

[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, 2023[IFRS]

February 2, 2024

Company name Japan Airlines Co., Ltd
Stock Listing Tokyo Stock Exchange
Code No. 9201 **URL:** <https://www.jal.com>
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 Scheduled date for filing of Quarterly Report: February 5, 2024
 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 Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Revenue		Profit before financing and income tax		Profit before tax		Profit attributable to owners of parent		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, 2023	1,249,365	24.2	128,979	271.5	123,970	402.6	85,872	426.4	87,724	-
Nine months ended December 31, 2022	1,005,590	101.7	34,715	-	24,665	-	16,313	-	(9,114)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	196.50	-
Nine months ended December 31, 2022	37.33	-

(Note) 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) 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, 2023	2,621,541	915,328	876,752	33.4	2,006.27
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 Ended March 31, 2024	-	30.00	-		
Year Ending March 31, 2024 (Forecast)				30.00	60.00

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

Please refer to "1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2023 (3) Explanations of Forecast of Consolidated Financial Results" 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		Profit attributable to owners of parent	
	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: None

Please refer to "1. Qualitative Information concerning Financial Results for the Third Quarter of FY 2023 (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, 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 December 31, 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 December 31, 2023 : 136,322

As of March 31, 2023 : 136,291

(c) Average number of shares outstanding

During the nine months ended December 31, 2023 : 437,007,188

During the nine months ended December 31, 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 February 2, 2024.

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 2023

(1) Explanation of Operating Results

The revenue for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023 hereinafter referred as the “Third Quarter Period”) increased by 24.2% year on year to 1 trillion and 249.3 billion yen, the operating expense increased by 14.1% year on year to 1 trillion 129.6 billion yen, the profit before financing and income tax (hereinafter referred as “EBIT”) increased by 271.5% year on year to 128.9 billion yen, The profit attributable to owners of the parent increased by 426.4% year on year to 85.8 billion yen.

Consolidated financial results are as follows.

(JPY Bn)	Nine months ended December 31, 2022	Nine months ended December 31, 2023	% or points compared to prior period
Revenue	1,005.5	1,249.3	124.2%
FSC International Passenger	287.1	471.7	164.3%
FSC Domestic Passenger	335.5	422.4	125.9%
FSC Cargo/Mail	183.4	101.9	55.6%
FSC Others	11.5	13.5	117.5%
LCC	19.4	48.2	248.7%
Mileage, Lifestyle and Infrastructure	168.5	191.4	113.6%
Operating Expense	990.1	1,129.6	114.1%
Fuel	241.6	266.2	110.2%
Excluding Fuel	748.4	863.4	115.4%
Profit or loss before financing and income tax (EBIT)	34.7	128.9	371.5%
EBIT Margin (%)	3.5	10.3	6.9pt
Profit or loss attributable to owners of the parent (Loss in brackets)	16.3	85.8	526.4%

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

5. EBIT Margin=EBIT/Revenue.

First of all, regarding management challenges, 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 2023 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 introduced the Airbus A350-1000 aircraft in January 2024, offering more environmentally friendly flights. In September 2023, 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. In December 2023, we were selected as a component of the DJSI Asia Pacific Index (Dow Jones Sustainability Asia Pacific Index), a leading ESG investment index, for the second consecutive year with the top score in the global airline industry. 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 2023 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. In addition, in order to train and secure future aviation maintenance engineers, together with ANA Holdings we have established the "Aviation Maintenance Engineer Training Support Program," an interest-free loan, jointly and have begun cooperative efforts across the air transport industry for industry for sustainable airport ground handling. This fiscal year, we have implemented an 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.

With regard to safety, JAL Engineering Co., Ltd. received a business improvement advisory from the Ministry of Land, Infrastructure, Transport and Tourism due to inappropriate maintenance procedures that occurred in September 2023. Since the accident occurred, we have promptly taken corrective measures and will continue to make every effort to ensure that our customers can fly with peace of mind.

With regard to the Noto Peninsula Earthquake in 2024 that occurred on January 1, 2024, we have transported relief supplies in cooperation with AEON Co., Ltd. We express our deepest sympathies to those who have been affected by the earthquake.

