

ANA HOLDINGS Financial Results for the Year Ended March 31, 2021

- Due to the global impact of the Coronavirus (COVID-19) outbreak, the 2020 fiscal year ended with a net loss of 404.6 billion yen
- In response to the dramatic global decline in demand, ANA reduced its scale of operations to cut fuel costs, airport usage fees and other related costs
- ANA Holdings Inc. forecasts a return to profit for the 2021 fiscal year, backed by recovering travel demand, strong cargo business, continued cost cutting measures and the growth of non-aviation businesses

TOKYO, Apr. 30, 2021 – ANA HOLDINGS INC. (hereinafter “ANA HD”) today reports its financial results for fiscal year 2020 (April 2020 – March 2021).

Overview

During this fiscal year, the Japanese economy shrank due to the effects of COVID-19. While there have been signs of recovery in corporate production activities and capital investment, other indicators such as personal consumption show that consumer weaknesses remain.

Similarly, the global airline industry has faced an unprecedented contraction as a result of diminished passenger demand caused by immigration restrictions and stay-at-home orders in many countries.

While passenger demand was severely impacted for the ANA Group, cargo revenue reached a record high as a result of proactively capturing increased demand due to the resumption of economic activities and congestion in marine transportation.

Over the fiscal year, operating revenues decreased to 728.6 billion yen. ANA HD implemented cost reduction measures totaling 590 billion yen, cutting variable costs by limiting the scale of its operations and reducing personnel costs and other fixed costs. However, despite these measures the operating loss was 464.7 billion yen and the ordinary loss was 451.3 billion yen, and net loss attributable to owners of the parent was 404.6 billion yen. ANA HD recorded a special loss of 86.3 billion yen for Business Structure Reform expenses such as impairment loss by retirement of a large number of aircraft, including 28 mainly widebody aircraft that were retired earlier than planned.

“Though we faced numerous and complex challenges this year, it is evident that ANA HD took the necessary steps to strengthen operations and that we are on track for recovery,” said Ichiro Fukuzawa, Executive Vice President and Chief Financial Officer of ANA HOLDINGS INC. “Everything that we did, from raising capital through the public offering to securing cash through subordinated loans and including the strategic recording of special losses on the value of our widebody aircraft, was done to strengthen our

finances. Now that we see the light at the end of the tunnel, ANA HD is in a position to meet rising demand by providing safe, reliable and convenient travel options at the same level of customer experience we are recognized for. Our employees have endured a challenging year, but COVID-19 did not stop us from continuously improving our services, and we are ready to welcome back our customers. We are forecasting a return to profit for the fiscal year of 2021, and are confident that the actions we took during this past year will guide us."

In addition to being the only airline to receive the Gold Class rating (the highest recognition) in S&P Global's Sustainability Awards 2021, ANA HD has been selected for the fourth consecutive year as a member of the Dow Jones Sustainability World Index, a leading global index for socially responsible investment. ANA HD has announced its commitment to achieve net zero emissions by 2050, and is fully committed to helping create a carbon-neutral society through all of its business activities.

Consolidated Financial Performance of ANA Holdings Unit: billion yen (Except for % comparison, rounded down)

	FY2020	FY2019	Difference	% Comparison
Operating revenues	728.6	1,974.2	-1,245.5	-63.1
Operating expenses	1,193.4	1,913.4	-719.9	-37.6
Operating income	-464.7	60.8	-525.5	---
Other income	13.4	-1.4	+14.8	---
Ordinary income	-451.3	59.3	-510.7	---
Special gain	-94.0	-7.8	-86.1	---
Net income attributable to owners of the parent	-404.6	27.6	-432.2	---

Performance by Business Segment

Unit: billion yen (rounded down)

	FY2020		FY2019		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	604.0	-447.8	1,737.7	49.5	-1,133.7	-497.4
Airline Related	222.1	3.6	299.4	18.1	-77.2	-14.4
Travel Services	45.0	-5.0	143.9	1.3	-98.9	-6.4
Trade and Retail	79.9	-4.2	144.7	2.9	-64.7	-7.1
Others	36.6	-0.0	44.2	3.5	-7.5	-3.5

Air Transportation

1. International Passenger Service (ANA)

- For international passenger services, both passenger numbers and revenue decreased significantly year-on-year. This was due to the continued decline in passenger demand caused by continued global immigration restrictions.
- While large-scale route network suspensions are still ongoing, we are closely monitoring demand to determine which routes to continue operating, and are looking for opportunities to fly temporary routes

to destinations with specific demand. ANA opened the Narita-Shenzhen route in December where constant cargo demand can also be expected, and service also began on the Haneda-San Francisco route. As a result, the scale of operations was 21% of the same period compared to last year.

