Hardship Now, Yet Hope for the Future

No matter the difficulty we face, if we continue to persevere to a brighter tomorrow, the time will come when we thrive and prosper.

A Business with Integrity
A Resolute and Independent Business
A Self-Reliant Business

We must always remember that we are a company offering highly public services. We must contribute to society without bias to profit or authority.

“Wakyo” (Close Cooperation)
We act with strength, in harmony, but not necessarily in agreement, through patient, careful discussions to reach positive outcomes, striving as one to achieve goals once the decision is made.

“Trust and love are the threads that weave a beautiful world”
Let us create a world of beauty by spreading mutual trust and greater harmony, woven by trust and love.
Strengths Cultivated from the Spirit of Our Founders:

Innovation and Comprehensive Capabilities

Our business began in 1952 with only two helicopters. Our founders’ desire was for our company to serve as a highly public company that not only pursues profits but also contributes to nations and communities. We continue to make sincere and dedicated efforts, even in the most challenging of environments. The ANA Group DNA is firmly rooted in the spirit of transcending accepted wisdom, customs, and organizations. Rising to challenges and pulling together to overcome issues by taking advantage of diversity are also rooted in our DNA.

1952

Two Helicopters and Big Dreams

At the end of World War II, the Allied Powers fully banned any private companies in Japan from operating aircraft. That ban was lifted in 1950. Two years later, in 1952, Japan Helicopter and Aerospace Transport Co., Ltd. (ANA’s predecessor) became the first privately run air transport company in Japan with only two helicopters in its “fleet.” Starting from zero was a challenge, as the world at the time was dominated by government-directed airlines management. Under the spirit of our founders that stressed integrity and independence, the company’s employees embraced a great dream. Ten years later, in 1962, we became the launch customer for the YS-11, the first domestically produced aircraft in the post-war era. This development expanded our business to lead the Japanese airline industry. In 1964, we used this aircraft to fulfill the nation’s independence, the company’s employees embraced a great dream.

1964

In the following year, the efforts of our second president and CEO, Kaheita Okazaki, led to international charter services to Shanghai, in the aftermath of the normalization of national relations with China. The ANA dream of scheduled international flight operations remained alive. The 1980s saw increasing calls for a review of the 45-47 System, as it did not accommodate expanding and diversifying demand for air travel. The system was finally abolished in 1985. In 1986, ANA began operating scheduled international flights between Narita and Guam, fulfilling a ten-year dream.

1986

Achieving a 10-Year Dream to Operate International Flights

An industry policy in 1972, called the 45-47 System, regulated domestic airline companies. Under this policy, ANA was allowed only to operate domestic flights, restricted from international operations. However, in 1971, we began operating an international charter flight to Hong Kong.

In the following year, the efforts of our second president and CEO, Kaheita Okazaki, led to international charter services to Shanghai, in the aftermath of the normalization of national relations with China. The ANA dream of scheduled international flight operations remained alive. The 1980s saw increasing calls for a review of the 45-47 System, as it did not accommodate expanding and diversifying demand for air travel. The system was finally abolished in 1985. In 1986, ANA began operating scheduled international flights between Narita and Guam, fulfilling a ten-year dream.

1986

1994

Opening of Kansai International Airport

Opening of Narita International Airport

1994

ANA joined the Star Alliance to Expand Our Overseas Network

ANA became the ninth member of the Star Alliance, the world’s first and largest global airline alliance, in 1999. Utilizing code share flights, we continued to expand our network and accelerate the growth of our International Business. At the same time, we faced a variety of risks arising from global political and economic circumstances, as well as social phenomena. Due to unforeseen events such as the September 11 terrorist attacks in the United States in 2001, the Iraq War in 2003, and the spread of the SARS virus, passenger demand decreased dramatically. However, by implementing emergency cost reductions, we achieved profitability in our International Business for the first time in fiscal 2004 (the fiscal year ended March 2005). Despite facing numerous adversities, we have strengthened our comprehensive capabilities as a group, moving forward in our growth strategies and expanding our network.

1999

2001

Outbreak of SARS

2004

ANA joined the Star Alliance

2008

Global Financial Crisis

2011

Great East Japan Earthquake

2014

Expansion of international slots at Haneda Airport

2013

Shift to a holding company structure

2011

The First to Implement the State-of-the-Art Boeing 787 Dreamliner Aircraft

The Boeing 787 is a next-generation aircraft that introduced many new technologies and materials to achieve longer-distance flights and significantly reduced operating costs. In 2004, the ANA Group was the first in the world to order the Boeing 787. As the launch customer, we supported the development of this aircraft.

Our order of this globally anticipated, state-of-the-art aircraft made headlines, boosting the ANA Group’s global presence. We placed the Boeing 787 into service in 2011, and by January 2016 we became the first company in the world to fly over 100,000 flights with this aircraft. This was equivalent to one-quarter of all Boeing 787 flights worldwide. The exceptionally increased fuel efficiency of this model enables long-distance flights by medium-body aircraft.

2011
In 2020, we celebrated the 68th anniversary of our founding. Today, we have grown into a top-tier global airline group in terms of both scale and quality. To continue to be a company loved by our customers and society, as well as one that connects the world, we are committed to overcoming the challenges of COVID-19 and reach the highest levels of value.

### Scale

- **Total ANA Group Passengers (FY2019)**
  - 59.62 million
- **Ana Domestic Passengers**\(^\text{1} (2019)**
  - Global
    - No. 17
- **Total ANA Domestic and International Passengers**\(^\text{1} (2019)**
  - Global
    - No. 22
- **Airports Served by ANA (as of the end of FY2019)**
  - 101 airports
    - 48 international airports
    - 53 domestic airports
- **Number of Aircraft (as of the end of FY2019)**
  - 307 aircraft total
    - Wide-Body: 59
    - Medium-Body: 107
    - Narrow-Body: 117\(^*\)
    - Regional: 24
    - *Includes aircraft operated by Peach Aviation
- **ANA Mileage Club Members (as of the end of FY2019)**
  - 36.65 million
- **Cargo Volume (FY2019)**
  - 1,239 thousand tons

### Quality

**In-Service Rate**
- 97.4%

**On-Time Departure Rate**
- 88.7%

**On-Time Arrival Rate**
- 87.5%

### External Recognition

**SKYTRAX (ANA, 2020)**
- 5-STAR AIRLINE for an 8th consecutive year

- By Category:
  - World’s Best Airport Services (2019)
  - Best Business Class Onboard Catering (2019)

**JCSI (Japan Customer Satisfaction Index) Survey (ANA, FY2019)**
- International Aviation Division, Customer Satisfaction
  - No. 2

**On-Time Performance**

<table>
<thead>
<tr>
<th>No. 1</th>
<th>No. 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network Category: Asia-Pacific Major Airlines</td>
<td>World-Wide Major Airlines</td>
</tr>
<tr>
<td>Mainline Category: No. 2</td>
<td>No. 2</td>
</tr>
</tbody>
</table>

---

*Sources:
\(^1\) International Air Transport Association (IATA), 2020
\(^*\) Number of passengers industry-wide: Ministry of Land, Infrastructure, Transport and Tourism (FY2019)
Expansion of ANA Group Businesses

The ANA Group consists of our core Air Transportation Business and a variety of related businesses. Each company is managed autonomously, and we establish strong relationships and synergies to further refine our unique strengths and continuously increase corporate value throughout the Group.

Air Transportation
Composition of Operating Revenues

73.3%

Full Service Carriers (FSCs)
ALL NIPPON AIRWAYS CO., LTD.
ANA WINGS CO., LTD.
Air Japan Co., Ltd.
Low Cost Carriers (LCCs)
Peach Aviation Limited

The core of the ANA Group is our ownership and operation of the full service carrier (FSC) ANA brand and the low cost carrier (LCC) brand Peach Aviation. We leverage the strengths of each entity to drive growth in our airline business domains. We will continue to contribute to greater corporate value for the entire Group by building an optimal business portfolio within the Air Transportation Business and pursuing a more resilient business structure.

Airline Related
Composition of Operating Revenues

12.6%

ANA AIRPORT SERVICES Co., Ltd.
ANA Base Maintenance Technics Co., Ltd.
ANA MOTOR SERVICE Co., LTD.
ANA Cargo Inc.
ANA Systems Co., Ltd.
ANA Catering Service Co., Ltd.
ANA TELEMART Co., LTD.
ANA X Inc., and more

In the Airline Related Business, ANA Group companies mainly support the Air Transportation Business with services that include airport ground support, aircraft maintenance, vehicle maintenance, cargo and logistics, catering (in-flight meals), and contact center services. This business seeks to grow and deepen Group businesses through contract services for overseas airlines, new value creation through the effective use of customer data, and other means.

Travel Services
Composition of Operating Revenues

6.1%

ANA Sales Co., Ltd.
ANA Business Jet Inc., and more

As the sales and marketing division of the ANA Group, ANA Sales Co., Ltd. provides airline sales services, including sales of air tickets and travel services. The company also engages in the planning and sales of travel products.

To meet the needs of our customers who value their time, we are expanding the scope of our travel services, which includes the launch of ANA Business Jet Inc. in 2018. ANA Business Jet arranges charter flights for business jets.

Trade and Retail
Composition of Operating Revenues

6.1%

ALL NIPPON AIRWAYS TRADING Co., Ltd., and more

ALL NIPPON AIRWAYS TRADING Co., Ltd., and Group companies perform aircraft parts procurement, conduct aircraft trading (import, export, leasing, sales), operate airport shops (ANA DUTY FREE SHOP and ANA FIESTA) across Japan, and manage other businesses related to air transportation. The Group also trades in non-airline products (paper, pulp, food import and sales; semiconductor and electronic component import / export); provides advertising agency services; and operates the ANA online shopping site.

Consolidated Group Data
Operating Revenues
¥1,974.2 billion

Number of Employees
45,849

Consolidated Group Data

<table>
<thead>
<tr>
<th>Composition of Operating Revenues by Segment (Fiscal 2019)</th>
<th>Operating Revenues (¥ billions)</th>
<th>Operating Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Transportation</td>
<td>1,737.7</td>
<td>49.5</td>
</tr>
<tr>
<td>Airline Related</td>
<td>299.4</td>
<td>18.1</td>
</tr>
<tr>
<td>Travel Services</td>
<td>143.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Trade and Retail</td>
<td>144.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Others</td>
<td>44.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(395.9)</td>
<td>(14.7)</td>
</tr>
<tr>
<td>Total (Consolidated)</td>
<td>1,974.2</td>
<td>60.8</td>
</tr>
</tbody>
</table>

* Calculated before eliminations
The beliefs of our founders have transcended the ages, passed on with great care as the DNA of the ANA Group.

Our Mission in Society

Ambition in Our DNA

Group Synergies

Mission Statement

Built on a foundation of security and trust, “the wings within ourselves” help to fulfill the hopes and dreams of an interconnected world.

ANA Group Safety Principles

Safety is our promise to the public and is the foundation of our business. Safety is assured by an integrated management system and mutual respect. Safety is enhanced through individual performance and dedication.

Management Vision

It is our goal to be the world’s leading airline group in customer satisfaction and value creation.

ANA’s Way

To live up to our motto of “Anshin, ATTaka, Akaruku-genki!” (Trustworthy, Heartwarming, Energetic!), we work with:

1. Safety
   We always hold safety as our utmost priority, because it is the foundation of our business.

2. Customer Orientation
   We create the highest possible value for our customers by viewing our actions from their perspective.

3. Social Responsibility
   We are committed to contributing to a better, more sustainable society with honesty and integrity.

4. Team Spirit
   We respect the diversity of our colleagues and come together as one team by engaging in direct, sincere and honest dialogue.

5. Endeavor
   We endeavor to take on any challenge in the global market through bold initiative and innovative spirit.
 Returning to the spirit of our founders, coming together as a group to overcome the COVID-19 pandemic and create a strong, resilient Group business structure.
The Impact of COVID-19 on Our Businesses

First, I want to express my sincere gratitude for your continued support.

I also want to express my deepest sympathies to the people around the world who have been affected by COVID-19.

The ANA Group has been pursuing growth strategies, mainly through the International Business, in line with our FY2018–2022 ANA Group Corporate Strategy, which we formulated in February 2018. During fiscal 2019, All Nippon Airways Co., Ltd. (ANA) introduced new routes from Naha to Perth, Chennai, and Vladivostok. The Company also put ultra-wide body aircraft into service as part of a Hawaii Strategy. The Cargo Business adopted wide-body freighters for Shanghai and Chicago routes to strengthen our ability to capture demand for not only special items including oversized cargo but also trilateral cargo. The merger of Peach Aviation Limited and Vanilla Air Inc. in our LCC items including online conferences, telework, and demand for non-contact services. We expect consumers to shy away from air travel for the time being. It is extremely difficult for us to imagine the type of continued demand we incorporated when we formulated our corporate strategy.

Looking at our past, we know that the Group’s businesses have not always been smooth sailing. Since the start of the 21st century, we have encountered numerous challenges, including the September 11 terrorist attacks, SARS, the Lehman Shock, the Great East Japan Earthquake, and U.S.–China trade frictions. With every challenge, our officers and employees have put their minds together to overcome the circumstances, even when such policies have included difficult consequences. It may not be an overstatement to say that we now face the greatest challenge since our founding, which will be 70 years in just two years from now. Even so, we are willing to overcome these challenges and put our businesses back on a growth vector.

To this end, I wish to explain my thoughts on how we plan to deal with the challenges at hand.

However, the spread of infection around the world led to stronger immigration restrictions in every country beginning in March. Naturally, we were forced to cancel or reduce flights on international routes. In Japan, the national government declared a state of emergency on April 7 and local governments requested voluntary restraints on unnecessary travel outside the home. These developments led to a sharp decrease of passengers flying on domestic routes. As a result, the ANA Group posted an operating loss of ¥68.8 billion for the stand-alone fourth quarter, which was the largest loss we have ever recorded on a quarterly basis. Although we secured net operating income of ¥60.8 billion for the full year, we truly regret that we canceled dividends for fiscal 2019 in light of the business environment and our inability to predict when the COVID-19 pandemic will end.

Strict immigration regulations continue in force around the world, and international flights have been restricted heavily. In Japan, we saw a second rise in the number of COVID-19 infections beginning in July. Some prefectures are pushing for another call for citizens to refrain from travel. Given this environment, we have seen a rise in new work styles and lifestyles, including online conferences, telework, and demand for non-contact services. We expect consumers to shy away from air travel for the time being. It is extremely difficult for us to imagine the type of continued demand we incorporated when we formulated our corporate strategy.

In parallel with securing cash on hand, we implemented effective business measures that included reducing the number of flights in line with the decrease in passenger demand, adjusting personnel operations, and optimizing services. At the same time, I instructed the presidents of all Group companies to engage in emergency cost-reduction measures. We have asked the Scheduled Airlines Association of Japan to provide support in approaching the government and related agencies to obtain deferments and exemptions related to taxes and public fees for the airlines industry. In this and other ways, we are working together with other airlines to respond to the crisis. However, the COVID-19 pandemic has showed no signs of waning, and the outlook for our business had become even more uncertain. As this difficult situation continued, in March, I issued a message to the 45,000 ANA Group employees, declaring my intention to protect their jobs. I believed that the Group would come together to respond to the crisis if we could do away with internal concerns and foster a sense of security. We are a business that ensures the safety of the skies. Therefore, we absolutely had to avoid situations in which employees were forced to engage in their work while worrying about infection, unemployment, or other concerns. I shared my thoughts candidly about our commitment to ongoing training and education looking ahead to a recovery in operating scale.

I discussed how we would move forward in work-style diversity while complying with laws and regulations. I also addressed how we planned to engage in labor-management negotiations to revise compensation in a way to protect both our employees and the Company.

We experienced the lowest point of passenger demand for our Domestic Business in May. At the same time, we needed to introduce new procedures to prevent COVID-19 infections. As a group, we pursued exhaustive measures to create an environment in which customers and employees could feel safe and secure. President Hikaru of ANA was proactive in his response to provide peace of mind to our customers as quickly as possible, and he unveiled the ANA Care Promise on June 1 as the ANA policy to prevent infections. The new standard of air travel proposed by ANA is the same comfort and enjoyment as ever, now with even greater peace of mind. Peach also pursued necessary measures, including the publishing of a special page on the company’s website to communicate aircraft procedures in response to the new normal of the with-COVID-19 era. As a group, we will continue to provide clean and hygienic environments, striving to relieve passenger anxiety and inspire confidence in boarding our aircraft as we leverage these policies into new brand power.
**Business Structure Reform in Anticipation of the Post-COVID-19 Era**

Our corporate strategy to date has called for growth through network expansion in the ANA and Peach brands to generate operating revenues and profits on par with the global top-tier carriers. However, we are faced now, however, with the urgent need to modify our business policies flexibly in response to changes in behavior of people caused by the COVID-19 pandemic.

The following topics are urgent issues for the ANA Group under the current situation:

1. **Reduce costs and control investment**
2. **Pursue business structure reform**

With respect to 1) reducing costs and controlling investment, we reduced capacity significantly in line with demand trends, trimmed personnel expenses based on negotiations with the union, and engaged in other cost-reduction measures in terms of both variable and fixed costs. We reduced costs by a total ¥182.5 billion during the first quarter of fiscal 2020. And we will continue to expand into other areas for reduction and delve deeper into reduction impacts. With respect to investment, we continue to negotiate with aircraft manufacturers and other parties, reflecting our intent to significantly curtail capital expenditures by postponing the timing of aircraft delivery.

We also plan to 2) pursue business structure reform in bold measures for the future. The current demand structure in the airline industry is about to change in major ways. We expect to see a gradual recovery on Domestic Business that will reflect a change in quantity with respect to passenger numbers. Over the medium term, we believe the emergence of vaccines and other factors will lead to a moderate pace of recovery in demand on International Business, while continued globalization will spur a return to air travel. On the other hand, even as the impact of COVID-19 continues, we expect leisure demand to recover first, growing steadily over the medium term, reflecting a change in mixture based on passenger class. We also expect to see a recovery in inbound travelers visiting Japan. We must also consider how changes in work styles affect business travel demand, as more companies report weaker earnings, conduct business through online meetings, and make other changes.

Our plans for reform are measures responding to changes in passenger numbers and class. Our first approach to pushing past COVID-19 is to reduce the scope of our operations in conjunction with the change in passenger numbers. At the stage we see a recovery in demand over the medium term, we will re-expand the scope of our business toward a growth trajectory. To respond to changes in passenger class, we plan to change how we capture demand throughout the Group by offering products and services tailored to the needs of new markets.

The following matters represent specific actions for us to achieve these plans.

### Basic Policies on Business Structure Reform: Business Model Changes

1. **Short Term:** Change business structure toward surplus in profit in Air Transportation Business
   - a. Optimize Air Transportation Business portfolio strategy
   - b. Engage in resource-related tactics to reduce fixed costs

2. **Medium Term:** Establish a resilient Group business structure that creates consistent, steady value
   - a. Strengthen Air Transportation Business portfolio strategy
   - b. Establish a second pillar of earnings with our Non-Air Business

### As a short-term initiative, we plan to change our Air Transportation Business structure toward balanced profitability. We will pursue a two-pronged portfolio strategy through ANA and Peach, bringing to bear the brand strengths of each in a post-COVID-19 world. At the same time, the ANA Group will reduce fixed costs in terms of fleet and human resources. Over the medium term, deepen our portfolio strategy toward building a strong Group business structure that creates consistent, steady value. While doing so, we will also establish our Non-Air Business as a second pillar of revenue to stand alongside our Air Transportation Business. The ANA Group aims to be a corporate group capable of withstanding the return of a pandemic, returning to stable and continuous dividends through improved corporate value.

Our aim is to not only reduce the scope of our business through restructuring but also achieve growth in the post-COVID-19 era, becoming an airline group essential to the people of the world. Now that the external business environment has changed so significantly, we must be proactive in adapting to the new normal. The ANA Group will pursue reform with a sense of urgency, securing a path to sustainable growth that we will be able to hand over to the next generation.

**What Will Never Change:**

Our Pursuit of ESG Management

Travel restrictions were tightened around the world in conjunction with the spread of COVID-19. The Japanese government declared a state of emergency in April 2020. During that time, I experienced for myself just how keen people were to go outside. I think that latent needs for air travel will never change in the future. People will still want to return to their hometowns, travel overseas, and use aircraft for other travel needs. The spread of remote work and other factors could increase the potential for weak business travel demand temporarily. On the other hand, new location-independent work styles could give rise to new demand for workations and other travel.

Others have pointed out that travel restrictions could have an impact on the nature of the airline business. Now is the time that we must communicate the meaning and significance of the ANA Group to society. The road to recovery will by no means be smooth. When travel by air begins to increase with the development and distribution of a vaccine, the ANA Group will play an important role in social infrastructure. We will help reitalize economies, trade, and other social activities, as we aid the movement of people, goods, and cultural interactions. This aligns with our Group Mission Statement: The wings within ourselves help to fly the hopes and dreams of an interconnected world. The ANA Group will continue to value personal relationships and empathy, connecting the world to bring about a brighter, more abundant future.

To grow sustainably with society, companies must pursue not only economic value, such as operating revenues and profits, but also social value, which includes a response to social issues facing modern society on a global scale. As a member of society, the ANA Group desires to share value for the sustainable development of our stakeholders, including our customers, shareholders and investors, employees, business partners, and local communities. We have pursued environmental, social, and governance (ESG) management, which has become even more important in the face of the COVID-19 pandemic. We are determined to approach medium- and long-term issues seriously and from a global perspective.
Environmental issues are issues that truly impact our stakeholders, and the environment has become an even greater topic of concern across the world. Climate change is a common global challenge. Addressing climate change has become a responsibility for companies entrusted with the future, and the airline industry has become subject to stricter regulations to reduce CO2 emissions from aircraft operations. Recently, airline industry CO2 emissions are down due to cancellations and flight reductions stemming from COVID-19. However, as our Air Transportation Business recovers in the near future, we must take appropriate measures to ensure CO2 emissions do not return to the same level as in the past. Therefore, we have created new long-term targets for the year 2050. We intend to strengthen our efforts to address climate change, reducing CO2 emissions from aircraft operations by 50% compared to 2005.

