

ANA HOLDINGS Financial Results for the Nine Months Ended December 31, 2020

- While the global economy continues to face challenges due to the impact of the Coronavirus (COVID-19) outbreak, there is now a movement toward recovery, especially when judged against figures from recent quarters, and it is clear that income from domestic passenger sales and international cargo sales are increasing.
- In response to the decline in demand, ANA drastically reduced the scale of operations to reduce fuel costs, airport usage fees and other associated costs.
- In November, the ANA Group became the first airline in Japan to operate commercial flights from Japan using sustainable aviation fuel (SAF), procured from Neste, the world's leading supplier of renewable fuel. By utilizing SAF, ANA will continue to achieve sustainable growth by creating social and economic value.
- To address how air travel has changed globally as a result of COVID-19 and position itself for the future, ANA is transforming its business model with a future oriented operational strategy aimed to meet the needs of a broader set of customers.

TOKYO, Jan. 29, 2021 – ANA HOLDINGS INC. (hereinafter “ANA HD”) today reports its financial results for the financial period ended December 31, 2020.

Overview

In the first nine months (April 1, 2020 - December 31, 2020; hereinafter the “nine months ended December 31, 2020”) of fiscal year 2020, although the Japanese economy was naturally in a difficult position due to the effects of COVID-19 and ANA HD was impacted with a sudden decrease in corporate earnings. We are now seeing movement toward a recovery.

The airline industry has faced an unprecedented, worldwide and severe contraction, resulting from passenger demand which dramatically decreased by immigration restrictions and stay-at-home request in Japan.

Under these economic conditions, operating revenues decreased to 527.6 billion yen due to the severe impact across all segments. As a result, ANA HD implemented measures to cut costs by 473.0 billion yen through reducing fixed costs, in addition to reducing variable expenses by curbing the scale of operations. However, due to the extremely large reduction in operating revenues, operating loss was 362.4 billion yen, ordinary loss was 350.7 billion yen and net loss attributable to owners of the parent was 309.5 billion yen. ANA HD recorded special losses of 76.0 billion yen for business transformation expense, due to large-scale retirement of aircrafts aimed at improving the revenue balance.

Separately, ANA was selected as the “Industry Leader” of the “Dow Jones Sustainability World Index”, one of the world’s leading indicators of socially responsible investment.

In November, ANA used Sustainable Aviation Fuel (SAF), which has a lower environmental impact than conventional jet fuel, on a regular international flight, marking a first for a Japanese airline. Looking ahead, we will continue to aim for sustainable growth by simultaneously creating social value and economic value.

“Comparing gains made in the third quarter to results from earlier in the year provides a clear indication that our recovery is already underway. We took swift actions to strengthen our finances by raising capital from issuing new shares and securing cash through subordinated loans, as well as strategically recording special losses on the value of the large-sized aircrafts as impairments,” said Ichiro Fukuzawa, Executive Vice President and Chief Financial Officer of ANA HOLDINGS INC. “With the worst of the global slowdown behind us, our group is committed to providing safe, reliable and convenient travel options to meet passenger demand. Our employees have gone to great lengths to Reform our Business Structure during this unprecedented crisis, and ANA will continue to adjust our operations including the network, timing and frequency of flights, and the type of aircraft utilized to maximize efficiency.”

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

	1-3Q /FY2020	1-3Q /FY2019	Difference	% Comparison
Operating revenues	527.6	1,582.1	-1,054.5	-66.7
Operating expenses	890.0	1,462.5	-572.4	-39.1
Operating income	-362.4	119.6	-482.0	---
Other income	11.6	2.8	+8.7	+304.7
Ordinary income	-350.7	122.5	-473.2	---
Special gain	-77.3	2.6	-80.0	---
Net income attributable to owners of the parent	-309.5	86.4	-396.0	---

Performance by Business Segment

Unit: billion yen (rounded down)

	1-3Q /FY2020		1-3Q /FY2019		Difference	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Air Transportation	432.0	-348.0	1,395.3	112.1	-963.2	-460.1
Airline Related	166.7	2.0	224.8	11.3	-58.1	-9.3
Travel Services	36.1	-4.7	119.2	1.9	-83.1	-6.6
Trade and Retail	61.0	-3.0	114.4	3.1	-53.3	-6.1
Others	27.4	0.5	31.4	1.9	-3.9	-1.4

