

[REFERENCE TRANSLATION]

Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited. In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the Three Months Ended June 30, 2023[IFRS]

Company name Japan Airlines Co., Ltd August 1, 2023
Stock Listing Tokyo Stock Exchange
Code No. 9201 **URL:** <https://www.jal.com>
Representative Yuji Akasaka, President
Contact Shuei Nishizawa, General Manager, Finance **Phone:** +81-3-5460-3121
 Scheduled date for filing of Quarterly Report: August 2, 2023
 Scheduled date for dividend payment: -
 Supplementary explanations of the quarterly financial results: Yes
 Presentation for the quarterly financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen unless otherwise indicated)

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Revenue		Profit before financing and income tax (Loss in brackets)		Profit before tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)		Comprehensive income (Loss in brackets)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2023	381,440	41.9	31,383	-	31,897	-	23,063	-	29,164	-
Three months ended June 30, 2022	268,896	102.1	(27,602)	-	(28,889)	-	(19,583)	-	(16,036)	-

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
Three months ended June 30, 2023	Yen 52.77	Yen -
Three months ended June 30, 2022	(44.81)	-

(Note) 1. Profit before financing and income tax represents an 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. The figures for the first quarter of FY2022 reflect the finalization of provisional accounting for a business combination in the last fiscal year.

(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 June 30, 2023	2,594,366	871,858	834,513	32.2	1,909.61
As of March 31, 2023	2,520,603	856,957	816,288	32.4	1,867.91

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, 2023	-	0.00	-	25.00	25.00
Year Ending March 31, 2024	-				
Year Ending March 31, 2024 (Forecast)		20.00	-	20.00	40.00

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

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024

(Percentage compared to prior year)

Entire Fiscal Year	Revenue		Profit before financing and income tax (Loss in brackets)		Profit attributable to owners of parent (Loss in brackets)	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
	1,658,000	20.5	100,000	54.9	55,000	59.8

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

The JAL Group does not conduct forecasts for the consolidated financial results for the first six months of the fiscal year. Please refer to "1. Qualitative Information concerning Financial Results for the First Quarter of FY 2023 (3) Explanations of Forecast of Consolidated Financial Results" in the Attachment.

Notes

(1) Changes in significant consolidated subsidiaries during the three months ended June 30, 2023: None

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

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

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

3) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

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

As of June 30, 2023 : 437,143,500

As of March 31, 2023 : 437,143,500

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

As of June 30, 2023 : 136,321

As of March 31, 2023 : 136,291

(c) Average number of shares outstanding

During the three months ended June 30, 2023 : 437,007,201

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

※ This document is unaudited by certificated public accountants or audit firms.

※ Explanation for appropriate use of forecasts and other notes

(Remarks on the description on future forecast)

The forward-looking statements such as operational forecasts contained in this statement summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. However, it does not mean that we guarantee its achievement.

※ The Company holds a presentation for institutional investors and analysts on August 1, 2023.

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 First Quarter of FY 2023

(1) Explanation of Operating Results

The revenue for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023 hereinafter referred as the “First Quarter Period”) increased by 41.9% year on year to 381.4 billion yen, the operating expense increased by 16.5% year on year to 353.0 billion yen, the profit before financing and income tax (hereinafter referred as “EBIT”) was a profit of 31.3 billion yen (EBIT loss of 27.6 billion yen in the same period in the previous year). The profit attributable to owners of the parent was 23.0 billion yen (the loss attributable to owners of the parent of 19.5 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Three months ended June 30, 2022	Three months ended June 30, 2023	% or points compared to prior period
Revenue	268.8	381.4	141.9%
FSC International Passenger	62.4	147.5	236.1%
FSC Domestic Passenger	88.0	122.0	138.6%
FSC Cargo/Mail	65.3	34.3	52.6%
FSC Others	2.6	4.3	163.2%
LCC	3.2	13.3	409.0%
Mileage, Lifestyle and Infrastructure	47.1	59.8	127.0%
Operating Expense	303.1	353.0	116.5%
Fuel	69.8	79.4	113.7%
Excluding Fuel	233.2	273.6	117.3%
Profit or loss before financing and income tax (EBIT) (Loss in brackets)	(27.6)	31.3	-
EBIT Margin (%)	-	8.2%	-
Profit or loss attributable to owners of the parent (Loss in brackets)	(19.5)	23.0	-

(Note) 1. Figures have been truncated and percentages are rounded off to the first decimal place.

