

ANA HOLDINGS Financial Results for the Six Months Ended September 30, 2020

- Due to the global impact of the Coronavirus (COVID-19) outbreak and resulting worldwide travel restrictions that led to the suspension of select flights, the first six months of the fiscal year results showed significant declines and ended with a net loss of 188.4 billion yen.
- The demand for international routes remains greatly diminished, however, the demand for domestic flights has gradually recovered since emergency restrictions were lifted in May.
- While the global economy is yet to fully gain momentum towards recovery from COVID-19, signs of recovery are beginning to appear gradually.

TOKYO, Oct, 27 2020 – ANA HOLDINGS INC. (hereinafter “ANAHD”) today reports its financial results for the six months ended Sept. 30, 2020.

Overview

In the first six months of fiscal year 2020 (April 1, 2020 - September 30, 2020; hereinafter the “six months ended September 30, 2020”), although the Japanese economy is naturally in a difficult position due to the effects of COVID-19, including a sudden decrease in corporate earnings and a weakening trend in terms of employment, we are now seeing movement toward a recovery.

The airline industries environment have faced an unprecedented worldwide severe condition, because the passenger demand dramatically decreased by immigration restrictions and stay-at-home requests.

Under these economic conditions, operating revenues decreased rapidly to 291.8 billion yen due to the severe impact on all segments. ANA Group implemented cost reduction measures of 333.0 billion yen by decreasing the fixed expenses, in addition to reducing variable expenses due to curbing the scale of operations. However, due to the extremely large reduction in operating revenues, operating loss was 280.9 billion yen, ordinary loss was 268.6 billion yen and net loss attributable to owners of the parent was 188.4 billion yen due to the recording of deferred tax asset of about 76 billion yen, etc.

“Compared with the first quarter, the second quarter has recovered significantly, which proves that we’ve already bottomed out and are seeing dramatic recovery.”, said Ichiro Fukuzawa, Executive Vice President and Chief Financial Officer of ANA HOLDINGS INC. “Though we have faced cumulative losses in the first half of the fiscal year, the entire organization has shown strength and resolve in uniting to make the necessary sacrifices and support the required changes to get us through this COVID-19 outbreak and

positioned for the future. I am confident that the shared spirit of the ANA Group and its employees, combined with our Business Structure Reform Plan, we will lead to future growth and success."

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

	First Half /FY2020	First Half /FY2019	Difference	% Comparison
Operating revenues	291.8	1,055.9	-764.1	-72.4
Operating expenses	572.7	977.1	-404.3	-41.4
Operating income	-280.9	78.8	-359.8	---
Other income	12.2	2.6	+9.6	+366.0
Ordinary income	-268.6	81.5	-350.1	---
Special gain	0.7	2.6	-1.8	-71.4
Net income attributable to owners of the parent	-188.4	56.7	-245.2	---

Performance by Business Segment

Unit: billion yen (rounded down)

	First Half /FY2020		First Half /FY2019		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	236.7	-277.7	930.0	73.5	-693.2	-351.2
Airline Related	119.8	8.7	149.0	7.4	-29.2	+1.3
Travel Services	13.8	-4.0	82.3	1.3	-68.5	-5.3
Trade and Retail	38.2	-2.8	75.9	1.9	-37.6	-4.7
Others	18.5	0.8	20.9	1.5	-2.4	-0.6

- Due to the effects, customer demand decreased dramatically and operating revenues have significantly decreased year on year.
- Although passenger demand for domestic routes has recovered steadily since the emergency travel restrictions were lifted in May, demand for international routes remains greatly diminished.
- In addition to reducing fuel costs and airport landing fees by constraining the scale of operations to match the decline in demand, the ANA Group also took steps to reduce personnel costs, such as remuneration for officers, wages of managerial personnel and bonuses, but a large operating loss was still recorded.
- Furthermore, as the impact of COVID-19 continues, the ANA Group has engaged in the creation of clean and sanitary environments in airports, lounges, and aircraft cabins to enable customers to use aircraft safely and with reassuring comfort.

