

[REFERENCE TRANSLATION]

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

Consolidated Financial Results for the Six Months Ended September 30, 2023 [IFRS]

Company name Japan Airlines Co., Ltd October 31, 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: November 1, 2023
 Scheduled date for dividend payment: December 4, 2023
 Supplementary explanations of the quarterly financial results: Yes
 Presentation for the quarterly financial results: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 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	%
Six months ended September 30, 2023	820,938	32.7	91,235	-	89,095	-	61,671	-	82,107	-
Six months ended September 30, 2022	618,522	112.8	220	-	(2,996)	-	(2,158)	-	(16,927)	-

	Basic earnings per share (Loss in brackets)	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	141.12	-
Six months ended September 30, 2022	(4.94)	-

(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 second 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 September 30, 2023	2,662,857	924,559	885,795	33.3	2,026.96
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	-	30.00			
Year Ending March 31, 2024 (Forecast)			-	30.00	60.00

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

Please refer to "1. Qualitative Information concerning Financial Results for the Second Quarter of FY 2023 (4) Dividends" in the Attachment.

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	%
	1,684,000	22.4	130,000	101.4	80,000	132.4

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

Please refer to "1. Qualitative Information concerning Financial Results for the Second Quarter of FY 2023 (3) Explanations of Forecast of Consolidated Financial Results" in the Attachment.

Notes

(1) Changes in significant consolidated subsidiaries during the six months ended September 30, 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 September 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 September 30, 2023 : 136,322

As of March 31, 2023 : 136,291

(c) Average number of shares outstanding

During the six months ended September 30, 2023 : 437,007,192

During the six months ended September 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 October 31, 2023.

Documents distributed at the presentation are scheduled to be posted on our website on the same day.

※ Regarding percentage or ratio compared to prior year, if changes exceed 1,000%, "- "is shown.

Attachment

CONTENTS

1.	Qualitative Information Concerning Financial Results for the Second Quarter of FY2023	2
	(1) Explanation of Operating Results	2
	(2) Explanation on Financial Position	5
	(3) Explanations of Forecast of Consolidated Financial Results	6
	(4) Dividends	6
2.	Condensed Quarterly Consolidated Financial Statement and Primary Notes	7
	(1) Condensed Quarterly Consolidated Statement of Financial Position	7
	(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
	(3) Condensed Quarterly Consolidated Statement of Changes in Equity	11
	(4) Condensed Quarterly Consolidated Statement of Cash flows	13
	(5) Notes for Condensed Quarterly Consolidated Financial Statements	14
	(Reporting Company)	14
	(Basis of Preparation)	14
	(Going Concern Assumptions)	14
	(Revenue)	15
	(Segment Information)	17
	(Finalization of the Provisional Accounting Treatment for a Business Combination)	17

1. Qualitative Information Concerning Financial Results for the Second Quarter of FY 2023

(1) Explanation of Operating Results

The revenue for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023 hereinafter referred as the “Second Quarter Period”) increased by 32.7% year on year to 820.9 billion yen, the operating expense increased by 15.6% year on year to 736.6 billion yen, the profit before financing and income tax (hereinafter referred as “EBIT”) was a profit of 91.2 billion yen (EBIT profit of 0.2 billion yen in the same period in the previous year). The profit attributable to owners of the parent was 61.6 billion yen (the loss attributable to owners of the parent of 2.1 billion yen in the same period in the previous year).

Consolidated financial results are as follows.

(JPY Bn)	Six months ended September 30, 2022	Six months ended September 30, 2023	% or points compared to prior period
Revenue	618.5	820.9	132.7%
FSC International Passenger	163.2	314.4	192.6%
FSC Domestic Passenger	208.6	275.0	131.8%
FSC Cargo/Mail	126.2	66.9	53.0%
FSC Others	7.6	9.2	119.7%
LCC	11.1	31.6	284.3%
Mileage, Lifestyle and Infrastructure	101.5	123.6	121.8%
Operating Expense	637.4	736.6	115.6%
Fuel	154.8	170.0	109.8%
Excluding Fuel	482.5	566.6	117.4%
Profit or loss before financing and income tax (EBIT)	0.2	91.2	-
EBIT Margin (%)	0.0	11.1	11.1
Profit or loss attributable to owners of the parent (Loss in brackets)	(2.1)	61.6	-

(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 second quarter of FY2022 reflect the finalization of provisional accounting for a business combination in the last fiscal year.

