

Financial Results for the Three Months Ended June 2020 Q&A Summary

Q1) The pace of recovery in passenger demand on domestic routes has been moderate. Why do you plan to increase August ASK so significantly?

A1) Domestic demand saw a rebound from a bottom in May as the state of emergency was lifted gradually. In June, reservations began increasing with the easing of restrictions on cross-border prefectural travel. Having considered the demand recovery trends, the outlook for summer holiday travel, and other factors, we have decided to raise August ASK to slightly more than 80% of the previous year. We announced our detailed schedule in mid-July.

However, we are beginning to see the impact of the increase in COVID-19 infections in Japan on reservation trends. Therefore, we have revised August ASK to 70% of the previous year, announcing our updated schedule in late July. We will continue to adjust ASK flexibly while assessing demand trends.

Q2) What efforts have you made to prevent COVID-19 infection (social distancing, etc.)?

A2) As a basic group policy and in line with the International Air Transport Association, we have neither placed restrictions on our seat assignments by leaving middle seats open, nor on our load factors. On June 1, we launched the *ANA Care Promise*, implementing detailed measures that include requiring masks, temperature checks, disinfection of aircraft and airport facilities, etc. We believe these measures create an environment in which passengers may board our flights with confidence. We will continue with these and other safety measures throughout our group.

Q3) Capital expenditures amounted to under 40 billion yen, a decrease compared with the previous year. What is your outlook for Q2 and beyond?

A3) Although the level of capital expenditures vary from quarter to quarter, our policy for this fiscal year is to review our investment plan as appropriate to limit cash outflow as much as possible. We believe that leasing aircraft is another option in addition to owning. We intend to exercise appropriate management here in terms of both capital expenditures and cash flow.

Q4) To date, you have secured access to the level of 1 trillion yen through bank loans and commitment lines. How do you view your current level of cash on hand?

A4) As of now, the bank loans we have conducted to date should mean no financial issues for us through the end of the fiscal year. However, ensuring liquidity on hand is the most important issue, so we will implement detailed cost reductions and limit our investments first, securing additional bank loans promptly when we deem necessary.

Q5) Your shareholders' equity ratio has decreased compared with the end of March 2020. How do you plan to ensure financial soundness in the future?

A5) Our shareholders' equity ratio was lower at the end of June compared with the end of the previous fiscal year; however, this was due to our securing cash on hand during Q1 at a greater than normal level temporarily. Our basic policy is to ensure financial soundness through self-help efforts, including cost reductions and other measures to improve income and expenditure balance. We make appropriate responses as we carefully assess the business environment.

Q6) Please confirm our understanding of your approach to your Air Transportation Business portfolio strategy.

A6) We are currently assessing the business environment with respect to our Air Transportation Business portfolio strategy. We intend to build networks for ANA and Peach that capitalize on their respective advantages. While it is not easy to predict changes in demand, we assume a model that passengers will use ANA for business travel and Peach for leisure. We are formulating our strategies based on this assumption. We plan to use these two brands to capture a wide range of demand and improve customer lifetime value.

Q7) What will your future policy be regarding fleet strategy? Also, what type of aircraft are you planning to reduce?

A7) We plan to reduce the number of aircraft across the group, as well as move toward smaller aircraft in our fleet. We expect to reduce aircraft to a level lower than our current level. We believe that older, wide-body aircraft are the candidates for reduction, as we can reduce maintenance expenses and other running costs more with these aircraft.

Q8) What will be your future policy for the Non-Air Business?

A8) For the ANA Group to grow sustainably, we must establish our Non-Air Business as a second pillar of our earnings. For example, we believe that customer data from the ANA Mileage Club and other sources is a tremendous asset. We will engage in programs that leverage information technology to support our Non-Air Business.

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