Air Transportation

1. International Passenger Service (ANA)

- In the international passenger services, both passenger numbers and revenue decreased significantly year on year. This was due to continuation of the substantial decline in passenger demand from April onward due to the continuation of immigration restrictions in countries worldwide caused by the effects of COVID-19.
- In terms of the route networks, Large-scale operation suspensions, and reduced flight numbers persist in route networks, and we have worked to ascertain the demand of personnel stationed overseas, personnel returning to Japan from overseas, etc., and to select which routes to continue operating and to set temporary flights. As a result, the scale of operations was 15.6 percent compared to the same period last year.
- In terms of sales and services, we set temporal discounted fares for one-way trips flying out of Japan in order to draw in demand for personnel being stationed overseas and foreign exchange students from August. Furthermore, starting from September we began offering customers the option to search, reserve, and pay for flights on “Google Flights,” a function offered by Google that compares airplane tickets, without going to the ANA official website, making it even easier for customers to reserve and purchase tickets for international flights.

As a result, revenue from international passenger service decreased by 318.9 billion yen (down 94.2 percent year-on-year).

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

International Passenger Service	First Half /FY2020	First Half /FY2019	Difference	% Comparison
Revenue (billion yen)	19.6	338.5	-318.9	-94.2
Number of passengers (thousand)	193	5,172	-4,978	-96.3
Available seat km (million)	5,426	34,893	-29,466	-84.4
Revenue passenger km (million)	1,311	26,805	-25,493	-95.1
Passenger load factor (%)	24.2	76.8	-52.6 pt	---

2. Domestic Passenger Service (ANA)

- Domestic passenger services have been heavily affected by COVID-19, with passenger numbers and revenues decreasing significantly compared to the same period in the previous year. After the emergency restrictions were lifted in May, although passenger demand has steadily recovered, this demand may still be readily affected by trends in the number of people infected with COVID-19.
- In terms of the route networks, the scale of operations for the first quarter was 26.7 percent year-on-year, but by increasing the number of flights in tandem with the recovery in demand, this number went up to 50.7 percent for the second quarter (July-September, 2020). We will continue our focus on the state of the spread of COVID-19 and demand trends, and work to flexibly optimize the scale of operations.
- In terms of sales and services, although we had previously offered, in light of the effects of COVID-19, special measures to refund the tickets or change the boarding date without any additional fee until

June, starting in July we began “Free and Easy Change Campaign” that would allow our customers to change flight dates and destinations without handling fees so that our customers could safely use fly with us without worry even as the future degree to which COVID-19 would spread remained uncertain. Furthermore, as the number of flights increased, in July we also reopened a portion of Terminal 2 of Haneda Airport that had been closed off, and introduced our self-service baggage drop machine, “ANA Baggage Drop” at Osaka(Itami) Airport, the fifth airport in Japan at which we have used these machines, in order to better improve our convenience as a full-service carrier.

Revenue from domestic passenger service decreased by 289.7 billion yen (down 78.6 percent year-on-year).

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

Domestic Passenger Service	First Half /FY2020	First Half /FY2019	Difference	% Comparison
Revenues (billion yen)	78.9	368.7	-289.7	-78.6
Number of passengers (thousand)	4,673	23,102	-18,428	-79.8
Available seat km (million)	11,789	30,251	-18,461	-61.0
Revenue passenger km (million)	4,284	21,293	-17,009	-79.9
Passenger load factor (%)	36.3	70.4	-34.0 pt	---

3. Cargo Service (ANA)

- With respect to international cargo, even as the effects of COVID-19 caused suspensions and reductions of passenger flights at a global scale, and the amount of supplied cargo space trended low, an increase in demand for emergency cargo such as masks combined with a steady recovery in demand for completed vehicles and vehicle components, as well as semiconductors and other electronic equipment has prolonged the tightness of demand from August. In these conditions, the ANA Group has worked to draw in this demand by setting temporary flights and charter flights using cargo aircraft, and assertively promoting the operation of temporary cargo flights using passenger aircraft. As a result, although transportation loads have decreased significantly compared to the same period last year due to the effects of large scale operation suspensions and flight reductions of passenger flights, we were able to ensure revenues at levels comparable to the previous year.