The COVID-19 pandemic which 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. On the other hand, the surrounding environment is becoming increasingly severe due to such factors as the weak yen, high fuel prices, inflation, a shortage of human resources, disruptions in the supply chain for aircraft parts and other products, and unstable global conditions. The JAL Group will respond to high fuel prices and raw material costs by improving unit prices through strengthened revenue management and further cost reductions. In addition to proactive recruitment to address the shortage of human resources, we are preparing to provide enough supply that can respond to the rapidly recovering passenger demand through efforts such as the establishment of a new "Airport Ground Handling Association" by stakeholders across the air transport industry.

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. Furthermore, we will introduce the Airbus A350-1000 aircraft by the end of this year, offering more environmentally friendly flights. In September, we received the "WORLD CLASS" award from APEX (Airline Passenger Experience Association) for the third consecutive

year, in recognition of our sustainability initiatives and service quality at the world's highest level. We will continue to work with everyone concerned to commercialize, promote, and expand the use of SAF in Japan, which is crucial to achieving our goal of “replacing 10% of all fuel on board with SAF by 2030”.

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 and internship recruitment, in view of the future shortage of human resources, while also keeping the total number of employees at pre-pandemic levels.

In addition, we are promoting productivity improvement through the use of digital and new technologies, as well as DX training for employees, so that the same output can be achieved with less staff. This fiscal year, we have implemented a large increase in base salary for the first time in four years. Going forward, the JAL Group 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 second 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 approximately 67% 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 a 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, as a new gateway to Europe, Africa, and South America. Furthermore, with the introduction of the new Airbus A350-1000, we will promote decarbonization and enhance our products and services by providing a relaxing space where passengers can experience a free and luxurious way of spending their time.

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. Hokkaido Air System has newly started service on the Sapporo/Okadama-Nemuro Nakashibetsu route from the FY2023 winter schedule, and will contribute to regional development by strengthening the connection between Sapporo, which supports medical care and disaster prevention, and the Nemuro area, including the town of Nakashibetsu.

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 high 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 - an 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, expanding the number of destinations to eight, mainly in North America and Asia, and steadily accumulating profits. From July, domestic flight schedules for Spring Japan and Jetstar Japan can be viewed on the JAL Web site, enhancing the convenience of making reservations. The three LCCs with different characteristics 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

The JAL Group 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). Furthermore, the use of "Award Ticket PLUS" which allows customers to book award ticket reservations with miles even during busy periods, has been increasing. We are working to improve the ease of earning and using miles through these measures. In September, we began selling "JAL Insurance," which allows customers to earn miles when they purchase insurance. We are also aiming to create business with new partners by holding business contests. In this non-aviation 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 second quarter period, Revenue in Air Transportation Segment increased by 32.1% year on year to 752.9 billion yen and the profit before investing, financing and income tax (hereinafter referred as “Segment profit (or loss)”) was 84.2 billion yen (segment loss of 9.8 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)

	Six months ended September 30, 2022	Six months ended September 30, 2023	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	1,742,288	3,294,389	189.1%
Revenue passenger km (1,000 passenger-km)	11,574,448	18,817,497	162.6%
Available seat km (thousands)	16,402,425	23,738,465	144.7%
Revenue passenger-load factor (%)	70.6	79.3	8.7
Revenue cargo ton-km (thousands)	1,446,389	1,271,433	87.9%
Mail ton-km (thousands)	59,437	51,109	86.0%
DOMESTIC			
Revenue passengers carried (number of passengers)	13,717,994	17,526,682	127.8%
Revenue passenger km (1,000 passenger-km)	10,554,164	13,302,240	126.0%
Available seat km (thousands)	17,455,313	17,640,229	101.1%
Revenue passenger-load factor (%)	60.5	75.4	14.9
Revenue cargo ton-km (thousands)	133,178	140,119	105.2%
Mail ton-km (thousands)	10,855	10,738	98.9%
TOTAL			
Revenue passengers carried (number of passengers)	15,460,282	20,821,071	134.7%
Revenue passenger km (1,000 passenger-km)	22,128,613	32,119,738	145.2%
Available seat km (thousands)	33,857,739	41,378,694	122.2%
Revenue passenger-load factor (%)	65.4	77.6	12.3
Revenue cargo ton-km (thousands)	1,579,568	1,411,553	89.4%
Mail ton-km (thousands)	70,293	61,847	88.0%

Traffic Results (LCC)

