



JAL Group Announces Consolidated Financial Results
for Third Quarter of Fiscal Year 2021

Feb.02, 2022

The JAL Group today announced the consolidated financial results for the third quarter of FY2021.

1) JAL Group Consolidated results for the Period April 1, 2021 – December 31, 2021

JAL Group's business environments in the Third Quarter of FY2021, the international passenger demand recovered steadily with a base demand of returnees or expatriates and a transit demand between Asia and North America. The domestic passenger demand recovered robustly after October, compared with the first half of this fiscal year when the demand was sluggish due to a surge of new infections and repeated declarations of a state of emergency. On the other hand, the international air cargo demand remained very high due to mainly auto-related shipments or semiconductors bound for North America in the prolonged disruption of ocean transport. In the business environments, securing safety for our passengers and employees, which is our Group's basic foundation, as the first priority, the JAL group has been seeking to fulfill its responsibilities by sustaining both international and domestic air transport network for passengers who need to travel.

The revenue for the Third Quarter was 498.4 billion yen with an increase of 141.9 billion yen, up 39.8% from the same period in the previous year, and the operating expenses were 687.9 billion yen, with an increase of 32.4 billion yen, up 5.0% year-on-year. EBIT was a loss of 183.3 billion yen, significantly improved from 294.1 billion yen year-on-year, narrowing the loss by 110.8 billion yen. Net loss attributable to owners of the parent improved by 84.4 billion yen from a loss of 212.7 billion yen to a loss of 128.3 billion yen year-on-year.

International Passenger revenue was 48.4 billion yen (156.8% up year-on-year), and Domestic Passenger revenue was 174.4 billion yen, (27.4% up year-on-year). Cargo mail revenue was 161.0 billion yen with an increase of 77.1% year-on-year.

Details of the consolidated financial results are as follows (Including LCC):

(JPY : Bn)			Q3 (April to December)				Q3 (October to December)			
	FY19Q3	FY20Q3	FY19Q3		FY20Q3		FY21Q3		FY20Q3	
			FY21Q3	Diff.	y/y	Diff.	y/y	FY21Q3	Diff.	y/y
Revenue	1,112.7	356.5	498.4	▼614.2	▼55.2%	+141.9	+39.8%	207.8	+46.0	+28.5%
International PAX	401.3	18.8	48.4	▼352.9	▼87.9%	+29.5	+156.8%	18.6	+8.9	+92.2%
Domestic PAX	427.9	136.9	174.4	▼253.5	▼59.2%	+37.5	+27.4%	84.5	+17.2	+25.6%
Cargo / Mail	69.1	90.9	161.0	+91.9	+133.0%	+70.1	+77.1%	62.6	+25.2	+67.3%
Other Revenue ⁽¹⁾	214.2	109.8	114.5	▼99.7	▼46.5%	+4.7	+4.3%	41.9	▼5.2	▼11.2%
Operating Expense	1,005.5	655.4	687.9	▼317.6	▼31.6%	+32.4	+5.0%	244.9	+8.9	+3.8%
Fuel	189.6	73.5	101.8	▼87.8	▼46.3%	+28.2	+38.4%	42.8	+13.9	+48.2%
Excluding Fuel	815.9	581.8	586.1	▼229.8	▼28.2%	+4.2	+0.7%	202.1	▼4.9	▼2.4%
Others ⁽²⁾	7.4	4.7	6.1	▼1.3	▼18.3%	+1.3	+28.8%	5.6	+1.6	+39.5%
EBIT	114.6	▼294.1	▼183.3	▼297.9	-	+110.8	-	▼31.5	+38.6	-
EBIT Margin (%)	10.3%	-	-	-	-	-	-	-	-	-
Profit or Loss	74.8	▼212.7	▼128.3	▼203.1	-	+84.4	-	▼23.3	+28.1	-
ASK (MN seat km)	69,070	22,901	35,830	▼33,240	▼48.1%	+12,928	+56.5%	14,029	+3,369	+31.6%
RPK (MN pax km)	58,776	8,923	13,089	▼45,686	▼77.7%	+4,165	+46.7%	6,031	+1,351	+28.9%
EBITDA Margin (%) ⁽³⁾	21.1%	-	-	-	-	-	-	5.7%	-	-

(1) Other Revenue = Travel Agency, Mileage, Ground Handling or etc.