The new goals we created will not be easy to achieve. We must respond in tangible ways through our aircraft, jet fuel technology innovations, and more. We must also respond in intangible ways through steady efforts that involve human intervention. Social issues other than those related to the environment that require ongoing efforts include business activities and supply chain management that respect human rights. Stakeholder engagement is an essential part of gaining an appropriate understanding of and responding to these trends. In addition to using dialogue to understand potential opportunities and risks surrounding the Group, we also plan to engage in management that incorporates the environment, society, and governance. Here, we will do even more to gain an accurate understanding of social awareness and behavioral changes, reflecting this understanding in our corporate strategy. In the future, the ANA Group will make the process for achieving our goals more visible and provide appropriate disclosures of our results through annual reports, websites, and other communication channels.

Beginning in January, Wuhan, China, experienced a dramatic increase in COVID-19 infections. At that time, ANA organized a total of five charter flights to ensure Japanese citizens in the area could travel back to Japan. While the threat of COVID-19 was still not recognized fully in Japan, many of our employees worked side-by-side with the risk of infection. Despite the challenges, we helped a total of 828 Japanese citizens return home, as each employee fulfilled their role with dedicated action. Later, some employees remarked that they became even more aware than usual of our mission as a public transportation provider. Others stated how completely focused they became in helping return passengers safely to their homes in Japan. We fulfilled our responsibilities as an airline with the support of the Japanese government and many others. On June 23, we received a letter of appreciation from the Japanese Minister of Foreign Affairs.

As part of our social contribution activities, we asked for employee volunteers in April to support medical gown sewing. The response of Group employees was far beyond our expectations. After hearing from employees of their desire to serve society and do whatever they could to help, I was again impressed that human resources are the true treasure of our Group. While we cannot see when the COVID-19 pandemic will end, I want to express how truly proud I am of our employees who even now work in airports, on-board aircraft, and in a variety of other locations to fulfill our responsibilities as social and transportation infrastructure.

Our true capabilities come to the fore when times are tough, requiring calm thinking, passionate action, and self-awareness in achieving responsibilities together with colleagues. One of the spirit of our founders is to be a Business with Integrity. This reflects an emphasis on the public interest rather than on profits. Our employees united in their sense of mission to fulfill their roles properly and without fanfare when they supported the Wuhan charter flights and the medical gown sewing project. Every employee demonstrated their sense of responsibility to take a personal role in this mission. The ANA Group possesses wings within ourselves that help us overcome difficulties together. Our DNA is rooted in values handed down to us from those who came before, and this DNA will never change at any time in the future. I am convinced that the corporate culture we have cultivated over our 68 years of history will be the driving force behind overcoming the current crisis. Hardship now, yet hope for the future were the famous words of Masuichi Midoro, our founder. Using these words, successive generations of management have continued working together single-mindedly with employees to serve society through a foundation of safety. ANA’s predecessor, Japan Helicopter and Aeroplane Transports Co., Ltd. began with only two helicopters, 28 employees, and big dreams. Since that time, we have continued to grow with effort and a spirit of taking on new challenges. We have faced many difficulties due to changes in our business environment. But we have always come through such crises reborn and stronger than ever. We will overcome COVID-19 through the comprehensive capabilities of the Group. My dream is for us to build even stronger wings that spread out to connect the people of world and take us forward. Dreams come true, if one makes the effort. With this in mind, and as the top manager of ANA HOLDINGS INC., I intend to steer firmly ahead to ensure we become an inspiring airline group.

I ask for your continued support of the ANA Group.

September 2020
Shinya Katanozaka
President & Chief Executive Officer
Cycle of Expanding Strengths
Driven by the Spirit of Our Founders

We have remained committed to our founding spirit, improving on our unique strengths over the course of our history. Each element of our philosophy amplifies others, leading to a cycle of expanded strengths. This, in turn, serves as the driving force behind the values unique to the ANA Group.

Aspirations toward Innovation
- Early adoption of state-of-the-art aircraft
- Leading-edge products and services

Strengths Cultivated from the Spirit of Our Founders
Always expanding through a focus on innovation multiplied by Group diversity

Comprehensive Capabilities to Meet Our Goals
- Multifaceted business portfolio and decision-making independence for Group companies
- Network of nearly 45,000 Group employees

Each ANA Group company relies on its own expertise to contribute to our overall strategy. These companies develop innovative businesses, products, and services, raising our organization to higher levels of quality and creating more revenue opportunities.

Improve Quality
- History and culture of safety
- Commitment to on-time operations
- Respond to diverse needs based on degree of customer satisfaction

Strengths Created through Our Businesses
Create both quality and volume in pursuit of social infrastructure value

Expand Business Scope
- Expand international route network
- Solid domestic network
- Customer segment coverage by full service carrier and LCC

Create Both Economic Value and Social Value

Ongoing Commitment to Our Philosophies
- Ambition in Our DNA
- Group Synergies
- Our Mission in Society

We seek new challenges by embodying the essence of team spirit, embracing the support of our stakeholders around the world, who have responded to our obsessive focus on quality and our extensive network.
Value Creation Process

We will invest appropriate management resources based on the environment surrounding the ANA Group. In so doing, we will accelerate the cycle of our four strengths, which serve as the engine driving value creation. By executing our strategy, we will create social value and economic value simultaneously. As we do so, we aim for improved corporate value while we contribute to the Sustainable Development Goals (SDGs) adopted by the United Nations.

Sustainable Corporate Value Enhancement

Achieving Our Management Vision

Economic Value
- Simultaneous Creation of Economic Value and Social Value
- Expanding top-line
- Improving cost competitiveness
- Creating more business opportunities
- Developing demand in new customer segments
- Improving employee productivity
- Improving quality and service
- Pursuing both improved convenience and efficiency
- Generating new business
- Controlling cost increases (primarily fuel expenses)

Social Value
- Strengthen our competitive ability
- Providing smart, comfortable travel
- Revitalize our regional tourism business
- Promoting Japan as a tourism nation, encouraging inbound tourism
- Foster and utilize a diverse employee base
- Promoting diversity
- Helping create a society that respects human rights
- Generate efficiencies and innovation through DX
- Providing personalized services
- Raising employee job satisfaction
- Pursue energy efficiencies
- Reducing environmental impact

Our Environment (Medium and Long Term)
- Economic Growth in Asia-Pacific
- Changing Social Structures in Japan and Overseas
- Advancing Technology
- Climate Change and Resource Shortages

ANA Group Management Resources
- Power of people who are willing to endeavor and challenge
- Fleet and network connecting the world
- Trust of our customers and society
- Limited natural resources shared with humankind
- Financial foundation allowing us to spread our wings

Management Foundation
- Mission Statement
- Safety
- Hygiene
- Corporate Governance
- Human Resources / ANA’s Way
To continue creating social value and economic value through our corporate activities, it is important that we set appropriate targets and timelines, having an accurate awareness of the prevailing business environment. We must respond with flexibility to the dizzying changes in our business environment, including increased competition and the emergence of geopolitical risks. We must also set our sights on medium- and long-term initiatives in response to environmental regulations and human rights issues. As we incorporate both values into our corporate strategy, we will generate even greater improvements in the value we create moving forward.

**Timeline for Simultaneous Creation of Economic Value and Social Value**

To continue creating social value and economic value through our corporate activities, it is important that we set appropriate targets and timelines, having an accurate awareness of the prevailing business environment. We must respond with flexibility to the dizzying changes in our business environment, including increased competition and the emergence of geopolitical risks. We must also set our sights on medium- and long-term initiatives in response to environmental regulations and human rights issues. As we incorporate both values into our corporate strategy, we will generate even greater improvements in the value we create moving forward.

**Understanding of the short-term environment**
- New normal
- Change in airline market demand structure

**Executing the Next ANA Group Corporate Strategy**

**The ANA Group ESG Commitments**

**E**
- Reduce CO₂ emissions
- Reduce resource waste
- Reduce food waste
- Biodiversity conservation

**S**
- Responsibility to respect human rights
- Promote responsible procurement and supply-chain management
- Human resource development to support sustainable growth
- Responding to the diversity of our customers
- Promote regional revitalization
- Utilizing innovation to solve social issues

**G**
- Employ stronger governance structure
The impact of COVID-19 has resulted in major changes to the environment surrounding the ANA Group. We must take swift action both in our businesses and finances to overcome one of the greatest challenges in our history. At the same time, we must also transform our business structure to accommodate *new-normal* lifestyles, pursuing sustainable growth.

Uncompromising commitment to quality through everyday effort, striving for change, and an unwavering commitment to safety on the front lines.

Teruyuki Kominami
ANA Line Maintenance Technology Co., Ltd.
Maintenance Crew

日々の努力で徹底的に品質にこだわり
変革にチャレンジ
最前線で安全を守り続けます。

Uncompromising commitment to quality through everyday effort, striving for change, and an unwavering commitment to safety on the front lines.

Teruyuki Kominami
ANA Line Maintenance Technology Co., Ltd.
Maintenance Crew
In January 2019, we published the ANA Group Corporate Strategy Update for fiscal 2019 and 2020. As we subsequently finalized our plans to expand our international network, mainly from Haneda Airport, in January 2020 we planned to announce a rolling update to the ANA Group Corporate Strategy by March.

However, the impact of COVID-19 on our business became apparent in February. With the spread of the virus both in Japan and overseas, we assumed that the drastic decline in passenger demand would extend over a longer period of time. Accordingly, we made our response to this urgent issue a top priority.

From the initial stages of the impact of COVID-19, the ANA Group has taken a proactive response in both business and financial aspects.

**Business Measures**

We implemented measures for the following four major areas of our businesses.

1. **Match Capacity to Demand Trends**
   - Reduced operation and sales-linked expenses significantly
   - 1) Adopted a temporary leave program
   - 2) Expanded targeting to 36 Group companies and 43,500 employees

2. **Optimize Employee Utilization and Services**
   - Reduced fixed costs across various categories
   - 1) Reduced officer remuneration, personnel expenses
   - 2) Shrank aircraft-related expenses
   - 3) Cut down outsourcing business
   - 4) Made significant reductions in controllable costs, etc.

3. **Emergency Response Measures**
   - Launched ANA Care Promise (June 1)
   - 1) Reduced officer remuneration, personnel expenses
   - 2) Shrank aircraft-related expenses
   - 3) Cut down outsourcing business
   - 4) Made significant reductions in controllable costs, etc.

4. **Establish Social Credibility**

**Results for the 1Q of FY2020**

- Match Capacity to Demand Trends: Reduced operation and sales-linked expenses significantly
- Optimize Employee Utilization and Services: Reduced fixed costs across various categories
- Emergency Response Measures: Launched ANA Care Promise (June 1)

**Emergency Response Measures**

We implemented a number of measures quickly to reduce personnel expenses and other costs. These measures included reducing officer remuneration, management salaries, and summer bonuses, which improved our profit balance.

**Establish Social Credibility**

We are pursuing efforts to establish our social trust so customers use our aircraft with peace of mind.

In June 2020, ANA launched the ANA Care Promise. Peach also implemented a variety of measures, providing a clean and hygienic environment, striving to eliminate customer anxiety.
Cost Reduction Initiatives
By taking appropriate measures in our businesses, we achieved total cost reductions of ¥162.5 billion during the first quarter of fiscal 2020, reflecting a combination of cuts in variable costs, such as fuel expenses, and fixed costs, such as personnel expenses.

Financial Measures
The ANA Group implemented financial measures in the following two major areas. At the same time, we issued a request to the government for support of the airline industry.

We secured liquidity on hand as early as possible in anticipation of the prolonged impact of COVID-19. Working with financial institutions, we secured access to approximately ¥1 trillion in total funding, consisting of bank loans of ¥535.0 billion in the first quarter and an expanded commitment line to a maximum of ¥500.0 billion.

We also postponed planned aircraft deliveries for this year and deferred in-flight product changes, limiting capital expenditures. We reviewed Group investment plans, deferring some projects and significantly reducing investment amounts.

In the meantime, we submitted a request to the government for industry support through the Scheduled Airlines Association of JAPAN. As a result, many airports in Japan have deferred landing and navigation fees. Leasing costs and facilities usage fees have also been reduced. Going forward, our industry will continue to ask for further support, including extended deferments and exemptions of taxes and public fees.

Cost Reduction Impact (Consolidated)

<table>
<thead>
<tr>
<th>Variable Costs</th>
<th>Total ¥ –162.5 Bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation &amp; Sales-Linked Expenses</td>
<td>¥ –130.0 Bn</td>
</tr>
<tr>
<td>Group Personnel Expenses</td>
<td>¥ –24.5 Bn</td>
</tr>
<tr>
<td>Others</td>
<td>¥ –8.0 Bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fixed Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ –24.5 Bn</td>
</tr>
</tbody>
</table>

Key Programs throughout the 1Q of FY2020
1) Control capacity flexibly
   Capacity by Business Apr.–Jun. (YoY)
   • International Passenger –86%
   • Domestic Passenger –73%
   • International Cargo –62%
   • Peach Aviation –81%

Continue to control capacity in response to demand trends

Cost Reduction Forecast for the Current Fiscal Year

We will continue to strive to minimize variable costs by matching capacity to demand trends carefully.

We plan to reduce fixed costs by ¥75.0 billion* over the full year. As we expect the recovery in passenger demand to take time, we will pursue further cost reductions by expanding areas to target and digging for deeper cuts.

* Forecast as of July 24, 2020

Financial Measures:

1. Ensure Liquidity on Hand
   1) Secured bank loans
      Approx. ¥535 Bn
   2) Established additional commitment line
      Expand to ¥500 Bn

2. Limit Capital Expenditures
   1) Postponed planned aircraft delivery schedule
   2) Deferred in-flight product changes, etc.

Results for the 1Q of FY2020

- Secured cash amount for the time being, total ¥1 trillion or more
- Reduced capital expenditures significantly
- Obtained deferments of landing and navigation fees, etc.
Business Environment and the ANA Group Response

The impact of COVID-19 has forced changes in social structures and value systems around the world. As work-styles and lifestyles change, the acceptance of a new normal is about to cause changes in demand structures, even in the airline industry. The ANA Group will respond to this situation as described below.

<table>
<thead>
<tr>
<th>Environment</th>
<th>A new normal in work styles and lifestyles</th>
</tr>
</thead>
</table>

### Airline Industry

**Significant changes in the demand structure of the airline market**

<table>
<thead>
<tr>
<th>Passenger Numbers (Change in Volume)</th>
<th>Medium Term (post-COVID-19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rise in non-air travel</td>
<td>Recovery at a moderate pace on international routes</td>
</tr>
<tr>
<td>Gradual recovery in domestic routes</td>
<td>Active resumption of air travel</td>
</tr>
</tbody>
</table>

**ANA Group**

**Reduce business scale to get over COVID-19**

1. Variation in recovery speed on each passenger segment
   - Leisure: Decrease to gradual recovery
   - Business: Decrease

2. Different class mix compared to pre-COVID-19
   - Leisure: Increase including inbound travelers
   - Business: Ongoing weakness

**ANA Group**

**Provide products and services that meet the new market needs**

### Responding to Passenger Numbers (Change in Volume)

We are currently seeing strong movement toward non-air travel. Even so, we expect to see a gradual recovery in passenger demand on domestic operations. Over the medium term, we believe the emergence of vaccines and other factors will lead to a moderate pace of recovery in international operations, while continued globalization will spur a return to air travel.

The Group will reduce the scale of our businesses temporarily to weather the declining phase of demand. When we see a recovery in demand over the medium term, we will re-expand the scale of our businesses toward a growth trajectory.

### Responding to Passenger Class (Change in Mixture)

Even as the impact of COVID-19 continues, we expect leisure demand to recover first, growing steadily over the medium term. We also expect to see a recovery in inbound travelers. However, we forecast demand for business travel to continue to experience weakness as corporate earnings deteriorate and online conferencing becomes more widespread. Therefore, we expect to see significant changes in passenger class mixture.

The Group will provide products and services that meet new market needs, changing our approach to capturing demand across the entire Group.

### Basic Policy for Reform of Business Structure

The ANA Group will carry out business structure reform to respond steadily to changes in the market environment.

**Medium Term: Establish a resilient Group business structure that creates consistent, steady value**

1. Strengthen Air Transportation Business portfolio strategy
2. Establish a second pillar of earnings on Non-Air Business

**Sustainable Growth**

**Enhance corporate value (Stable & Continuous Dividends)**

**Medium Term: Establish a resilient Group business structure that creates consistent, steady value**

**Enhance corporate value (Stable & Continuous Dividends)**

**Short Term: Change business structure toward surplus in Air Transportation Business**

1. **Optimize Air Transportation Business portfolio strategy**
   - ANA: Reduce the scale of our business for the time being; Concentrate management resources on high-profit routes; Reevaluate products and services to meet a new normal
   - Peach: Capture wider demand in outlying regions of the major cities near Nanta and Kansai airports

2. **Implement resource-related tactics to reduce fixed costs**
   - Reduce the number of aircraft; Leverage smaller aircraft and pursue higher capacity rates
   - Human Resources: Revise staffing assignments by enhancing productivity through new work styles, etc.

**Management Foundation**

**Mission Statement / Safety / Hygiene / ESG Management / Human Resources / DX / ANA’s Way**

As a short-term initiative, we will change our business structure toward balanced profitability in our Air Transportation Business.

1. **Optimize Air Transportation Business portfolio strategy**
   - ANA: Reduce the scale of our business for the time being; Concentrate management resources on high-profit routes. At the same time, ANA will reevaluate current products and services in anticipation of market needs in the post-COVID-19 era.
   - However, Peach, which has established an efficient business structure through merger, will strive to capture wider demand in outlying regions of the major cities near Nanta and Kansai airports.

2. **Implement resource-related tactics to reduce fixed costs**
   - We intend to reduce the total number of owned aircraft in our fleet, as well as leverage smaller and more efficient aircraft.
   - We also plan to review our staffing assignments, enhancing productivity through new work styles based on digital transformation (DX), etc.

Over the medium term, we will pursue a deeper portfolio strategy for the purpose of strengthening our Air Transportation Business, covering a wide range of diversifying demand.

Also, we will seek to establish a resilient Group business structure that creates consistent, steady value by establishing our Non-Air Business as a second earnings pillar.

This will improve corporate value, returning the ANA Group to stable and continuous dividends as we pursue sustainable growth.
During fiscal 2019, we conducted a comprehensive review of safety, quality and services that form the solid foundation of our business. At the same time, we executed up-front investments in human resources and our fleet to take advantage of the international slot expansion at Haneda Airport. While results were firm through the third quarter, the impact of COVID-19 in the fourth quarter resulted in Air Transportation Business operating revenues amounting to ¥1,737.7 billion, a decrease of 4.2% year on year. Operating income amounted to ¥49.5 billion, a decrease of 69.1%.

In fiscal 2020, we will maintain flexibility in controlling capacity during periods of weak demand. We will also work to maximize revenues during periods of recovery.

International Passenger Business

The year 2020 was expected to be a year of great progress, with the expansion of international flight slots at Haneda Airport and Japan hosting the Tokyo 2020 Olympic and Paralympic Games. Unfortunately, the airline industry now faces major challenges stemming from the COVID-19 pandemic. Since I was named president in 2017, I have worked to build a resilient organization that can deliver results in any environment. Currently, we have been forced to cut flights on both international and domestic routes on an unprecedented scale. It is at times like these that we must demonstrate resilience to survive.

Our air transportation services have enjoyed an outstanding reputation in the world. In 2019, ANA was ranked first in the Asia-Pacific region for on-time arrivals by Cirium of the U.S. In addition, we received the prestigious 5-Star designation from SKYTRAX of the U.K. for an eighth consecutive year, rating among the best airlines in the world. At the same time, COVID-19 has had a major impact on our lifestyles and behavior. On June 1, ANA launched the ANA Care Promise as a new standard for air travel. Under this promise, we have strengthened our hygiene initiatives even further. We will pursue the complete confidence of our passengers through appropriate measures in the with-COVID-19 era and based on the service quality we have built over our history.

To overcome this unprecedented crisis, we must reform our Air Transportation Business cost structure, particularly in fixed costs. In addition, we are reviewing employee work styles and plan to increase employee productivity significantly. By engaging diligently and quickly in these areas, we will introduce bold reforms that place ANA back on a growth trajectory in the post-COVID-19 era.

During fiscal 2019, we conducted a comprehensive review of safety, quality and services that form the solid foundation of our business. At the same time, we executed up-front investments in human resources and our fleet to take advantage of the international slot expansion at Haneda Airport. While results were firm through the third quarter, the impact of COVID-19 in the fourth quarter resulted in Air Transportation Business operating revenues amounting to ¥1,737.7 billion, a decrease of 4.2% year on year. Operating income amounted to ¥49.5 billion, a decrease of 69.1%.

In fiscal 2020, we will maintain flexibility in controlling capacity during periods of weak demand. We will also work to maximize revenues during periods of recovery.

International Passenger Business

Phased recovery of ASK while assessing the status of global travel and immigration restrictions

Fiscal 2019 in Review
In May, we began introducing the Airbus A380 FLYING HONU on our Narita–Honolulu route as part of our Hawaii Strategy. We also introduced Narita–Perth service in September, Narita–Chennai service in October, and Narita–Vladivostok service in March 2020.

For the first time in 10 years, ANA unveiled new seats for First Class and Business Class on Boeing 777-300ER aircraft. We introduced the upgraded aircraft on the Haneda–London route in August, the Haneda–New York and Narita–New York routes in November, and the Haneda–Frankfurt route in February 2020. We introduced our first private wide-seat with a closable door, called THE Room, in Business Class. These new seats offer the world’s first personal 4K-compatible monitor and other amenities, achieving the highest levels of passenger comfort.