2. FSC: Full Service Carrier

3. LCC are passenger revenues for the consolidated companies of ZIPAIR Tokyo Inc. (ZIPAIR) and SPRING JAPAN Co., Ltd. (SPRING JAPAN)

4. Profit or loss before financing and income tax is defined as EBIT for the JAL Group. EBIT is calculated as Profit or Loss excluding Income tax expense, Interest, and Finance income and expense.

5. EBIT Margin=EBIT/Revenue.

6. The figures for the first quarter of FY2022 reflect the finalization of provisional accounting for a business combination in the last fiscal year.

The COVID-19 pandemic that had a major impact on the JAL Group has changed in terms of its clarification, and is finally coming to its end. International border restrictions have ended, domestic restrictions have been lifted and events have been resumed in various parts of the country. Passenger demand has steadily recovered in line with these developments. We would like to express our deep appreciation to those who supported us during the pandemic.

The JAL Group has announced its “JAL Group Medium-Term Management Plan FY2021-2025 Rolling Plan 2023” on May 2, 2023. The Rolling Plan 2023 has placed ESG strategy as the top strategy to realize the creation of value and growth. The COVID-19 pandemic has highlighted that the movement of people and goods not only creates physical value, but also creates the connections between people and goods. Going forward, we will strive to provide new social value and improve our corporate value by creating various relationships and connections as well as the movement of people and goods.

The JAL Group is engaging in two major management challenges to ensure the sustainability of air transportation. The first is realizing carbon neutrality and the second is human capital management.

To achieve carbon neutrality, in June we signed an agreement with Shell Aviation, Shell's aviation fuel division, to procure SAF (Sustainable Aviation Fuel) at Los Angeles International Airport from 2025. As a result, we expect to achieve our goal of “replacing 1% of all fuel on board with SAF in FY2025”. In the same month, we issued our second transition bond to facilitate the smooth implementation of fuel-efficient aircraft.

In terms of human capital management, in April we welcomed approximately 2,000 new employees for the first time in 3 years and resumed mid-career recruitment, in view of the future shortage of human resources, while also keeping the

total number of employees at pre-pandemic levels. Going forward, we will promote the diversity of human resources and increased productivity and enhance human capital management that considers human resources as capital to improve our corporate value.

The following is a summary of the JAL Group's operating results for the first quarter by business domain.

Full Service Carrier Business Domain

For international passengers, with the end of border restrictions in Japan and the resumption of free travel, we are ready to grow to a business scale greater than pre-pandemic levels. The passenger number has recovered steadily to about 65% of pre-pandemic levels, mainly due to strong inbound demand. Demand from Japan, which had been slower to recover than inbound demand, is gradually recovering due to the change of classification regarding the COVID-19 pandemic, and steady recovery is expected going forward. In addition, we have announced a nonstop service on the Haneda - Doha route, starting in the summer schedule of FY2024.

For domestic passengers, we are already providing customers with supply at pre-pandemic levels, as restrictions on movements have been lifted and socioeconomic activities have resumed. Through the shift to a simpler fare system, we have achieved both the ease of use for our customers and higher unit prices.

For the cargo business, while the tightness of global supply and demand has been resolved, we have focused on the transportation of high value-added goods such as pharmaceuticals through our good transportation quality, as well as maximizing volume particularly between Asia and North America, by utilizing both our own and other companies' supplies. Through these efforts, we have maintained revenue higher than pre-pandemic levels.