(2) Others = Gain or Loss on Sales of Flight Equipment, Other Revenue, Share of Profit or Loss of Investment and Income/Expenses from Investment

(3) EBITDA Margin = EBITDA / Revenue EBITDA= EBIT + Depreciation

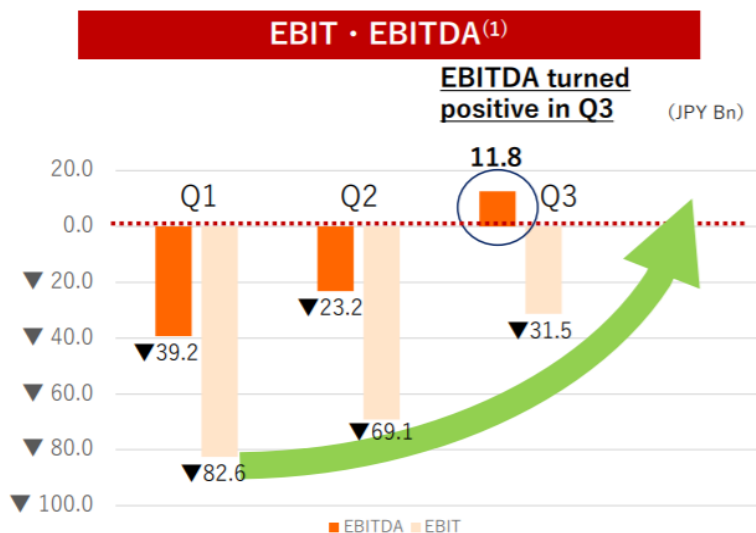
2) JAL Group Summary of Consolidated Statement of Financial Position and Cash Flow

-Equity Ratio and Net D/E Ratio for credit rating was improved by the hybrid financing to a solid level of 42.9% and 0.2x, respectively. Despite the prolonged difficult situations, we are able to maintain financial soundness.

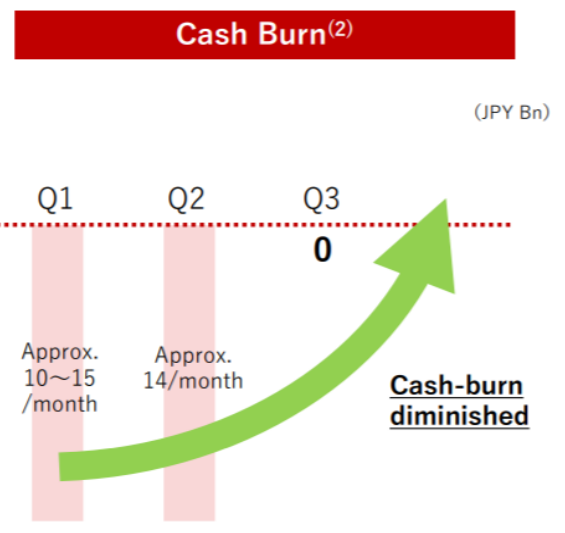
-Liquidity at hand increased to 518.3 billion yen at the end of December. Together with the unused credit line of 300 billion yen, we have secured enough liquidity at hand.

-Because of demand recovery mainly in Domestic Passenger, the third quarter period cash flow turned positive for the first time since the fourth quarter of FY2019. It turned to 9.1 billion yen of cash inflow. EBITDA also turned positive of 11.8 billion yen.