	Six months ended September 30, 2022	Six months ended September 30, 2023	% or points compared to prior period
ZIPAIR			
Revenue passengers carried (number of passengers)	162,785	541,959	332.9%
Revenue passenger km (1,000 passenger-km)	841,844	2,990,836	355.3%
Available seat km (thousands)	2,155,023	3,765,864	174.7%
Revenue passenger-load factor (%)	39.1	79.4	40.4
SPRING JAPAN			
Revenue passengers carried (number of passengers)	208,406	390,668	187.5%
Revenue passenger km (1,000 passenger-km)	173,921	400,097	230.0%
Available seat km (thousands)	325,543	553,798	170.1%
Revenue passenger-load factor (%)	53.4	72.2	18.8

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 six months ended September 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 second quarter period increased by 142.2 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 662.8 billion yen, mainly due to the increase of Cash and Cash equivalents.

Liabilities increased by 74.6 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 738.2 billion yen mainly due to increase in contract liabilities.

Equity increased by 67.6 billion yen from the end of the previous consolidated fiscal year to 924.5 billion yen, due to an increase from the profit attributable to owners of parent, despite a decrease from payment of dividends.

Liquidity at hand was maintained at a sufficient amount of 743.5 billion yen at the end this second 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 second quarter period increased by 104.3 billion yen from the end of the previous consolidated fiscal year to 743.5 billion yen.

1 Cash Flows from Operating Activities

As a total of quarterly profit before tax of 89.0 billion yen, non-cash expenses such as depreciation, and trade and other payables and receivables, cash flow from operating activities (inflow) was 213.4 billion yen (cash inflow of 120.2 billion yen in the same period of the previous year).

2 Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 82.4 billion yen mainly due to acquisition of fixed assets (cash outflow of 52.5 billion yen in the same period of the previous year).

3 Cash Flows from Financing Activities

Cash flow from financing activities (outflow) was 34.4 billion yen mainly due to repayment of long term debts and payment of dividends (cash outflow of 26.6 billion yen in the same period of the previous year)

(3) Explanations of Forecast of Consolidated Financial Results

To reflect the latest trends in air transport demand, the following revisions have been made to the consolidated financial results forecast for this fiscal year announced on May 2, 2023.

Forecast of Consolidated Financial Results for the Fiscal Year ending March 2024 (1st April, 2023 to 31st March, 2024)

	Revenue	Profit before financing and income tax (EBIT)	Profit attributable to owners of parent
Previous Full-year forecast (A)	Millions of yen 1,658,000	Millions of yen 100,000	Millions of yen 55,000
Revised full-year forecast (B)	1,684,000	130,000	80,000
Changes (B – A)	26,000	30,000	25,000
% compared to prior forecast	1.6	30.0	45.5
(Reference) Consolidated financial results for the Fiscal Year Ended March 31, 2023 (Loss in brackets)	1,375,589	64,563	34,423

Passenger demand is exceeding our initial expectations. In addition to strong inbound international passenger demand, outbound business demand from Japan is also showing signs of recovery, while domestic passenger demand has already recovered to pre-pandemic levels, especially for tourism demand. On the other hand, operating expenses are expected to be lower than the previous forecast, as a result of continued efforts to manage costs despite the weak yen, high fuel prices and inflation.

In light of the above, the forecast of the consolidated financial results for the fiscal year ending March 2024 have been revised upwards, to a revenue of 1 trillion and 684 billion yen, EBIT of 130 billion yen, and profit attributable to owners of parent of 80 billion yen.

Although there is only half a year left in the current fiscal year, we will continue to make our utmost effort to further improve our profitability.

In calculating the above forecast, we have changed the market assumption to a dollar-yen exchange rate of 145 yen and the market price of Singapore kerosene, an indicator of aviation fuel costs, of US \$120 per barrel

(4) Dividends

The JAL Group regards shareholder returns as one of its most important management matters. Our fundamental policy is to actively implement shareholder returns through continuous and stable dividends and flexible acquisition of treasury shares, while securing internal reserves for making investments for corporate growth and to adapt to changes in the business environment, in order to build a strong financial structure.

