

[REFERENCE TRANSLATION]

Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited.

In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the Nine Months Ended December 31, 2021 [IFRS]

Company name Japan Airlines Co., Ltd

February 2, 2022

Stock Listing Tokyo Stock Exchange

Code No. 9201

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Scheduled date for filing of Quarterly Report: February 3, 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 Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Revenue		Profit before financing and income tax (Loss in brackets)		Profit before tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)		Comprehensive income (Loss in brackets)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2021	498,480	39.8	(183,328)	-	(188,692)	-	(128,322)	-	(129,665)	-
Nine months ended December 31, 2020	356,548	(68.0)	(294,179)	-	(299,539)	-	(212,722)	-	(181,328)	-

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	(293.64)	—
Nine months ended December 31, 2020	(597.38)	—

(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 December 31, 2021	2,312,693	845,931	817,740	35.4	1,871.23
As of March 31, 2021	2,107,279	981,535	947,459	45.0	2,168.06

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, 2021	—	0.00	—	0.00	0.00
Year Ending March 31, 2022	—	0.00	—		
Year Ending March 31, 2022 (Forecast)				0.00	0.00

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

We forecast no year-end dividends for this fiscal year. Please refer to "1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2021 (4) Dividends" in the Attachment.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022

(Percentage compared to prior year)

Entire Fiscal Year	Revenue		Profit before financing and income tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
	766,000	59.2	(198,000)	—	(146,000)	—

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

Please refer to “1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2021 (3) Explanations of Forecast of Consolidated Financial Results” in the Attachment.

Notes

(1) Changes in significant consolidated subsidiaries during the nine months ended December 31, 2021: None

(2) Changes in accounting policies/changes in accounting estimates

1) Changes in accounting policies due to revisions in accounting standards under IFRS: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury shares)

As of December 31, 2021 : 437,143,500

As of March 31, 2021 : 437,143,500

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

As of December 31, 2021 : 136,291

As of March 31, 2021 : 136,217

(c) Average number of shares outstanding

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

During the nine months ended December 31, 2020 : 356,094,303

Indication of quarterly review procedure implementation status

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. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to “1. Qualitative Information concerning Financial Results for the Third Quarter of FY2021 (3) Explanations of Forecast of Consolidated Financial Results” in the Attachment for the assumptions used and other notes.

* The Company holds a presentation for institutional investors and analysts on February 2, 2022. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

Attachment

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1. Qualitative Information Concerning Financial Results for the Third Quarter of FY 2021

(1) Explanation of Operating Results

The revenue increased by 39.8% year on year to 498.4 billion yen, the operating expense increased by 5.0 % year on year to 687.9 billion yen, the profit or loss before financing and income tax (hereinafter referred as “EBIT”) was the loss of 183.3 billion yen (EBIT loss of 294.1 billion yen in the same period in the previous year). The loss attributable to owners of the parent for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021 hereinafter referred as the “Third Quarter Period”) was 128.3 billion yen (the loss attributable to owners of the parent of 212.7 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Nine months ended December 31, 2020	Nine months ended December 31, 2021	% or points compared to prior period
Revenue	356.5	498.4	139.8%
International Passenger	18.8	48.4	256.8%
Domestic Passenger	136.9	174.4	127.4%
Cargo/Mail	90.9	161.0	177.1%
Others	109.8	114.5	104.3%
Operating Expense	655.4	687.9	105.0%
Fuel	73.5	101.8	138.4%
Excluding Fuel	581.8	586.1	100.7%
Profit or loss before financing and income tax (EBIT) (Loss in brackets)	(294.1)	(183.3)	—
EBIT Margin (%)	—	—	—
Profit or loss attributable to owners of the parent (Loss in brackets)	(212.7)	(128.3)	—

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

※: 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.

※: EBIT Margin=EBIT/Revenue.