Meanwhile, the decline in demand due to COVID-19 on Chinese routes became apparent at the end of January. Slowing demand spread subsequently to routes in Asia, North America, Europe, and Hawaii. In response, we began adjusting supply and demand in February, and by the end of March, we canceled or reduced a total of 2,814 flights across 71 routes.

As a result, international route passengers amounted to 9.41 million, a decrease of 6.7% year on year. Operating revenues were 5.8% lower at ¥613.9 billion.

Fiscal 2020 Business Policies
As long as travel and immigration restrictions continue in place around the world, we will continue to reduce the scale of our operations to the greatest extent possible. In the meantime, we will restore capacity in phases if Japan and other countries we service begin to ease restrictions.
Air Transportation Business

**Domestic Passenger Business**

**Fiscal 2019 in Review**
Passenger numbers through the third quarter were solid, mainly due to strong business demand and travel within Japan. We also captured the strong demand over the 10-day Golden Week holidays. We introduced discounted tickets available for purchase up to 355 days prior to boarding as one means to capture demand as early as possible. These and other measures, as well as our new fare structure adopted in the previous year, succeeded in generating sales.

In our route network, we increased the number of flights for Naha-Nagoya (Chubu) in May and Nagoya (Chubu)–Kumamoto in October. We also adjusted aircraft type flexibly and optimized the number of flights, optimized supply to demand through aircraft type and scheduling.

In November, we introduced new seats on Boeing 777-200 aircraft, offering improved comfort and functionality with power reclining in Premium Class. We also introduced seats equipped with touch panel personal monitors in Economy Class. At the Naha Airport, we altered the layout of the departure counter and implemented the ANA Baggage Drop automated baggage drop machine, making Naha the fourth airport in Japan to be so equipped. We also renovated the ANA LOUNGE. These and other efforts were made to further improve service quality.

However, the spread of COVID-19 in Japan prompted the central and local governments to ask citizens to refrain from unessential go-out or attendance at events. These policies resulted in a significant decline in passenger demand beginning at the end of February. While we endeavored to maintain our network as a public transportation provider, we began adjusting the number of flights in March. In total, 2,674 flights across 42 routes were suspended or reduced.

As a result, domestic passengers amounted to 42.91 million, a decrease of 3.2% year on year. Operating revenues were 2.4% lower, at ¥679.9 billion.

**Fiscal 2020 Business Policies**
We will continue to reduce operation-linked expenses by controlling the number of flights in operation as long as demand remains weak due to COVID-19. At the same time, we will resume capacity flexibly when we confirm increased demand as a result of increased economic activity and the resumption of travel. We plan to strengthen our ability to capture leisure travel demand by taking advantage of the Japanese government’s Go To campaign and other measures to encourage tourism. We will leverage these measures to restore profitability and contribute to the revitalization of local economies.

**Performance of the Domestic Passenger Business**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>ASK</th>
<th>RPK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>103</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Cargo and Mail Business**

**Maximize transport capacity to grow earnings in a tight cargo market**

**Fiscal 2019 in Review**
Our International Cargo Business experienced weak demand for cargo originating both in Japan and overseas due to the global economic slowdown stemming from U.S.–China trade friction and other factors. In addition, we were forced to cancel a large number of flights beginning in February due to the impact of COVID-19. As a result, both transport volume and revenues underperformed year on year.

In our route network, we introduced the Boeing 777F wide-body cargo freighter for the Narita–Shanghai (Pudong) route (July) and Narita–Chicago route (October). In addition to new products such as oversize cargo and special cargo (e.g., semiconductor manufacturing equipment), we also captured transportation demand for emergency supplies and hygiene-related supplies, which surged in demand due to the spread of COVID-19.

As a result, international cargo volume for fiscal 2019 amounted to 866 thousand tons (down 5.2% year on year) and operating revenue amounted to ¥102.6 billion (down 17.9%).

**Fiscal 2020 Business Policies**
Global passenger flight cancellations and reductions have resulted in a shortage of capacity for international cargo transport. To respond flexibly to the tight supply and demand in the market, we plan to operate extra flights and charters, mainly using freighters. In April, we became the first Japanese airline to begin transporting cargo in the passenger cabin on passenger aircraft. We will continue to pursue revenue growth, while maximizing our transport capacity.

**Performance of the International Cargo Business**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>ASK</th>
<th>RPK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ANA Signed a Strategic Partnership Agreement with Singapore Airlines**
On January 31, 2020, ANA signed a joint venture framework agreement with Singapore Airlines to strengthen our network and increase our presence in the Asia / Oceania region. While expanding existing code share flights, ANA is preparing to apply for Antitrust Immunity (ATI) under the Civil Aeronautics Act. Our goal is to start joint operations beginning with our 2021 winter schedule. After approval, this agreement will mark the third such arrangement after United Airlines (Asia–North, Central, and South America) and Lufthansa (Japan–Europe). These stronger alliances help us offer greater passenger convenience and strengthen our competitiveness in the Asia / Oceania region.
Air Transportation Business

LCC Business

Fiscal 2019 in Review
We moved forward with the transfer of aircraft and human resources in stages as we prepared for the Peach Aviation Limited and Vanilla Air Inc. merger. By the end of October, we completed the integration of operations. While we curtailed the use of resources temporarily due to aircraft conversions and flight crew transition training, we transferred 10 routes previously operated by Vanilla Air to Peach.

At the same time, geopolitical risks in Hong Kong and South Korea had a negative impact on performance, as did the spread of COVID-19 beginning in February. In response, we canceled or reduced 2,088 flights across 23 international and domestic routes.

As a result, passengers numbers amounted to 7.28 million, a decrease of 10.6% year on year. Operating revenues were 12.5% lower, at ¥81.9 billion.

Fiscal 2020 Business Policies
We introduced Naha-Kagoshima and Narita-Nagasaki service on our domestic routes at the end of March. In mid-June we resumed service for all routes, and in late July, we resumed canceled service for all routes, and in mid-June we resumed operations for all routes, and in late July, we resumed service for all routes, and in mid-June we resumed service for all routes. In August 1, we launched the Narita–Miyazaki route, building on the strengths established by the Peach brand over the years and expanding routes offered from our LCC base in Nara, taking over from Vanilla Air.

Takeaki Mori
Representative Director & CEO
Peach Aviation Limited

After serving many passengers in Japan and overseas, Vanilla Air ceased operations at the end of October 2019 and completed a merger with Peach Aviation. Many who transferred from Vanilla Air, including pilots, cabin attendants, maintenance crew, and other employees, are now serving as the mainstay of Peach operations.

This merger has combined the strengths of each company, including Peach’s innovative initiatives out of the Kansai International Airport and Vanilla Air’s creation of new Tokyo metropolitan area demand at the Narita Airport. The shared management resources provide economies of scale that have strengthened our business foundation.

In addition to the routes taken over from Vanilla Air, Peach introduced service between Naita, Kagoshima, Nagasaki, Miyazaki, and Kushiro, establishing a firm presence in the Tokyo metropolitan area. At present, travel remains restricted significantly due to the impact of COVID-19. At the same time, acceleration of telework and other work-style reforms has led to more leisure time and even the potential for working from resorts or family homes in rural areas. Seeing these trends, we believe the importance of travel to meet new people, and catching up with friends and family.

LCC Business: Operating Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>59.8</td>
</tr>
<tr>
<td>2016</td>
<td>75.6</td>
</tr>
<tr>
<td>2017</td>
<td>87.5</td>
</tr>
<tr>
<td>2018</td>
<td>93.6</td>
</tr>
<tr>
<td>2019</td>
<td>81.9</td>
</tr>
</tbody>
</table>

The above graph represents the combined total of Peach and Vanilla Air results (fiscal 2015–2016 includes Peach results before consolidation).

Non-Air Business

Strengthening Business efforts to establish a new revenue pillar to stand next to our Air Transportation Business

Airline Related

Fiscal 2019 operating revenues amounted to ¥299.4 billion (2.9% increase year on year) and operating income amounted to ¥18.1 billion (37.7% increase). This result was mainly due to increased ground handling services at Kansai and Chubu airports and the new consolidation of subsidiary MRO Japan Co., Ltd., an aircraft maintenance company launching full operations in Okinawa.

Fiscal 2020 contracts for ground handling services are likely to decrease due to fewer flights by overseas airlines owing to the impact of COVID-19. When global operations resume in the future, we will pursue initiatives to restore and strengthen profitability.

Travel Services

During fiscal 2019, sales of online products attracted strong demand for both domestic and international travel. In addition, we took an aggressive stance to capture demand for travel during the 10-day Golden Week holiday in Japan. The spread of COVID-19 beginning in late January impacted operating revenues and operating income, which amounted to ¥143.9 billion (4.5% decrease year on year) and ¥1.3 billion (129.9% increase), respectively.

In fiscal 2020, we plan to capture domestic travel demand, which is expected to recover early. We will also pursue efforts to strengthen our competitive posture, taking advantage of the Go To campaign, while expanding direct sales and leveraging our dynamic Tabiaku packaged product.

Trade and Retail

In fiscal 2019, while transaction volume for aircraft parts increased in our aerospace and electronics business, volume decreased for nuts and other food business products. Further, volume in our Retail business declined at our airport ANA DUTY FREE SHOP retail locations and TABISAKU airport shops due to the impact of COVID-19. As a result, operating revenues amounted to ¥144.7 billion (3.9% decrease year on year) and operating income amounted to ¥2.9 billion (21.5% decrease).

During fiscal 2020, we plan to capture demand for travel demand, which is expected to recover early. We will also pursue efforts to strengthen our competitive posture, taking advantage of the Go To campaign, while expanding direct sales and leveraging our dynamic Tabiaku packaged product.

Airline Related Business: Operating Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>231.9</td>
</tr>
<tr>
<td>2016</td>
<td>254.4</td>
</tr>
<tr>
<td>2017</td>
<td>284.3</td>
</tr>
<tr>
<td>2018</td>
<td>291.0</td>
</tr>
<tr>
<td>2019</td>
<td>299.4</td>
</tr>
</tbody>
</table>

Travel Services: Operating Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>167.3</td>
</tr>
<tr>
<td>2016</td>
<td>160.6</td>
</tr>
<tr>
<td>2017</td>
<td>159.2</td>
</tr>
<tr>
<td>2018</td>
<td>159.7</td>
</tr>
<tr>
<td>2019</td>
<td>143.9</td>
</tr>
</tbody>
</table>

Trade and Retail: Operating Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>140.2</td>
</tr>
<tr>
<td>2016</td>
<td>138.7</td>
</tr>
<tr>
<td>2017</td>
<td>143.0</td>
</tr>
<tr>
<td>2018</td>
<td>150.6</td>
</tr>
<tr>
<td>2019</td>
<td>144.7</td>
</tr>
</tbody>
</table>
Establishing avatar-in is a futuristic platform that allows anyone to connect beyond geographical distances or physical restrictions. By launching a new venture for this platform, we will accelerate business speed and contribute to the society of the future in next-generation social infrastructure.

In April 2020, ANA Holdings established avatarin Inc. as our first-ever start-up. An avatar is a remote-controlled alter ego robot that enables interactive telepresence. ANA Holdings launched the ANA AVATAR project in 2018, developing robots and researching mobility that does not require physical movement. We see great potential yet to be unlocked in use cases for these avatars. For instance, avatars can contribute to resolving a myriad of social issues in areas like education and healthcare, as well as generate new travel demand.

To achieve the wings within ourselves to fulfill the hopes and dreams of an interconnected world as defined in our Mission Statement, avatarin Inc. will address business domains beyond the airline framework, creating new value unique to the ANA Group.

ANA Group Response to COVID-19
Creating a New Standard for Air Travel

The global spread of COVID-19 has led to the start of a new lifestyle standard in many aspects of our daily lives. In June 2020, ANA launched the ANA Care Promise as a shared commitment to our customers to protect the health of our passengers and staff, creating a carefully detailed environment emphasizing measures to prevent disease infection. Peach Aviation has also committed to creating a new standard in the skies through similar measures and the concerted efforts of all employees.

We will continue to place the highest priority on safety, providing clean, hygienic environments and services to offer even greater peace of mind to our customers in every travel situation.

Overview of Disease-Prevention Measures

1. Create a hygienic and clean environment at all times
   - Disinfect and sterilize equipment, etc.
   - Package food and drinks in the lounge, etc.

2. Implement preventive measures for staff who interact with customers
   - Wear masks, face shields, etc. (airport and lounge staff)
   - Wear masks, gloves, and goggles, etc. (cabin attendants)

3. Disinfect all aircraft on a regular basis
   - International route aircraft (every flight)
   - Domestic route aircraft (every night)

4. Thorough ventilation inside the aircraft
   - Ventilate all air in the cabin in three minutes by drawing in clean outside air
   - Equip all aircraft with high-performance filters* to filter and circulate air inside the cabin

We are asking passengers to cooperate with initiatives to prevent the spread of disease; thereby reducing anxiety among all passengers. These measures include mandatory wearing of masks or facial coverings in the airport and inside the aircraft, modified procedures within the airport, at security checkpoints, at the boarding gate, social distancing, and other measures.

* Passengers who do not wear masks or who are not feeling well (fever, etc.) may be denied boarding.

For more detailed information:

About the ANA Care Promise

About Peach Disease-Prevention Measures
**MISSION**

To expand humanity’s potential by offering new abilities through avatars.

**Avatar Use Cases**

- Participate in office meetings from home
- Shop while receiving store staff advice
- View popular new releases at the bookstore
- Participate in online graduation ceremonies
- Students living on a remote island visit the Tokyo National Museum remotely
- Well-known basketball coach provides direct instruction remotely
- Playing with children living far away
- Remote hospital visits

**Major Businesses**

- Develop and offer services using avatar remote-controlled alter ego robots and the avatar-in platform
- Offer proposals to resolve social issues through avatars

*newme*, a wider general-use avatar model

Creating a future society in which anyone can participate, freely connecting via the internet to avatars placed in many different locations

**Conferences**

**Remote work**

**Education / Seminars**

**Museums / Entertainment**

**Information centers / Multilingual support**

**Healthcare / Nursing care**

**Remote medical care**

**Shopping / Sightseeing**

**Remote hospital visits**

**Major Businesses**

- Develop and offer services using avatar remote-controlled alter ego robots and the avatar-in platform
- Offer proposals to resolve social issues through avatars

---

**newme**, a wider general-use avatar model

Creating a future society in which anyone can participate, freely connecting via the internet to avatars placed in many different locations

Our mission is to expand humanity’s potential by offering new abilities through avatars. We believe that it is our mission to harness technology that eliminates distance, time, and physical constraints on movement, providing a new method of travel that transcends aircraft or other existing methods.

Currently, avatarin Inc. uses the remote-controlled alter ego robot avatar and the world’s first avatar platform avatar-in to create an environment in which anyone can freely and instantly project their presence to any location. Our aim is to make a world in which all people can easily participate in society. *newme* is a wider general-use avatar designed for maximum market penetration, installed in locations that include medical facilities, tourism sites, and schools. By transferring consciousness and presence to *newme*, users can travel beyond geographical and physical limitations. For example, hospital patients can enjoy shopping and sightseeing, teachers can conduct classes at schools on remote islands, etc.

Today, the impact of COVID-19 has caused rapid growth in social needs for contactless and remote technologies. The spread of online work and teleconferencing has resulted in issues including fewer opportunities for small talk and serendipity (chance events and experiences), more difficulty in team building, and greater challenges in developing new ideas. With avatars, users can move around the office, conference halls, and other locations freely from their own home. This system creates a realistic environment in which users can visit and talk to someone without constraints, take a casual stroll, have chance encounters, glean hints of potential ideas from accidental meetings or discoveries, and so on.

By advancing the greater fusion of real and virtual, avatars offer new abilities for all people. We are firm in our belief that we can contribute to resolving various social issues by connecting people without concern to distance, time, and physical restrictions, as well as by proposing new, mutually supportive lifestyles. To promote the spread of avatars and gain acceptance for the avatar platform as social infrastructure, we will proceed in the joint development of robots and services via collaboration and equity partnerships with a wide range of companies.

Air travel passengers make up only 6% of the world’s population. We are transitioning from the era of physical travel to an era of teleported consciousness. The ANA Group, which began with only two helicopters, will supplement the movement of aircraft and offer instant mobility in the form of avatars. As we leverage ideas unique to us as an airline group, we will continue to evolve avatarin Inc. and contribute to the creation of the society of the future.

---

Akira Fukabori
Founder & CEO, avatarin Inc.

Our mission is to expand humanity’s potential by offering new abilities through avatars. We believe that it is our mission to harness technology that eliminates distance, time, and physical constraints on movement, providing a new method of travel that transcends aircraft or other existing methods.

Currently, avatarin Inc. uses the remote-controlled alter ego robot avatar and the world’s first avatar platform avatar-in to create an environment in which anyone can freely and instantly project their presence to any location. Our aim is to make a world in which all people can easily participate in society. *newme* is a wider general-use avatar designed for maximum market penetration, installed in locations that include medical facilities, tourism sites, and schools. By transferring consciousness and presence to *newme*, users can travel beyond geographical and physical limitations. For example, hospital patients can enjoy shopping and sightseeing, teachers can conduct classes at schools on remote islands, etc.

Today, the impact of COVID-19 has caused rapid growth in social needs for contactless and remote technologies. The spread of online work and teleconferencing has resulted in issues including fewer opportunities for small talk and serendipity (chance events and experiences), more difficulty in team building, and greater challenges in developing new ideas. With avatars, users can move around the office, conference halls, and other locations freely from their own home. This system creates a realistic environment in which users can visit and talk to someone without constraints, take a casual stroll, have chance encounters, glean hints of potential ideas from accidental meetings or discoveries, and so on.

By advancing the greater fusion of real and virtual, avatars offer new abilities for all people. We are firm in our belief that we can contribute to resolving various social issues by connecting people without concern to distance, time, and physical restrictions, as well as by proposing new, mutually supportive lifestyles. To promote the spread of avatars and gain acceptance for the avatar platform as social infrastructure, we will proceed in the joint development of robots and services via collaboration and equity partnerships with a wide range of companies.

Air travel passengers make up only 6% of the world’s population. We are transitioning from the era of physical travel to an era of teleported consciousness. The ANA Group, which began with only two helicopters, will supplement the movement of aircraft and offer instant mobility in the form of avatars. As we leverage ideas unique to us as an airline group, we will continue to evolve avatarin Inc. and contribute to the creation of the society of the future.
The ANA Group strives to resolve social issues through our business activities to keep growing together with society. We establish a long-term vision for ourselves, executing our strategies steadily to improve corporate value sustainably.
The Social Environment Surrounding the ANA Group

Various social issues exist around the world, including global warming and climate change, energy resource shortages, increasing ocean plastic waste and microplastics, poverty, and child labor. More voices are calling for a response from not only national and local governments but also from private-sector companies. Examples include the CO2 emissions reduction goals set under the Paris Agreement and the SDGs, which are global common goals to be achieved by 2030.

Especially over the past several years, the issue of climate change has attracted global attention, and CO2 is considered to be one of the causes of global warming. The central business of the ANA Group is air transportation. Therefore, we must address the impact of our business activities on the environment and society, including reduction of CO2 emissions from flight operations. In addition, the Air Transportation Business is susceptible to external factors, such as natural disasters, terrorism, and the spread of infectious disease. Creating stability in our global environment and social circumstances is critical for our business operations.

The ESG Management Promotion Cycle for Sustainable Growth

Having gained an understanding of the surrounding environment, the ANA Group pursues ESG management to become an indispensable part of society in the future, to grow continuously as a company, and to create value. We identify social demands through dialogue with stakeholders, and then align our corporate strategy with these requirements, evaluating the impact on business and society. Finally, we incorporate these requirements into corporate initiatives. We disclose the status of our initiatives on our corporate website and through other channels as necessary. At the same time, we engage in regular dialogue with stakeholders based on information we disclose. We also report our progress and confirm the appropriateness of our initiatives in those dialogues.

We pursue ESG management through a cycle of dialogue, initiatives, and information disclosure. Here, our aim is to develop a sustainable society and to increase corporate value.

ANA Group Material Issues in ESG Management

We aligned the social demands identified through dialogue with stakeholders with our corporate strategy. After evaluating the impact on business and society, we identified four material issues, and we have been engaged in addressing these issues through our business activities. In fiscal 2015, we identified three material issues: the environment, diversity and inclusion (D&I), and regional revitalization. In fiscal 2016, we added human rights as a fourth material issue. In fiscal 2019, we established the ANA Group ESG Material Issues.

At that time, we held dialogues with experts and conducted management-level discussions to confirm that these four material issues would continue to be material issues for the ANA Group.
Developing ANA Group ESG Commitments

To become an indispensable part of society in the future and to grow continually, the ANA Group must address environmental and social issues through our business activities from a long-term perspective.

We strive to solve material issues related to the environment, human rights, D&I, and regional revitalization. To further promote ESG management from a long-term perspective, we developed ANA Group ESG Commitments based on the following three viewpoints. We will continue to address these issues in achieving our commitments.

1. Commitments to Be Achieved by 2050
2. Commitments to Pursue on an Ongoing Basis through 2030, the Final Target Year for the SDGs
3. Matters for Which We Provide Disclosure and Report Results on a Continued Basis

---

**Environment**

**Reduce CO2 emissions from aircraft flight operations by 50% (compared to 2005)**

Address the environment from the following four viewpoints.

1. **Adopt new technologies**
   - Move forward in introducing fuel-efficient aircraft and improved engines, including the Boeing 787 and Airbus A320neo / A321neo models, developed through new technology.

2. **Improve flight operations**
   - Reduce fuel consumption by improvements in aircraft flight operation, regularly cleaning the inside of the engine, and reducing the weight of equipment installed.

3. **Introduction of sustainable aviation fuel (SAF)**
   - Continue to introduce SAF produced from sustainable sources, such as vegetable oil, animal fat, and waste biomass.