Revenue from international cargo service decreased by 0.3 billion yen (down 0.6 percent year-on-year) and revenue from domestic cargo service decreased by 3.9 billion yen (down 31.6 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		First Half /FY2020	First Half /FY2019	Difference	% Comparison
International	Revenues (billion yen)	50.8	51.1	-0.3	-0.6
	Freight carried (thousand tons)	227	433	-205	-47.4
	Ton km (million)	1,047	2,082	-1,035	-49.7
Domestic	Revenues (billion yen)	8.6	12.6	-3.9	-31.6
	Freight carried (thousand tons)	93	185	-92	-49.8
	Ton km (million)	103	191	-88	-45.9

4. LCC (Peach Aviation)

- Both passenger numbers and revenue of Peach Aviation decreased significantly year on year due to the suspension and reduction of flights in tandem with the decline in demand caused by the effects of COVID-19. Although passenger demand for domestic routes has been recovering steadily since the emergency restrictions were lifted in May, demand is still lower when compared to the same period for the previous year.
- With respect to route networks, although the scale of operations for domestic routes in the first quarter were 42.0 percent year-on-year, we restored routes and expanded on our routes, such as our newly established Narita to Kushiro and Narita to Miyazaki routes, in our network to coincide with increases in passenger demand, thereby resulting in the scale of operations for the second quarter (July – September, 2020) that was 112.4 percent year-on-year.
- With respect to international routes, flights on all routes have been suspended since the middle of March due to immigration restrictions imposed by each nation, but as these restrictions ease, and other changes take hold, we will flexibly adapt to changes in our environment by, for example, restarting the following flights in October on a 3 round-trips per week schedule: Haneda-Taipei (Taoyuan), Narita-Taipei (Taoyuan), and Kansai-Taipei (Taoyuan).

As a result, revenue from the LCC segment decreased by 37.7 billion yen (down 81.7 percent year-on-year).

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

LCC	First Half /FY2020	First Half /FY2019	Difference	% Comparison
Revenues (billion yen)	8.4	46.1	-37.7	-81.7
Number of passengers (thousand)	817	3,995	-3,178	-79.5
Available seat km (million)	2,090	5,858	-3,768	-64.3
Revenue passenger km (million)	922	5,090	-4,167	-81.9
Passenger load factor (%)	44.1	86.9	-42.8 pt	---

5. Others

- Other revenue in Air Transportation was 68.1 billion yen (down 37.5 percent year-on-year). This includes revenue from the mileage program, in-flight sales revenue, and revenue from maintenance contracts, etc.

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 at all airports, and the decrease in contracts related to in-flight meals due to the impact of suspension and reduction of flights of various airlines due to COVID-19, operating revenues decreased to 119.8 billion yen (down 19.6 percent year on year). Meanwhile, operating income increased to 8.7 billion yen (up 17.6 percent year on year) due to the reduction of personnel expense.

- Travel services have been heavily affected by the spread of COVID-19 with respect to both domestic and overseas travel services. Due to the effects of travel restrictions on overseas travel services, all tours operated by the ANA Group have been suspended. Furthermore, although domestic travel services are steadily recovering through various factors such as the support of our “Go To Travel” campaign, domestic travel services remain significantly below the levels seen during the same period of time last year. As a result of the foregoing, operating revenues have decreased to 13.8 billion yen (down 83.2 percent year-on-year) and an operating loss of 4.0 billion yen (compared to operating profit of 1.3 billion yen in the same period last year) was recorded.
- The spread of COVID-19 has significantly impacted our retail division, primarily centered around ANA DUTY FREE SHOP airport tax-free stores, and ANA FESTA shops in airports. Although ANA FESTA is seeing a steady recovery in tandem with the recovery in domestic passenger service numbers, revenue losses are still significant when compared to the same period last year. Furthermore, in the lifestyle-industries business, trade in food, beverages, and amenities also decreased significantly. As a result, operating revenue decreased to 38.2 billion yen (down 49.6 percent year-on-year), and an operating loss of 2.8 billion yen (compared to operating profit of 1.9 billion yen in the same period last year) was recorded.
- The revenue in the airline security business and the facility management business decreased due to closures of airport facilities and a decrease in construction projects caused by COVID-19. As a result, operating revenues decreased to 18.5 billion yen (down 11.6 percent year-on-year) and operating income decreased by 43.5 percent year-on-year to 0.8 billion yen.