- ANA HD offered discounted fares for one-way trips flying out of Japan, catering to customers such as Japanese expatriates moving overseas and foreign exchange students. In January, we launched a website offering a comprehensive, one-stop solution for arranging hotels and transportation upon arriving in Japan in accordance with the country's quarantine guidelines.

As a result, revenue from international passenger service decreased by 569.1 billion yen (down 92.7 percent year-on-year).

(Except for % comparison and passenger load factor, rounded down)

International Passenger Service	FY2020	FY2019	Difference	% Comparison
Revenue (billion yen)	44.7	613.9	-569.1	-92.7
Number of passengers (thousand)	427	9,416	-8,989	-95.5
Available seat km (million)	14,465	68,885	-54,420	-79.0
Revenue passenger km (million)	2,840	50,219	-47,378	-94.3
Passenger load factor (%)	19.6	72.9	-53.3 pt	---

2. Domestic Passenger Service (ANA)

- Domestic passenger services were heavily affected by COVID-19, with passenger numbers and revenue decreasing significantly compared to the same period in the previous year. Passenger demand was impacted and correlated to the number of COVID-19 infection cases, and we saw demand recover after the State of Emergency in Japan was lifted in May 2020, though it began to decline again from December due to the increase in the number of infections.
- Route network capacity for the first quarter was 26.7% year-on-year, but by increasing the number of flights to accommodate the recovery in demand, capacity increased to 50.7% for the second quarter (July - September), and 61.4% in the third quarter (October - December). However in the fourth quarter (January - March), ANA flew 44.7% capacity year-on-year to align with decreased demand.
- We offered the flexibility to change flight dates and destinations without handling fees beginning in July 2020. As part of our investment in MaaS (Mobility as a Service), we upgraded our ground transportation website to offer one-stop service that allows travelers to search for the best routes to take to and from airports in Japan, make reservations for trains, buses and taxis, and make payments all in one place.

Revenue from domestic passenger service decreased by 476.8 billion yen (down 70.1 percent year-on-year).

(Except for % comparison and passenger load factor, rounded down)

Domestic Passenger Service	FY2020	FY2019	Difference	% Comparison
Revenues (billion yen)	203.1	679.9	-476.8	-70.1
Number of passengers (thousand)	12,660	42,916	-30,255	-70.5
Available seat km (million)	26,896	58,552	-31,656	-54.1
Revenue passenger km (million)	11,567	39,502	-27,934	-70.7
Passenger load factor (%)	43.0	67.5	-24.5 pt	---

3. Cargo Service (ANA)

- While the effects of COVID-19 caused a reduction in passenger flights which in effect limited the amount of cargo space available, we saw an increased use of air transport for emergency supplies such as face masks during the first quarter (April - June).
- Demand for vehicle components, as well as semiconductors and electronic equipment, began to recover beginning in August, and as a result of marine transport congestion during the fourth quarter (January - March), air cargo demand continued to be strong.
- In order to accommodate demand, ANA Cargo began operating Boeing 777F freighter aircraft on the Narita-Frankfurt route in October and on the Narita-Bangkok route in December. ANA Cargo also actively responded to demand by operating additional one-time cargo flights and utilizing passenger aircraft to fly cargo dedicated flights.

Revenue from international cargo service increased by 57.8 billion yen (up 56.3 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		FY2020	FY2019	Difference	% Comparison
International	Revenues (billion yen)	160.5	102.6	+57.8	+56.3
	Freight carried (thousand tons)	655	866	-211	-24.4
	Cargo Traffic Volume (million ton-km)	3,251	4,222	-970	-23.0
Domestic	Revenues (billion yen)	20.8	25.5	-4.6	-18.2
	Freight carried (thousand tons)	218	373	-155	-41.6
	Cargo Traffic Volume (million ton-km)	240	387	-146	-37.9

4. LCC (Peach Aviation)

- Both passenger numbers and revenue decreased significantly year-on-year due to the effects of COVID-19. Although passenger demand for domestic routes began recovering steadily after the State of Emergency in Japan was lifted in May, it began to decline again from December due to an increase in the number of infections.
- While domestic flights operated at 42.0% capacity year-on-year during the first quarter (April - June), Peach restored flights in response to improving demand and even introduced ten new routes. However due to an increase in COVID-19 cases, capacity for the fourth quarter (January - March) was

limited to 78.9% year-on-year. Peach resumed flights to Taipei (Taoyuan) in October after the suspension of all international flights continued through the summer of 2020.