The following is a summary of the JAL Group's operating results for the third 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 68% of pre-pandemic levels, mainly due to strong inbound demand. Although there are new geopolitical risks such as fighting between the Israeli military and the Islamic organization Hamas and a delay in the recovery of demand on China routes, the impact on our business performance is limited. Demand from Japan, which had been slow to recover compared to inbound demand which exceeded pre-pandemic levels, is gradually recovering. As a result, total international passenger numbers were almost in line with expectations, and the revenue per passenger exceeded expectations. 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 continue to promote decarbonization and enhance our products and services by offering the latest in comfort.

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. As a result, total passengers were in line with expectations and revenue per passenger exceeded expectations, maintaining a strong performance. Hokkaido Air System Co., Ltd. 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.

In the cargo business, while demand for cargo to/from Japan was slow to recover, we strove to maximize cargo volume, focusing on high value-added cargo such as pharmaceuticals and perishables, resulting in revenues above pre-pandemic levels. In addition, we will begin operation of the Boeing 767-300ER cargo aircraft from February 2024. Through strong partnership with DHL Express, a global logistics company, we will build a network in East Asia to capture strong e-commerce demand. We aim to achieve sustainable growth in the air cargo business and contribute to society and our customers.

Regarding costs, the yen appreciated more than expected and fuel prices remained lower than expected. As a result, costs, especially fuel costs, have been declining. If this trend continues in the fourth quarter, costs are expected to decrease further. We are also steadily reducing variable and fixed costs other than fuel.

LCC Business Domain

ZIPAIR - an LCC for medium to long-haul international flights, started service on the San Francisco route in June 2023 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. With demand for China routes gradually recovering, Spring Japan has resumed its Narita-Shanghai service for the first time in three years and eight months. We will strive to build a hub network at Narita Airport with three LCCs with different characteristics, including Jetstar Japan Co., Ltd. to create a new flow of people, including younger passengers and families.

Mileage, Infrastructure and Others Business Domain

The JAL Global Club was renewed in January 2024, and the "JAL Life Status Program" was launched, which allows users to earn status points throughout their lifetime, through boarding JAL flights and also daily life. We will continue to

promote the "JAL Mileage Life" program, which allows customers to accumulate miles in various aspects of their daily lives and use them for special experiences that only JAL can offer. In addition, 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 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.

Financial results of each segment are as follows.

Air Transportation Segment

In the third quarter period, Revenue in Air Transportation Segment increased by 24.0% year on year to 1 trillion 144.8 billion yen and the profit before investing, financing and income tax (hereinafter referred as "Segment profit") increased by 451.0% year on year to 118.0 billion yen.. (Revenue and Segment profit are before elimination of transactions between segments.)

Traffic Results (Full Service Carrier)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	2,950,455	4,954,529	167.9%
Revenue passenger km (1,000 passenger-km)	19,130,340	28,124,740	147.0%
Available seat km (thousands)	27,055,126	35,574,368	131.5%
Revenue passenger-load factor (%)	70.7	79.1	8.4
Revenue cargo ton-km (thousands)	2,167,476	1,901,634	87.7%
Mail ton-km (thousands)	95,031	80,363	84.6%
DOMESTIC			
Revenue passengers carried (number of passengers)	22,353,270	26,644,704	119.2%
Revenue passenger km (1,000 passenger-km)	17,148,876	20,208,398	117.8%
Available seat km (thousands)	26,552,537	26,565,031	100.0%
Revenue passenger-load factor (%)	64.6	76.1	11.5
Revenue cargo ton-km (thousands)	211,065	216,861	102.7%
Mail ton-km (thousands)	16,820	16,669	99.1%
TOTAL			
Revenue passengers carried (number of passengers)	25,303,725	31,599,233	124.9%
Revenue passenger km (1,000 passenger-km)	36,279,216	48,333,138	133.2%
Available seat km (thousands)	53,607,664	62,139,399	115.9%
Revenue passenger-load factor (%)	67.7	77.8	10.1
Revenue cargo ton-km (thousands)	2,378,541	2,118,496	89.1%
Mail ton-km (thousands)	111,851	97,033	86.8%

