November, 2023

# Financial Results for the Six Months Ended September 2023 Q&A Summary

**Q1) What were the main variances between Q2 (Jul.-Sep.) results and plan for operating revenues and expenses in the Air Transportation Business?**

A1) ・ In Q2, the passenger business drove revenue growth by capturing summer demand at high unit prices, and the cargo business reduced operating costs by adjusting freighter capacity. As a result, operating income improved by ¥28.0 billion from the plan.

・ The main differences in operating revenues and expenses from the plan are as follows.

[Breakdown vs. plan (Air Transportation Business, Q2 (Jul.-Sep.))]

Operating revenues: +27.5 billion yen

(International Passenger: +37.0 billion yen, Domestic Passenger: -2.0 billion yen, Peach: +5.5 billion yen, International Cargo: -15.5 billion yen, etc.)

Operating expenses: -0.5 billion yen

(Fuel and Fuel Tax: +1.5 billion yen, Below budget cargo operating costs by freighter capacity reduction: -1.5 billion yen, etc.)

**Q2) What is the background of the high unit prices and yields in the passenger business this quarter, and how do you view their sustainability?**

A2) ◎ ANA International Passenger

[Q2 results]

・ In Q2, we captured demand from Japan effectively, particularly on U.S. routes where supply and demand are tight. These efforts resulted in yield of more than 1.5 times compared with FY2019 and a rate of increase compared with pre-COVID-19 levels even higher than in Q1.

[Future outlook]

・ The supply-demand balance should ease gradually as airlines increase capacity beginning with the October winter schedule. Given the current demand trends, we expect high yields to continue for some time to come.

◎ ANA Domestic Passenger

[Q2 results]

・ Q2 unit price was up roughly 6% from pre-COVID-19 levels, mainly due to certain fares increases for flights boarded beginning in June.

[Future outlook]

・ We have no plans to implement a flat fare campaign to stimulate demand, and we will continue striving to improve unit price.

**Q3) What is the background behind your decision to leave the full-year earnings forecast unchanged?**

A3)
- While first-half results were favorable, we have not changed our earnings forecast at this time. We expect to see a 40 billion yen deterioration in earnings in the second half due to fluctuations in the crude oil market, measures to improve Group employee engagement, and aircraft engine maintenance expenses.
- The most significant impact on earnings is fuel expense. Our forecasts incorporate the effects of a period mismatch in fuel expenses incurred in advance of fuel surcharge revenues, stemming from a rise in crude oil prices.
- Our second-half earnings plan may be affected by further downside risks, including a downturn in cargo demand, and upside risks, including the high international passenger yield.

**Q4) How long do you expect the Pratt & Whitney engine inspections to take?**

A4)
- We decided to begin inspections of the P&W engines installed on the A320neo and A321neo.
- In-depth inspections require the engines to be removed from the aircraft, and maintenance shops are busy worldwide. Therefore, we expect the process to take a certain amount of time. However, we intend to have discussions with the manufacturer about how to shorten the inspection period.

**Q5) Why did you announce a recommencement of dividends at this stage?**

A5)
- Our recent performance has been solid, and we are making progress in restoring our financial base and returning profits to employees. As we have become more confident that we will achieve our full-year performance targets, we decided to resume dividend payments for the first time in five fiscal years.
- For the current fiscal year, we project a dividend of 30 yen per share. We will not reach the 30% payout ratio established before the COVID-19 pandemic. However, we determined the dividend payment amount in light of our desire to continue paying stable dividends in the future. We want to extend our appreciation once again to our shareholders for their tremendous support throughout the COVID-19 pandemic.

End