- Peach started a new service in November for select flights that allows customers to simultaneously book flights and apply for COVID-19 tests, as a way to provide passengers with a better customer experience and additional peace of mind.

As a result, revenue from the LCC segment decreased by 59.8 billion yen (down 73.1 percent year-on-year).

(Except for % comparison and passenger load factor, rounded down)

LCC	FY2020	FY2019	Difference	% Comparison
Revenues (billion yen)	22.0	81.9	-59.8	-73.1
Number of passengers (thousand)	2,080	7,288	-5,207	-71.4
Available seat km (million)	4,932	11,076	-6,143	-55.5
Revenue passenger km (million)	2,403	9,202	-6,798	-73.9
Passenger load factor (%)	48.7	83.1	-34.4 pt	---

5. Others

- Other revenue from the Air Transportation business was 147.2 billion yen (down 34.8% year-on-year). This includes revenue from the mileage program, in-flight sales revenue, revenue from maintenance contracts and other sources.

Airline Related, Travel Services, Trade and Retail, and Others

- As a result of a decrease in contracts for ground handling services such as passenger check-in and baggage handling as well as contracts related to in-flight meals due to the impact of reduction of flights by various airlines due to the spread of COVID-19, airline related operating revenue decreased by 25.8% year-on-year.
- Travel services were heavily affected by the decline in demand for both domestic and overseas travel. Due to the effect of travel restrictions by a number of countries, all overseas tours operated by ANA Group were suspended. With a decline in COVID-19 cases and travel demand stimulated by the Japanese government's "Go To Travel" campaign beginning in July, domestic travel services saw a gradual recovery in demand, and sales of dynamic package tour products sold online exceeded FY2020 levels during the third quarter (October - December). However, demand began to decline again beginning in December due to an increase in COVID-19 cases. As a result, operating revenue decreased 68.7% year-on-year to 45.0 billion yen and the operating loss was 5.0 billion yen, compared to an operating income of 1.3 billion yen the previous year.
- Trade and retail division was significantly impacted by the decrease in demand, observed primarily in ANA DUTY FREE SHOP airport tax-free stores and ANA FESTA shops in airports. Although ANA FESTA saw an improvement in revenue due to recovering domestic passenger demand, revenue began to decline again starting in December. Furthermore, for the lifestyle-industries business,

handling of items such as in-flight food, beverages and amenities also decreased significantly. As a result, operating revenues decreased 44.8% year-on-year to 79.9 billion yen, and the operating loss was 4.2 billion yen, compared to an operating income of 2.9 billion yen in the previous year.

- For other businesses, the real-estate division performed well, however due to a decrease in demand for airport lounge management and training services, operating revenues decreased 17.1% year-on-year to 36.6 billion yen and the operating loss was 0.0 billion yen, compared to an operating income of 3.5 billion yen in the previous year.
- “avatar Inc.” was established in April 2020 to create new business models through the use of avatar, or remote-controlled robots. Trials were conducted to explore utilization of the avatars for sightseeing and shopping experiences. We will further enhance avatar technology and increase its use as a new type of social infrastructure.

Consolidated Balance Sheet

(Except for Equity ratio and D/E ratio, figures are rounded down)

	FY2020 As of March 31, 2021	FY2019 As of March 31, 2020	Difference
Total assets (billion yen)	3,207.8	2,560.1	+647.7
Net assets (billion yen)	1,012.3	1,068.8	-56.5
Shareholder's equity (billion yen)*1	1,007.2	1,061.0	-53.7
Equity ratio (%)	31.4	41.4	-10.0 pt
Interest-bearing debt (billion yen)	1,655.4	842.8	+812.5
D/E ratio*2	1.6	0.8	+0.8

*1: For shareholder's equity, assets of non-controlling interests are deducted from net assets

*2: Debt/equity ratio = Interest-bearing debt / Total shareholders' equity

Consolidated Statement of Cash Flow

Unit: billion yen (rounded down)

	FY2020	FY2019
Cash flows from operating activities	-270.4	130.1
Cash flows from investing activities	-595.7	-230.2
Cash flows from financing activities	1,098.1	23.8
Cash flows and cash equivalents at the end of the period	370.3	135.9
Depreciation and amortization	176.3	175.7

Outlook for FY2021 (April 2021 – March 2022)

- ANA HD expects an improved business environment due to government policies and an improving global economy; however COVID-19 still represents an economic risk.
- ANA HD expects that COVID-19 precautions such as prolonged stay-at-home requests in major cities and immigration restrictions will continue to impact its financial results. Conversely, public vaccination has started throughout Japan in February, and based on data from countries where vaccination has progressed, it appears that the spread of COVID-19 can be contained, which will lead to greater passenger confidence to fly and a recovery in air transport demand.