- Due to the impact of COVID-19, customer demand decreased dramatically and operating revenues have significantly decreased year-on-year. Although passenger demand has been moving toward recovery on domestic routes, it began to show decline again from December due to the rise in the

number of infections. While passenger demand remains in a slump on international routes, demand for cargo services recovered to the level of the previous year during the third quarter (October - December) due to the resumption of economic activity. In addition to reducing fuel costs and airport usage fees by constraining the scale of operations to match the decline in demand, ANA HD also took steps to reduce personnel costs such as executive compensation, managerial wages and lump-sum payments, but a large operating loss was recorded.

- Furthermore, as the impact of COVID-19 continues, ANA has engaged in delivering clean and sanitary environments in airports, lounges and aircraft cabins to enable customers to use aircrafts safely and with comfort.
- ANA HD has been recognized for its various efforts and performance over the past decade, being named by Flight Global, a leading aviation magazine, as the winner of the Decade of Airline Excellence Awards 2020 for the Asia-Pacific region. ANA was also recognized in the 38th Information Technology Awards (2020) announced by the Japan Institute of Information Technology, receiving the Information Technology Award of Excellence (Customer and Business Functions) due to its efforts in establishing a digital platform to improve its service.

Air Transportation

1. International Passenger Service (ANA)

- In international passenger services, both passenger numbers and revenue decreased significantly year-on-year. This was due to the continued decline in passenger demand due to the continuation of immigration restrictions worldwide.
- In terms of the route networks, while large-scale suspensions are still ongoing, we are closely monitoring demand and selecting which routes to continue operating and which to set as temporary routes. In the three months ended December 31 (October - December), travel demand rose for foreign trainees and international students, as well as for people returning to Japan for the New Year holiday, made possible by the relaxing of immigration restrictions from some countries and regions. Furthermore, since demand is expected to stay at a fixed amount for cargo transportation, ANA HD started operating a Narita-Shenzhen route in December, as well as a Haneda-San Francisco route. As a result, the scale of operations was 18.6% compared to the same period last year.
- In terms of sales and services, we have extended our discounted fares for one-way trips flying out of Japan until February of this year. We plan to capture demand for Japanese citizens overseas, foreign exchange students, and other passenger segments, and in December we relaunched our in-flight duty-free service on international flights. This service has been changed so products can be ordered from the seat monitors as a precaution against infection.

As a result, revenue from international passenger service decreased by 475.7 billion yen (down 93.6 percent year-on-year).

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

International Passenger Service	1-3Q /FY2020	1-3Q /FY2019	Difference	% Comparison
Revenue (billion yen)	32.3	508.0	-475.7	-93.6
Number of passengers (thousand)	320	7,733	-7,412	-95.9
Available seat km (million)	9,809	52,729	-42,919	-81.4
Revenue passenger km (million)	2,140	40,502	-38,362	-94.7
Passenger load factor (%)	21.8	76.8	-55.0 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, while passenger demand has steadily recovered especially since October, it began to decline again from December due to the increase in the number of infections.
- In terms of the route network, the operational volume for the first quarter was 26.7% year-on-year, but by increasing the number of flights to watch the recovery in demand, this number went up to 50.7% for the second quarter (July - September), and was 61.4% in the third quarter (October - December).
- In terms of sales and service, based on the COVID-19 situation, a campaign that would allow our customers to change flight dates and destinations without handling fees, was extended until the end of March this year. ANA will continue to strive to enhance services that customers can use with comfort.

Revenue from domestic passenger service decreased by 397.1 billion yen (down 71.7 percent year-on-year).