Based on this basic policy, and in light of the above-mentioned revision of the consolidated financial results forecast for the full fiscal year, the annual dividend forecast has been revised to 60 yen per share. Of this amount, the Board of Directors resolved at its meeting held today to pay an interim dividend of 30 yen per share with a record date of September 30, 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 September 30, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	639,247	743,580
Trade and other receivables	174,906	172,591
Other financial assets	11,202	21,547
Inventories	36,747	40,704
Other current assets	60,776	79,111
Total current assets	922,880	1,057,536
Non-current assets		
Tangible fixed assets		
Flight equipment	839,205	826,345
Advances on flight equipment	102,431	149,567
Other tangible fixed assets	86,158	82,750
Total tangible fixed assets	1,027,795	1,058,662
Goodwill and intangible assets	83,310	82,372
Investment property	3,296	3,459
Investments accounted for using equity method	20,200	22,415
Other financial assets	158,638	166,958
Deferred tax assets	278,655	246,098
Retirement benefit asset	8,522	8,721
Other non-current assets	17,303	16,632
Total non-current assets	1,597,722	1,605,321
Total assets	2,520,603	2,662,857

	As of March 31, 2023	As of September 30, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	136,138	151,770
Interest-bearing liabilities	111,968	119,511
Other financial liabilities	58,749	44,893
Income taxes payable	2,642	1,611
Contract liabilities	316,873	362,002
Provisions	2,737	2,639
Other current liabilities	40,467	38,318
Total current liabilities	<u>669,578</u>	<u>720,746</u>
Non-current liabilities		
Interest-bearing liabilities	813,535	801,651
Other financial liabilities	9,331	42,062
Deferred tax liabilities	3,505	3,788
Provisions	23,908	25,382
Retirement benefit liability	132,355	133,126
Other non-current liabilities	11,430	11,541
Total non-current liabilities	<u>994,067</u>	<u>1,017,551</u>
Total liabilities	<u>1,663,645</u>	<u>1,738,298</u>
Equity		
Share capital	273,200	273,200
Capital surplus	273,631	273,890
Retained earnings	225,644	276,350
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	38,384	41,831
Effective portion of cash flow hedges	4,812	19,336
Exchange differences on translation of foreign operations	1,024	1,595
Total accumulated other comprehensive income	<u>44,220</u>	<u>62,763</u>
Total equity attributable to owners of parent	<u>816,288</u>	<u>885,795</u>
Non-controlling interests	40,669	38,763
Total equity	<u>856,957</u>	<u>924,559</u>
Total liabilities and equity	<u><u>2,520,603</u></u>	<u><u>2,662,857</u></u>

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

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	172,695	343,437
Domestic passenger revenue	210,373	277,700
Other revenue	235,452	199,799
Total revenue	618,522	820,938
Other income	14,763	4,139
Operating expenses		
Personnel expenses	(139,224)	(157,771)
Aircraft fuel	(154,838)	(170,035)
Depreciation, amortization and impairment losses	(83,245)	(75,197)
Other operating expenses	(260,098)	(333,686)
Total operating expenses	(637,406)	(736,689)
Operating profit (Loss in brackets)	(4,120)	88,387
Share of profit of investments accounted for using equity method (Loss in brackets)	(245)	(462)
Profit before investing, financing and income tax (Loss in brackets)	(4,366)	87,925
Income/expenses from investments		
Investing income	4,652	3,310
Investing expenses	(65)	(0)
Profit before financing and income tax	220	91,235
Finance income/expenses		
Finance income	4,259	5,711
Finance expenses	(7,476)	(7,851)
Profit before tax (Loss in brackets)	(2,996)	89,095
Income tax expense	67	(26,951)
Profit (Loss in brackets)	(2,928)	62,143
Profit attributable to		
Owners of parent	(2,158)	61,671
Non-controlling interests	(769)	471
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,041	3,778
Share of other comprehensive income of investments accounted for using equity method	(50)	120
Total of items that will not be reclassified to profit or loss	1,991	3,899
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	(17,316)	15,298
Exchange differences on translation of foreign operations	1,252	671
Share of other comprehensive income of investments accounted for using equity method	72	95
Total of items that may be reclassified to profit or loss	(15,991)	16,064
Other comprehensive income, net of tax	(13,999)	19,964
Comprehensive income	(16,927)	82,107

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(17,454)	80,486
Non-controlling interests	526	1,620
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	(4.94)	141.12
Diluted earnings per share (Yen)	-	-