LCC Business Domain

ZIPAIR - a LCC for medium to long-haul international flights, started service on the San Francisco route in June as well as the Manila route in July, and is showing steady growth. It has performed strongly with operating profit margins close to 15%, achieved through high rates of aircraft utilization and increased seat number. The three LCCs with different characteristics, including SPRING JAPAN which targets routes in China, and Jetstar Japan Co., Ltd. (Jetstar Japan) which mainly operates domestic flights, will strive to build a network based at Narita Airport, aiming to create a new flow of people, including young people and families.

Mileage, Infrastructure and Others Business Domain

In May, we opened an online shopping mall (JAL Mall) to improve the mileage's ease of use by developing special products through synergies with JALUX Inc. (JALUX). In this business area, we will continue to create connections between people and goods to generate new sources of revenue and new air transport demand, finally leading to the expansion of revenues in the airline business.

Through these businesses, we will promote a company-wide ESG strategy and strive toward medium to long-term growth.

Financial results of each segment are as follows.

Air Transportation Segment

In the first quarter period, Revenue in Air Transportation Segment increased by 40.8% year on year to 349.7 billion yen and the profit before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 26.7 billion yen (segment loss of 32.1 billion yen in the same period in the previous year). (Revenue and Segment profit (or loss) are before elimination of transactions between segments.)

Traffic Results (Full Service Carrier)

	Three months ended June 30, 2022	Three months ended June 30, 2023	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	728,817	1,571,198	215.6%
Revenue passenger km (1,000 passenger-km)	4,799,233	9,013,893	187.8%
Available seat km (thousands)	7,097,229	11,763,487	165.7%
Revenue passenger-load factor (%)	67.6	76.6	9.0
Revenue cargo ton-km (thousands)	729,983	631,953	86.6%
Mail ton-km (thousands)	28,137	26,074	92.7%
DOMESTIC			
Revenue passengers carried (number of passengers)	6,081,177	8,589,180	141.2%
Revenue passenger km (1,000 passenger-km)	4,569,889	6,470,111	141.6%
Available seat km (thousands)	8,187,575	8,714,351	106.4%
Revenue passenger-load factor (%)	55.8	74.2	18.4
Revenue cargo ton-km (thousands)	64,075	69,504	108.5%
Mail ton-km (thousands)	5,498	5,556	101.1%
TOTAL			
Revenue passengers carried (number of passengers)	6,809,994	10,160,378	149.2%
Revenue passenger km (1,000 passenger-km)	9,369,122	15,484,005	165.3%
Available seat km (thousands)	15,284,805	20,477,838	134.0%
Revenue passenger-load factor (%)	61.3	75.6	14.3
Revenue cargo ton-km (thousands)	794,059	701,458	88.3%
Mail ton-km (thousands)	33,636	31,631	94.0%

Traffic Results (LCC)

	Three months ended June 30, 2022	Three months ended June 30, 2023	% or points compared to prior period
ZIPAIR			
Revenue passengers carried (number of passengers)	53,566	244,928	457.2%
Revenue passenger km (1,000 passenger-km)	269,260	1,338,463	497.1%
Available seat km (thousands)	983,340	1,718,435	174.8%
Revenue passenger-load factor (%)	27.4	77.9	50.5
SPRING JAPAN			
Revenue passengers carried (number of passengers)	42,981	146,931	341.9%
Revenue passenger km (1,000 passenger-km)	39,300	131,840	335.5%
Available seat km (thousands)	101,991	206,119	202.1%
Revenue passenger-load factor (%)	38.5	64.0	25.4

1. Revenue Passenger Kilometers (RPK) is the number of fare-paying passengers multiplied by the distance flown (km).
Available Seat Kilometers (ASK) is the number of available seats multiplied by the distance flown (km).
Revenue Cargo Ton Kilometers (RCTK) is the amount of cargo (ton) transported multiplied by the distance flown (km).
2. The distance flown between two points, used for calculations of RPK, ASK and RCTK above is based on the great-circle distance and according to statistical data from IATA (International Air Transport Association) and ICAO (International Civil Aviation Organization).
3. Full Service Carrier (International): Japan Airlines Co., Ltd., Japan Transocean Air Co., Ltd.
Full Service Carrier (Domestic): Japan Airlines Co., Ltd., J-Air Co., Ltd., Japan Air Commuter Co., Ltd., Hokkaido Air System Co., Ltd., Japan Transocean Air Co., Ltd. and Ryukyu Air Commuter Co., Ltd.,