Traffic Results (LCC)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	% or points compared to prior period
ZIPAIR			
Revenue passengers carried (number of passengers)	306,107	830,556	271.3%
Revenue passenger km (1,000 passenger-km)	1,518,934	4,576,877	301.3%
Available seat km (thousands)	3,303,124	5,838,993	176.8%
Revenue passenger-load factor (%)	46.0	78.4	32.4
SPRING JAPAN			
Revenue passengers carried (number of passengers)	340,051	582,056	171.2%
Revenue passenger km (1,000 passenger-km)	281,766	604,387	214.5%
Available seat km (thousands)	556,187	886,993	159.5%
Revenue passenger-load factor (%)	50.7	68.1	17.5

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 nine months ended December 31, 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 third quarter period increased by 100.9 billion yen from the end of the previous consolidated fiscal year to 2 trillion and 621.5 billion yen, mainly due to the increase of advances on flight equipment.

Liabilities increased by 42.5 billion yen from the end of the previous consolidated fiscal year to 1 trillion and 706.2 billion yen mainly due to increase of other financial liabilities.

Equity increased by 58.3 billion yen from the end of the previous consolidated fiscal year to 915.3 billion yen, due to an increase of the profit attributable to owners of parent, despite dividend payments.

Liquidity at hand was maintained at a sufficient amount of 684.0 billion yen at the end of this third 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, 2023 upon reflecting the improvement performance and cash flow.

(Outline of Cash Flows)

Cash and cash equivalents at the end of third quarter period increased by 44.8 billion yen from the end of the previous consolidated fiscal year to 684.0 billion yen.

1 Cash Flows from Operating Activities

As a total of quarterly profit before tax of 123.9 billion yen, non-cash expenses such as depreciation, and trade and other payables and receivables, cash flow from operating activities (inflow) was 273.2 billion yen (cash inflow of 191.4 billion yen in the same period of the previous year).

2 Cash Flows from Investing Activities

Cash flow from investing activities (outflow) was 155.7 billion yen mainly due to acquisition of fixed assets (cash outflow of 74.0 billion yen in the same period of the previous year).

3 Cash Flows from Financing Activities

Cash flow from financing activities (outflow) was 79.9 billion yen mainly due to repayment of long term debts and payment of dividends (cash outflow of 61.1 billion yen in the same period of the previous year)

(3) Explanations of Forecast of Consolidated Financial Results

Although we expect to record an operating expense of approximately 15 billion yen due to the total loss of our aircraft in connection with the collision between JL516 and a Japan Coast Guard aircraft that occurred on January 2, 2024, there is no change to the consolidated financial results forecast and dividend forecast for the full fiscal year announced in the "Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2024" dated October 31, 2023. The impact of the closure of Runway C at Haneda Airport is expected to reduce revenues by approximately 2 billion yen, but the impact on our business performance will be limited. We deeply apologize for the concern and inconvenience caused to all concerned. We will continue to fully cooperate with the investigation of this accident.

We also expect the Noto Peninsula earthquake on January 1, 2024 to have a limited impact on our business performance.

2. Condensed Quarterly Consolidated Financial Statement and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of March 31, 2023	As of December 31, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	639,247	684,059
Trade and other receivables	174,906	162,530
Other financial assets	11,202	14,243
Inventories	36,747	43,701
Other current assets	60,776	86,183
Total current assets	<u>922,880</u>	<u>990,718</u>
Non-current assets		
Tangible fixed assets		
Flight equipment	839,205	844,764
Advances on flight equipment	102,431	171,227
Other tangible fixed assets	86,158	82,300
Total tangible fixed assets	<u>1,027,795</u>	<u>1,098,292</u>
Goodwill and intangible assets	83,310	84,686
Investment property	3,296	3,351
Investments accounted for using equity method	20,200	23,117
Other financial assets	158,638	151,906
Deferred tax assets	278,655	244,632
Retirement benefit asset	8,522	8,745
Other non-current assets	17,303	16,090
Total non-current assets	<u>1,597,722</u>	<u>1,630,822</u>
Total assets	<u>2,520,603</u>	<u>2,621,541</u>