4. **Utilize emission trading schemes**
   - Reduce CO2 emissions globally by purchasing CO2 emission credit generated by lower CO2 emissions in businesses other than aviation. To prevent a further increase of CO2 emissions in and after 2021, plan to use market mechanisms in addition to initiatives described in (1) to (3) above.

**Human Rights**

**Responsibility to respect human rights**

Based on the United Nations Guiding Principles on Business and Human Rights, make every effort to promote the respect of human rights.

**Human Rights**

**Promote responsible procurement and supply-chain management**

Manage and promote environment-conscious procurement with respect to human rights and build a fair and transparent supply chain.

**Regional Revitalization**

**Using innovation to solve social issues**

Provide new value through avatars, drones, MaaS*, etc., and cooperate with different industries.

* Mobility as a Service (MaaS): Integration of various forms of transport services into a single mobility service on demand.

**Diversity and Inclusion**

**Human resources development to support sustainable growth**

Develop human resources and a sustainable work environment in which employees raise their productivity and contribute to sustainable corporate growth.

**Responding to the diversity of our customers**

Respect the needs and diversity of each customer, and promote universal services in both products and services.

**Diversity and Inclusion**

**Biodiversity conservation**

Contribute to biodiversity conservation by promoting and enhancing measures to prevent illegal wildlife trade.

**Regional Revitalization**

**Contribute to regional revitalization through social contribution activities and by solving social issues**

---

Please visit our corporate website for more details on ANA Group ESG Commitments
https://www.ana.co.jp/group/en/csr/commitment/
Process to Establish ANA Group ESG Commitments

We developed the ANA Group ESG Commitments in three steps: (1) Identify social demands; (2) Categorize and prioritize social demands to develop commitments; and (3) Verify appropriateness and finalize commitments.

The first step is to identify social demands through regular dialogue with stakeholders (Step 1). The second step is to identify ESG issues related to our businesses and develop ANA Group ESG Commitments (Step 2). The third step is to verify the appropriateness of the commitments through dialogue with ESG investors and to finalize commitments in the Group Management Committee (Step 3).

Identify Social Demands through Dialogue with Stakeholders

When developing the ANA Group ESG Commitments, we engage in dialogue with ESG experts to understand the social expectations and requirements of the ANA Group.

Dialogue Regarding the SDGs

Norichika Kanie
Keio University Graduate School of Media and Governance Professor

Shinya Katanozaka
ANA HOLDINGS INC.
President & Chief Executive Officer

Dialogue with ESG Investors

Participating Organizations
- Hermes Equity Ownership Services (Hermes EOS)
- Corporate Human Rights Benchmark (CHRB)

Management Level Discussions

We discussed and developed the ANA Group ESG Commitments in our Group Management Committee. This committee operates under the chairmanship of the president and consists of full-time directors and full-time Audit & Supervisory Board members.

The Group Management Committee discussed the social demands identified through dialogue and the ESG issues related to our businesses as identified by our corporate sustainability and other relevant operation departments in accordance with our Mission Statement and in consideration of the impact on our business and society.

ANA Group Management Committee Deliberations

FURTHER PROMOTION OF ESG MANAGEMENT

Identify Social Demands

Step 1

Identify Social Demands through Dialogue with Stakeholders

Dialogue with ESG Investors

Participating Organizations
- Hermes Equity Ownership Services (Hermes EOS)
- Corporate Human Rights Benchmark (CHRB)

Categorize and Prioritize Social Demands to Develop Commitments

Step 2

Management Level Discussions

Step 3

Verify Appropriateness and Finalize Commitments

Verify Appropriateness and Finalize Commitments

To objectively verify the appropriateness of the ANA Group ESG Commitments developed within the Group Management Committee, we held more dialogues with the ESG investors who helped us first identify social demands. We received opinions on the appropriateness of commitments and future information disclosure.

Finalizing the ANA Group ESG Commitments

The Group Management Committee again discussed and then finalized the ANA Group ESG Commitments after confirming the appropriateness of commitments with ESG investors. The final ANA Group ESG Commitments were reported to the board of directors.

Verifying Targets with Our Stakeholders

Options at the Board of Directors’ Meeting
- The board recommended that per-unit reduction should also be addressed in tandem with social trends for total CO₂ reduction.
- The board noted that ESG management is being driven by Europe. The Group should not simply adopt European-style ESG, but rather strike a balance on a case-by-case basis and in reflection of Japanese values.

More details are available on our corporate website:
https://www.ana.co.jp/group/en/csr/communications/discussion/
https://www.ana.co.jp/group/en/csr/communications/dialogue/

© Caux Round Table Japan

<table>
<thead>
<tr>
<th>Step</th>
<th>Identify Social Demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify Social Demands through Dialogue with Stakeholders</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Categorize and Prioritize Social Demands to Develop Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Management Level Discussions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step</th>
<th>Verify Appropriateness and Finalize Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Verify Appropriateness and Finalize Commitments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>Identifying the latest social trends and investor trends</td>
</tr>
<tr>
<td>August</td>
<td>Understanding social demands and requirements of the ANA Group</td>
</tr>
<tr>
<td>November</td>
<td>Suggesting ESG issues related to our businesses</td>
</tr>
<tr>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>Revisiting commitments and suggesting implementation structure</td>
</tr>
</tbody>
</table>

© Caux Round Table Japan

Dialogue Regarding the Environment

Participating Organizations
- WWF Japan
- Conservation International Japan
- IATA JAPAN

Dialogue Regarding Business and Human Rights

Participating Organizations
- The Danish Center for Human Rights
- Institute for Human Rights and Business
- World Benchmarking Alliance (WBA)

© Caux Round Table Japan

© Caux Round Table Japan

© Caux Round Table Japan
The COVID-19 pandemic has changed social values and behavior. We conducted an interview with ESG experts to better understand social trends and respond appropriately. These interviews consisted of questionnaire responses, rather than face-to-face meetings, considering safety. We will continue to engage in dialogue with stakeholders to understand and identify social demands.

**Summary**

In order to achieve the medium and long-term goals set by the ANA Group, ANA Group will continue to focus on medium to long-term trends and follow the ESG-related efforts which include the respect for human rights, environmental considerations, etc. In addition, we expect that it will be possible to build a resilience business model by absorbing the change in social value due to the impact of COVID-19 in the long-term trend.

Under the COVID-19, it is important for the ANA Group to pursue transparency in the process of identifying new ESG issues and to develop a “Quality Relationship” with the aim of improving reliability with ESG-related investors.

It is appreciated that ANA Group is committed to the UN Guiding Principles (UNGPs) through its Human Rights policy, training and Human Rights Due Diligence (HRDD). With social distancing here to stay for coming months HRDD process will be tested, due to tough business environment and limited in-person engagement (with employees, suppliers and rights holders) in the value chain. Particularly, impacts on travellers will be due to travel restrictions, increased sanitisation, social distancing at airports as well as inside the aircrafts. Some rights holders* will be more impacted than the others, thus it will be important to keep reviewing needs and Human Rights risks in ANA’s value chain.

* Rights holders: People impacted directly by corporate activities, etc.

© Caux Round Table Japan

**Rishi Sher Singh**

Specialist in Global Value Chains

**Puvan Selvanathan**

Chair, Bluenumber Foundation and Former Member of the UN Working Group on Business and Human Rights

**Yasushi Hibi**

Vice President, Conservation International

The COVID-19 pandemic provided an unexpected temporary reduction in CO2 emissions and other environmental impacts. Companies that return to their old ways of doing business and cannot transform may be disqualified by society in the post-COVID-19 world. As such, 37 companies and 28 industry groups in Europe have joined the Green Recovery Alliance*.

The ANA Group post-COVID-19 recovery shall pursue the concept of Do No Harm to avoid returning to the pre-COVID-19 CO2 emission level, and to further efforts towards AEl Zero of all negative environmental and social impacts, not just carbon emissions. ANA Group shall take advantage of this window of opportunity to become a leader in green recovery and sustainability, and to commit as early as possible to the stakeholders, especially the future generations.

* Green Recovery Alliance: An informal alliance of political leaders, civil society groups and NGOs, CEO and business associations, and the European trade union confederations. This alliance promotes the EU post-pandemic recovery plan, accelerating the transition toward climate neutrality and healthy ecosystems.
More and more governments around the world are adopting the Green Recovery policies, looking ahead to the post-COVID-19 world. More than ever, businesses are being asked to improve sustainability.

The ANA Group is being affected by the COVID-19 pandemic in significant ways. However, the direction in which we promote ESG management from a long-term perspective will remain unchanged after we overcome this crisis. We aim to become a resilient company by listening to and accurately understanding the social demands of the post-COVID-19 world.

We will reflect the input of experts in our strategic initiatives. We also continue to aim to create a sustainable society (contribute to the SDGs) and increase corporate value by identifying social demands through ongoing dialogue with stakeholders and by implementing measures appropriately.

Using External Evaluations Related to ESG

Results of the four following external evaluations have provided us with an objective and multifaceted understanding of ANA Group ESG management. We intend to reflect these results in officer remuneration.

<table>
<thead>
<tr>
<th>Using External Evaluations Related to ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>DJI</td>
</tr>
<tr>
<td>FTSE</td>
</tr>
<tr>
<td>MSCI</td>
</tr>
<tr>
<td>CDP</td>
</tr>
</tbody>
</table>

Using External Evaluations Related to ESG

Results of the four following external evaluations have provided us with an objective and multifaceted understanding of ANA Group ESG management. We intend to reflect these results in officer remuneration.

<table>
<thead>
<tr>
<th>Using External Evaluations Related to ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>DJI</td>
</tr>
<tr>
<td>FTSE</td>
</tr>
<tr>
<td>MSCI</td>
</tr>
<tr>
<td>CDP</td>
</tr>
</tbody>
</table>

Using External Evaluations Related to ESG

Results of the four following external evaluations have provided us with an objective and multifaceted understanding of ANA Group ESG management. We intend to reflect these results in officer remuneration.

<table>
<thead>
<tr>
<th>Using External Evaluations Related to ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>DJI</td>
</tr>
<tr>
<td>FTSE</td>
</tr>
<tr>
<td>MSCI</td>
</tr>
<tr>
<td>CDP</td>
</tr>
</tbody>
</table>

Using External Evaluations Related to ESG

Results of the four following external evaluations have provided us with an objective and multifaceted understanding of ANA Group ESG management. We intend to reflect these results in officer remuneration.

<table>
<thead>
<tr>
<th>Using External Evaluations Related to ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>DJI</td>
</tr>
<tr>
<td>FTSE</td>
</tr>
<tr>
<td>MSCI</td>
</tr>
<tr>
<td>CDP</td>
</tr>
</tbody>
</table>

Using External Evaluations Related to ESG

Results of the four following external evaluations have provided us with an objective and multifaceted understanding of ANA Group ESG management. We intend to reflect these results in officer remuneration.

<table>
<thead>
<tr>
<th>Using External Evaluations Related to ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>DJI</td>
</tr>
<tr>
<td>FTSE</td>
</tr>
<tr>
<td>MSCI</td>
</tr>
<tr>
<td>CDP</td>
</tr>
</tbody>
</table>
strategies for CO2 emissions and climate change. Disclosure of information on corporate sustainability initiatives has been adopted in the aviation sector following a resolution of the 2010 ICAO (International Civil Aviation Organization) Assembly. The target of CNG2020 is to keep the global net carbon emissions from the aviation sector at 2010 levels.

Prior to this, Carbon Neutral Growth 2020 (CNG2020) had been adopted in the aviation sector following a resolution of the 2010 ICAO (International Civil Aviation Organization) Assembly. The target of CNG2020 is to keep the global net carbon emissions from the aviation sector at 2010 levels.

Additionally, the International Air Transport Association (IATA) has set the ambitious goal of reducing CO2 net carbon emissions by 2050. Prior to this, Carbon Neutral Growth 2020 (CNG2020) had been adopted in the aviation sector following a resolution of the 2010 ICAO (International Civil Aviation Organization) Assembly. The target of CNG2020 is to keep the global net carbon emissions from the aviation sector at 2010 levels.

Other initiatives have advanced across the industry to curb CO2 emissions. These initiatives include the adoption in the 2016 ICAO Assembly of the Carbon Offsetting and Reduction Scheme, which is a scheme for achieving the CNG2020 goal.

2016 ICAO Assembly of the Carbon Offsetting and Reduction Scheme, which is a scheme for achieving the CNG2020 goal.

**Global Trends**

The aviation industry is heavily dependent on fossil fuels, with approximately 2% of all CO2 emitted around the world said to be generated from the aviation industry.

In recent years, there has been a growing sense of crisis about climate change, and the aviation industry is accelerating its efforts to reduce CO2 emissions. The Paris Agreement was adopted at the 2015 United Nations Climate Change Conference (COP21).

Prior to this, Carbon Neutral Growth 2020 (CNG2020) had been adopted in the aviation sector following a resolution of the 2010 ICAO (International Civil Aviation Organization) Assembly. The target of CNG2020 is to keep the global net carbon emissions from the aviation sector at 2010 levels.

Additionally, the International Air Transport Association (IATA) has set the ambitious goal of reducing CO2 net carbon emissions by 2050. Prior to this, Carbon Neutral Growth 2020 (CNG2020) had been adopted in the aviation sector following a resolution of the 2010 ICAO (International Civil Aviation Organization) Assembly. The target of CNG2020 is to keep the global net carbon emissions from the aviation sector at 2010 levels.

Other initiatives have advanced across the industry to curb CO2 emissions. These initiatives include the adoption in the 2016 ICAO Assembly of the Carbon Offsetting and Reduction Scheme, which is a scheme for achieving the CNG2020 goal.

**Basic Approach**

The ANA Group has introduced the ANA Group Environmental Principles and the ANA Group Environmental Policies. These principles and policies build on the ANA FLY ECO 2020 medium- to long-term environmental plan from fiscal 2012 to fiscal 2020 and include initiatives for reducing environmental impact. We recognize that global environmental issues, including climate change and biodiversity conservation, are quintessential management tasks, and we will continue striving to reduce our environmental impact.

In fiscal 2020, the final year of ANA FLY ECO 2020, we have formulated long-term targets looking ahead to the year 2050. We are proceeding with the formulation of a medium-term environmental plan leading to the year 2030 to help us achieve these long-term targets.

**Sustainability Initiatives**

**Information Disclosure on Response to Climate Change**

**CDP**

Disclosure of information on corporate strategies for CO2 emissions and climate change.

**TCFD**

Disclosure of information analyzing the risks and opportunities posed by climate change to our business.

**Science Based Targets (SBT)**

Greenhouse gas reduction targets based on scientific evidence consistent with the Paris Agreement. The ANA Group declared its commitment to the SBTs in May 2020. We are participating in a technical subcommittee creating reduction targets and rules for the aviation sector.

**Progress Report: ANA FLY ECO 2020 Medium- to Long-Term Environmental Plan for FY2012–2020**

**Reduction of 20%**

On fiscal 2016 levels, in CO2 emissions per revenue ton-kilometers on international and domestic routes

- **Fiscal 2019**: 1.01 kgCO2/RTK vs. 1.25 kgCO2/RTK in Fiscal 2016

**Limit total domestic route CO2 emissions to under 4.4 million tons/year on average**

- **Fiscal 2019**: Limited to 4.0 million tons

**Reduce ground operations energy consumption by 1% annually on an intensity basis (compliance with the Act on the Rational Use of Energy)**

- **Fiscal 2019**: 9.1% reduction vs. previous fiscal year

**Complete implementation of noise control measures for international and domestic flight aircraft**

- **Fiscal 2019**: 100% Compliance with ICAO Chapter 4 Noise Standard for all aircraft (including leased aircraft)

**Complete implementation of air pollution control measures for international and domestic flight aircraft**

- **Fiscal 2019**: 100% Compliance with ICAO Emission Standards for all aircraft (including leased aircraft)

**Initiatives to Curb CO2 Emissions**

**Adopt New Technologies**

**Introduction of Fuel-Efficient Aircraft**

The ANA Group is actively introducing state-of-the-art aircraft to reduce CO2 emissions from aircraft. These aircraft include the Boeing 787 and Airbus A320neo / A321neo, which feature excellent fuel efficiency. As of the end of March 2020, fuel-efficient aircraft accounted for 70.3% of the Group fleet. The ANA Group is also a launch customer for the Boeing 787. Consisting of 73 aircraft, our Boeing 787 fleet is the largest among the world’s airlines.

**Introduction of Lightweight Cabin Seats**

We adopted aircraft seats developed jointly with Toyota Boshoku Corporation on domestic routes. These seats allow us to reduce weight in-cabin by 195kg across all aircraft versus traditional specifications. In turn, this weight reduction has led to a reduction of approximately 15kl in annual fuel consumption per aircraft.

**Improve Flight Operations**

**1. Save fuel through flight crew initiatives**

- Reduce climbing resistance by raising flaps earlier after takeoff
- Maintain engine RPMs at only the necessary levels during thrust reverser use after landing
- Shut down one engine during post-landing taxi
- Adopt / implement continuous descent approach and expand the number of eligible airports

**2. Save fuel by optimizing flight routes**

**3. Save fuel in airport, equipment operations**

**Use single-engine taxiing and reduce usage of thrust reversers**

While still ensuring safety, we can reduce the use of thrust reversers during landing, limiting engine output, and taxiing on the ground with a single engine after landing. These measures will lead to reduced CO2 emissions.

**Engine cleaning**

We can restore engine performance through regular cleaning of inside components using water. This maintenance has been proved to lower the combustion temperature of the engine, improve fuel efficiency, and reduce CO2 emissions by approximately 1%.
Introduction of Sustainable Aviation Fuel (SAF)

To prevent increasing CO₂ emissions for 2021 and beyond, the ICAO Assembly adopted the use of renewable aviation fuels other than the conventional fossil fuels. This development requires the use of SAF, jet fuel made from sustainable sources such as vegetable oil, animal fat, and waste biomass. Considering the SAF life cycle, it is preferable that SAF be locally produced for local consumption. Therefore, we are pursuing efforts toward the adoption of SAF together with relevant institutions and businesses inside and outside Japan for stable production both domestically and overseas.

In October 2019, ANA received delivery at Haneda Airport of a new Boeing 777-300ER from the manufacturer’s Everett plant (Washington State, U.S.A.). This aircraft uses exhaust gas-derived SAF manufactured by U.S.-based LanzaTech. For this flight, ANA not only purchased and used SAF but also took the lead in transporting SAF from the factory, mixing the fuel, inspecting quality, and refueling. In this way, we acted as the main player throughout the supply chain.

IATA-Hosted SAF Symposium Lecture

The IATA hosted the SAF Symposium in New Orleans in November 2019. As a panelist, ANA stated that we would work with governments, related institutions, and businesses to ensure the stable production of SAF in Japan as well.

Utilize Emission Trading Schemes (Purchase CO₂ Emissions Credits)

We are exploring the potential for using ICAO-approved programs to trade emission credits (purchase CO₂ credits), since it will become mandatory to offset increased CO₂ emissions on and after 2021. We recognize that these credits are also an effective method for offset reduction.

Initiatives in Non-Aircraft Operations

Based on energy management standards established uniquely for and by the ANA Group, we reduced CO₂-generated outside of aircraft operations by 4.4% compared with the previous fiscal year. We achieved this result by upgrading Group-owned and leased facilities with energy-saving equipment and by using renewable energy, including solar power generated in-house. In fiscal 2020, we began purchasing and expanding our use of electricity from renewable sources.

ANA, ANA Catering Service Co., Ltd., and ANA Foods Co., Ltd. received the Excellence in Energy Efficiency Award (S Class) certification under the Act on the Rational Use of Energy of the Ministry of Trade, Economy and Industry for a fifth consecutive year.

IATA-Hosted SAF Symposium Lecture

The IATA hosted the SAF Symposium in New Orleans in November 2019. As a panelist, ANA stated that we would work with governments, related institutions, and businesses to ensure the stable production of SAF in Japan as well.

Utilize Emission Trading Schemes (Purchase CO₂ Emissions Credits)

We are exploring the potential for using ICAO-approved programs to trade emission credits (purchase CO₂ credits), since it will become mandatory to offset increased CO₂ emissions on and after 2021. We recognize that these credits are also an effective method for offset reduction.

Initiatives in Non-Aircraft Operations

Based on energy management standards established uniquely for and by the ANA Group, we reduced CO₂-generated outside of aircraft operations by 4.4% compared with the previous fiscal year. We achieved this result by upgrading Group-owned and leased facilities with energy-saving equipment and by using renewable energy, including solar power generated in-house. In fiscal 2020, we began purchasing and expanding our use of electricity from renewable sources.

ANA, ANA Catering Service Co., Ltd., and ANA Foods Co., Ltd. received the Excellence in Energy Efficiency Award (S Class) certification under the Act on the Rational Use of Energy of the Ministry of Trade, Economy and Industry for a fifth consecutive year.

Initiatives to Reduce Environmental Impact

Carbon Offset Program

In response to customer feedback, the ANA Carbon Offset Program by class on domestic and international routes. This program is a mechanism to offset the amount of CO₂ emitted by aircraft. We have chosen projects to support via this program that meet certain certification standards (V-VER, VCS, Gold Standard CER).

Initiatives as an Eco-First Certified Company

In 2008, ANA became the first in the transportation industry and the first airline to become a certified Eco-First Company. We received this honor in recognition of our environmental initiatives and corporate stance that emphasizes social responsibility.

One specific initiative recognized was our work to reduce environmental impact by recycling resources. Our efforts here include waste separation (glass bottles, PET bottles, and cans) generated on all international flights arriving in Japan.

Taking Action for Biodiversity

Initiatives for Environmental and Ecosystem Conservation

The ANA Group continues to be engaged in environmental conservation activities. Group employees participate in activities that include the ANA Forest of the Heart project in Minami Sanniku, Miyagi Prefecture, as well as invasive plant control activities at Yambaru National Park in Okinawa Prefecture, the Team Chura Sango coral reef conservation project in Omission Village, and more.