The international passenger demand recovered steadily with a base demand of returnees or expatriates and a transit demand between Asia and North America. The domestic passenger demand recovered robustly after October, compared with the first half of this fiscal year when the demand was sluggish due to a surge of new infections and repeated declarations of a state of emergency. Amid the prolonged COVID effects and world-wide resurgence of the new variant, we will strive to maintain our international and domestic network while keeping an eye on the changing environments. On the other hand, the international air cargo demand remained very high due to mainly auto-related shipments or semiconductors bound for North America in the prolonged disruption of ocean transport. While the overall air cargo capacity was limited due to significant reductions of passenger flight operation, we actively operated cargo flights with own passenger aircraft and chartered cargo freighters to increase revenue by capturing the strong demand.

In the business environments, securing safety for our passengers and employees, which is our Group’s basic foundation, as the first priority, the JAL group has been seeking to fulfill its responsibilities by sustaining both international and domestic air transport network for passengers who need to travel.

For the full service carrier business domain, in order to provide our passengers with safety and comfort as well as easier access to air transport, we have extended to Haneda, New-Chitose (Sapporo), Itami (Osaka) and Naha Okinawa Airports “JAL SMART AIRPORT” that provides “contact-less” touch-screen check-in kiosks. Moreover, in order to enhance security check with a shorter time and better hygiene using ultraviolet sterilizer, we will introduce “JAL SMART SECURITY” at Haneda Airport from April 2022. Also, the digital certificate app “VeriFLY” for easier travel from Japan to U.S. Mainland has been in full use. In addition, the JAL Group has been cooperating with Kao Corporation who provides infectious disease prevention solutions to healthcare centers to improve JAL’s hygiene measures through improving cleaning procedures based on hygiene tests at airports or within cabin. Those initiatives

called “JAL FlySafe”, together with JAL’s excellent services and sustainability initiatives toward its management goal of net zero CO2 emissions by 2050, were rated as the world’s highest standards, and APEX (Airlines Passenger Experience Association) awarded JAL “WORLD CLASS” for the first time to Japanese airlines. We also conducted operation of scenic tours of Japan from Narita Airport with various themes to increase revenue with wisdom and thoughts of each employee.

In LCC operations, our mid- and long-haul international low-cost carrier, ZIPAIR Tokyo (ZIPAIR), started the first LCC’s non-stop flights from Asia to Los Angeles from December 25, which made the total ZIPAIR routes to five. Spring Japan became our subsidiary in June. Together with Jetstar Japan, the three low cost carriers will establish useful network based at Narita Airport for a coming recovery of international passenger demand.

For the non-aviation business domain, we disclosed on November 2 a joint tender offer plan with Sojitz Corporation to make JALUX a consolidated subsidiary by the end of this fiscal year toward leaping business expansion and profit growth in that domain. Also, for regional revitalization, we have established an e-commerce program within China’s largest social media, “WeChat” app, to promote international e-commerce of Japanese regional products. This initiative is also aimed for inbound tourism in the post-COVID era. Moreover, we will start cargo freighter operations together with YAMATO HOLDINGS co., ltd from April 2024 by sharing the business resources of each company together toward D to B/C markets, creation of new businesses and revitalization of regional industries.

We responded to the decrease of demand by making continuous efforts of reducing our capacity to minimize our operating cost, together with fixed cost restructuring by in-sourcing operations instead of outsourcing, reducing IT expenditure and reducing personnel cost including executives’ salaries and employees’ bonus cut. As workloads for operation decreased, the JAL Group accepted quarantine-support or vaccination-support business and sent about 1,700 employees per day to various industries or municipalities. Through those measures, the JAL Group uses this occasion to train and develop our employees for capturing growth beyond COVID-19, while maintaining its flexibility to put back its human resources to our operation in a timely manner when demand comes back. The Japanese government is providing governmental supports including exemption of landing fees and jet fuel tax, or subsidies for employment to assist the airline industry. We would like to show our sincere gratitude for the support.