Balance Sheet	End of FY20	End of FY21Q3	Diff.	(JPY Bn)
Total Assets	2,107.2	2,312.6	+205.4	
Cash and Deposits	408.3	518.3	+110.0	
Balance of Interest-bearing Debt	515.1	879.4	+364.3	
Repayment within one year (※1)	69.6 (20.5)	66.6 (14.6)	▼2.9 (▼5.8)	※1 Figures in brackets represent aircraft lease payment within one year
Shareholders' Equity (1)	947.4	817.7	▼129.7	
Shareholders' Equity Ratio(%) (※2) (2)	45.0%	35.4% (42.9%)	▼9.6pt	※2 Figures in brackets represent Equity Ratio for credit rating adding the hybrid financing
D/E Ratio (x) (3)	0.5x	1.1x	+0.5x	
Net D/E Ratio (x) (※3) (4)	0.1x	0.4x (0.2x)	+0.3x	※3 Figures in brackets represent Net D/E Ratio for credit rating adding the hybrid financing
Cash Flow	FY20Q3	FY21Q3	Diff.	
Cash Flow from Operating Activities	▼179.8	▼86.7	+93.1	(1) Equity attributable to owners of the parent
Depreciation and Amortization	135.8	132.6	▼3.1	(2) Ratio of equity attributable to owners of the parent to total assets
Cash Flow from Investing Activities	▼73.0	▼137.7	▼64.6	(3) Interest-bearing Debt / Shareholders' Equity
Capital Investment	▼79.3	▼145.3	▼65.9	(4) (Interest-bearing Debt - Cash and Deposits) / Shareholders' Equity
Free Cash Flow (5)	▼252.9	▼224.4	+28.5	(5) Cash Flow from Operating Activities + Cash Flow from Investing Activities
Cash Flow from Financing Activities	378.9	334.0	▼44.8	(6) Cash flow from Operating Activities + Cash Flow from Investing Activities + Cash Flow from Financing Activities
Total Cash Flow (6)	126.0	109.6	▼16.3	(7) EBITDA=EBIT+ Depreciation
EBITDA (7)	▼158.3	▼50.6	+107.6	



(1) EBITDA=EBIT + Depreciation



(2) Operating Cash Flow (one-time factors excluded) + Repayment of Interest-bearing Debts



3) Third Quarter of FY2021 and recent initiatives

Safety and Secure initiatives

-In order to provide our passengers with safety and comfort as well as easier access to air transport, we have extended to Haneda, New-Chitose (Sapporo), Itami (Osaka) and Naha Okinawa Airports “JAL SMART AIRPORT” that provides “contact-less” touch-screen check-in kiosks.

-The digital certificate app “VeriFLY” for easier travel from Japan to U.S. Mainland has been in full use.

-“JAL FlySafe”, together with JAL’s excellent services and sustainability initiatives toward its management goal of net zero CO2 emissions by 2050, were rated as the world’s highest standards, and APEX (Airlines Passenger Experience Association) awarded JAL “WORLD CLASS” for the first time to Japanese airlines.

New initiatives in the LCC and non-aviation domains

-Our mid- and long-haul international low-cost carrier, ZIPAIR Tokyo (ZIPAIR), started the first LCC’s non-stop flights from Asia to Los Angeles from December 25, which made the total ZIPAIR routes to five.

-We disclosed on November 2 a joint tender offer plan with Sojitz Corporation to make JALUX a consolidated subsidiary by the end of this fiscal year toward leaping business expansion and profit growth in that domain.

ESG Management to achieve SDGs

-Members of oneworld alliance, to which we belong, announced that they will jointly purchase Sustainable Aviation Fuel (SAF) from Aemetis.

-Renewal to fuel-efficient aircraft, we have conducted steady introduction of Boeing 787s and Airbus 350s amid the difficult financial situations, and JAL has almost completed its Airbus 350 renewal for its domestic large-scale fleets.

Expense

-We responded to the decrease of demand by making continuous efforts of reducing our capacity to minimize our operating cost, together with fixed cost restructuring by in-sourcing operations instead of outsourcing, reducing IT expenditure and reducing personnel cost including executives’ salaries and employees’ bonus cut.

-The Actual Fixed Cost for the third quarter period was 346.7 billion yen, reduced by 22.8 billion year-on-year.

-In the previous financial reporting of the second quarter, we revised our Actual Fixed Cost forecast from the original 500 billion yen to 475 billion yen because of further cost reduction of 25 billion yen. We have been successful in cutting cost even further. As a result, our full-year Actual Fixed Cost will be at a 470 billion yen level.