In 2018, ANA signed the Buckingham Palace Declaration, a statement aimed at eradicating illegal wildlife trade. That same year, in collaboration with TRAFFIC®*, ANA created an educational program in partnership with ROUTES**, and we offer education programs both inside and outside the Company. In December 2019, we held a workshop for airport staff in collaboration with NARITA INTERNATIONAL AIRPORT CORPORATION.

Support for the Keidanren Declaration of Biodiversity

In June 2020, we announced our support for the Revision to the Declaration of Biodiversity by Keidanren and Action Guidelines toward the realization of a sustainable society through the construction of a world that coexists with nature (a society in harmony with nature).

Reduce Food Waste

We have expanded in-flight meal reservations in First Class and Business Class sections of our international flights. This service helps us meet passenger requests for in-flight meals and eliminate the need to load extra meals. This service improves customer satisfaction, while reducing food waste.

ALL NIPPON AIRWAYS TRADING Co., Ltd. contributes to the reduction of food waste by delivering surplus food and beverage inventories resulting from the replacement of inflight products for sale on domestic routes. Donations are made to Second Harvest Japan*, a certified NPO.

Exchanging Disposable Plastics for Eco-Friendly Materials

By the end of fiscal 2020, approximately 70% of the total weight of all disposable plastic products used in-flight and in airport lounges will be eco-friendly materials, such as paper and bio-plastics. In addition, ANA supports the Plastics Smart campaign sponsored by the Ministry of the Environment, and we are engaged in further initiatives in this area.

Taking Action for Biodiversity

Initiatives for Environmental and Ecosystem Conservation

The ANA Group continues to be engaged in environmental conservation activities. Group employees participate in activities that include the ANA Forest of the Heart project in Minami Sanniku, Miyagi Prefecture, as well as invasive plant control activities at Yambaru National Park in Okinawa Prefecture, the Team Chura Sango coral reef conservation project in Omission Village, and more.

In 2018, ANA signed the Buckingham Palace Declaration, a statement aimed at eradicating illegal wildlife trade. That same year, in collaboration with TRAFFIC®*, ANA created an educational program in partnership with ROUTES**, and we offer education programs both inside and outside the Company. In December 2019, we held a workshop for airport staff in collaboration with NARITA INTERNATIONAL AIRPORT CORPORATION.

Support for the Keidanren Declaration of Biodiversity

In June 2020, we announced our support for the Revision to the Declaration of Biodiversity by Keidanren and Action Guidelines toward the realization of a sustainable society through the construction of a world that coexists with nature (a society in harmony with nature).

Reduce Food Waste

We have expanded in-flight meal reservations in First Class and Business Class sections of our international flights. This service helps us meet passenger requests for in-flight meals and eliminates the need to load extra meals. This service improves customer satisfaction, while reducing food waste.

ALL NIPPON AIRWAYS TRADING Co., Ltd. contributes to the reduction of food waste by delivering surplus food and beverage inventories resulting from the replacement of inflight products for sale on domestic routes. Donations are made to Second Harvest Japan*, a certified NPO.

Exchanging Disposable Plastics for Eco-Friendly Materials

By the end of fiscal 2020, approximately 70% of the total weight of all disposable plastic products used in-flight and in airport lounges will be eco-friendly materials, such as paper and bio-plastics. In addition, ANA supports the Plastics Smart campaign sponsored by the Ministry of the Environment, and we are engaged in further initiatives in this area.
Human Rights

Prevent the Use of Airplanes in Human Trafficking

After conducting training for all ANA cabin attendants, we began a program in April 2019 to report potential cases of human trafficking found in-flight to ground facilities.

In 2020, we conducted another human trafficking prevention program to raise awareness among all ANA cabin attendants. The program covered international protocols, notification procedures from within the aircraft, and other response measures.

Stakeholder Engagement

Communication with Our Employees

To deepen an understanding of respect for human rights, we conduct education and awareness activities through in-house training for new employees and newly appointed managers.

In addition, we have been conducting annual e-learning courses for all Group employees as of fiscal 2015. The topic of the fiscal 2019 e-learning course was to leave no one behind. The course was available to approximately 44,000 employees, of which 92% participated.

Involving Business Partners

We inform all contractors and suppliers of the ANA Group Purchasing Guidelines. We work together to ensure their workplace environments uphold respect for human rights.

Note that we are preparing to revise the ANA Group Purchasing Guidelines with the cooperation of third-party institutions to ensure even more responsible procurement.

Local Dialogue Overseas (Thailand)

We recognize that the fisheries industry in Thailand presents potential human rights risks in the ANA Group supply chain.

In June 2019, we visited Thailand for the purpose of understanding the state of migrant workers and learning about the response to issues in the fishing industry. We performed local on-site visits and exchanged views with international institutions, local NGOs, and others.

In October, we visited a company involved in the production of in-flight meals for ANA Rights departing from Thailand. There, we conducted interviews about initiatives related to traceability and exchanged views with local NGOs and others.

Major Initiatives

In 2016, we conducted a review to identify potential risks to human rights related to business activities across the ANA Group and at all locations where we serve. Our evaluation identified the following four key issues for risk prevention. Note that though we conducted a re-assessment to identify risks in 2019 based on advice from outside experts, we confirmed that there are no changes at present to the four existing key issues, as follows.

Survey on Employment Conditions of Foreign Workers in Japan

In 2019, we summarized precautions to take when hiring non-Japanese nationals and shared these with the entire Group. Further, we secured the cooperation of an independent third-party institution (Caux Round Table Japan*1) to conduct interviews with contractor-employed foreign workers involved in ground handling services at airports.

In 2020, we will begin to identify employment conditions for foreign workers in the supply chain, leveraging technology systems in the process.

Strengthen Supply Chain Management of In-Flight Meals

We used our participation in the Bluenumber Initiative*2 (in 2017, ANA HOLDINGS) as the first Japanese company to join) to register more than 200 partners and producers connected to the ingredients in our in-flight meals. We also conducted a test registration of more than 2,000 articles.

We seek to build a highly transparent food supply chain that includes respect for human rights and environmental conservation in the production process.

Regular Reviews from Human Rights Experts

The ANA Group holds advisory meetings with human rights experts on a regular basis. In October 2019, we invited four human rights experts from the Danish Center for Human Rights*3, the Institute for Human Rights and Business*4, and the World Benchmarking Alliance*5 to evaluate the progress of the ANA Group’s initiatives given the advice received the previous year.

The experts provided advice for stronger information disclosure, new human rights issues requiring caution, places to improve our management systems, and more.

Basic Approach

The ANA Group has been working to ensure human rights in accordance with the global standards provided in the United Nations Guiding Principles on Business and Human Rights. In April 2016, we established the ANA Group Policy on Human Rights. We based this policy on the International Bill of Human Rights (the Universal Declaration of Human Rights and the two International Covenants), the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations Global Compact, and the United Nations Guiding Principles on Business and Human Rights. We also encourage our contractors and suppliers to adopt similar policies.

We will continue human rights initiatives, recognizing that respect for human rights lies at the very foundations of the philosophy of the SDGs.

Issuing the Human Rights Report

The ANA Group issued our first Human Rights Report in Japan in 2018, aiming to promote communication with stakeholders through active dissemination of our initiatives to respect human rights. The Group has continued to issue these reports annually since then.

ANA Group ESG Commitments

- Responsibility to respect human rights: Based on the United Nations Guiding Principles on Business and Human Rights, make every effort to promote the respect of human rights.
- Promote responsible procurement and supply-chain management: Manage and promote environment-conscious procurement with respect to human rights and build a fair and transparent supply chain.

*1 Caux Round Table Japan: The Caux Round Table is a global network of business leaders working to realize a fair, free, and transparent society through business.
*2 Bluenumber Initiative: A global program to establish food supply chain platforms by Bluenumber Foundation.
*3 Danish Center for Human Rights: The Danish Center for Human Rights was established by the Danish Parliament to gather information and develop tools related to human rights and business.
*4 Institute for Human Rights and Business: Founded in 2009, the Institute for Human Rights and Business is an international think tank active in the field of business and human rights.
*5 World Benchmarking Alliance (WBA): A benchmarking organization established primarily by the United Nations Foundation, Index Initiative, and British insurance company Aviva. The organization develops benchmark indicators to evaluate company contribution levels to a sustainable society.
Diversity and Inclusion

ANA Group ESG Commitments
- Human resources development to support sustainable growth: Develop human resources and a sustainable work environment in which employees raise their productivity.
- Responding to the Diversity of Our Customers: Respect the needs and diversity of each customer, and promote universal services in both products and services.

Basic Approach

Population demographics are changing in Japan and our customers continue to diversify globally. In this environment, continuing to be chosen and trusted by customers will be crucial for the future of ANA Group growth.

We will accelerate initiatives aimed at providing world-class inclusive and universal services in an effort to fulfill our responsibility as a public transportation entity and build an inclusive society in which everyone can live together.

Implementation Structure

One pillar of our corporate strategy is the FY2018–2022 Universal Service Strategy, which calls for us to respect the diversity of each customer and provide ANA Group services that every customer can enjoy comfortably and with peace of mind.

We carry out initiatives to improve our facilities and services, while at the same time, we identify issues in any scenes, from pre-departure through arrival, and implement action plans to improve convenience in every scenario.

Facility strategy
- Comply with laws and regulations, as well as implement accessible websites, airports, and aircraft on-board facilities and equipment.

Service strategy
- Encourage the barrier-free mindsets through stronger education, training, and systems and benefits for all employees.

Creating an Environment for Customer Comfort (Facility Legacy of Diversity)

We will continue to create services, facilities, and equipment offering even greater comfort and convenience in any scenes, from pre-departure through arrival.

Websites
- Create accessible website environments for all to use, regardless of disabilities.

Airports (Information)
- Remote sign-language services at counters / Morph resin wheelchairs.

Airports (Facilities)
- Wheelchair-accessible restrooms on selected narrow-body aircraft.

Installation of low counters at 50 airports in Japan / Wider boarding gates.

Creating a Society with Accessibility for All

Beyond air transportation, ANA plans to leverage MaaS* as a mechanism to improve accessibility and convenience for all customers. Universal MaaS is a service that enables customers who are hesitant to travel, due to disability, age, or other reason to enjoy travel without stress. The service facilitates seamless transportation by providing information on public transportation fares, barrier-free connection routes, and so on. The system also shares and links customer location information and necessary assistance information with and among relevant organizations.

In June 2019, ANA started an industry–academic–government joint project with Keikyu Corporation, Yokosuka City, and Yokohama National University. Here, we began proof-of-concept tests for customers traveling in wheelchairs. We will continue to work together with our stakeholders, aiming to launch social implementation by the end of fiscal 2020.

Major Initiatives

For Customers to Experience Air Travel Comfortably and with Peace of Mind

In July 2019, we launched the ‘Assistance Information Registration Service’ to receive and store information for customers in our ANA Mileage Club member database who need special assistance. The system saves customers the time and effort of providing the details of the assistance required every time they make a reservation. In turn, this facilitates smooth reservation procedures.

Information Stored
- Walking ability
- Information on wheelchair to be checked in (manual, electric, foldable or non-foldable, size, spare battery)
- Whether or not you have a visual / hearing impairment
- Medical equipment to be used on board the aircraft
- Assistive equipment to be loaned requiring special arrangement
- Assistance required at the airport or on board, etc.

* Mobility as a Service (MaaS): Integration of various forms of transport services into a single mobility service on demand.

Joint Press Conference

Proof-of-Concept Test
Promoting Universal Services through Group Businesses

ANA Wing Fellows Vie Oji: Diverse Human Resources Shine and Excel

ANA Wing Fellows Vie Oji was established in June 1993 and was accredited as a special subsidiary under the Act on Employment Promotion, etc. of Persons with Disabilities in December 1993. Since then, the company has operated businesses in diverse locations, business types, and with diverse human resources. At the same time, we have pursued diverse work styles in the ANA Group, serving as a leader of diversity and inclusion. Guided by the vision that all employees are valuable, this company contributes to increasing the corporate value of the ANA Group.

Universal Standard Consulting: Leveraging Strengths for New Value

We established the Universal Standard Consulting business unit in August 2016. The unit provides consulting services to spread the adoption of universal environments inside and outside the ANA Group. The unit suggests high-quality universal standards based on the perspectives and sensibilities of people with disabilities and our own ANA’s heartfelt service. Specifically, the unit verifies equipment at airports and on aircraft, as well as manages ANA uniforms, mileage-related services, and digital management of aircraft maintenance records.

Hands-On Open Seminar for Universal Services

Participants interact with the elderly and persons with disabilities to learn about issues from the perspectives of those concerned.

Universal Service Refresher Training

We provide e-learning education four times every year to raise the level of the universal services pursued by the Group.

Human Resource Development to Drive Barrier-Free Mindset Practices

(Service Legacy of Diversity)

We have implemented a range of initiatives to ensure that every employee embraces a barrier-free mindset in society and that allows us to offer world-class inclusive and universal services.

We are creating skies that value and welcome all people through programs that eliminate fear of air travel for special needs school students, as well as through ongoing education for employees.

ANA’s Sora-Pass Classes

We provide a Sora-Pass* class for children who are not used to traveling on aircraft. Here, children learn the boarding process from the airport to the cabin of the aircraft. In 2019, we launched an ANA Sora-Pass class (boarding support class) for students using wheelchairs and students with developmental disabilities. ANA Group employees visit schools and teach classes to students who use ANA flights for school travel to alleviate the anxieties about air travel.

* Sora-Pass: Air Travel Passport

Point 1

ANA instructors teach classes appropriate to the characteristics of the children’s disabilities

One class is a 60- or 70-minute session. ANA instructors visit schools and teach classes in which students learn the process from boarding to disembarking in the classroom, after which they experience the process for themselves.

Point 2

Experience-based curriculum allowing students to easily understand boarding an aircraft

Students experience sitting in on-board wheelchairs, security checkpoint procedures, and more.

Point 3

Instructors are current ANA employees

ANA Group employees who have experience as cabin attendants or ground staff serve as instructors (instructor job experience depends on program content).

Manufacturing and External Sales Business

The company provides hospitality and high-quality customer service through a bakery division, convenience store operations center, and the ANA Wonderful Day Café.

The ANA Aoshima Factory produces and sells hand-made paper and woodwork products under its own brand name, using raw materials from the Miyazaki area to introduce Aoshima to the world.

This business supports the Group through various services, including management of ANA uniforms, mileage-related services, and digital management of aircraft maintenance records.

Universal Service Refresher Training

We provide e-learning education four times every year to raise the level of the universal services pursued by the Group.

ANA’s Sora-Pass Classes

We provide a Sora-Pass* class for children who are not used to traveling on aircraft. Here, children learn the boarding process from the airport to the cabin of the aircraft. In 2019, we launched an ANA Sora-Pass class (boarding support class) for students using wheelchairs and students with developmental disabilities. ANA Group employees visit schools and teach classes to students who use ANA flights for school travel to alleviate the anxieties about air travel.

* Sora-Pass: Air Travel Passport

We have implemented a range of initiatives to ensure that every employee embraces a barrier-free mindset in society and that allows us to offer world-class inclusive and universal services.

We are creating skies that value and welcome all people through programs that eliminate fear of air travel for special needs school students, as well as through ongoing education for employees.

Promoting Universal Services through Group Businesses

Hands-On Open Seminar for Universal Services

Participants interact with the elderly and persons with disabilities to learn about issues from the perspectives of those concerned.

Universal Service Refresher Training

We provide e-learning education four times every year to raise the level of the universal services pursued by the Group.

Human Resource Development to Drive Barrier-Free Mindset Practices

(Service Legacy of Diversity)

We have implemented a range of initiatives to ensure that every employee embraces a barrier-free mindset in society and that allows us to offer world-class inclusive and universal services.

We are creating skies that value and welcome all people through programs that eliminate fear of air travel for special needs school students, as well as through ongoing education for employees.

ANA’s Sora-Pass Classes

We provide a Sora-Pass* class for children who are not used to traveling on aircraft. Here, children learn the boarding process from the airport to the cabin of the aircraft. In 2019, we launched an ANA Sora-Pass class (boarding support class) for students using wheelchairs and students with developmental disabilities. ANA Group employees visit schools and teach classes to students who use ANA flights for school travel to alleviate the anxieties about air travel.

* Sora-Pass: Air Travel Passport

We have implemented a range of initiatives to ensure that every employee embraces a barrier-free mindset in society and that allows us to offer world-class inclusive and universal services.

We are creating skies that value and welcome all people through programs that eliminate fear of air travel for special needs school students, as well as through ongoing education for employees.

ANA’s Sora-Pass Classes

We provide a Sora-Pass* class for children who are not used to traveling on aircraft. Here, children learn the boarding process from the airport to the cabin of the aircraft. In 2019, we launched an ANA Sora-Pass class (boarding support class) for students using wheelchairs and students with developmental disabilities. ANA Group employees visit schools and teach classes to students who use ANA flights for school travel to alleviate the anxieties about air travel.

* Sora-Pass: Air Travel Passport

Promoting Universal Services through Group Businesses

ANA Wing Fellows Vie Oji: Diverse Human Resources Shine and Excel

ANA Wing Fellows Vie Oji was established in June 1993 and was accredited as a special subsidiary under the Act on Employment Promotion, etc. of Persons with Disabilities in December 1993. Since then, the company has operated businesses in diverse locations, business types, and with diverse human resources. At the same time, we have pursued diverse work styles in the ANA Group, serving as a leader of diversity and inclusion. Guided by the vision that all employees are valuable, this company contributes to increasing the corporate value of the ANA Group.

Universal Standard Consulting: Leveraging Strengths for New Value

We established the Universal Standard Consulting business unit in August 2016. The unit provides consulting services to spread the adoption of universal environments inside and outside the ANA Group. The unit suggests high-quality universal standards based on the perspectives and sensibilities of people with disabilities and our own ANA’s heartfelt service. Specifically, the unit verifies equipment at airports and on aircraft, as well as organizes workplace environment seminars for ANA Group employees. The unit also inspects hotels and accommodation facilities, in addition to promoting the employment of visually impaired persons.
**Regional Revitalization**

**ANA Group ESG Commitments**

- Utilizing innovation to solve social issues: Provide new value through avatars, drones, Maapi, etc., and cooperate with different industries.
- Regional revitalization: Contribute to regional revitalization.

**Basic Approach**

Japan is famous for its traditional culture and tourism attractions. On the other hand, Japan faces concerns about falling populations in rural areas and the gradual decline of traditional industries. The ANA Group works together with corporations, NGOs, NPOs, local governments, and others in order to develop long-term demand for the Air Transportation Business, as well as to expand the ANA economic sphere (including Non-Air Business).

In addition, we will contribute to regional revitalization through tourism promotion in this era of the new normal by providing information about tourist area safety and security.

**Implementation Structure**

The ANA Group Regional Revitalization Meeting, under the Tourism Development section of ANA Marketing and Sales, organically integrates initiatives across Group companies to maximize impact. This meeting is responsible for advancing strategies that promote tourism for regional revitalization.

**Major Initiatives**

- **Regional Revitalization through Tourism Promotion**
  - Offer consulting services leveraging ANA Group human resources.
  - Discover and market tourism resources throughout Japan.
  - Develop, distribute, and sell local products.
  - Promote domestic/ international tourism via ANA flights.
  - Develop training programs incorporating ANA Group expertise.
  - Expand directly related populations through cross-industry collaboration.
  - Leverage innovation to resolve social issues.

- **Social Contribution**
  - Participation in reconstruction activities (Supporting regional recovery after large-scale disasters).
  - Support environmental and biodiversity conservation programs (Project to conserve coral reefs in Okinawa, etc.).
  - Develop post-education generation programs (Aviation Class, career training, etc.).
  - Social contribution programs in overseas areas we serve (Educational support, tourism resource conservation, etc.).

**Expand Directly Related Populations through Cross-Industry Collaboration**

**Proof-of-Concept Test for Air Ticket Subscription Service Utilizing Vacant Seats**

We are implementing initiatives to expand reach to directly related populations, including promoting lifestyles rooted in multiple bases, promoting workations, and creating second hometowns. Our intent here is to solve population declines in outlying regions, population density in the Tokyo metropolitan area, and other social issues. We hope to support lifestyles that take advantage of ever-expanding work styles and lifestyles due to the shift to remote work caused by COVID-19.

In January 2020, we launched a proof-of-concept test for an air ticket subscription service utilizing vacant seats in and between regional routes. Our concept here is to support the expanding work styles and lifestyles for people who have established multiple bases while traveling between the Tokyo metropolitan area and rural areas, or from one rural area to another. We are working with ADress Co., Ltd., a company that offers unlimited flat-rate residence services across Japan using vacant homes in rural areas.

**Creating New Travel Value through Journey+**

We have established and operate the Journey+ platform to connect users and local communities. Journey+ builds communities based on the keywords of business succession issues, resolution of regional social issues, regional revitalization, and taking on new challenges. Under this platform, we visit innovators and leaders active in a given region to consider the real social issues facing that area.

**Promoting Domestic and International Tourism via ANA Group-Operated Flights**

In April 2018, we launched Japan Travel Planner, a travel information website for visitors to Japan. This website is a part of our efforts to attract travelers to visit Japan and revitalize local economies. As of fiscal 2019, Japan Travel Planner has grown into an important communication platform for passengers arriving from overseas, offering information on more than 800 tourist spots in 11 languages. The website hosts more than 600,000 site visitors on average monthly. We encourage tourists to visit many different parts of Japan through a seamless connection with the ANA flight booking website.