To achieve ESG goals, we are steadily taking various initiatives to achieve one of our industry’s most important goals, net zero CO2 emission, while satisfying our social mission to provide sustainable air transportation network as public transportation infrastructure. Members of oneworld alliance, to which we belong, announced that they will jointly purchase Sustainable Aviation Fuel (SAF) from Aemetis. Inc at San Francisco Airport. Moreover, regarding another pillar of CO2 emission reduction, renewal to fuel-efficient aircraft, we have conducted steady introduction of Boeing 787s and Airbus 350s amid the difficult financial situations, and JAL has almost completed its Airbus 350 renewal for its domestic large-scale fleets. In addition, toward smooth transition to fuel-efficient aircraft, JAL has determined to issue the world’s first transition bonds in the aviation industry on February 2, 2022. This transition bonds is one of SDGs bonds with a second party opinion from Sustainalytics, an external review provider operating worldwide. Also, this bond issuance is selected as the very first airline model example of “the 2021 Climate Transition Finance Model Projects” (*1) by the Ministry of Economy, Trade and Industry in Japan. We will strive to challenge toward realization of a sustainable society through net zero emission initiatives including renewal to more fuel-efficient aircraft during a transition period or an increase of use of SAF.

It is expected to take for a while until a complete recovery of air travel demands. In the meantime, we will strive altogether for strict cost management, efficiency improvement, implementation of sales promotion in a timely manner and cargo revenue maximization. Also, we will strive for maintaining international and domestic network with safe operation and solid infection prevention measures to prepare for reopening of international interaction of people without any barriers.

*1 A project whereby METI provides information on and reduces the assessment costs for model examples in order to promote the spread of transition finance. METI selects model examples that conform to the Basic Guidelines on Climate Transition Finance formulated jointly by METI, the Ministry of the Environment (MOE), and the Financial Services Agency (FSA), and are deemed to have model qualities.

As a result of the above, in Full Service Carrier operations, the passenger traffic for International Passenger Business in the third quarter increased by 140.9% year over year, its revenue passenger kilometers (RPK) increased by

173.8% year over year, its the available seat kilometers (ASK) increased by 130.7% year over year, and the load factor was 24.3%. Likewise, the passenger traffic for Domestic Passenger Business increased by 23.3% year over year, its revenue passenger kilometers (RPK) increased by 20.0% year over year, its available seat kilometers (ASK) increased by 15.5% year over year, and the load factor was 49.8%. Revenue for Cargo Business increased by 80.0% year on year.

In LCC operations, the passenger traffic for International Passenger Business was 20,747 (number of passengers), its revenue passenger kilometers (RPK) was 54,480 (1,000 passenger-km), and its available seat kilometers (ASK) was 1,040,022 (thousands). Likewise, the passenger traffic for Domestic Passenger Business was 42,607 (number of passengers), its revenue passenger kilometers (RPK) was 33,040 (1,000 passenger-km), and its available seat kilometers (ASK) was 73,157 (thousands).

Financial results of each segment are as follows.

Air Transportation Segment

In the third quarter period, Revenue in Air Transportation Segment increased by 46.8% year on year to 469.1 billion yen and the loss before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 186.3 billion yen (segment loss of 298.3 billion yen in the same period in the previous year). (Revenue and Segment profit (or loss) are before elimination of transactions between segments.)

Revenue for Full Service Carrier operations were as follows;

The international passenger revenue was 47.0 billion yen, or up 149.9 % year on year.

The domestic passenger revenue was 174.0 billion yen, or up 27.1 % year on year.

The cargo and mail revenue was 161.0 billion yen, or up 77.1 % year on year.

Revenue for LCC operations were as follows;

The international passenger revenue was 1.3 billion yen.

The domestic passenger revenue was 0.3 billion yen.

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.