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

Domestic Passenger Service	1-3Q /FY2020	1-3Q /FY2019	Difference	% Comparison
Revenues (billion yen)	156.3	553.5	-397.1	-71.7
Number of passengers (thousand)	9,906	34,724	-24,817	-71.5
Available seat km (million)	20,812	44,941	-24,129	-53.7
Revenue passenger km (million)	9,097	31,945	-22,848	-71.5
Passenger load factor (%)	43.7	71.1	-27.4 pt	---

3. Cargo Service (ANA)

- For international cargo, as the effects of COVID-19 have caused suspensions and reductions of passenger flights on a global scale and the amount of cargo space was limited, the cargo volume also decreased from the same period of the previous year within ANA HD. Meanwhile, in addition to the increase in demand for emergency cargo transport of medical supplies such as masks during the first quarter (April - June), demand for vehicles and vehicle components, as well as semiconductors and other electronic equipment which began to recover from August, reaching the previous year's levels in the third quarter (October - December) as tight demand continued. In these conditions, besides beginning operation of Boeing 777F large cargo aircraft on the Narita-Frankfurt route in October and

the Narita-Bangkok route in December, and significantly increasing the operation of temporary cargo flights using passenger planes, ANA HD has also actively worked to draw in demand by setting temporary flights and charter flights of cargo planes. As a result, revenue reached a record level in the third quarter (October - December), significantly surpassing that of the previous year.

Revenue from international cargo service increased by 23.4 billion yen (up 30.0 percent year-on-year) and revenue from domestic cargo service decreased by 4.3 billion yen (down 22.0 percent year-on-year).

(Except for % comparison, figures are rounded down)

Cargo Service		1-3Q/FY2020	1-3Q /FY2019	Difference	% Comparison
International	Revenues (billion yen)	101.6	78.1	+23.4	+30.0
	Freight carried (thousand tons)	429	672	-242	-36.1
	Cargo Traffic Volume (million ton-km)	2,066	3,221	-1,154	-35.9
Domestic	Revenues (billion yen)	15.3	19.6	-4.3	-22.0
	Freight carried (thousand tons)	162	289	-126	-43.7
	Cargo Traffic Volume (million ton-km)	179	298	-119	-40.0

4. LCC (Peach Aviation)

- Both passenger numbers and revenue decreased significantly year-on-year due to the suspension and reduction of flights together 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, it began to decline again from December due to the increase in the number of infections.
- In terms of the route network, domestic flights operated at 42.0% capacity over the three months ended Jun. 30 compared to the same period in the previous year. In addition to restoring the network with additional frequencies in response to increased passenger demand, ANA HD opened the Narita-Kushiro and Narita-Miyazaki routes in August, the Sapporo (Shin-Chitose) - Okinawa (Naha) and Sendai – Okinawa (Naha) routes in October, and the Nagoya (Chubu Centrair) – Sapporo (Shin-Chitose) and Nagoya (Chubu Centrair) - Sendai routes in December. As a result of these additional routes, the scale of operations grew to 112.4% year-on-year for the second quarter (July - September), and 132.2% for the nine months ended Dec. 31 (October - December). Suspensions continued on all international routes, but flights to Taipei (Taoyuan) partly resumed in October due to the easing of immigration restrictions.
- In order to provide passengers with peace of mind, we started a service in November that allows customers to apply for a ticket reservation and an antibody test simultaneously on some domestic routes.

As a result, revenue from the LCC segment decreased by 48.9 billion yen (down 76.1 percent year-on-year).

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

LCC	1-3Q /FY2020	1-3Q/FY2019	Difference	% Comparison
Revenues (billion yen)	15.3	64.3	-48.9	-76.1
Number of passengers (thousand)	1,583	5,776	-4,193	-72.6
Available seat km (million)	3,769	8,595	-4,826	-56.1
Revenue passenger km (million)	1,822	7,334	-5,511	-75.1
Passenger load factor (%)	48.4	85.3	-37.0 pt	—

