56	▼2
		Small-sized Total	47	12	59	58	47	10	57	56	▼2
	Regional	Embraer 170 / Embraer 190	32	0	32	32	32	0	32	32	0
		De Havilland DHC-8-400CC	5	0	5	5	5	0	5	5	0
		ATR42-600 / ATR72-600	12	1	13	13	13	1	14	14	+1
		Regional Total	49	1	50	50	50	1	51	51	+1
Full Service Carrier Total		209	20	229	217	198	18	216	214	▼3	
LCC	Boeing 787-8	4	0	4	4	4	0	4	4	0	
	Boeing 737-800	0	6	6	6	0	6	6	6	0	
	LCC Total		4	6	10	10	4	6	10	10	0
Full Service Carrier + LCC Total			213	26	239	227	202	24	226	224	▼3

(1) The difference between Total 1 and Total 2 is retired aircraft.

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