	As of March 31, 2023	As of December 31, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	136,138	151,607
Interest-bearing liabilities	111,968	125,148
Other financial liabilities	58,749	51,875
Income taxes payable	2,642	1,284
Contract liabilities	316,873	341,363
Provisions	2,737	2,935
Other current liabilities	40,467	44,159
Total current liabilities	<u>669,578</u>	<u>718,374</u>
Non-current liabilities		
Interest-bearing liabilities	813,535	772,571
Other financial liabilities	9,331	42,939
Deferred tax liabilities	3,505	3,444
Provisions	23,908	24,569
Retirement benefit liability	132,355	133,130
Other non-current liabilities	11,430	11,182
Total non-current liabilities	<u>994,067</u>	<u>987,838</u>
Total liabilities	<u>1,663,645</u>	<u>1,706,212</u>
Equity		
Share capital	273,200	273,200
Capital surplus	273,631	273,918
Retained earnings	225,644	286,605
Treasury shares	(408)	(408)
Accumulated other comprehensive income		
Financial assets measured at fair value through other comprehensive income	38,384	41,488
Effective portion of cash flow hedges	4,812	688
Exchange differences on translation of foreign operations	1,024	1,259
Total accumulated other comprehensive income	<u>44,220</u>	<u>43,437</u>
Total equity attributable to owners of parent	<u>816,288</u>	<u>876,752</u>
Non-controlling interests	40,669	38,576
Total equity	<u>856,957</u>	<u>915,328</u>
Total liabilities and equity	<u>2,520,603</u>	<u>2,621,541</u>

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

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
	Millions of yen	Millions of yen
Revenue		
International passenger revenue	303,961	516,383
Domestic passenger revenue	338,155	426,129
Other revenue	363,472	306,852
Total revenue	1,005,590	1,249,365
Other income	18,475	6,266
Operating expenses		
Personnel expenses	(211,579)	(243,705)
Aircraft fuel	(241,670)	(266,209)
Depreciation, amortization and impairment losses	(121,705)	(112,062)
Other operating expenses	(415,167)	(507,701)
Total operating expenses	(990,123)	(1,129,679)
Operating profit	33,942	125,952
Share of profit of investments accounted for using equity method (Loss in brackets)	(2,952)	(536)
Profit before investing, financing and income tax	30,990	125,415
Income/expenses from investments		
Investing income	3,790	3,564
Investing expenses	(66)	(0)
Profit before financing and income tax	34,715	128,979
Finance income/expenses		
Finance income	853	6,554
Finance expenses	(10,903)	(11,562)
Profit before tax	24,665	123,970
Income tax expense	(8,644)	(37,313)
Profit	16,021	86,657
Profit attributable to		
Owners of parent	16,313	85,872
Non-controlling interests	(291)	784
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,206	2,521
Share of other comprehensive income of investments accounted for using equity method	(52)	106
Total of items that will not be reclassified to profit or loss	2,154	2,628
Items that may be reclassified to profit or loss		
Effective portion of cash flow hedges	(28,735)	(2,055)
Exchange differences on translation of foreign operations	1,417	439
Share of other comprehensive income of investments accounted for using equity method	26	53
Total of items that may be reclassified to profit or loss	(27,291)	(1,561)
Other comprehensive income, net of tax	(25,136)	1,066
Comprehensive income	(9,114)	87,724

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
	Millions of yen	Millions of yen
Comprehensive income attributable to		
Owners of parent	(9,895)	85,916
Non-controlling interests	780	1,807
Earnings per share		
Basic earnings per share (Loss in brackets) (Yen)	37.33	196.50
Diluted earnings per share (Yen)	-	-

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
Consolidated Financial Results for the Third Quarter of FY2022 (April 1, 2022 to December 31, 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)	-	-	16,313	-	-	-
Other comprehensive income	-	-	-	-	2,049	(29,210)
Comprehensive income	-	-	16,313	-	2,049	(29,210)
Dividends	-	-	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,466)
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	(1,466)
Balance as of December 31, 2022	273,200	273,631	192,679	(408)	37,601	10,341