Traffic Results (Full Service Carrier)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	246,950	594,851	240.9%
Revenue passenger km (1,000 passenger-km)	1,493,364	4,089,495	273.8%
Available seat km (thousands)	7,295,478	16,831,994	230.7%
Revenue passenger-load factor (%)	20.5	24.3	3.8
Revenue cargo ton-km (thousands)	1,342,497	2,364,104	176.1%
Mail ton-km (thousands)	115,349	128,366	111.3%
DOMESTIC			
Revenue passengers carried (number of passengers)	9,720,433	11,987,895	123.3%
Revenue passenger km (1,000 passenger-km)	7,427,622	8,912,358	120.0%
Available seat km (thousands)	15,488,533	17,885,141	115.5%
Revenue passenger-load factor (%)	48.0	49.8	1.9
Revenue cargo ton-km (thousands)	182,210	175,391	96.3%
Mail ton-km (thousands)	15,436	17,391	112.7%
TOTAL			
Revenue passengers carried (number of passengers)	9,967,383	12,582,746	126.2%
Revenue passenger km (1,000 passenger-km)	8,920,987	13,001,854	145.7%
Available seat km (thousands)	22,784,011	34,717,136	152.4%
Revenue passenger-load factor (%)	39.2	37.5	(1.7)
Revenue cargo ton-km (thousands)	1,524,708	2,539,495	166.6%
Mail ton-km (thousands)	130,786	145,758	111.4%

- 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).
- 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).
- International operations: Japan Airlines Co., Ltd.,
Domestic operations: 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.,
- Traffic results for ZIPAIR and SPRING JAPAN, which is classified in LCC business, are excluded from the traffic results above. Traffic results for LCCs were as follows; passenger traffic 20,747 (number of passengers), Revenue passenger km 54,480 (1,000 passenger-km), Available seat km 1,040,022 (thousands) and load factor 5.2% for International Passenger Business, and passenger traffic 42,607 (number of passengers), Revenue passenger km 33,040 (1,000 passenger-km), Available seat km 73,157 (thousands) and load factor 45.2% for Domestic Passenger Business. For SPRING JAPAN, as the results from acquisition of the subsidiary until the end of June are minor, traffic results from July is included as traffic results for LCC.
- 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 third quarter period increased by 205.4 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 312.6 billion yen. Current assets increased by 141.3 billion yen from the end of the previous consolidated fiscal year to 709.1 billion yen due to increase of Cash and Cash equivalents by 110.0 billion yen. Non-current assets increased by 64.0 billion yen through the increase of aircraft and Deferred tax assets to 1 trillion and 603.4 billion yen.

The liabilities increased by 341.0 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 466.7 billion yen due to hybrid financing which was aimed for improvement of financial foundation and securing investment funds in advance for sustainable growth at the same time.

The equity decreased by 135.6 billion yen from the end of the previous consolidated fiscal year to 845.9 billion yen, as a result of loss attributable to owner of the parent of 128.3 billion yen.

We issued 30 billion yen straight bonds and borrowed 24.4 billion yen bank loans in June based on our solid financial foundation. Then, we conducted hybrid financing of 350 billion yen between September and December in order to achieve an aggressive goal of securing investment funds in advance for sustainable growth in the post-COVID business environment and a defensive goal of maintaining or improving financial ability for further financial foundation improvement just in case of a further-prolonged COVID effect. We achieve the two different goals at the same time without causing stock dilution by this hybrid financing. Also, we continue to maintain 300 billion yen of unused credit line to secure sufficient liquidity. In addition, including the issuance of transition bonds (about 20 billion yen) decided on February 2, 2022 to promote decarbonization, we will steadily conduct financial policies to achieve sustainable growth in the post-COVID.

(Outline of Cash Flows)

Cash and cash equivalents at end of third quarter period increased by 110.0 billion yen from the end of the previous consolidated fiscal year to 518.3 billion yen.