- Based on the “ANA HOLDINGS Announcement of Transformative Measures to a New Business Model” that the company group announced on October 27, 2020, we will steadily implement business structure reform plans in response to the changes caused by COVID-19. These proactive steps will help ANA HD reemerge stronger and better able to withstand future infectious diseases. After promoting a significant reduction in fixed costs by temporarily reducing the scale of the aviation business centered on the ANA brand, we will pursue an optimal aviation business portfolio with an eye on future growth, and set our sights on creating new profit opportunities by establishing platform businesses that utilize customer data assets. Although ANA HD has sufficient liquidity on hand as of the end of March 2021 via subordinated loans and a public offering among various actions intended to accelerate business structure reforms and strengthen our financial base, to improve our cash balance going forward we will continue to carefully examine and curb capital investments in aircraft and review the timing of such actions.
- Although we will continue to limit flight capacity for ANA brand international and domestic passenger services while monitoring the COVID-19 situation and immigration regulations in each country, we will flexibly resume flights to accommodate demand as it recovers across the world. We will continue to aggressively capture demand for international cargo, as supply constraints are expected to continue due to strong cargo demand that has occurred as a result of the economic recovery. LCC will continue to adjust the scale of its operations in line with diminished demand, however we not only plan to open new domestic routes and increase flights on some routes, but we also intend to actively expand our network as demand recovers. In April, we transferred ANA Sales Co., Ltd.'s travel business to ANA X Co., Ltd., which is in charge of platform businesses that utilize customer data assets. Under the new company structure, we will work to strengthen sales in the digital domain and to enhance merchandise lineups for hotels and restaurants, etc. As impact from COVID-19 subsides, we will take appropriate measures to recover, strengthen and expand opportunities in our aviation-related and trading company businesses as well.

Consolidated financial forecast for the fiscal year ending March 31, 2022 is as follows.

Consolidated Financial Forecast

Unit: billion yen (rounded down)

	Forecast for FY2021	FY2020	Difference
Operating revenues	1,380.0	728.6	651.3
Operating income	28.0	-464.7	492.7
Ordinary income	5.0	-451.3	456.3
Net income attributable to owners of the parent	3.5	-404.6	408.1

While ANA HD has long prioritized the payment of dividends, it is with great regret that we must announce that ANA HD plans no payment dividends for the next fiscal year. This hard decision reflects the reality that our immediate task is to strengthen our financial base while ensuring that we have the liquidity on hand to manage future uncertainties.



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About ANA HOLDINGS

Founded in 1952 with just two helicopters, All Nippon Airways (ANA) has grown to become the largest airline in Japan. ANA HOLDINGS Inc. (ANA HD) was established in 2013 as the largest airline group holding company in Japan, comprising 71 companies including ANA and Peach Aviation, the leading LCC in Japan.

ANA is a launch customer and the largest operator of the Boeing 787 Dreamliner, making ANA HD the biggest Dreamliner owner in the world. A member of Star Alliance since 1999, ANA has joint venture agreements with United Airlines, Lufthansa German Airlines, Swiss International Airlines, Austrian Airlines and Brussels Airlines – giving it a truly global presence.

The airline's legacy of superior service has helped it earn SKYTRAX's respected 5-Star rating every year since 2013, with ANA being the only Japanese airline to win this prestigious designation for eight consecutive years. ANA also has been recognized by Air Transport World as "Airline of the Year" three times (2007, 2013 and 2018); it is one of only a select few airlines to win this prominent award multiple times.

ANA is the only company in the aviation industry to receive the Gold Class distinction from the 2021 S&P Global Sustainability Awards and ANA HD has been selected as a member of the Dow Jones Sustainability World Index list for the fourth consecutive year and the Dow Jones Sustainability Asia Pacific Index list for the fifth consecutive year.

For more information, please refer to the following link:

<https://www.ana.co.jp/group/en/>