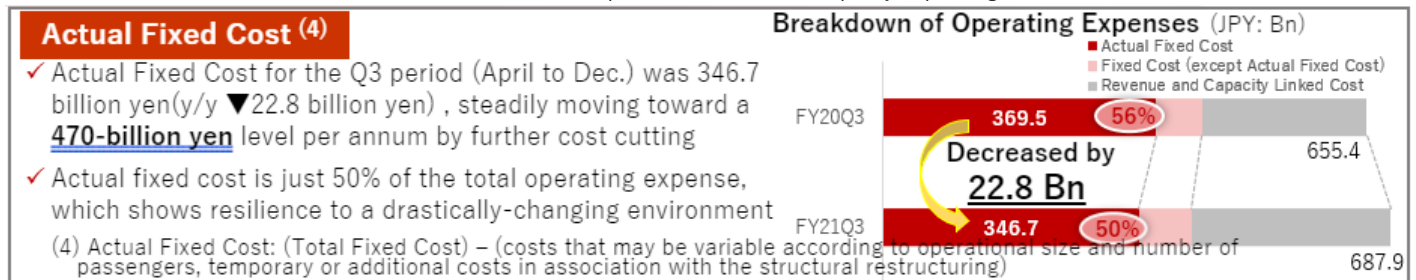
Major Operating Expense Items

(JPY : Bn)	Q3 (April to Dec.)						Q3 (Oct. to Dec.)			
	FY19Q3	FY20Q3	FY21Q3	Vs. FY19Q3		Vs. FY20Q3		FY21Q3	Vs. FY20Q3	
				Diff.	y/y	Diff.	y/y		Diff.	y/y
Fuel	189.6	73.5	101.8	▼87.8	▼46.3%	+28.2	+38.4%	42.8	+13.9	+48.2%
Landing and navigation fees	65.2	29.7	25.9	▼39.2	▼60.2%	▼3.7	▼12.7%	9.7	▼2.2	▼18.6%
Maintenance	58.8	42.6	50.2	▼8.6	▼14.7%	+7.5	+17.6%	15.7	+2.8	+21.8%
Sales commissions (Air Transport)	13.9	2.3	5.2	▼8.6	▼62.2%	+2.9	+126.8%	2.3	+0.8	+60.2%
Services (1)	35.4	8.0	10.8	▼24.6	▼69.5%	+2.7	+33.5%	4.2	+0.8	+25.6%
Other variable cost (2)	159.4	67.3	76.2	▼83.1	▼52.2%	+8.9	+13.2%	29.2	▼2.4	▼7.8%
Aircraft (3)	97.6	105.7	102.3	+4.7	+4.9%	▼3.4	▼3.2%	33.2	▼5.5	▼14.3%
Personnel (3)	226.3	193.1	183.6	▼42.7	▼18.9%	▼9.5	▼4.9%	61.0	▼1.1	▼1.9%
Other fixed cost(3)	158.9	132.7	131.5	▼27.3	▼17.2%	▼1.1	▼0.9%	46.4	+1.8	+4.2%
Total Operating Expenses	1,005.5	655.4	687.9	▼317.6	▼31.6%	+32.4	+5.0%	244.9	+8.9	+3.8%

(1) Services = Expenses regarding inflight services, airport lounges, cargo equipment, etc.

(2) Other Variable cost = Travel agency, Mileage, Ground handling or etc.

(3) These are nominal fixed costs however that include variable parts that are linked to capacity or passenger numbers and one-time/additional



4) Explanations of Forecast of Consolidated Financial Results

As for the forecast of consolidated financial results, considering the cargo revenue increase and further cost reduction as well as unforeseeable effects of new variants to passenger demands, we determined not to change our forecast at this moment. We will immediately update the consolidated performance forecast, if necessary, while keeping a close eye on recent outlook.

5) Dividends

The prolonged effect of COVID-19 made our situation very difficult, resulted in the third quarter EBIT as loss of 183.3 billion yen. Further, Omicron variant made the future outlook very unforeseeable.

Considering the above, to maintain liquidity at hand and financial robustness as our first priority in order to ensure risk tolerance, we regrettably forecast no year-end dividends for this fiscal year. We sincerely apologize to our shareholders and investors, and would like to ask for their understanding amid the very difficult situation that we are currently in.