**Utilizing Innovation to Solve Social Issues**

**Using Avatars to Build New Regional Communication Infrastructure**

avatain Inc., the first-ever start-up launched by ANA HOLDINGS, is engaged in the avatar business. This business contributes to regional revitalization by offering communications that bridges physical distances and new infrastructure. During the 2020 Golden Week holidays and in cooperation with Oita Prefecture, avatain Inc. installed a new remote-controlled robot at three locations in the Oita Funai Gobangai Shopping Street. This robot offers the opportunity to experience remote shopping. Even in situations where cross-prefecture travel is made difficult due to COVID-19, these avatars enable shopping from anywhere in the country, contributing to greater local sales.
Business Foundations Supporting Corporate Value

To share our values with all stakeholders, the ANA Group has established a foundation for appropriate management resource allocation and rapid management decision-making.

What Does the ANA Group DNA Mean to You?

The DNA of experience to overcome difficulties and take on challenges, moving forward into the future and growing as a strong Group through relentless effort.

Yuichi Nishiyama
B777 Pilot
6766

困難を乗り越えてきた経験と、挑戦するDNAを未来に繋ぎ、強まな从业業者を強いグループに成長しています。

The DNA of experience to overcome difficulties and take on challenges, moving forward into the future and growing as a strong Group through relentless effort.
Safety

Strengthening Safety as a Business Foundation, Passing Down Safety as a Culture

Safety is the unequivocal mission of every business in the ANA Group.

Solid Approach to Safety

Safety is the absolute value underlying every ANA Group corporate activity. Safety is the foundation of everything we do. Our dedication to safety extends to every part of our group businesses, including food services, cargo, and information. Our everyday efforts to improve safety and conscientious response to customer expectations build confidence and trust with society. Faced with the new threat of COVID-19, we are implementing all possible measures, providing a sanitary environment and ensuring safety against the risk of infection.

The corporate culture based on mutual understanding and trust form relationships among employees across various job descriptions to support all aspects of the ANA Group business. In every workplace, we post the ANA Group Safety Principles and Course of ANA Group Safety Action, which are pledges shared by all ANA Group employees.

Course of ANA Group Safety Action

1. Strictly observe rules & regulations, and all actions will be grounded on safety.
2. As a professional, place safety as the #1 priority while keeping your health in mind.
3. Address any questions and sincerely accept the opinions of others.
4. Information will be accurately reported and shared in a timely manner.
5. Continuous self-improvement for prevention and avoiding reoccurrence.
6. Lessons learned from experiences and increased skills for risk awareness.

ANA Group Medium-Term Safety Promotion Plan

Based on the FY2018-2022 ANA Group Medium-Term Safety Promotion Plan, we have improved the safety risk management process, focusing on prevention as a key component. In fiscal 2020, we began the following measures in pursuit of our vision to become a leading airline with a world-class “Safety system and Culture” and create a sense of safety for customers.

1. Offering a Sense of Safety for Our Customers
   Customer questionnaires and interview results help us identify the points at which customers feel a sense of safety when using ANA Group services. We offer peace of mind for customers through individual Group employee performance and dedication to safety.

2. Strengthening Safety Structures
   We improve our safety risk management process (see the following section) through safety structures that conform to global standards and other measures.
   We strengthen our safety systems by visualizing risks and measures, analyzing flight data, and using indicators to identify the signs of unsafe events. At the same time, we work together with other airline companies to improve safety across the airline industry.

3. Putting Safety Actions into Practice
   We analyze the safety actions and reflect the results in our training and practice to strengthen our safety structures.

Four Axes of Safety Risk Management

The ANA Group has adopted a PDCA cycle for safety management for (1) aircraft operations, (2) passengers, (3) employees (front line), and (4) security.

We have set numerical targets for unsafe events with respect to these four axes. At monthly Group Safety Promotion Committee meetings, which holds the final decision-making authority within our safety implementation structure, attendees report on high-risk events and issues, discuss countermeasures and risk reduction, and review safety targets and achievement rates.

Four Axes of Safety Risk Management

<table>
<thead>
<tr>
<th>Operations</th>
<th>Passengers</th>
<th>Employees (front line)</th>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventing accidents / major incidents</td>
<td>Preventing harm to the bodies and lives of passengers from departure to arrival</td>
<td>Preventing dangers to ANA Group employees and others</td>
<td>Advance risk identification and prevention for illegal acts, such as terrorism and hijacking incidents</td>
</tr>
</tbody>
</table>

The Changing Environment and the Unchanging Mindset toward Safety Awareness

The ANA Group also faces significant changes in the business environment due to COVID-19. In an environment where the number of flights are significantly reduced or suspended, employees face three different task categories that can result in human error.

Three Task Categories (First Time, Procedure Changes, and Task after Extended Time Gap)

1. First Time Task
   Uncommon tasks

2. Procedure Changes
   New or different procedures and environments

3. Task after Extended Time Gap
   Performing a task an extended time away / away from the process

Every ANA Group employee uses foresight to anticipate risks, sharing information and using the assertion* method with coworkers to respond appropriately to these three task categories, leveraging organization management to prevent unsafe situations.

* Assertion: Employees respect each other and express their opinions in a constructive and cooperative manner, which is important behavior for a team to ensure safety. Every employee strives to create an atmosphere in which people feel free to express themselves and voice their concerns to prevent unsafe events.

Passing on Lessons Learned from Air Accidents—Forest Dew Park

On July 30, 1971, an ANA aircraft and a Japan Self-Defense Force aircraft on a training flight collided and crashed over the city of Shizuokashi, Iwate Prefecture, resulting in 162 causalities. The Irei no Mori monument has been well kept and maintained by the local community in Fuji City, Shizuoka Prefecture. Every year, more than 500 ANA Group employees visit to clean the forest and for safety enlightenment.

In 2020, which coincides with the 50th anniversary of the accident, the monument was rebuilt and the location renamed to Forest Dew Park. The name was changed to meet the wishes of those concerned to make the monument more familiar and more casually accessible to those who are unfamiliar with the accident. We will continue to maintain the new Forest Dew Park together with the foundation for the Irei no Mori and stakeholders in the local community, etc., as we strive to preserve the memories of ANA’s last casualty involved aircraft accident and maintain the location as a place reflecting an oath for safe aviation operations.
**ANA Group Safety Education Center (ASEC)**

We established ASEC in 2007 in Shimomaruko, Ota-ku, Tokyo. This activity was our response to a proposal from an employee who said that ANA should create a location to preserve the memories of past accidents. In October 2019, we relocated the ASEC to the newly built ANA Group Training Center (ANA Blue Base).

**Overview of the Education Programs**

1. **Firsthand Experience of the Tragedy of Accidents**
   - This program allows participants to come face-to-face with the accidents through the use of videos and records.

2. **Firsthand Experience of Real Situations that Cause Human Errors**
   - This program allows participants to learn the mechanism where human errors occur through discussions.

3. **Putting Safety Actions into Practice**
   - The purpose of this program is to allow participants to conduct safety activities in their workplaces following their declaration of safety activities.

The new ASEC offers programs that allow participants to engage actively and create safety together with other participants through education, as well as to experience the creation of peace of mind for customers. The ASEC also uses expertise from inside and outside the Group, introducing the latest information equipment to transform the center into a learning facility that allows employees to conduct safety activities in their workplaces.

We raise awareness of safety through three concepts that reflect the ideas under which we created the center: Look truthfully at accidents, look truthfully inside, and look truthfully at our colleagues. Under these concepts, the ASEC strives to raise safety awareness through safety education and strengthen the culture of pursuing safety without compromise, which forms the foundation for our management.

**Configuration of ASEC**

The facility is located on the second and third floors of the ANA Blue Base (ABB) and consists of three spaces.

1. **The Way Theater**
   - The theater is a space where visitors come face-to-face with the accidents through the use of videos and the exhibition of parts of the crashed aircraft.

2. **The Sky of the Pledges**
   - This is a space where ANA Group employees engage with the memories of their senior employees who experienced an accident and converse with them in spirit.

3. **Active Lounge**
   - The lounge is a space to learn how to notice human errors through experience and discussion with colleagues.

**Toward Ensuring Safety**

**Strengthening the Safety Management System to Address Alcohol Issues**

On May 1, 2020, ANA received a business improvement order from the Ministry of Land, Infrastructure, Transport, and Tourism to ensure the safety of air transportation in relation to a drinking incident by our flight crew that occurred at Fukuoka Airport in November of the previous year. The incident recurred at the height of efforts by the entire airline industry to prevent the recurrence of alcohol issues. We apologize once again for the concern and trouble we caused our customers and stakeholders.

**Future Measures**

The ANA Group will solve alcohol issues through the following key measures.

1. **Ensure Alcohol Testing (Set Up a Strict Testing Procedures)**
   - In addition to the legally mandated alcohol testing, conduct a pre-test and report from home or hotel before work.
   - Strengthen management systems by creating an alcohol test management system in conjunction with a facial recognition system, etc.

2. **A Personal Transformation in Each Employee (Develop Responsible Drinking Behavior)**
   - We implemented an initiative to develop responsible drinking habits among our employees, called the TEKKIN INITIATIVE.
   - We are improving the educational system and developing workplace leaders to ensure that all employees are aware of the alcohol issue and they must exercise self-control.

3. **Organizational Support**
   - Strengthen mutual support by developing and placing workplace support leaders and collaborating with, for example, medical institutions.
   - Collaborate with relevant institutions and consider building a support program compliant with the airline industry standard management system in conjunction with a facial recognition system, etc.

4. **Strengthening the Safety Management System for Alcohol Consumption (Constant Optimization by Management, on a Workplace Level, and by Experts)**
   - Internal auditing, consultation, and monitoring implemented to identify and improve underlying issues.
   - Strengthen corporate-level management by introducing committees formed by outside experts; form a cooperative council together with the labor union.

The ANA Group will solve alcohol issues through the following key measures.
Human Resources

Sustainable Growth Focused on and Inspired by Our People

Employee diversity is what enables us to bring the Group’s power to bear.

Basic Approach to Human Resources

Human resources are the greatest asset of the ANA Group. Our people are the source of our ability to respond flexibly, to overcome challenges, and to grow sustainably, even in an environment that changes significantly. We are building stronger mechanisms to create new value, leveraging our people as the source of our capabilities to achieve our vision of becoming the world’s leading airline group in customer satisfaction and corporate value improvement.

Promoting ANA’s Way

We strive to instill an understanding of our Mission Statement and Management Vision, developing and evolving ANA’s Way as an ingrained part of our corporate culture. We also encourage organizational and human development on an ongoing basis to manifest the ANA Group identity.

Major Measures

ANA’s Day Training: Passing Down the ANA Group Identity

This training program for all Group employees aims to make employees familiar with our founding philosophy and the words of our founders. Here, we pass on our shared, important values, and help put ANA’s Way into practice.

Good Job Program: Fostering a Culture of Gratitude and Respect

We promote the Good Job Program in which we share good practices from each workplace companywide. The program also communicates mutual gratitude over the Group intranet and via Good Job Cards, an initiative that goes beyond company and department borders. A total of 600,000 cards were issued in fiscal 2019.

ANA TIMES: A Group Newsletter Fostering Unity

This monthly newsletter is published online for all employees. The newsletter promotes action through important management topics, the current state of the ANA Group, and employee-focused articles.

ANA’s Way Survey: A Regular Diagnosis of Employee Satisfaction

This survey is conducted yearly to increase employee satisfaction and, in turn, customer satisfaction and corporate value. A total of 39,286 people across the 46 ANA Group companies responded to the fiscal 2019 survey, representing a response rate of 96.1%.

Promoting Diversity and Inclusion

Under our Diversity and Inclusion Declaration (“D&I Declaration”), the ANA Group seeks to become a corporate group that allows every employee to exercise their strengths fully and to expand those strengths to their maximum potential.

Diversity & Inclusion Declaration

We will:

• Consider Diversity & Inclusion as the source of innovation and value the diversity of our employees.
• Endeavor to create a workplace where each person can fully demonstrate his or her strengths.
• Create an ANA Group where each person can work with spirit and purpose, to generate unwavering trust and constant innovation.

Establishing a Group D&I Promotion Department

In conjunction with our D&I Declaration in April 2015, we established a dedicated organization within the Human Resources Department to promote the active participation of diverse human resources. This organization promotes environmental improvement, fosters culture, and encourages changes in paradigms. In April 2020, we established the new Group D&I Promotion Department, aiming to strengthen our D&I promotion function.

In addition to the diversity of attributes such as age, nationality, gender, and disability, we respect diversity of viewpoints and beliefs arising from values and experiences not physically observable. We continue to strengthen our mechanism for promoting D&I throughout the Group and in our culture to leverage diversity as a strength that drives greater reform.

We will accelerate new value creation by helping employees work with greater enthusiasm and fulfillment, generating innovation and improving productivity.

Major Measures

Building a Foundation for D&I Promotion: The 5th D&I Forum

This annual one-day event brings together around 200 key players in D&I promotion across all group companies to further promote understanding and encourage action.

Ikuboss Initiative: Internal Communication from Top Management

Top management provides examples through messages to Ikubosses and by issuing their own internal Ikuboss Declarations.

Work-Life Balance: Supporting a Balance Between Work and Childcare / Nursing Care

We hold seminars, provide e-learning courses, distribute handbooks, and take other actions to support balance between work and childcare / nursing care.
Health Management

The ANA Group announced the ANA Group Health Management Declaration in April 2016. We believe that our employees are the engine that drives sustainable growth together with society, and that our employees are who embody the motto, Trustworthy, Heartwarming, Energetic!.

The ANA Group has appointed a Chief Wellness Officer who is a director responsible for Group health management. We also appoint Wellness Leaders at each Group company.

Through this leadership, the ANA Group ensures that Group employees, companies, and health insurance associations work in unison for health management.

Four Perspectives on ANA Group Health Management: Developing an Environment Encouraging a Long Career in the ANA Group

The ANA Group is focused on the following four priority measures. We maintain and improve the physical and mental health of our employees through regular situational monitoring and by analyzing / responding to positive impact and challenges.

Health Management Initiatives

1. Create an environment for health management throughout the group
2. Establish health management offices at each branch and construct a health management system
3. Create a post-checkup follow-up cycle conducted by industrial physicians

Disease Prevention Initiatives

1. Enhance measures for each target employee
2. Strengthen cancer prevention measures for all Group employees
3. Establish and monitor health management indicators across all Group companies

Mental Health Initiatives

1. Deploy mental health-related measures to all Group companies
2. Deploy measures to prevent occupational accidents
3. Deploy cross-organizational educational activities driven by the activities of health and safety committees

Safety and Health Initiatives

1. Develop safe, secure workplace environments
2. Establish a strong safety and health management system

Encouraging Work-Style Reforms and Kaizen

To promote D&I and health management, as well as to build an environment in which people can work with enthusiasm, it is essential that we transform the awareness and work styles of all employees.

The ANA Group strives to improve productivity, driven by the commitment of management. We use the time saved to transform operations with new ideas and promote the work-life balance of every employee.

Encouraging Telewok

We are creating a culture in which every employee can play an active role, and in which organizations and individuals maximize results. We are working to evolve toward flexible, diverse ways of working that are not limited to specific times or places.

We implemented a telework system for office work in 2010, introducing virtual desktop environments. In January 2017, we expanded the scope of places, eligible employees, and number of work days related to telework. We continue to introduce a variety of measures encouraging telework, including a special hometown telework program we adopted in fiscal 2019.

As a result, we were able to transition smoothly to telework, even during the COVID-19 pandemic. The situation has led to a review of work styles and details from new perspectives.

Encouraging Kaizen

We are working to establish kaizen as a style of work within the ANA Group. This process of continuous improvement is designed to find and resolve problems in daily work, creating room to breathe mentally and increase time for customers and employees.

We have implemented kaizen in ANA operations departments, our head office, and the Marketing & Sales Department. We have also expanded these activities to overseas branches. Nearly 3,000 initiatives were conducted to eliminate waste, inconsistency, and overburden (muri, mura, muda) in our operations. Our employees are taking bold, voluntary steps to create a comfortable office environment and an efficient work structure.

We will continue to integrate kaizen and innovation strategically to create new customer value and evolve toward smart ways of working.

The Kaizen Award: A Forum for Lateral Deployment of Good Practices

The Kaizen Award aims to provide a summary of kaizen activities for the year, commend good practices, and deploy these practices laterally to the entire Group.

In fiscal 2019, overseas branch activities received commendations for superior practices, which have been expanded as global activities. Superior practices were shared from not only the front lines but also from administrative departments. These ideas have also resulted in work-style reform.
**Unique ANA Group Initiatives**

Built on a foundation of security and trust, “the wings within ourselves” help to fulfill the hopes and dreams of an interconnected world.

The phrase, the wings within ourselves, from our Mission Statement represents the strong desire of each employee to become wings, connecting people, goods, and emotions. Even during the COVID-19 pandemic, we carry on, uplifted by the wings within ourselves and fulfilling our mission as a public transportation provider. We move forward, creating unique and new actions based on our Group code of conduct, ANA’s Way.

**Support for Sewing Medical Gowns**

The spread of COVID-19 has led to an increasing need for medical gowns and resulting inventory shortages in Japan. In April 2020, in response to a request from the government and the ANA Group’s desire to play a role in the safety of healthcare workers, we recruited employee volunteers to help sew portions of medical gowns, cut sleeve fabrics, and inspect end products.

Under the direction of Valley LLC, volunteers worked in a hygiene-conscious environment at ANA Blue Base, the ANA Group’s general training center. A total of 390 employees from the Group contributed to producing gowns over 32 days.

In April 2020, we launched our gown project with participation by craftspersons across Japan. From the moment we held our first online meeting, I could feel the passion of each participant, and I was convinced this would be a successful project. The cohesion among our members grew day by day, and on July 16, we delivered our initial target of 100,000 gowns on time.

I always thought that working behind the scenes, no one on the front lines of medical care would think about our efforts. However, I remember feeling an indescribable happiness from the support we received from so many people. I was also greatly pleased when we received a note of appreciation for our gown production efforts from a medical professional onboard an ANA flight.

Though there are many tough days still ahead, I will remember the lessons I learned from the ANA Group about what it means to be a professional.

**Wuhan to Haneda Charter Flight**

On January 29, 2020, ANA operated a charter flight between Wuhan and Haneda for persons wishing to return to Japan from Wuhan, China, which had been on lockdown due to the outbreak of COVID-19. In a short period of time, we prepared for the flight and operated a total of five charter flights to help people without a means to return to Japan. Every Japanese person residing in China’s Hubei Province and wishing to return to Japan were able to return. In total, 828 Japanese citizens and their family members were brought home safely on ANA flights.

On June 23, 2020, we became the first airline to receive a letter of appreciation from Foreign Minister Motegi for this initiative to safeguard the lives and health of many people, including Japanese persons living abroad.

#ANAGroupWingsWithinOurselves Project

Beginning in May 2020, the ANA Group reduced or suspended numerous flights. At the same time, we implemented telework and adopted a temporary leave program. Amid these circumstances, we launched the #ANAGroupWingsWithinOurselves project in response to a question posed by an employee. The question was what we could do for children and customers unable to travel by air and how could we help make time at home more meaningful?

The ANA Group uploaded videos and other content to our website and social media to offer greater familiarity with our aircraft and the ANA Group employees. Our first published content, the At-Home Aviation Class, featured ANA pilots who presented interesting facts about our aircraft. This well-received class offered fun, educational content in a quiz format; other information about the work done by ANA pilots, and answers to questions asked to our pilots.

In addition, we have uploaded musical telework performance videos performed by energetic volunteer employees, videos expressing appreciation and encouragement for healthcare workers, and more.

Even in the post-COVID-19 world, we will continue to offer a variety of content to foster trust and emotional connections with our airlines and the ANA Group in the daily lives of our customers.

**Unique ANA Group Initiatives**

Built on a foundation of security and trust, “the wings within ourselves” help to fulfill the hopes and dreams of an interconnected world.

The phrase, the wings within ourselves, from our Mission Statement represents the strong desire of each employee to become wings, connecting people, goods, and emotions. Even during the COVID-19 pandemic, we carry on, uplifted by the wings within ourselves and fulfilling our mission as a public transportation provider. We move forward, creating unique and new actions based on our Group code of conduct, ANA’s Way.

**Support for Sewing Medical Gowns**

The spread of COVID-19 has led to an increasing need for medical gowns and resulting inventory shortages in Japan. In April 2020, in response to a request from the government and the ANA Group’s desire to play a role in the safety of healthcare workers, we recruited employee volunteers to help sew portions of medical gowns, cut sleeve fabrics, and inspect end products.

Under the direction of Valley LLC, volunteers worked in a hygiene-conscious environment at ANA Blue Base, the ANA Group’s general training center. A total of 390 employees from the Group contributed to producing gowns over 32 days.

In April 2020, we launched our gown project with participation by craftspersons across Japan. From the moment we held our first online meeting, I could feel the passion of each participant, and I was convinced this would be a successful project. The cohesion among our members grew day by day, and on July 16, we delivered our initial target of 100,000 gowns on time.

I always thought that working behind the scenes, no one on the front lines of medical care would think about our efforts. However, I remember feeling an indescribable happiness from the support we received from so many people. I was also greatly pleased when we received a note of appreciation for our gown production efforts from a medical professional onboard an ANA flight.

Though there are many tough days still ahead, I will remember the lessons I learned from the ANA Group about what it means to be a professional.

**Wuhan to Haneda Charter Flight**

On January 29, 2020, ANA operated a charter flight between Wuhan and Haneda for persons wishing to return to Japan from Wuhan, China, which had been on lockdown due to the outbreak of COVID-19. In a short period of time, we prepared for the flight and operated a total of five charter flights to help people without a means to return to Japan. Every Japanese person residing in China’s Hubei Province and wishing to return to Japan were able to return. In total, 828 Japanese citizens and their family members were brought home safely on ANA flights.

On June 23, 2020, we became the first airline to receive a letter of appreciation from Foreign Minister Motegi for this initiative to safeguard the lives and health of many people, including Japanese persons living abroad.

#ANAGroupWingsWithinOurselves Project

Beginning in May 2020, the ANA Group reduced or suspended numerous flights. At the same time, we implemented telework and adopted a temporary leave program. Amid these circumstances, we launched the #ANAGroupWingsWithinOurselves project in response to a question posed by an employee. The question was what we could do for children and customers unable to travel by air and how could we help make time at home more meaningful?