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)	-	-	16,313	(291)	16,021
Other comprehensive income	953	(26,208)	(26,208)	1,071	(25,136)
Comprehensive income	953	(26,208)	(9,895)	780	(9,114)
Dividends	-	-	-	(2,798)	(2,798)
Transfer to non-financial assets	-	(1,466)	(1,466)	(644)	(2,111)
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	-	(1,427)	(1,452)	(6,154)	(7,607)
Balance as of December 31, 2022	1,343	49,286	788,388	40,956	829,345

Consolidated Financial Results for the Third Quarter of FY2023 (April 1, 2023 to December 31, 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	-	-	85,872	-	-	-
Other comprehensive income	-	-	-	-	2,227	(2,419)
Comprehensive income	-	-	85,872	-	2,227	(2,419)
Dividends	-	-	(24,035)	-	-	-
Share-based payments	-	291	-	-	-	-
Transfer to non-financial assets	-	-	-	-	-	(1,704)
Purchase of treasury shares	-	-	-	(0)	-	-
Changes in ownership interest in subsidiaries	-	(4)	-	-	-	-
Transfer to retained earnings	-	-	(877)	-	877	-
Total transactions with owners	-	286	(24,912)	(0)	877	(1,704)
Balance as of December 31, 2023	273,200	273,918	286,605	(408)	41,488	688

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	-	-	85,872	784	86,657
Other comprehensive income	235	43	43	1,022	1,066
Comprehensive income	235	43	85,916	1,807	87,724
Dividends	-	-	(24,035)	(3,341)	(27,376)
Share-based payments	-	-	291	-	291
Transfer to non-financial assets	-	(1,704)	(1,704)	(484)	(2,188)
Purchase of treasury shares	-	-	(0)	-	(0)
Changes in ownership interest in subsidiaries	-	-	(4)	(74)	(78)
Transfer to retained earnings	-	877	-	-	-
Total transactions with owners	-	(827)	(25,452)	(3,900)	(29,353)
Balance as of December 31, 2023	1,259	43,437	876,752	38,576	915,328

(4) Condensed Quarterly Consolidated Statement of Cash Flows

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities		
Profit before tax	24,665	123,970
Depreciation, amortization and impairment losses	121,705	112,062
Loss (gain) on sale and retirement of fixed assets	(3,631)	501
Increase (decrease) in retirement benefit liability	1,285	767
Interest and dividend income	(2,997)	(3,169)
Interest expenses	9,475	10,172
Foreign exchange loss (gain)	(776)	(5,856)
Share of loss (profit) of investments accounted for using equity method	2,952	536
Decrease (increase) in trade and other receivables	(37,081)	7,914
Decrease (increase) in inventories	(8,031)	(6,539)
Increase (decrease) in trade and other payables	46,075	13,163
Increase (decrease) in contract liabilities	44,160	24,419
Other, net	4,009	(3,716)
Subtotal	201,812	274,227
Income taxes (paid) refund	(10,385)	(947)
Net cash provided by (used in) operating activities	191,426	273,279
Cash flows from investing activities		
Purchase of non-current assets	(83,443)	(158,007)
Proceeds from sales of non-current assets	11,235	1,737
Purchase of other financial assets	(0)	(2,389)
Proceeds from sale of other financial assets	342	463
Payments for acquisition of subsidiaries	(3,087)	-
Payments for loans receivable	(4,639)	(3,140)
Collection of loans receivable	619	1,028
Interest received	428	1,038
Dividends received	2,775	2,513
Other, net	1,700	1,022
Net cash provided by (used in) investing activities	(74,070)	(155,731)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,813	3,370
Proceeds from long-term borrowings	2,300	3,000
Repayments of long-term borrowings	(38,377)	(54,660)
Proceeds from issuance of bonds	-	19,880
Interest paid	(6,879)	(7,419)
Dividends paid	(2)	(23,803)
Dividends paid to non-controlling interests	(2,894)	(3,341)
Repayments of lease liabilities	(17,993)	(16,079)
Other, net	(1,072)	(849)
Net cash provided by (used in) financing activities	(61,106)	(79,903)
Effect of exchange rate changes on cash and cash equivalents	2,574	7,167
Net increase (decrease) in cash and cash equivalents	58,823	44,812
Cash and cash equivalents at beginning of period	494,226	639,247
Cash and cash equivalents at end of period	553,050	684,059