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

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	
					Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2022	273,200	273,617	176,406	(408)	35,512	41,018
Profit (Loss in brackets)	-	-	(2,158)	-	-	-
Other comprehensive income	-	-	-	-	1,726	(17,991)
Comprehensive income	-	-	(2,158)	-	1,726	(17,991)
Dividends	-	-	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,425)
Acquisition of subsidiaries	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-
Change in ownership interest in subsidiaries	-	14	-	-	-	-
Transfer to retained earnings	-	-	(39)	-	39	-
Total transactions with owners	-	14	(39)	-	39	(1,425)
Balance as of September 30, 2022	<u>273,200</u>	<u>273,631</u>	<u>174,207</u>	<u>(408)</u>	<u>37,278</u>	<u>21,602</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, 2022	390	76,921	799,736	46,330	846,067
Profit (Loss in brackets)	-	-	(2,158)	(769)	(2,928)
Other comprehensive income	968	(15,296)	(15,296)	1,296	(13,999)
Comprehensive income	968	(15,296)	(17,454)	526	(16,927)
Dividends	-	-	-	(2,627)	(2,627)
Transfer to non-financial assets	-	(1,425)	(1,425)	(595)	(2,020)
Acquisition of subsidiaries	-	-	-	(2,653)	(2,653)
Disposal of subsidiaries	-	-	-	(44)	(44)
Changes in ownership interest in subsidiaries	-	-	14	(14)	-
Transfer to retained earnings	-	39	-	-	-
Total transactions with owners	-	(1,385)	(1,411)	(5,934)	(7,345)
Balance as of September 30, 2022	<u>1,358</u>	<u>60,239</u>	<u>780,870</u>	<u>40,922</u>	<u>821,793</u>

Consolidated Financial Results for the Second Quarter of FY2023 (April 1, 2023 to September 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)	-	-	61,671	-	-	-
Other comprehensive income	-	-	-	-	3,406	14,836
Comprehensive income	-	-	61,671	-	3,406	14,836
Dividends	-	-	(10,925)	-	-	-
Share-based payments	-	246	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(313)
Purchase of treasury shares	-	-	-	(0)	-	-
Changes in ownership interest in subsidiaries	-	12	-	-	-	-
Transfer to retained earnings	-	-	(40)	-	40	-
Total transactions with owners	-	258	(10,965)	(0)	40	(313)
Balance as of September 30, 2023	273,200	273,890	276,350	(408)	41,831	19,336

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)	-	-	61,671	471	62,143
Other comprehensive income	571	18,815	18,815	1,148	19,964
Comprehensive income	571	18,815	80,486	1,620	82,107
Dividends	-	-	(10,925)	(3,065)	(13,991)
Share-based payments	-	-	246	-	246
Transfer to non-financial assets	-	(313)	(313)	(369)	(682)
Purchase of treasury shares	-	-	(0)	-	(0)
Changes in ownership interest in subsidiaries	-	-	12	(91)	(78)
Transfer to retained earnings	-	40	-	-	-
Total transactions with owners	-	(272)	(10,979)	(3,526)	(14,506)
Balance as of September 30, 2023	1,595	62,763	885,795	38,763	924,559

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Six months ended September 30, 2022	Six months ended September 30, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax (Loss in brackets)	(2,996)	89,095
Depreciation, amortization and impairment losses	83,245	75,197
Loss (gain) on sale and retirement of fixed assets	(2,270)	160
Increase (decrease) in retirement benefit liability	1,148	762
Interest and dividend income	(2,471)	(2,210)
Interest expenses	6,334	6,775
Foreign exchange loss (gain)	(4,397)	(5,016)
Share of loss (profit) of investments accounted for using equity method	245	462
Decrease (increase) in trade and other receivables	(38,643)	(2,161)
Decrease (increase) in inventories	(5,075)	(3,760)
Increase (decrease) in trade and other payables	38,135	15,113
Increase (decrease) in contract liabilities	53,376	44,934
Other, net	(1,932)	(6,451)
Subtotal	124,699	212,901
Income taxes (paid) refund	(4,436)	502
Net cash provided by (used in) operating activities	120,263	213,403
Cash flows from investing activities		
Purchase of non-current assets	(56,704)	(85,141)
Proceeds from sales of non-current assets	3,944	1,650
Purchase of other financial assets	(0)	(226)
Payments for acquisition of subsidiaries	(3,087)	-
Payments for loans receivable	(1,341)	(2,822)
Collection of loans receivable	366	562
Interest received	199	741
Dividends received	2,441	1,756
Other, net	1,674	1,022
Net cash provided by (used in) investing activities	(52,506)	(82,456)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	10,291	7,283
Proceeds from long-term borrowings	2,300	3,000
Repayments of long-term borrowings	(18,084)	(33,526)
Proceeds from issuance of bonds	-	19,880
Interest paid	(5,043)	(5,504)
Dividends paid	(1)	(10,854)
Dividends paid to non-controlling interests	(2,723)	(3,065)
Repayments of lease liabilities	(12,473)	(10,843)
Other, net	(928)	(778)
Net cash provided by (used in) financing activities	(26,663)	(34,409)
Effect of exchange rate changes on cash and cash equivalents	7,678	7,795
Net increase (decrease) in cash and cash equivalents	48,771	104,332
Cash and cash equivalents at beginning of period	494,226	639,247
Cash and cash equivalents at end of period	542,998	743,580