① Cash Flows from Operating Activities

As a total of quarterly loss before tax of 188.6 billion yen, non-cash expenses like depreciation, and trade and other payables and receivables, cash flow from operating activities (outflow) was 86.7 billion yen (cash outflow of 179.8 billion yen in the same period of the previous year).

② Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 137.7 billion yen mainly due to acquisition of fixed assets (cash outflow of 73.0 billion yen in the same period of the previous year).

③ Cash Flows from Financing Activities

Cash flow from financing activities (inflow) was 334.0 billion yen mainly due to issuance of bond and long term debts (cash inflow of 378.9 billion yen in the same period of the previous year).

(3) Explanations of Forecast of Consolidated Financial Results

When compared with the existing consolidated performance forecast that was disclosed on November 2, 2021, in the Consolidated Financial Results for the Six Months Ended September 30, 2021, it is expected that the domestic passenger demand would go below the forecast while the international cargo revenue has been exceeding the forecast. Operating costs have been smaller. Considering the cargo revenue increase and further cost reduction as well as unforeseeable effects of new variants to passenger demands, we determined not to change our forecast at this moment. We will immediately update the consolidated performance forecast, if necessary, while keeping a close eye on recent outlook.

(4) Dividends

The prolonged effect of COVID-19 made our situation very difficult, resulted in the third quarter EBIT loss of 183.3 billion yen. Further, Omicron variant made the future outlook very unforeseeable. Considering the above, to maintain liquidity at hand and financial robustness as our first priority in order to ensure risk tolerance, we regrettably forecast no year-end dividends for this fiscal year.

We sincerely apologize to our shareholders and investors, and would like to ask for their understanding amid the very difficult situation that we are currently in.

2. Condensed quarterly consolidated financial statement and primary notes

(1) Condensed quarterly consolidated statement of financial position

	As of March 31, 2021	As of December 31, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	408,335	518,340
Trade and other receivables	76,760	89,889
Other financial assets	14,133	19,596
Inventories	23,680	24,595
Other current assets	44,906	56,773
Total current assets	567,816	709,196
Non-current assets		
Tangible fixed assets		
Flight equipment	827,587	897,813
Advances on flight equipment	129,882	76,887
Other tangible fixed assets	87,942	82,336
Total tangible fixed assets	1,045,413	1,057,037
Intangible assets	89,662	84,205
Investments accounted for using equity method	24,232	24,122
Other financial assets	128,055	125,482
Deferred tax assets	225,886	287,131
Retirement benefit asset	3,176	3,568
Other non-current assets	23,036	21,947
Total non-current assets	1,539,462	1,603,496
Total assets	2,107,279	2,312,693

	As of March 31, 2021	As of December 31, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	97,185	97,885
Interest-bearing liabilities	69,621	66,634
Other financial liabilities	42,490	19,309
Income taxes payable	3,890	1,172
Contract liabilities	215,239	227,794
Provisions	3,750	2,396
Other current liabilities	44,714	26,529
Total current liabilities	<u>476,893</u>	<u>441,722</u>
Non-current liabilities		
Interest-bearing liabilities	445,525	812,819
Other financial liabilities	23,479	25,048
Deferred tax liabilities	108	161
Provisions	15,667	21,892
Retirement benefit liability	153,169	154,723
Other non-current liabilities	10,899	10,392
Total non-current liabilities	<u>648,850</u>	<u>1,025,039</u>
Total liabilities	1,125,744	1,466,761
Equity		
Share capital	273,200	273,200
Capital surplus	273,557	273,557
Retained earnings	352,965	222,021
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	35,468	31,220
Effective portion of cash flow hedges	12,877	18,032
Exchange differences on translation of foreign operations	(201)	116
Total accumulated other comprehensive income	<u>48,144</u>	<u>49,369</u>
Total equity attributable to owners of parent	947,459	817,740
Non-controlling interests	<u>34,075</u>	<u>28,191</u>
Total equity	<u>981,535</u>	<u>845,931</u>
Total liabilities and equity	<u><u>2,107,279</u></u>	<u><u>2,312,693</u></u>