(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, 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 third quarter of FY2022 (April 1, 2022 to December 31, 2022)**

	Segment				
	Air Transportation	Other	Sub-total	Internal transaction adjustment	Total
	<u>Millions of Yen</u>	<u>Millions of Yen</u>	<u>Millions of Yen</u>	<u>Millions of Yen</u>	<u>Millions of Yen</u>
International (FSC)					
Passenger operations	287,123	-	287,123	-	-
Cargo and mail-service operation	165,436	-	165,436	-	-
Luggage operations	1,332	-	1,332	-	-
Sub-total	453,892	-	453,892	-	-
Domestic (FSC)					
Passenger operations	335,569	-	335,569	-	-
Cargo and mail-service operation	18,005	-	18,005	-	-
Luggage operations	296	-	296	-	-
Sub-total	353,871	-	353,871	-	-
Total revenues from international and domestic operations	807,764	-	807,764	-	-
LCC passenger operations	19,423	-	19,423	-	-
Travel agency Revenue	-	79,437	79,437	-	-
Other	95,845	73,558	169,403	-	-
Total revenues	<u>923,033</u>	<u>152,995</u>	<u>1,076,029</u>	<u>(70,439)</u>	<u>1,005,590</u>

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

2. FSC: Full Service Carrier

Consolidated Financial Results for the third quarter of FY2023 (April 1, 2023 to December 31, 2023)

	Segment				
	Air Transportation	Other	Sub-total	Internal transaction adjustment	Total
	<u>Millions of Yen</u>	<u>Millions of Yen</u>	<u>Millions of Yen</u>	<u>Millions of Yen</u>	<u>Millions of Yen</u>
International (FSC)					
Passenger operations	471,787	-	471,787	-	-
Cargo and mail-service operation	84,135	-	84,135	-	-
Luggage operations	1,171	-	1,171	-	-
Sub-total	557,095	-	557,095	-	-
Domestic (FSC)					
Passenger operations	422,575	-	422,575	-	-
Cargo and mail-service operation	17,793	-	17,793	-	-
Luggage operations	360	-	360	-	-
Sub-total	440,729	-	440,729	-	-
Total revenues from international and domestic operations	997,825	-	997,825	-	-
LCC passenger operations	48,298	-	48,298	-	-
Travel agency Revenue	-	93,822	93,822	-	-
Other	98,686	86,360	185,047	-	-
Total revenues	<u>1,144,810</u>	<u>180,183</u>	<u>1,324,994</u>	<u>(75,628)</u>	<u>1,249,365</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 third quarter of FY2022 (April 1, 2022 to December 31, 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	873,697	131,892	1,005,590	-	1,005,590
Intersegment	49,336	21,103	70,439	(70,439)	-
Total	923,033	152,995	1,076,029	(70,439)	1,005,590
Profit or loss before investing, financing and income tax	21,425	9,494	30,919	70	30,990
Investing income	-	-	-	-	3,790
Investing expenses	-	-	-	-	(66)
Finance income	-	-	-	-	853
Finance expenses	-	-	-	-	(10,903)
Profit before tax	-	-	-	-	24,665

(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 FY2023 (April 1, 2023 to December 31, 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	1,091,633	157,731	1,249,365	-	1,249,365
Intersegment	53,176	22,451	75,628	(75,628)	-
Total	1,144,810	180,183	1,324,994	(75,628)	1,249,365
Profit or loss before investing, financing and income tax	118,057	7,539	125,596	(181)	125,415
Investing income	-	-	-	-	3,564
Investing expenses	-	-	-	-	(0)
Finance income	-	-	-	-	6,554
Finance expenses	-	-	-	-	(11,562)
Profit before tax	-	-	-	-	123,970

(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.

(Significant Subsequent Event)

On January 2, 2024, JL516 (from New Chitose Airport to Haneda Airport) operated by our company collided with a Japan Coast Guard aircraft after landing at Haneda Airport, causing the aircraft to catch fire.

At present, the total estimated damage to the relevant assets due to the total loss of the aircraft is approximately 15 billion yen, which will be recorded as an operating expense. We expect that the aircraft will be covered by aviation insurance, but the actual amount of the insurance assessment has not yet been determined.