The ANA Group uploaded videos and other content to our website and social media to offer greater familiarity with our aircraft and the ANA Group employees. Our first published content, the At-Home Aviation Class, featured ANA pilots who presented interesting facts about our aircraft. This well-received class offered fun, educational content in a quiz format; other information about the work done by ANA pilots, and answers to questions asked to our pilots.

In addition, we have uploaded musical telework performance videos performed by energetic volunteer employees, videos expressing appreciation and encouragement for healthcare workers, and more.

Even in the post-COVID-19 world, we will continue to offer a variety of content to foster trust and emotional connections with our airlines and the ANA Group in the daily lives of our customers.

**Unique ANA Group Initiatives**

Built on a foundation of security and trust, “the wings within ourselves” help to fulfill the hopes and dreams of an interconnected world.

The phrase, the wings within ourselves, from our Mission Statement represents the strong desire of each employee to become wings, connecting people, goods, and emotions. Even during the COVID-19 pandemic, we carry on, uplifted by the wings within ourselves and fulfilling our mission as a public transportation provider. We move forward, creating unique and new actions based on our Group code of conduct, ANA’s Way.

**Support for Sewing Medical Gowns**

The spread of COVID-19 has led to an increasing need for medical gowns and resulting inventory shortages in Japan. In April 2020, in response to a request from the government and the ANA Group’s desire to play a role in the safety of healthcare workers, we recruited employee volunteers to help sew portions of medical gowns, cut sleeve fabrics, and inspect end products.

Under the direction of Valley LLC, volunteers worked in a hygiene-conscious environment at ANA Blue Base, the ANA Group’s general training center. A total of 390 employees from the Group contributed to producing gowns over 32 days.

In April 2020, we launched our gown project with participation by craftspersons across Japan. From the moment we held our first online meeting, I could feel the passion of each participant, and I was convinced this would be a successful project. The cohesion among our members grew day by day, and on July 16, we delivered our initial target of 100,000 gowns on time.

I always thought that working behind the scenes, no one on the front lines of medical care would think about our efforts. However, I remember feeling an indescribable happiness from the support we received from so many people. I was also greatly pleased when we received a note of appreciation for our gown production efforts from a medical professional onboard an ANA flight.

Though there are many tough days still ahead, I will remember the lessons I learned from the ANA Group about what it means to be a professional.

**Wuhan to Haneda Charter Flight**

On January 29, 2020, ANA operated a charter flight between Wuhan and Haneda for persons wishing to return to Japan from Wuhan, China, which had been on lockdown due to the outbreak of COVID-19. In a short period of time, we prepared for the flight and operated a total of five charter flights to help people without a means to return to Japan. Every Japanese person residing in China’s Hubei Province and wishing to return to Japan were able to return. In total, 828 Japanese citizens and their family members were brought home safely on ANA flights.

On June 23, 2020, we became the first airline to receive a letter of appreciation from Foreign Minister Motegi for this initiative to safeguard the lives and health of many people, including Japanese persons living abroad.

#ANAGroupWingsWithinOurselves Project

Beginning in May 2020, the ANA Group reduced or suspended numerous flights. At the same time, we implemented telework and adopted a temporary leave program. Amid these circumstances, we launched the #ANAGroupWingsWithinOurselves project in response to a question posed by an employee. The question was what we could do for children and customers unable to travel by air and how could we help make time at home more meaningful?

The ANA Group uploaded videos and other content to our website and social media to offer greater familiarity with our aircraft and the ANA Group employees. Our first published content, the At-Home Aviation Class, featured ANA pilots who presented interesting facts about our aircraft. This well-received class offered fun, educational content in a quiz format; other information about the work done by ANA pilots, and answers to questions asked to our pilots.

In addition, we have uploaded musical telework performance videos performed by energetic volunteer employees, videos expressing appreciation and encouragement for healthcare workers, and more.

Even in the post-COVID-19 world, we will continue to offer a variety of content to foster trust and emotional connections with our airlines and the ANA Group in the daily lives of our customers.
**Mission Statement**

Built on a foundation of security and trust, "the wings within ourselves" help to fulfill the hopes and dreams of an interconnected world.

---

**Corporate Governance System**

The ANA Group aims to practice management that contributes to value creation for our various stakeholders in accordance with our Mission Statement and to promote sustainable growth and enhance corporate value over the long term. To accomplish this goal, ANA HOLDINGS INC. plays the lead role in Group management for overall policies and goal-setting, pursuing transparent, fair, prompt, and effective decision-making. For this purpose, we have built a corporate governance system and work continuously to enhance governance within the ANA Group.

**ANA HOLDINGS Corporate Governance System**

**Holding Company Structure**

The ANA Group has adopted a holding company structure to remain competitive in any challenging business environment. Each Group company is guided by experienced and specialized personnel who are delegated authority to operate their respective businesses.

**Company with Audit & Supervisory Board Members**

The board of directors and members of the Audit & Supervisory Board oversee and audit the execution of duties by directors. The Group strengthens the supervisory function of the board of directors by appointing outside directors. We also strengthen the audit function of members of the Audit & Supervisory Board by appointing full-time outside members.

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Number of Board Members</th>
<th>Term of Office</th>
<th>Number of Meetings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director (10)</td>
<td>1 Year</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>(including 3 independent outside directors and 1 female director)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The board of directors of ANA HOLDINGS INC. sets groupwide management policies and goals, while also overseeing the management and business execution of each Group company. The board of directors is chaired by the chairman of the board. All directors, including outside directors, and all members of the Audit & Supervisory Board, including outside members, participate in board meetings.

**Corporate Executive Officer System**

The Group has adopted a corporate executive officer system under which management and executive functions are separated to promote efficient decision-making and to clarify responsibilities and authority in the execution of duties. Under this system, directors supervise management decision-making and the execution of duties, while corporate executive officers conduct day-to-day business.

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Number of Board Members</th>
<th>Term of Office</th>
<th>Number of Meetings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director (10)</td>
<td>1 Year</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>(including 3 independent outside directors and 1 female director)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board members</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chaired by the president and CEO, the Group Management Committee consists of full-time directors, full-time Audit & Supervisory Board members, and others, and functions as an organization that complements the board of directors. The role of the committee is to provide more timely and detailed discussions of management matters.

**Advisory Committees**

**Personnel Advisory Committee**

The Personnel Advisory Committee discusses the selection of director candidates and the dismissal of directors, and reports to the board of directors. The Personnel Advisory Committee, chaired by an outside director, consists of three outside directors and one inside director to ensure transparency and fairness in the selection process of directors.

<table>
<thead>
<tr>
<th>Personnel Advisory Committee</th>
<th>Chairman</th>
<th>Number of Meetings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ado Yamamoto</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Remuneration Advisory Committee**

The Remuneration Advisory Committee consists of a majority of outside directors, outside Audit & Supervisory Board members, and outside experts to ensure fair and transparent process of decision-making related to director remuneration. The committee develops the director remuneration system and director remuneration standards based on surveys of director remuneration at other companies provided by outside experts and reports to the board of directors.

<table>
<thead>
<tr>
<th>Remuneration Advisory Committee</th>
<th>Chairman</th>
<th>Number of Meetings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ado Yamamoto</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

**Audit & Supervisory Board**

To ensure healthy development and to earn greater levels of trust from society through audits, we appoint five individuals to serve as Audit & Supervisory Board members who possess extensive experience and the advanced expertise required to conduct audits. The Audit & Supervisory Board strengthens the collaboration with the accounting auditors and the Internal Audit Division. The board also exchanges opinions with outside directors on a regular basis.

<table>
<thead>
<tr>
<th>Audit &amp; Supervisory Board</th>
<th>Number of Members</th>
<th>Term of Office</th>
<th>Number of Meetings*</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4 Years</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>(including 3 independent outside Audit &amp; Supervisory Board members)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The number of meetings held in fiscal 2019.

---

**Internal Audit Division**

- **Chief ESG Promotion Officer**
  - Director in charge of Corporate Sustainability

- **Secretariat**
  - Corporate Sustainability
  - General Administration
  - Legal & Insurance

- **Group ESG Management Promotion Committee**

- **Group Companies and Divisions**
  - ESG Promotion Officers / Leaders

- **Audit & Supervisory Board Members Office**

- **General Meeting of Shareholders**
  - Appointment / Dismissal
  - Remuneration Advisory Committee
  - Personnel Advisory Committee

- **Accounting Auditors**

- **Audit & Supervisory Board**
  - Reporting

- **Personnel Advisory Committee**

- **Remuneration Advisory Committee**

- **Board of Directors**
  - Proposal / Report

- **Group Management Committee**
  - Term of Office
  - Number of Meetings*

- **Advisory Committees**

- **Audit & Supervisory Board**
  - Number of Meetings*

---
Management Members: Directors
As of July 31, 2020

1 Shinichiro Ito
Chairman of the Board
Chairman of the Board of Directors
Major concurrent position
Outside Director, Mitsui Fudosan Co., Ltd.
2004: Executive Vice President
2006: Senior Executive Vice President
2007: Senior Executive Vice President, Representative Director
2009: President & Chief Executive Officer, Representative Director
2015: Chairman of the Board of Directors, Representative Director
2017: Chairman of the Board (present)

2 Shinya Katanozaka
President & Chief Executive Officer, Representative Director
Chairman of the ANA Group Management Committee
Head of Group ESG Management Promotion Committee
In charge of the Internal Audit Division
Chairman of All Nippon Airways Co., Ltd.
Major concurrent positions
Vice Chair, Keidanren (Japan Business Federation)
Director (Outside Director) of Tokio Marine Holdings, Inc.
2011: Executive Vice President
2012: Senior Executive Vice President
2013: Senior Executive Vice President, Representative Director
2015: President & Chief Executive Officer, Representative Director (present)

3 Yutaka Ito
Senior Executive Vice President, Representative Director
Chairman of Group ESG Management Promotion Committee
In charge of Legal & Insurance, General Administration, Group Procurement and Corporate Sustainability
2016: Member of the Board of Directors
2018: Member of the Board of Directors (present)

4 Yuji Hirako
Member of the Board of Directors
President & Chief Executive Officer, ALL NIPPON AIRWAYS CO., LTD.
Major concurrent position
Chairman of All Japan Air Transport and Service Association Co., Ltd.
2015: Member of the Board of Directors (present)

5 Naoto Takada
Executive Vice President
In charge of Corporate Communications and Branding
Executive Secretariat, Human Resource Strategy
2017: Member of the Board of Directors (present)

6 Ichiro Fukuzawa
Executive Vice President, Chief Financial Officer
2019: Member of the Board of Directors (present)

7 Koji Shibata
Executive Vice President
In charge of Corporate Strategy, Business Development, Marketing, Digital Design Lab, Group DI&Promotion, Okinawa Region
2020: Member of the Board of Directors (present)

8 Ado Yamamoto*
Outside Director
2013: Outside Director (present)
Major concurrent positions
Chairman and Representative Director, Nagoya Railroad Co., Ltd
Outside Director, Yahagi Construction Co., Ltd
Chairman, Nagoya Chamber of Commerce & Industry

9 Izumi Kobayashi*
Outside Director
2013: Outside Director (present)
Major concurrent positions
Outside Director, Mitsui & Co., Ltd
Outside Director, Mizuho Financial Group, Inc
Outside Director, OMRON Corporation

10 Eijiro Katsu*
Outside Director
2020: Outside Director (present)
Major concurrent position
President and Representative Director and COO of Internet Initiative Japan Inc.

* Independent directors
Appointment of Directors

Approach to Selection of Director Candidates

The Company selects directors from among candidates who have impeccable character, extensive experience, broad insight, and advanced expertise. Ideal candidates have the potential to contribute to improved policy-making, decision-making, and oversight, building a global airline group with widespread businesses centered on the Air Transportation Business. Our selection is made without regard to gender, nationality, or other such factors, and falls within the scope of the Civil Aeronautics Act and other relevant laws.

Reasons for Appointment of Directors

- The following director candidates were selected based on the judgment that their abundant experience, performance, and insight would be crucial to overcoming the management crisis caused by the current COVID-19 pandemic and for achieving sustainable increases in Group corporate value.
- These director candidates assumed their positions after being appointed at the 75th Ordinary General Meeting of Shareholders.

<table>
<thead>
<tr>
<th>Internal Directors</th>
<th>Outside Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shinichiro Ito</td>
<td>Eijiro Katsu</td>
</tr>
<tr>
<td>Chairman of the Board of Directors</td>
<td>Executive Vice President, Representative Director</td>
</tr>
<tr>
<td>President &amp; Chief Executive Officer, Representative Director</td>
<td>Independent Outside Director</td>
</tr>
<tr>
<td>Executive Vice President, Representative Director</td>
<td></td>
</tr>
<tr>
<td>President &amp; Chief Executive Officer, Representative Director</td>
<td></td>
</tr>
<tr>
<td>Vice President, Representative Director</td>
<td></td>
</tr>
<tr>
<td>Senior Executive Vice President, Representative Director</td>
<td></td>
</tr>
<tr>
<td>Representative Director</td>
<td></td>
</tr>
<tr>
<td>Senior Executive Vice President</td>
<td>Independent Outside Director</td>
</tr>
<tr>
<td>Executive Vice President</td>
<td></td>
</tr>
<tr>
<td>Independent Outside Director</td>
<td></td>
</tr>
</tbody>
</table>

Reasons for Appointment

- Shinichiro Ito has extensive experience in sales, human resources, and other disciplines. Mr. Ito was appointed director of ALL NIPPON AIRWAYS CO., LTD. in June 2003 and was instrumental in overcoming the management crisis caused by the SARS outbreak and the Iraq war. After being appointed president & CEO in April 2009, he guided the ANA Group through the challenging business environment left in the wake of the Lehman Shock, introducing management reforms and expanding the Group’s revenue base to support a successful performance recovery. Since April 2015, he has served as chairman of the board of directors, working to strengthen the functions of the board of directors to encourage open-minded and constructive discussions and exchange of opinions.

- Shinya Katanozaka has extensive experience in sales, human resources, corporate planning, and other disciplines. He was appointed representative director and president & CEO of ANA HOLDINGS INC. in April 2015. Under his uncompromising stance on safety, he has established a stronger foundation for Group business management. At the same time, the Group has implemented a growth strategy, achieving a profit growth for four consecutive years. At board meetings, he strives to bolster decision-making and supervisory functions. He was also instrumental in overcoming a series of large-scale management crises caused by the SARS outbreak, the Lehman Shock, and other factors. Mr. Katanozaka is spearheading efforts to implement emergency measures against the COVID-19 pandemic.

- Yutaka Ito has extensive experience in legal, finance, and other disciplines. Mr. Ito studied and has been stationed in Europe and the United States for many years throughout his career. Since April 2013, he has served as representative of the European operations of ALL NIPPON AIRWAYS CO., LTD. In April 2016, he was appointed director and has endorsed Ana-competitiveness by raising customer satisfaction. After being appointed director of ANA HOLDINGS INC. in June 2019, he has been engaged in CSR activities and risk management, striving to promote a greater understanding of our businesses and promote ESG management by actively communicating with investors. After being appointed senior executive vice president in April 2020, he has contributed to bolstering decision-making and supervisory functions of the board.

Professional Overseas Experience: Europe and the United States

- Ichiro Fukuzawa has extensive experience in finance and investor relations. Since April 2017, he has served as executive officer and since June 2019, as director and chief financial officer for ANA HOLDINGS INC. He has implemented financial strategies, including efficient capital restructuring and securing a stable financial base for the Group. In addition to active engagement with institutional investors in Japan and overseas, he assists the president appropriately and is actively engaged in ESG. This includes playing a central role in the Group being the first airline in the world to issue Green and Social Bonds.

- Koji Shibata has extensive experience in sales, international alliances, and other disciplines. Since April 2012, he has served as an executive officer and representative for ANA European operations. Since April 2013, he has been engaged in forming equity alliances with foreign carriers in Asia. Since April 2017, he has been in charge of planning and implementation of Group management strategies to promote Group management.

- Naoto Takada has extensive experience in labor relations, industrial policy, public relations, and other disciplines. Since being appointed director in June 2017, he has focused on Group public relations, CSR activities, risk management, and active communications with individual investors. Through these duties, he has endeavored to create a wider brand awareness of the ANA Group. Since April 2019, he has been in charge of ANA Group human resources development.

- Yuji Hirako has extensive experience in sales, finance, and other disciplines. In April 2012, he was appointed representative for businesses across the United States. In June 2016, he was appointed director, overseeing financial strategies to enhance corporate value. In April 2017, he was appointed president & CEO of ALL NIPPON AIRWAYS CO., LTD., a core subsidiary of the ANA Group. Since that time, he has guided the company with an uncompromising stance on safety and a focus on global business by leveraging his extensive knowledge of the International Business, leading the company toward becoming the world’s leading airline.

- Ado Yamamoto has a wealth of experience and expertise in transportation industry management. At meetings of the board of directors, he offers the benefit of his background to provide opinions and advice about Group management strategy, risk management, organisational management, investment management, and the promotion of safety measures. He was appointed member of the Remuneration Advisory Committee and the Personnel Advisory Committee in June 2016. He was subsequently named chairman of the Remuneration Advisory Committee and the Personnel Advisory Committee in July 2020.

- Izu Kobayashi has a wealth of experience and expertise as a representative for private financial institutions and international development and finance institutions, as well as an outside director for other operating companies. At meetings of the board of directors, she offers the benefit of her background to provide opinions and advice from a global perspective on Group management strategy, risk management, investment management, corporate governance, and organizational management. She was appointed member of the Remuneration Advisory Committee in July 2013 and member of the Personnel Advisory Committee in June 2016.

- Eijiro Katsu served as administrative vice minister and in other major positions in the Ministry of Finance. He has a wealth of experience and expertise as an administrative officer. In June 2013, he was appointed president and representative director of Internet Initiative Japan Inc. He has a wealth of experience in corporate management and extensive knowledge of innovation, including digital transformation. Since April 2014, he has served as a member of our Management Advisory Council and has a wealth of knowledge regarding business conditions in the airline industry and the ANA Group businesses.

Business Foundations Supporting Corporate Value
**Management Members: Audit & Supervisory Board Members**

As of July 31, 2020

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyoyuki Nagamine</td>
<td>Audit &amp; Supervisory Board Member</td>
</tr>
<tr>
<td>Kiyoshi Tomomoto</td>
<td>Audit &amp; Supervisory Board Member</td>
</tr>
<tr>
<td>Nozomu Kano*</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
</tr>
<tr>
<td>Shingo Matsu*</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
</tr>
<tr>
<td>Eiji Ogawa*</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
</tr>
</tbody>
</table>

* Independent Audit & Supervisory Board members

---

**Approach to Selection of Candidates for Audit & Supervisory Board Member**

To ensure healthy development and to earn greater levels of trust from society through audits, the Company appoints individuals to Audit & Supervisory Board members from both inside and outside the Company who possess extensive experience and the advanced expertise required to conduct audits. Our selections do not consider gender, nationality, or other factors. The Company appoints at least one individual who possesses appropriate levels of knowledge related to finance and accounting.

Outside Audit & Supervisory Board members are selected from among candidates who have advanced levels of knowledge in a variety of areas and who are independent of the ANA Group. These individuals include candidates who are well-versed in corporate management, candidates who have sophisticated knowledge of social and economic trends, and candidates who have advanced knowledge in finance, accounting, or legal matters.

---

**Reasons for Appointment of Audit & Supervisory Board Members**

Mr. Toyoyuki Nagamine and Mr. Shingo Matsu have been elected at the 75th General Meeting of Shareholders.

**Toyoyuki Nagamine**

Toyoyuki Nagamine has extensive experience in flight operations, labor relations, corporate planning, and other disciplines. He has a wealth of knowledge and experience of Group management, including growth in the Group’s revenue domains and in implementing Group management strategies. Aiming for sustainable growth in the Group corporate value, we have nominated Mr. Nagamine as an Audit & Supervisory Board member. This nomination is based on his wealth of experience and expertise in the airline industry, as well as our confidence in his ability to strengthen the audit function within the Group.

**Shingo Matsu**

Shingo Matsu has abundant experience and deep insight developed as a corporate manager in highly public businesses, which is why he has been appointed outside Audit & Supervisory Board member. At meetings of the Audit & Supervisory Board and the board of directors, he provides the benefit of his background to offer advice and opinions concerning Group operation focused on safety as a top priority. He also provides insight into management strategies to encourage discussion of management issues. Aiming for sustainable growth in Group corporate value, we have again nominated Mr. Matsu as outside Audit & Supervisory Board member to reinforce the supervision function of the board of directors.

---

**Fiscal 2019 Initiatives**

**Major Agenda Items for the Board of Directors (Fiscal 2019)**

1. Items Related to General Meetings of Shareholders
   - Proposals to be submitted to General Meetings of Shareholders for approval
2. Items Related to Directors, Corporate Executive Officers, the Board of Directors, etc.
   - Selection of director candidates and corporate executive officers
   - Results of the evaluation of the effectiveness of the Board of Directors
3. Items Related to Financial Results
   - Financial results and earnings forecasts
   - Reports from operating companies
   - Evaluations in the capital markets
4. Items Related to General Meetings of Shareholders
   - Capital stock, etc.
5. Items Related to Organizational Restructuring
6. Items Related to Personnel and Organizations
7. Items Related to the Company and Important Subsidiaries
   - Impact of the COVID-19 pandemic
   - ANA Group Corporate Strategy update
   - ANA Group ESG Commitments
   - ANA brand business plan
   - ANA digital transformation initiatives
8. Items Related to Disposal and Receipt of Important Assets
9. Investment-Related Matters
10. Items Related to Major Debts
    - Financing plans
    - Bond issuances
11. Items Related to Corporate Governance
    - Internal audit plans and results reports
    - Overview of the proceedings of the Group CSR / Risk management / Compliance Committee*
    - Valuation of cross-shareholdings
12. Other Items
    - Avatar business
    - Customer satisfaction survey results
    - ANA’s Way Survey (Employee awareness survey) results
    - Personnel Advisory Committee report
    - Remuneration Advisory Committee report

* The Group CSR / Risk Management / Compliance Committee was renamed the Group ESG Management Promotion Committee in fiscal 2020.