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

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	18,861	48,425
Domestic passenger revenue	136,946	174,464
Other revenue	200,740	275,590
Total revenue	356,548	498,480
Other income	9,433	15,909
Operating expenses		
Personnel expenses	(193,123)	(183,613)
Aircraft fuel	(73,578)	(101,822)
Depreciation, amortization and impairment losses	(138,323)	(132,946)
Other operating expenses	(250,459)	(269,552)
Total operating expenses	(655,484)	(687,935)
Operating profit (Loss in brackets)	(289,503)	(173,545)
Share of profit of investments accounted for using equity method (Loss in brackets)	(6,336)	(8,643)
Profit before investing, financing and income tax (Loss in brackets)	(295,839)	(182,188)
Income/expenses from investments		
Investing income	1,890	1,860
Investing expenses	(229)	(3,000)
Profit before financing and income tax (Loss in brackets)	(294,179)	(183,328)
Finance income/expenses		
Finance income	1,108	424
Finance expenses	(6,468)	(5,788)
Profit before tax (Loss in brackets)	(299,539)	(188,692)
Income tax expense	85,733	58,402
Profit (Loss in brackets)	(213,805)	(130,289)
Profit attributable to		
Owners of parent	(212,722)	(128,322)
Non-controlling interests	(1,083)	(1,967)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	11,028	(6,835)
Share of other comprehensive income of investments accounted for using equity method	40	(70)
Total of items that will not be reclassified to profit or loss	11,068	(6,906)
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	20,599	7,245
Exchange differences on translation of foreign operations	(244)	433
Share of other comprehensive income of investments accounted for using equity method	1,052	(148)
Total of items that may be reclassified to profit or loss	21,408	7,530
Other comprehensive income, net of tax	32,477	624
Comprehensive income	(181,328)	(129,665)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(180,230)	(127,796)
Non-controlling interests	(1,097)	(1,869)
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	(597.38)	(293.64)
Diluted earnings per share (Yen)	—	—

(3) Condensed quarterly consolidated statement of changes in equity

Consolidated financial results for the third quarter of FY2020 (April 1, 2020 to December 31, 2020)

Equity attributable to owners of parent

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	Effective portion of cash flow hedges
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Financial assets measured at fair value through other comprehensive income	Millions of yen
Balance as of April 1, 2020	181,352	182,437	645,408	(408)	28,793	(23,146)
Profit (Loss in brackets)	—	—	(212,722)	—	—	—
Other comprehensive income	—	—	—	—	11,022	21,696
Comprehensive income	—	—	(212,722)	—	11,022	21,696
Issuance of new shares	91,848	91,120	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	152
Transfer to retained earnings	—	—	(266)	—	266	—
Total transactions with owners	91,848	91,120	(266)	—	266	152
Balance as of December 31, 2020	273,200	273,557	432,419	(408)	40,082	(1,297)

Equity attributable to owners of parent

	Equity attributable to owners of parent				
	Exchange differences on translation of foreign operations	Total accumulated other comprehensive income	Total Equity attributable to owners of parent	Non-controlling interests	Total equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	(141)	5,506	1,014,295	35,321	1,049,617
Profit (Loss in brackets)	—	—	(212,722)	(1,083)	(213,805)
Other comprehensive income	(227)	32,491	32,491	(14)	32,477
Comprehensive income	(227)	32,491	(180,230)	(1,097)	(181,328)
Issuance of new shares	—	—	182,968	—	182,968
Transfer to non-financial assets	—	152	152	—	152
Transfer to retained earnings	—	266	—	—	—
Total transactions with owners	—	419	183,121	—	183,121
Balance as of December 31, 2020	(368)	38,416	1,017,185	34,224	1,051,410

Consolidated financial results for the third quarter of FY2021 (April 1, 2021 to December 31, 2021)