However, the three months ended June 30, 2022 is as follows:

- Full Service Carrier (International): Japan Airlines Co., Ltd.
- Full Service Carrier (Domestic): Japan Airlines Co., Ltd., J-Air Co., Ltd., Japan Air Commuter Co., Ltd., Hokkaido Air System Co., Ltd., Japan Transocean Air Co., Ltd. and Ryukyu Air Commuter Co., Ltd.,
4. Traffic Results for SPRING JAPAN includes both International and Domestic carriage.
5. Figures have been truncated and percentages are rounded off to the first decimal place.

(2) Explanation of Financial Position (Assets, liabilities and net asset)

Assets in the first quarter period increased by 73.7 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 594.3 billion yen, mainly due to the increase of Cash and Cash equivalents.

Liabilities increased by 58.8 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 722.5 billion yen mainly due to increase in contract liabilities.

Equity increased by 14.9 billion yen from the end of the previous consolidated fiscal year to 871.8 billion yen, due to an increase from the profit attributable to owners of parent of 23.0 billion yen and the payment of dividends.

Liquidity at hand was maintained at a sufficient amount of 716.0 billion yen at the end this first quarter, as well as the unused credit line of 150.0 billion yen. While the credit line was increased during the pandemic, the credit line amount was reduced on June 30 upon reflecting the improvement performance and cash flow.

(Outline of Cash Flows)

Cash and cash equivalents at the end of first quarter period increased by 76.7 billion yen from the end of the previous consolidated fiscal year to 716.0 billion yen.

1 Cash Flows from Operating Activities

As a total of quarterly profit before tax of 31.8 billion yen, non-cash expenses such as depreciation, and trade and other payables and receivables, cash flow from operating activities (inflow) was 123.6 billion yen (cash inflow of 78.7 billion yen in the same period of the previous year).

2 Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 35.5 billion yen mainly due to acquisition of fixed assets (cash

outflow of 32.4 billion yen in the same period of the previous year).

3 Cash Flows from Financing Activities

Cash flow from financing activities (outflow) was 17.2 billion yen mainly due to repayment of long term debts and payment of dividends (cash outflow of 15.0 billion yen in the same period of the previous year)

(3) Explanations of Forecast of Consolidated Financial Results

There are no changes to the full-year consolidated financial results forecast and dividend forecast announced in "Consolidated Financial Results for the year Ended March 31, 2023" dated May 2, 2023.

2. Condensed Quarterly Consolidated Financial Statement and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of March 31, 2023	As of June 30, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	639,247	716,006
Trade and other receivables	174,906	168,668
Other financial assets	11,202	14,051
Inventories	36,747	37,862
Other current assets	60,776	68,277
Total current assets	922,880	1,004,865
Non-current assets		
Tangible fixed assets		
Flight equipment	839,205	822,936
Advances on flight equipment	102,431	113,775
Other tangible fixed assets	86,158	84,341
Total tangible fixed assets	1,027,795	1,021,053
Goodwill and intangible assets	83,310	83,042
Investment property	3,296	3,161
Investments accounted for using equity method	20,200	20,745
Other financial assets	158,638	167,294
Deferred tax assets	278,655	268,299
Retirement benefit asset	8,522	8,814
Other non-current assets	17,303	17,090
Total non-current assets	1,597,722	1,589,500
Total assets	2,520,603	2,594,366