5. Others

- Other revenue in Air Transportation was 107.1 billion yen (down 165.6 billion yen, 35.3% year-on-year). Other revenue in Air Transportation 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 the spread of COVID-19, operating revenues decreased by 25.8% year-on-year to 166.7 billion yen and operating income decreased 81.9% year-on-year to 2.0 billion yen.
- Online sales of ANA international Economy Class in-flight meals started in December, which showed exceptional popularity among consumers. With significant figures, ANA will continue to increase revenue by expanding its product lineup in the future.
- Travel services have been heavily affected by the decline in demand with respect to both domestic travel services 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.
- Through various factors such as the support of the Japanese government's "Go To Travel" campaign from July, domestic travel services saw a gradual recovery in demand-turnover of the dynamic package products sold online exceeding the previous year's levels during the third quarter (October to December), but it began to decline again from December due to the impact of the increase in infections. As a result, operating revenues have decreased 69.7% year-on-year to 36.1 billion yen and operating loss was 4.7 billion yen, compared to an operating income of 1.9 billion yen in the previous year.
- As the impact of COVID-19 continues, the "ANA Travelers Online Tour" service was launched to capture new demand. The service enables users to enjoy the scenery of travel destinations while providing a simulated experience of traveling through communication with experts and others familiar with the local area.
- The decrease in demand has significantly impacted our retail division, primarily centered around ANA DUTY FREE SHOP airport tax-free store, and ANA FESTA shops in airports. Although ANA FESTA is seeing a steady recovery together with the recovery in domestic passenger service numbers, it

began to decline again from December. Furthermore, in the lifestyle-industries business, trade in items such as in-flight food, beverages and amenities also decreased significantly. As a result, operating revenues decreased 46.7% year-on-year to 61.0 billion yen, and an operating loss of 3.0 billion yen was recorded, compared to an operating income of 3.1 billion yen in the previous year.

- Due to the decrease in demand for managerial work at airport lounges resulting from the closure of the facilities and decline in demand for other services, operating revenues decreased 12.6% year-on-year to 27.4 billion yen and operating income decreased 74.7% year-on-year to 0.5 billion yen.

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

	1-3Q /FY2020 As of Dec.31, 2020	FY2019 As of March 31, 2020	Difference
Total assets (billion yen)	3,293.3	2,560.1	+733.2
Net assets (billion yen)	1,057.4	1,068.8	-11.4
Shareholder's equity (billion yen)*1	1,051.8	1,061.0	-9.1
Equity ratio (%)	31.9	41.4	-9.5 pt
Interest-bearing debt (billion yen)	1,688.5	842.8	+845.6
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)

	1-3Q /FY2020	1-3Q /FY2019
Cash flows from operating activities	-200.9	194.9
Cash flows from investing activities	-521.3	-180.8
Cash flows from financing activities	1,110.5	29.4
Cash flows and cash equivalents at the end of the period	523.6	255.8
Depreciation and amortization	134.8	129.9

Outlook for the FY2020 (April 2020 - March 2021)

- There is no change to the consolidated outlook for the FY2020 ending March 31, 2021.

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



Contact: ANA Corporate Communications, TEL +81-3-6735-1111, publicrelations@ana.co.jp

About ANA

Following the "Inspiration of Japan" high quality of service, ANA has been awarded the respected 5-Star rating every year since 2013 from SKYTRAX. ANA is the only Japanese airline to win this prestigious designation eight years in a row. Additionally, ANA has been recognized by Air Transport World as "Airline of the Year" three times in the past 10 years - 2007, 2013 and 2018, becoming one of the few airlines winning this prestigious award for multiple times.

ANA was founded in 1952 with two helicopters and has become the largest airline in Japan, as well as one of the most significant airlines in Asia. ANA offers a unique dual hub model which enables passengers to travel to Tokyo and connect through the two airports in the metropolitan Tokyo, NARITA and HANEDA, to various destinations throughout Japan, and also offers same day connections between various North American, Asian and Chinese cities.

ANA has been a member of Star Alliance since 1999 and has joint venture partnerships with United Airlines, Lufthansa German Airlines, Swiss International Airlines and Austrian Airlines.

In addition to the full service and award-winning record of ANA, the ANA Group's subsidiary Peach Aviation Limited is the leading LCC in Japan, and has expanded following the integration of Vanilla Air Inc. in late 2019. The ANA Group carried 54.4 million passengers in FY2018, has approximately 43,000 employees and a fleet of 260 aircraft. ANA is a proud launch customer and the biggest operator of the Boeing 787 Dreamliner.

For more information, please refer to the following link.

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