Equity attributable to owners of parent

	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2021	273,200	273,557	352,965	(408)	35,468	12,877
Profit (Loss in brackets)	—	—	(128,322)	—	—	—
Other comprehensive income	—	—	—	—	(6,869)	7,077
Comprehensive income	—	—	(128,322)	—	(6,869)	7,077
Dividends	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	(1,922)
Purchase of treasury shares	—	—	—	(0)	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	(0)	—	—	—	—
Transfer to retained earnings	—	—	(2,621)	—	2,621	—
Total transactions with owners	—	(0)	(2,621)	(0)	2,621	(1,922)
Balance as of December 31, 2021	273,200	273,557	222,021	(408)	31,220	18,032

Equity attributable to owners of parent

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

(4) Condensed quarterly consolidated statement of cash flows

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	(299,539)	(188,692)
Depreciation, amortization and impairment losses	138,323	132,946
Loss (gain) on sale and retirement of fixed assets	1,077	(257)
Increase (decrease) in retirement benefit liability	215	1,553
Interest and dividend income	(2,047)	(1,560)
Interest expenses	2,109	4,639
Foreign exchange loss (gain)	(775)	629
Share of loss (profit) of investments accounted for using equity method	6,336	8,643
Decrease (increase) in trade and other receivables	7,551	(15,481)
Decrease (increase) in inventories	1,781	(1,684)
Increase (decrease) in trade and other payables	(24,932)	5,015
Increase (decrease) in contract liabilities	(42,513)	11,826
Other, net	22,290	(39,829)
Subtotal	(190,120)	(82,251)
Income taxes (paid) refund	10,227	(4,478)
Net cash provided by (used in) operating activities	(179,893)	(86,729)
Cash flows from investing activities		
Purchase of non-current assets	(73,146)	(132,773)
Proceeds from sales of non-current assets	975	3,729
Purchase of other financial assets	(6,251)	(12,587)
Proceeds from sale of other financial assets	1,427	829
Acquisition of subsidiaries	—	2,140
Payments for loans receivable	(944)	(5,629)
Collection of loans receivable	591	4,524
Interest received	334	203
Dividends received	1,900	1,196
Other, net	2,069	663
Net cash provided by (used in) investing activities	(73,043)	(137,703)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(58)	16
Proceeds from long-term borrowings	232,269	219,760
Repayments of long-term borrowings	(13,310)	(21,739)
Proceeds from issuance of bonds	—	178,538
Redemption of bonds	—	(10,000)
Proceeds from issuing shares	182,745	—
Interest paid	(1,030)	(1,741)
Dividends paid	(29)	(6)
Dividends paid to non-controlling interests	—	(3,077)
Repayments of lease liabilities	(17,748)	(26,810)
Other, net	(3,843)	(844)
Net cash provided by (used in) financing activities	378,994	334,095
Effect of exchange rate changes on cash and cash equivalents	(239)	343
Net increase (decrease) in cash and cash equivalents	125,819	110,005
Cash and cash equivalents at beginning of period	329,149	408,335
Cash and cash equivalents at end of period	454,968	518,340

(5) Notes for Condensed quarterly consolidated financial statements

(Reporting company)

Japan Airlines Co., Ltd. (hereinafter the “Company”) is a stock company located in Japan. The registered address of its Head Office is 4-11, 2-chome Higashi-shinagawa, Shinagawa-ku, Tokyo. The Company’s condensed quarterly consolidated financial statements for the nine months ended December 31, 2021 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 58,402 million yen of income tax expenses (increase of profit) and the loss attributable to the owners of the parent became 128,322 million yen.

Deferred tax assets and deferred tax liabilities increased by 61,244 million yen and 52 million yen respectively during the reporting period, and deferred tax assets and liabilities as of the end of the reporting period were 287,131 million yen and 161 million yen respectively.