	As of March 31, 2023	As of June 30, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	136,138	135,393
Interest-bearing liabilities	111,968	115,416
Other financial liabilities	58,749	59,259
Income taxes payable	2,642	901
Contract liabilities	316,873	365,312
Provisions	2,737	2,524
Other current liabilities	40,467	45,006
Total current liabilities	<u>669,578</u>	<u>723,814</u>
Non-current liabilities		
Interest-bearing liabilities	813,535	814,402
Other financial liabilities	9,331	9,669
Deferred tax liabilities	3,505	4,326
Provisions	23,908	25,938
Retirement benefit liability	132,355	132,823
Other non-current liabilities	11,430	11,532
Total non-current liabilities	<u>994,067</u>	<u>998,693</u>
Total liabilities	<u>1,663,645</u>	<u>1,722,507</u>
Equity		
Share capital	273,200	273,200
Capital surplus	273,631	273,829
Retained earnings	225,644	237,777
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	38,384	42,248
Effective portion of cash flow hedges	4,812	6,636
Exchange differences on translation of foreign operations	1,024	1,229
Total accumulated other comprehensive income	<u>44,220</u>	<u>50,115</u>
Total equity attributable to owners of parent	<u>816,288</u>	<u>834,513</u>
Non-controlling interests	40,669	37,345
Total equity	<u>856,957</u>	<u>871,858</u>
Total liabilities and equity	<u><u>2,520,603</u></u>	<u><u>2,594,366</u></u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	65,432	159,955
Domestic passenger revenue	88,342	122,927
Other revenue	115,121	98,557
Total revenue	268,896	381,440
Other income	3,962	2,495
Operating expenses		
Personnel expenses	(70,051)	(77,631)
Aircraft fuel	(69,846)	(79,407)
Depreciation, amortization and impairment losses	(42,062)	(36,978)
Other operating expenses	(121,165)	(159,063)
Total operating expenses	(303,125)	(353,080)
Operating profit (Loss in brackets)	(30,267)	30,855
Share of profit of investments accounted for using equity method (Loss in brackets)	313	(1,995)
Profit before investing, financing and income tax (Loss in brackets)	(29,954)	28,859
Income/expenses from investments		
Investing income	2,402	2,524
Investing expenses	(50)	(0)
Profit before financing and income tax (Loss in brackets)	(27,602)	31,383
Finance income/expenses		
Finance income	2,749	4,688
Finance expenses	(4,036)	(4,173)
Profit before tax (Loss in brackets)	(28,889)	31,897
Income tax expense	8,500	(9,550)
Profit (Loss in brackets)	(20,388)	22,346
Profit attributable to		
Owners of parent	(19,583)	23,063
Non-controlling interests	(805)	(716)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,656)	4,213
Share of other comprehensive income of investments accounted for using equity method	(55)	49
Total of items that will not be reclassified to profit or loss	(1,711)	4,262
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	5,485	2,345
Exchange differences on translation of foreign operations	536	137
Share of other comprehensive income of investments accounted for using equity method	41	72
Total of items that may be reclassified to profit or loss	6,064	2,554
Other comprehensive income, net of tax	4,352	6,817
Comprehensive income	(16,036)	29,164

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(15,650)	29,136
Non-controlling interests	(386)	27
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	(44.81)	52.77
Diluted earnings per share (Yen)	-	-

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
Consolidated Financial Results for the First Quarter of FY2022 (April 1, 2022 to June 30, 2022)

Equity attributable to owners of parent

	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022	273,200	273,617	176,406	(408)	35,512	41,018
Profit (Loss in brackets)	-	-	(19,583)	-	-	-
Other comprehensive income	-	-	-	-	(1,924)	5,401
Comprehensive income	-	-	(19,583)	-	(1,924)	5,401
Dividends	-	-	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,009)
Change in ownership interest in subsidiaries	-	(0)	-	-	-	-
Transfer to retained earnings	-	-	(39)	-	39	-
Total transactions with owners	-	(0)	(39)	-	39	(1,009)
Balance as of June 30, 2022	273,200	273,617	156,782	(408)	33,627	45,411