(5) Notes for Condensed Quarterly Consolidated Financial Statements

(Reporting Company)

Japan Airlines Co., Ltd. (hereinafter the “Company”) is a stock company located in Japan. The registered address of its Head Office is 4-11, 2-chome Higashi-shinagawa, Shinagawa-ku, Tokyo. The Company’s condensed quarterly consolidated financial statements for the six months ended September 30, 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 Second Quarter of FY2022 (April 1, 2022 to September 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	163,265	-	163,265	-	-
Cargo and mail-service operation	114,686	-	114,686	-	-
Luggage operations	895	-	895	-	-
Sub-total	278,848	-	278,848	-	-
Domestic (FSC)					
Passenger operations	208,684	-	208,684	-	-
Cargo and mail-service operation	11,564	-	11,564	-	-
Luggage operations	193	-	193	-	-
Sub-total	220,443	-	220,443	-	-
Total revenues from international and domestic operations	499,291	-	499,291	-	-
LCC passenger operations	11,118	-	11,118	-	-
Travel agency Revenue	-	45,531	45,531	-	-
Other	59,649	45,784	105,433	-	-
Total revenues	<u>570,059</u>	<u>91,315</u>	<u>661,374</u>	<u>(42,852)</u>	<u>618,522</u>

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

2. FSC: Full Service Carrier

Consolidated Financial Results for the Second Quarter of FY2023 (April 1, 2023 to September 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	314,444	-	314,444	-	-
Cargo and mail-service operation	55,323	-	55,323	-	-
Luggage operations	825	-	825	-	-
Sub-total	370,593	-	370,593	-	-
Domestic (FSC)					
Passenger operations	275,182	-	275,182	-	-
Cargo and mail-service operation	11,584	-	11,584	-	-
Luggage operations	239	-	239	-	-
Sub-total	287,006	-	287,006	-	-
Total revenues from international and domestic operations	657,600	-	657,600	-	-
LCC passenger operations	31,614	-	31,614	-	-
Travel agency Revenue	-	64,750	64,750	-	-
Other	63,734	55,324	119,059	-	-
Total revenues	<u>752,949</u>	<u>120,075</u>	<u>873,024</u>	<u>(52,086)</u>	<u>820,938</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 second quarter of FY2022 (April 1, 2022 to September 30, 2022)

	Reportable segment	Others (Note)1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air Transportation Business				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue					
Sales to external customers	541,038	77,484	618,522	-	618,522
Intersegment	29,021	13,830	42,852	(42,852)	-
Total	570,059	91,315	661,374	(42,852)	618,522
Profit or loss before investing, financing and income tax	(9,889)	5,456	(4,433)	67	(4,366)
Investing income	-	-	-	-	4,652
Investing expenses	-	-	-	-	(65)
Finance income	-	-	-	-	4,259
Finance expenses	-	-	-	-	(7,476)
Profit before tax	-	-	-	-	(2,996)

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

2. Adjustment includes intersegment elimination.

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

Consolidated financial results for the second quarter of FY2023 (April 1, 2023 to September 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	715,697	105,240	820,938	-	820,938
Intersegment	37,252	14,834	52,086	(52,086)	-
Total	752,949	120,075	873,024	(52,086)	820,938
Profit or loss before investing, financing and income tax	84,261	3,786	88,048	(122)	87,925
Investing income	-	-	-	-	3,310
Investing expenses	-	-	-	-	(0)
Finance income	-	-	-	-	5,711
Finance expenses	-	-	-	-	(7,851)
Profit before tax	-	-	-	-	89,095

(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 second quarter of FY2022 reflect the finalization of provisional accounting for a business combination in the last fiscal year.