(Revenue)**(1) Breakdown of revenue****Revenue and Segment Revenue****Consolidated financial results for the third quarter of FY2020 (April 1, 2020 to December 31, 2020)**

	Segment				Total
	Air Transportation	Other	Sub-total	Internal transaction adjustment	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
International					
(Full Service Carrier)					
Passenger operations	18,843	—	18,843	—	—
Cargo and mail-service operation	72,021	—	72,021	—	—
Luggage operations	224	—	224	—	—
Sub-total	91,089	—	91,089	—	—
Domestic					
(Full Service Carrier)					
Passenger operations	136,946	—	136,946	—	—
Cargo and mail-service operation	18,901	—	18,901	—	—
Luggage operations	157	—	157	—	—
Sub-total	156,006	—	156,006	—	—
Total revenues from international and domestic operations	247,095	—	247,095	—	—
Travel agency Revenue	—	45,762	45,762	—	—
Other (*2)	72,366	36,975	109,341	—	—
Total revenues	319,461	82,737	402,199	(45,651)	356,548

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

2. “Other” (air transportation business) includes the international passenger revenue of 17 million yen from LCC operations.

Consolidated financial results for the third quarter of FY2021 (April 1, 2021 to December 31, 2021)

	Segment				Total
	Air Transportation	Other	Sub-total	Internal transaction adjustment	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	
International					
(Full Service Carrier)					
Passenger operations	47,095	—	47,095	—	—
Cargo and mail-service operation	141,904	—	141,904	—	—
Luggage operations	521	—	521	—	—
Sub-total	189,521	—	189,521	—	—
Domestic					
(Full Service Carrier)					
Passenger operations	174,097	—	174,097	—	—
Cargo and mail-service operation	19,129	—	19,129	—	—
Luggage operations	222	—	222	—	—
Sub-total	193,449	—	193,449	—	—
Total revenues from international and domestic operations	382,971	—	382,971	—	—
Travel agency Revenue	—	34,026	34,026	—	—
Other (*2)	86,142	36,260	122,402	—	—
Total revenues	469,113	70,287	539,400	(40,920)	498,480

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

2. “Other” (air transportation business) includes the international passenger revenue of 1,329 million yen and domestic passenger revenue of 366 million yen from LCC operations.

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 and a credit card business. These revenues 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.

(Segment Information)

(1) Overview of segment reporting

The reportable segments of the JAL Group are components of the Company about which separate financial information is available and evaluated regularly by the Board of Directors in deciding how to allocate resources and evaluating business performance.

The main business operations of the JAL Group are scheduled and nonscheduled international and domestic air transportation services.

Therefore, the JAL Group recognizes the “air transportation business” as the reportable segment.

(2) Information on reportable segment

Revenue and business performance by JAL Group’s reportable segment are as follows.

Intersegment sales is based on the current market price.

Consolidated financial results for the third quarter of FY2020 (April 1, 2020 to December 31, 2020)

	Reportable segment Air Transportation	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external	289,978	66,569	356,548	—	356,548
Intersegment	29,482	16,168	45,651	(45,651)	—
Total	319,461	82,737	402,199	(45,651)	356,548
Profit or loss before investing, financing and income tax	(298,342)	2,494	(295,848)	9	(295,839)
Investing income	—	—	—	—	1,890
Investing expenses	—	—	—	—	(229)
Finance income	—	—	—	—	1,108
Finance expenses	—	—	—	—	(6,468)
Profit before tax	—	—	—	—	(299,539)

(Note) 1. “Others” refer to business segments that are not included in the reportable segment, such as travel services, etc.

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with profit before investing, financing and income tax on the condensed quarterly consolidated statement of profit or loss and other comprehensive income.

Consolidated financial results for the third quarter of FY2021 (April 1, 2021 to December 31, 2021)

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

(Note) 1. “Others” refer to business segments that are not included in the reportable segment, such as travel services, etc.

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with profit before investing, financing and income tax on the condensed quarterly consolidated statement of profit or loss and other comprehensive income.

(Subsequent Event)

None