Equity attributable to owners of parent

	Accumulated other comprehensive income		Total Equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total accumulated other comprehensive income			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2022	390	76,921	799,736	46,330	846,067
Profit (Loss in brackets)	-	-	(19,583)	(805)	(20,388)
Other comprehensive income	456	3,933	3,933	418	4,352
Comprehensive income	456	3,933	(15,650)	(386)	(16,036)
Dividends	-	-	-	(2,627)	(2,627)
Transfer to non-financial assets	-	(1,009)	(1,009)	-	(1,009)
Changes in ownership interest in subsidiaries	-	-	(0)	(0)	(0)
Transfer to retained earnings	-	39	-	-	-
Total transactions with owners	-	(969)	(1,009)	(2,627)	(3,637)
Balance as of June 30, 2022	846	79,885	783,076	43,316	826,393

Consolidated Financial Results for the First Quarter of FY2023 (April 1, 2023 to June 30, 2023)

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, 2023	273,200	273,631	225,644	(408)	38,384	4,812
Profit (Loss in brackets)	-	-	23,063	-	-	-
Other comprehensive income	-	-	-	-	3,859	2,008
Comprehensive income	-	-	23,063	-	3,859	2,008
Dividends	-	-	(10,925)	-	-	-
Share-based payments	-	200	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(184)
Purchase of treasury shares	-	-	-	(0)	-	-
Changes in ownership interest in subsidiaries	-	(2)	-	-	-	-
Transfer to retained earnings	-	-	(5)	-	5	-
Total transactions with owners	-	198	(10,930)	(0)	5	(184)
Balance as of June 30, 2023	<u>273,200</u>	<u>273,829</u>	<u>237,777</u>	<u>(408)</u>	<u>42,248</u>	<u>6,636</u>

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, 2023	1,024	44,220	816,288	40,669	856,957
Profit (Loss in brackets)	-	-	23,063	(716)	22,346
Other comprehensive income	205	6,073	6,073	743	6,817
Comprehensive income	205	6,073	29,136	27	29,164
Dividends	-	-	(10,925)	(3,065)	(13,991)
Share-based payments	-	-	200	-	200
Transfer to non-financial assets	-	(184)	(184)	(217)	(401)
Purchase of treasury shares	-	-	(0)	-	(0)
Changes in ownership interest in subsidiaries	-	-	(2)	(68)	(70)
Transfer to retained earnings	-	5	-	-	-
Total transactions with owners	-	(179)	(10,911)	(3,351)	(14,263)
Balance as of June 30, 2023	<u>1,229</u>	<u>50,115</u>	<u>834,513</u>	<u>37,345</u>	<u>871,858</u>

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Three months ended June 30, 2022	Three months ended June 30, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	(28,889)	31,897
Depreciation, amortization and impairment losses	42,062	36,978
Loss (gain) on sale and retirement of fixed assets	27	(366)
Increase (decrease) in retirement benefit liability	792	461
Interest and dividend income	(930)	(1,598)
Interest expenses	3,172	3,397
Foreign exchange loss (gain)	(2,760)	(4,335)
Share of loss (profit) of investments accounted for using equity method	(313)	1,995
Decrease (increase) in trade and other receivables	(27,656)	4,932
Decrease (increase) in inventories	(1,069)	(665)
Increase (decrease) in trade and other payables	22,409	(4,070)
Increase (decrease) in contract liabilities	56,933	48,418
Other, net	18,673	9,307
Subtotal	82,451	126,351
Income taxes (paid) refund	(3,655)	(2,701)
Net cash provided by (used in) operating activities	78,796	123,650
Cash flows from investing activities		
Purchase of non-current assets	(35,415)	(37,111)
Proceeds from sales of non-current assets	888	1,478
Purchase of other financial assets	(0)	(105)
Payments for loans receivable	(97)	(2,707)
Collection of loans receivable	186	236
Interest received	60	320
Dividends received	1,026	1,337
Other, net	861	968
Net cash provided by (used in) investing activities	(32,489)	(35,582)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,951	3,445
Proceeds from long-term borrowings	2,000	-
Repayments of long-term borrowings	(7,351)	(20,310)
Proceeds from issuance of bonds	-	19,880
Interest paid	(1,874)	(1,757)
Dividends paid	(1)	(10,188)
Dividends paid to non-controlling interests	(2,676)	(2,556)
Repayments of lease liabilities	(6,446)	(5,263)
Other, net	(668)	(511)
Net cash provided by (used in) financing activities	(15,068)	(17,262)
Effect of exchange rate changes on cash and cash equivalents	4,899	5,952
Net increase (decrease) in cash and cash equivalents	36,136	76,758
Cash and cash equivalents at beginning of period	494,226	639,247
Cash and cash equivalents at end of period	530,363	716,006