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

	First Half /FY2020 As of Sept. 30, 2020	FY2019 As of March 31, 2020	Difference
Total assets (billion yen)	2,744.6	2,560.1	+184.4
Net assets (billion yen)	890.2	1,068.8	-178.6
Shareholder's equity (billion yen)*1	885.1	1,061.0	-175.8
Equity ratio (%)	32.3	41.4	-9.2 pt
Interest-bearing debt (billion yen)	1,315.5	842.8	+472.6
D/E ratio*2	1.5	0.8	+0.7

*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)

	First Half /FY2020	First Half /FY2019
Cash flows from operating activities	-190.9	140.3
Cash flows from investing activities	37.2	-112.5
Cash flows from financing activities	469.4	0.3
Cash flows and cash equivalents at the end of the period	451.0	239.8
Depreciation and amortization	90.1	85.8

Outlook for the FY2020 (April 2020 - March 2021)

- The ANA Group is to announce its earnings forecast based on decisions made in line with information available at the present time; a forecast that has not been confirmed to date due to difficulties in making proper and rational calculations as a result of the effects of COVID-19, which has led to extreme uncertainty on income trends and similar factors.
- There has been a significant decline in passenger demand, which has been severely affected by the immigration restrictions around the world and the voluntary restraints on movement within Japan that have accompanied the spread of COVID-19. While demand is gradually recovering in the second half, it is not expected to return to the level of the previous year and operating revenues for the year ending March 31, 2021 are predicted to be down about 60 percent on those for the year ended March 31, 2020. Meanwhile, operating revenues have suffered a significant downturn and profits of the year are significantly lower than those for the year ended March 31, 2020 despite efforts to cut variable costs by curtailing the scale of flights and to also make savings on fixed costs such as personnel and aircraft expenses. Consequently, as mentioned above, ANA Group expects to record an operating loss, an ordinary loss and a net loss attributable to owners of the parent for the year ending March 31, 2021.
- Furthermore, it is expected that a special loss of 110.0 billion yen will be recorded, which includes 73.0 billion yen of impairment losses incurred as a result of the large-scale retirement of aircraft, which is being made to improve earnings as reported in "ANA Group's Transformation to a New Business Model" announced today; note that these impairment losses include those on facilities and equipment.
- At present, the forecast for consolidated results for the fiscal year ending March 31, 2021 is as follows: operating revenues 740.0 billion yen (down 62.5 percent year-on-year); operating loss 505.0 billion yen (from an operating income of 60.8 billion yen in the previous fiscal year); ordinary loss 500.0 billion yen (from an ordinary income of 59.3 billion yen in the previous fiscal year); and net loss attributable to owners of the parent was 510.0 billion yen (from a net income of 27.6 billion yen in the previous fiscal year).
- These calculations were made based on the assumptions that the exchange rate is 110 yen to one U.S. dollar, and indices for fuel costs as follows; the market price for crude oil on the Dubai market is 40 U.S. dollars per barrel, while Singapore kerosene costs are 50 U.S. dollars per barrel.

Consolidated Financial Forecast

Unit: billion yen (rounded down)

	Original Forecast for FY2020	FY2019	Difference
Operating revenues	740.0	1,974.2	-1,234.2
Operating income	-505.0	60.8	-565.8
Ordinary income	-500.0	59.3	-559.3
Net income attributable to owners of the parent	-510.0	27.6	-537.6



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About ANA

Founded more than 60 years ago in 1952 with just two helicopters, All Nippon Airways (ANA), has become the largest airline in Japan, serving 46 international destinations and 50 domestic destinations (as of December 2019).

ANA HOLDINGS INC. (ANAHD) was established in 2013 as the largest airline group holding company in Japan comprised of 78 companies including ANA and Peach Aviation Limited, the leading LCC in Japan. With a fleet of more than 300 aircraft (as of March 2020), ANAHD has more than 45,000 employees and serves more than 54 million passengers a year, making ANA and its subsidiaries the 15th largest carrier in the world by daily flight volume.

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

The 78 companies organized under the ANAHD umbrella operate in a diverse range of markets, including air transportation, travel services and trade, and retail embody ANAHD's shared values of exceptional service, responsible corporate citizenship and investment in the communities where they operate.

Supplementing its operations in commercial aviation, ANAHD has led the development of the innovative haptic robotics program, through its avatarin Inc. company, and its involvement in space with its partnership with JAXA, and other space related companies such as Astroscale and PD Aerospace.

The airline's legacy of superior service has helped it earn SKYTRAX's respected 5-Star rating every year since 2013, making ANA the only Japanese airline to win this prestigious designation and 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 a select few airlines to win this prestigious award multiple times.

For more information, please refer to the following link:

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