(5) Notes for Condensed Quarterly Consolidated Financial Statements

(Reporting Company)

Japan Airlines Co., Ltd. (hereinafter the “Company”) is a stock company located in Japan. The registered address of its Head Office is 4-11, 2-chome Higashi-shinagawa, Shinagawa-ku, Tokyo. The Company’s condensed quarterly consolidated financial statements for the three months ended June 30, 2023 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

(Revenue)**(1) Breakdown of Revenue****Revenue and Segment Revenue****Consolidated Financial Results for the First Quarter of FY2022 (April 1, 2022 to June 30, 2022)**

	Segment				
	Air	Other	Sub-total	Internal	Total
	Transportation			transaction	
	Millions of Yen	Millions of Yen	Millions of Yen	adjustment	Millions of Yen
				Millions of Yen	
International (FSC)					
Passenger operations	62,488	-	62,488	-	-
Cargo and mail-service operation	59,564	-	59,564	-	-
Luggage operations	416	-	416	-	-
Sub-total	122,469	-	122,469	-	-
Domestic (FSC)					
Passenger operations	88,020	-	88,020	-	-
Cargo and mail-service operation	5,762	-	5,762	-	-
Luggage operations	87	-	87	-	-
Sub-total	93,870	-	93,870	-	-
Total revenues from international and domestic operations	216,340	-	216,340	-	-
LCC passenger operations	3,265	-	3,265	-	-
Travel agency Revenue	-	17,686	17,686	-	-
Other	28,719	21,622	50,341	-	-
Total revenues	<u>248,324</u>	<u>39,308</u>	<u>287,633</u>	<u>(18,737)</u>	<u>268,896</u>

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

2. FSC: Full Service Carrier

Consolidated Financial Results for the First Quarter of FY2023 (April 1, 2023 to June 30, 2023)

	Segment				
	Air	Other	Sub-total	Internal	Total
	Transportation			transaction	
	Millions of Yen	Millions of Yen	Millions of Yen	adjustment	Millions of Yen
				Millions of Yen	
International (FSC)					
Passenger operations	147,528	-	147,528	-	-
Cargo and mail-service operation	28,495	-	28,495	-	-
Luggage operations	394	-	394	-	-
Sub-total	176,418	-	176,418	-	-
Domestic (FSC)					
Passenger operations	122,047	-	122,047	-	-
Cargo and mail-service operation	5,845	-	5,845	-	-
Luggage operations	114	-	114	-	-
Sub-total	128,006	-	128,006	-	-
Total revenues from international and domestic operations	304,425	-	304,425	-	-
LCC passenger operations	13,352	-	13,352	-	-
Travel agency Revenue	-	28,848	28,848	-	-
Other	31,979	26,921	58,901	-	-
Total revenues	<u>349,757</u>	<u>55,769</u>	<u>405,527</u>	<u>(24,086)</u>	<u>381,440</u>

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

2. FSC: Full Service Carrier

The JAL Group operates “Air Transportation”, mainly in passenger and baggage carriage or mail and cargo handling in both international and domestic routes, and “Other” business.

Revenues arising out of these businesses are recognized in accordance with contracts with customers, and there is no significant financing component in the contracts. None of consideration in contracts with customers is not reflected in transaction prices.

The JAL Group operates a customer loyalty program called “JAL Mileage Bank”. Members in the JAL Mileage Bank can collect miles through flights with the airlines in JAL Group or other services, and can redeem them for flights with JAL group or other partners’ services. Miles that are expected to be redeemed are identified as performance obligations, and deferred on the statement of financial position as a contract liability. When miles are redeemed for services, revenue is recognized in the statement of profit or loss and other comprehensive income. A transaction value allocated as performance obligations of miles is deferred as contract liabilities in condensed quarterly consolidated statement of financial position, and revenue is recognized as miles are redeemed.

Air Transportation

In the air transportation business segment, the JAL Group provides services related to the international and domestic transportation of passengers, cargo & mail and baggage on aircraft. The main revenues are recognized as follows.

Passenger operations

Passenger revenue is mainly revenue earned from passenger transportation services using aircraft. The JAL Group has the obligation to provide customers with international and domestic air transportation services according to the Conditions of Carriage. The performance obligation is satisfied upon completion of the passenger's air transportation service. The transaction price may fluctuate because we may offer discounts when selling tickets or pay incentives based on the amount of sales. In addition, consideration for a transaction is generally received in advance at a point in time before the performance obligation is satisfied.

Cargo and mail-service operations

Cargo and mail revenues are mainly revenues earned from air cargo and air mail handling operations. The JAL Group has the obligation to provide international and domestic cargo and mail transportation services. The performance obligation is satisfied upon completion of cargo and mail air transportation. The amount of variable consideration including revenue is not significant. Consideration for a transaction is generally received within 2 months after the completion of cargo and mail air transportation.

Luggage operations

Baggage revenue is mainly revenue earned from baggage transportation services that accompany passenger transportation on aircraft. The JAL Group has the obligation to provide customers with international and domestic air transportation services. The performance obligation is satisfied upon completion of baggage air transportation. Sales including variable consideration is the amount of variable consideration including revenue is not significant. Consideration for a transaction is generally received on the day of baggage transportation.

Other

Other revenues are earned mainly from mileage award services excluding award tickets, and business consignment services related to air transportation. The performance obligation is satisfied upon completion of the services.

Other

In “Other” businesses, we are mainly engaged in planning and sales of air travel package tour, wholesale and retail business, and credit card business.

Revenues related to planning and sales of air travel package tour and credit card business are mainly recognized over a certain period of time as the service is provided. In addition, consideration for a transaction is generally received in advance at a point in time before the performance obligation is satisfied. Also, revenues related to sales of merchandise is recognized upon the delivery of merchandise or completion of acceptance by customers, and consideration for a transaction is generally received after the performance obligation is satisfied.

(Segment Information)

(1) Overview of segment reporting

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

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

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

(2) Information on reportable segment

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

Intersegment sales is based on the current market price.

Consolidated financial results for the first quarter of FY2022 (April 1, 2022 to June 30, 2022)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation Business				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external customers	236,231	32,664	268,896	-	268,896
Intersegment	12,092	6,644	18,737	(18,737)	-
Total	248,324	39,308	287,633	(18,737)	268,896
Profit or loss before investing, financing and income tax	(32,159)	2,140	(30,018)	64	(29,954)
Investing income	-	-	-	-	2,402
Investing expenses	-	-	-	-	(50)
Finance income	-	-	-	-	2,749
Finance expenses	-	-	-	-	(4,036)
Profit before tax	-	-	-	-	(28,889)

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

2. Adjustment includes intersegment elimination.

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

Consolidated financial results for the first quarter of FY2023 (April 1, 2023 to June 30, 2023)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation Business				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external customers	333,900	47,539	381,440	-	381,440
Intersegment	15,856	8,230	24,086	(24,086)	-
Total	349,757	55,769	405,527	(24,086)	381,440
Profit or loss before investing, financing and income tax	26,704	2,287	28,991	(131)	28,859
Investing income	-	-	-	-	2,524
Investing expenses	-	-	-	-	(0)
Finance income	-	-	-	-	4,688
Finance expenses	-	-	-	-	(4,173)
Profit before tax	-	-	-	-	31,897

(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.

(Finalization of the Provisional Accounting Treatment for a Business Combination)

The figures for the first quarter of FY2022 reflect the finalization of provisional accounting for a business combination in the last fiscal year.