**Changes in Board Meeting Length (Annual Transition)**

Since we began encouraging more substantial discussions in board meetings, the annual total time devoted to board meetings has increased over the last several years.

**Discussion by Agenda Topic (Fiscal 2019)**

We encourage active discussions of corporate strategy at board meetings, selecting major related topics about which to exchange opinions from medium- to long-term perspectives.
Effectiveness of the Board of Directors

The ANA Group continues to conduct initiatives to improve the functions of the board of directors. We conduct a questionnaire survey for all directors and Audit & Supervisory Board members, as well as individually interview the chair of the board, president & CEO, senior executive vice presidents, outside directors, and outside Audit & Supervisory Board members. We provide a detailed analysis of the survey and interview results and present a report to the board of directors.

We strive to leverage the effectiveness of the board of directors by improving the PDCA cycle through operational changes toward new solutions.

### Improvement Example (1)

**Held meetings for outside directors to discuss the ANA Group Corporate Strategy**

- **Act / Plan**
  - **Define Issues**
    - Make operational changes to provide sufficient time for discussion
  - **Implement**
    - Insufficient understanding at times due to lack of information sharing related to deliberations of internal meetings
  - **Evaluate**
    - More time is required to discuss important management issues, including the ANA Group Corporate Strategy, separately from board meetings
  - **Act / Plan**
    - Investment project reviews should be strengthened to ensure more appropriate management resource allocation for greater effectiveness
  - **Other Measures**
    - More efforts are required in town meetings for greater effectiveness
  

*Dialogue between officers and employees*

**Opinions Discussed**

- Time spent on business in Europe provides a real sense that climate change is a very hot topic there. We must also take environmental issues more seriously.
- The cargo business is greatly impacted by economic trends. Can we grow it into a very hot topic there. We must also take environmental issues more seriously.
- What is the ideal business model for ANA in comparison with airlines in the United States and China operating over a vast land area? What measures should ANA take toward this ideal?
- How do we address issues such as Japan, compared to airlines in the United States and China operating over a vast land area? What measures should ANA take toward this ideal?
- Can we achieve a more effective use of time?
- The cargo business is greatly impacted by economic trends. Can we grow it into a very hot topic there. We must also take environmental issues more seriously.
- What is the ideal business model for ANA in comparison with airlines in the United States and China operating over a vast land area? What measures should ANA take toward this ideal?

**Act / Plan**

- **Do**
  - Extended board meeting time from two hours to three
  - Held separate meetings to discuss ANA Group Corporate Strategy
  - Conducted reviews of investment projects since the ANA Group transitioned to a holding company structure
  - Made changes to management of town meetings with Flight Operation Center (FOC) members to enhance the effectiveness
  - Town meetings with FOC members are very important. Continue town meetings with frontline employees in various businesses

**Check**

- Board meeting length is appropriate in general. Written reports, etc., resulted in more effective use of time
- Included a summary of internal meeting discussions (pro and con opinions) in board meeting documents
- Meetings continue to improve with greater numbers of reports regarding internal meeting discussions
- Visits to frontline office and town meetings with employees have been well-received. Continue to improve meeting quality

**Act / Plan**

- Continue three-hour board meetings as a rule
- More information has been provided regarding internal discussions; still room for improvement
- Improve the effectiveness of the board of directors by providing greater visibility of investment cost effectiveness
- Continue conducting reviews

**Major Topics Covered by the Board Effectiveness Survey**

1. The performance of board functions (decision-making, supervision of business execution)
2. Response to issues identified in the prior year’s survey
3. Management of board meetings
   - Discuss board deliberations, including dissenting opinions, at other internal meetings
   - Provide balance among agenda item explanations, questions and answers, and time for discussions
   - Content (time, quality) for explanations to outside directors prior to meetings
   - Material (quantity, quality) handed out during board meetings

---

**Improvement Example (2)**

**Held meetings for outside directors to discuss the avatar business**

- **Act / Plan**
  - Provide more detailed notes summarizing internal discussions in board meeting materials; strengthen coordination with internal committees
  - Provide more time to discuss the medium- to long-term management issues at board meetings, and hold a special meeting for reports and Q&A separately from board meetings
  - Establish a new format of meeting where the financial statement auditor and outside directors hold discussions

**Check**

- Deeper discussions are required for explanations of medium- and long-term management issues and Group companies
- Hold meetings solely for outside director discussions
- Continue three-hour board meetings as a rule
- More information has been provided regarding internal discussions; still room for improvement
- Continue conducting reviews

**Act / Plan**

- Continue to conduct hearings with outside directors about their interests and aspirations and conduct visits to frontline offices
**Effectiveness of the Board of Directors**

**Town Meetings with Frontline Employees**

**Background**

Following the principles of Japan’s Corporate Governance Code, we conduct a twice-yearly survey (ANA’s Way Survey) to determine whether ANA Group employees understand and comply with ANA’s Way, our Group code of conduct. The survey results revealed the need to encourage further communications between management and employees. Also, outside directors have requested to meet and talk with frontline employees to deepen an understanding of the Group’s business and corporate culture as a whole. Based on these requests, we have held town meetings between outside directors and frontline employees since fiscal 2018.

Town meetings were held with section managers at the ANA Engineering & Maintenance Center and maintenance departments within Group companies during fiscal 2018. In 2019, we conducted similar interactions with members of the Flight Operation Center (FOC).

**2019 Town meetings with members of the Flight Operation Center (FOC)**

**Documents related to the selected topics were provided to the outside directors beforehand.**

Six outside directors and six FOC employees were divided into two groups for active discussions.

**Process**

- Outside directors selected from several topics to discuss with the FOC
- Outside directors selected topics to provide to the outside directors beforehand
- Outside directors and six FOC employees were divided into two groups for active discussions.

**Documents related to the selected topics provided to the outside directors beforehand.**

**6. Consistent Training Programs for Flight Crew Members**

**What are the issues in providing consistent training for skilled flight crew members?**

A strong mentality to express their own opinions is a must.

Young people tend to try to judge other people’s feelings and worry about what other people think. Worrying too much about what other people think becomes a hindrance in making decisions when decisiveness is required.

A captain must always exercise appropriate judgment.

Advanced technological innovation of aircraft allows the captain to concentrate more on management and communication in the cockpit, rather than solely on aircraft operations. The issue is how to improve judgment through everyday operations.

**How do we conduct our business to develop pilots over the long term?**

Approximately 100 pilots were hired when our generation (joined the Company class of 1992–1993). However, every time the economy stalled, we reduced recruitment and postponed captain promotion training. Fluctuations in recruitment may be unavoidable over the short term. However, this variance certainly impacts the consistency of flight crew training over the medium and long term.

Flight crew members over 65 years should be allowed to continue to work if they are willing and able.

The ANA retirement age is 60 years (which can be extended to 65 years). However, flight crew members are allowed to continue to work until 68 years based on Japanese government regulations. The qualification of flight crew members can be confirmed by a health check and skills assessment. We have seen flight crew members over 65 years who have left to work at other airlines.

**Board Meeting Comments**

Captains serving as managers have opportunities to communicate with ANA management. However, other captains do not have sufficient opportunities. We recognize that we have various issues to overcome in the consistent training of flight crew members.

**Future Direction**

We have received opinions from our outside directors based on their broad perspectives. Meanwhile, town meetings have provided outside directors with a detailed understanding of Group businesses, which has further reinforced our board meetings. We will continue to provide opportunities for town meetings with frontline employees across a broader range of our businesses.

**2. Measures to Address Alcohol Use by Flight Crew**

*ANA has experienced a series of problems involving alcohol use by flight crew. Why couldn’t the Company prevent these issues? What do you think about measures to eliminate alcohol-related issues?*

**We must improve communications between captains and first officers.**

The captain concentrates on safety during a flight. The captain does not have much time to provide detailed instructions or discuss their experiences with the first officer. The response to alcohol issues is becoming stricter. Senior members have passed on their experience and skills to junior members in their spare time after flight service. However, such a culture is on the decline recently.

**We must strive to improve human relations and a sense of belonging to ANA.**

This younger generation does not seem to like close human relations. However, we are proud that we have grown together, exchanging frank opinions with each other, regardless of the relationship between senior and junior ranks. A lack of dialogue with others will result in less recognition and possibly greater personal comfort. However, it is also true that receiving honest feedback can lead to personal growth. We expect management to take the lead in systematically reducing the sense of isolation and communication gaps.

**The FOC maintains an atmosphere in which everyone can express their opinions freely.**

Given the nature of the work, not everyone receives instructions from their superiors every day. Each person is responsible for their own duties on each flight. An organization that supports this culture should not be afraid to encourage frank discussions with superiors or senior officers.

**We must strengthen personal communications.**

We send information regarding alcohol issues via email quite frequently. We also conducted at least one interview with every pilot, performed by a superior. However, this approach has not been completely sufficient, and we believe we must engage in deeper communications.

**Do you think irregular work patterns and different crew composition for every flight might hamper organizational functionality? Could it be that an organizational structure that leaves each person their own decisions has something to do with alcohol issues?**

**The younger generation does not seem to like close human relations.**

However, we are proud that we have grown together, exchanging frank opinions with each other, regardless of the relationship between senior and junior ranks. A lack of dialogue with others will result in less recognition and possibly greater personal comfort. However, it is also true that receiving honest feedback can lead to personal growth. We expect management to take the lead in systematically reducing the sense of isolation and communication gaps.

**Given the nature of our work, providing certain discretion to each individual serves to benefit organizational operations.**

We admit that we had issues in managing such an extremely limited number of individuals effectively. We must consider an organizational approach that addresses the issue fully.
1. Basic Policies for Director Remuneration
The basic policies for director remuneration are as follows.
- Ensure the transparency, fairness, and objectivity of remuneration and establish a remuneration level worthy of his/her roles and responsibilities
- Create a system that can reflect the contributions of individual directors by introducing performance-linked remuneration combining a diverse range of indicators to clarify roles and responsibilities for company results.
- Establish a remuneration system that achieves our social responsibilities as a company, while allowing the Company to share profits with shareholders through raising medium- to long-term corporate value.

2. Procedures for Determining Remuneration
The board of directors decides director remuneration, taking into account reports by the Remuneration Advisory Committee. The total amount of director remuneration shall be within the scope of the amount approved at the Ordinary General Meeting of Shareholders.

3. Remuneration Advisory Committee

4. Remuneration System
(1) Internal directors
In addition to a fixed basic remuneration, remuneration for directors includes an annual variable performance-linked bonus and long-term incentive stock option plan as a means of providing healthy incentives for pursuing sustainable growth for the Company.

The ratio of variable remuneration ranges from 0.0 to 1.0 times according to the degree of achievement for annual performance targets.
- **Bonuses**
  - We use net income, safety, and customer satisfaction as indicators that reflect the performance and substance for a single fiscal year. The Remuneration Advisory Committee and the board of directors have previously determined the target values for each indicator and a table for corresponding payment levels. This table determines payment amounts based on the performance on each indicator:
  - Stock options
  - We use return on equity (ROE), return on assets (ROA), and operating income margin, etc., as indicators for improved corporate value over the medium to long term and sustainable growth. The amount of payment is determined through a combination of payment levels, determined by the Remuneration Advisory Committee and the board of directors, and the respective indicators.
- **Fixed Basic Remuneration**
  - (1) Internal directors
  - Remuneration for outside directors consists of fixed compensation (monthly compensation) without a performance-linked portion. This compensation encourages outside directors to exercise their supervisory functions from an independent standpoint.
  - (2) Outside directors
  - Remuneration for outside directors consists of fixed compensation (monthly compensation) without a performance-linked portion. This compensation encourages outside directors to exercise their supervisory functions from an independent standpoint.
  - (3) Audit & Supervisory Board members
  - Remuneration for both inside and outside Audit & Supervisory Board members consists of fixed compensation (monthly compensation) without a performance-linked portion. This compensation encourages those members to exercise their supervisory functions from an independent standpoint.

Remuneration limits for directors are determined in line with remuneration at other companies and in consultation with outside experts.

### Conceptual Diagram for the Officer Remuneration System

**Ratio**

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Fixed</th>
<th>Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>(1) Basic remuneration</td>
<td>(2) Bonus (short-term performance-linked)</td>
</tr>
</tbody>
</table>

**Internal directors**
- Payment according to title, etc.
- Measure for fiscal year results according to various criteria:
  - Net Income
  - Safety
  - Customer Satisfaction
- Evaluate contributions to corporate value over the medium to long term:
  - Return on Equity (ROE)
  - Return on Assets (ROA)
  - Operating Income Margin
- Annual total for (1) and (2) is limited to a maximum of ¥50 million
- Per resolution at the 66th Ordinary General Meeting of Shareholders held June 20, 2011

**Outside directors**
- Uniform payment for all members
- Payment according to status as full-time or part-time:
  - Monthly (cash)
  - Annually (cash)
- No Annual maximum
-Per resolution at the 74th Ordinary General Meeting of Shareholders held June 21, 2019

**Audit & Supervisory Board members**
- Payment according to status as full-time or part-time:
  - Monthly (cash)
  - Annually (cash)
- No Annual maximum
- Per resolution at the 74th Ordinary General Meeting of Shareholders held June 21, 2019

### Remuneration Advisory Committee

### Remuneration System

### Procedures for Determining Remuneration

### 2. Procedures for Determining Remuneration

### 3. Remuneration Advisory Committee

### 4. Remuneration System

### (1) Internal directors

### (1) Basic Remuneration

### (2) Bonus (Short-term Performance-linked)

### (3) Stock Options (Long-term Performance-linked)

### Internal directors

### Payment according to title, etc.

### Measure for fiscal year results according to various criteria:

### Net Income

### Safety

### Customer Satisfaction

### Evaluate contributions to corporate value over the medium to long term:

### Return on Equity (ROE)

### Return on Assets (ROA)

### Operating Income Margin

### Annual total for (1) and (2) is limited to a maximum of ¥50 million

### Per resolution at the 66th Ordinary General Meeting of Shareholders, held June 20, 2011

### Outside directors

### Uniform payment for all members

### Payment according to status as full-time or part-time:

### Monthly (cash)

### Annually (cash)

### No Annual maximum

### Per resolution at the 74th Ordinary General Meeting of Shareholders, held June 21, 2019

### Audit & Supervisory Board members

### Payment according to status as full-time or part-time:

### Monthly (cash)

### Annually (cash)

### No Annual maximum

### Per resolution at the 74th Ordinary General Meeting of Shareholders, held June 21, 2019

### Cross-Shareholdings

We believe that it is essential to maintain and strengthen collaborative relationships with our business partners for further growth and development of Group businesses. The ANA Group, consisting mainly of our Air Transportation Business, engages in cross-shareholdings when we deem such holdings to contribute to improved corporate value over the medium to long term from the viewpoint of continuing smooth business, maintaining business alliances, and growing profits through strengthening business relationships.

Every year, the board of directors conducts a comprehensive review of individual cross-shareholdings. The board evaluates the significance of holdings and the benefits and risks associated. To verify the economic rationality of cross-shareholdings, we conduct a quantitative and multiaxialized evaluation, which includes checking the TSR (total shareholder return) for each stock or conducting a comparison between the effectiveness of an investment in a stock versus the capital costs of the Group. If, as a result of these evaluations, we determine that the price of a stock will continue to be low for a certain period of time and further will not contribute to sustainable growth over the medium to long term, we will reduce our holdings in said stock.

As a result of a comprehensive review of the cross-shareholdings owned by the Group, we have determined that we do not own cross-shareholdings that should be subject to reduction.

In addition, the exercise of voting rights associated with cross-shareholdings will be judged based on the results of dialogue with the company in question after examining the medium- to long-term improvement of the corporate value and the impact on the Group’s business.

### Major Indicator Targets and Results in FY2019 (Reference)

<table>
<thead>
<tr>
<th>FY2019 Director and Audit &amp; Supervisory Board Member Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(Outside Audit &amp; Supervisory Board members)</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Notes:</td>
</tr>
<tr>
<td>1. The table above includes nine outside directors who resigned at the end of the 74th Ordinary General Meeting of Shareholders, held June 21, 2019.</td>
</tr>
<tr>
<td>2. The amounts listed above are rounded down to the nearest million yen.</td>
</tr>
</tbody>
</table>
Risk Management

Preserve Corporate Value through Safe and Reliable Business Operations

The ANA Group takes steps to identify, analyze, and appropriately address risks with the potential to severely impact management. In addition, we have developed groupwise frameworks to minimize the impact of risks and prevent recurrences in case risks materialize.

Risk Management Promotion System

The ANA Group Total Risk Management Regulations provides the basic terms of the Group’s risk management system. Under these regulations, the Group ESG Management Promotion Committee develops and implements basic policies. These policies are executed in line with the basic policies determined by the board of directors. Each Group company/department has established a risk management system. Here, the ESG Promotion Officer and the ESG Promotion Leader are responsible for promoting and leading risk management operations, respectively. The ESG Promotion Leader assumes a role to conduct risk management operations according to plans and take swift action while working with the secretariat in the event of a crisis.

Risk Management Principles

Risk Prevention

Each Group company implements independent risk management activities (identifying risks, analyzing and evaluating these risks, planning and implementing countermeasures, and monitoring the results). The Group companies monitor and evaluate progress, effectiveness, and level of achievement of the measures taken with respect to significant risks identified in each organization. The Company implements measures to address issues faced by the Group, and the Group ESG Management Promotion Committee monitors progress.

Crisis Management in Response to a Risk

We collect accurate information and implement measures to minimize damage and prevent recurrences by investigating and identifying the causes of crises. The Crisis Management Manual provides responses to crises in general, and the Emergency Response Manual provides responses to incidents with a direct impact on the operation of ANA Group aircraft, including accidents or hijack.

Major Initiatives

Business Continuity Plan (BCP)

Our BCP details policies and procedures for responding to large-scale disasters to ensure the safety of customers and all ANA Group directors and employees, minimize the impact on management and on society as a whole, and resume normal business operations as quickly as possible.

Information Security

The ANA Group updates the Group’s information security regulations and implements the information security management system. Through this system, we strive every day to improve information systems functions and implement security measures in line with the policies.

Personal information is essential for us to provide services in ANA Group businesses. We view personal information as important assets we receive from our customers. In recent years, various laws and regulations related to personal information and privacy have been established in Japan and overseas. We have therefore revised our privacy policy and relevant internal regulations to ensure compliance with the General Data Protection Regulation (GDPR), established in the European Union in 2018, and the China Cyberspace Law (CCSL) and the California Consumer Privacy Act (CCPA), established in 2020. We require every employee to receive e-learning training on the importance of information assets and proper handling. In so doing, we ensure compliance with these laws, regulations, and rules for using our information systems. In this way and others, we strive to raise employee awareness of the significance of information security in the workplace.

Security Export Control

The ANA Group exports the parts, chemicals, apparatuses, and other articles necessary for aircraft maintenance to overseas airports and aircraft maintenance centers. Certain articles have the potential to be adapted to create weapons. Accordingly, we practice rigorous security export control of exported articles.

A stringent security export control structure is maintained through once-annual audits and trainings. These activities target divisions that are considered exporters for being directly involved in exporting as well as divisions that are involved due to handling customs clearance and other transportation-related processes.

Cybersecurity Measures

The ANA Group is designated as a critical infrastructure provider in Japan by the National Center of Incident Readiness and Strategy for Cybersecurity (NISC). We implement security measures at entrance and exit control, and we have adopted antivirus measures in accordance with the guidelines formulated by the Ministry of Economy, Trade and Industry (METI). We monitor our security system 24 hours a day, 365 days a year. The ANA Group trains security personnel, and we have established the Computer Security Incident Response Team (CSIRT) to ensure swift action in response to any incidents.

Cybersecurity intelligence is most effective when providing early alerts to counter cyberattacks. Therefore, we participate in information sharing organizations, such as the Aviation Information Sharing and Analysis Center (A-ISAC), which consists of airline, aircraft manufacturer, and other members. We also participate in the Surface Transportation Information Sharing and Analysis Center (ST-ISAC). In these ways, we acquire information from internal and external industry sources as early as possible for use in taking preventive measures.

TheKeidanren(JapanBusinessFederation)publishedtheCyberRiskHandbookforDirectorsinautumn2019.Wedevelop measures assuming that incidents are inevitable. Since the utilization of digital technology is an important means for corporate growth, we understand that we must take a balanced approach. The ANA Group sees cybersecurity as a risk management issue to be addressed by the entire group, including our board of directors.

Responses to Typhoons and Their Aftermath

Natural disasters such as large typhoons and torrential rains have occurred frequently over the past few years. As a public transportation provider, we see a growing importance to make preparations and conduct drills related to these disasters on a regular basis.

Typhoon No. 21(Jebi) touched down in September 2018 and caused flights to be suspended for an extended period of time at the Kansai International Airport. We conducted a review in fiscal 2019 of our disaster responses at the time, including a second look at practice drills. As a result, we enhanced the disaster response capacity of the front lines of our business. We also reviewed our facilities at airports across Japan, developing facility enhancement plans to prepare for flooding and power outages.

ANA actively participates in the development of guidelines for Advanced Airport-Business Continuity Plan (A2-BCP) led by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). These guidelines address building airports resistant to natural disasters and participation is part of our efforts to strengthen cooperation with airport administrators and other stakeholders.

The ANA Group strives to update our BCP measures in the event of a crisis, and we continue to improve our capacity to respond on the front lines of our business and to train our people.

Responses to COVID-19 (Employee Infection Prevention Measures)

The ANA Group created a response system based on the Crisis Management Manual and Emergency Response Manual in late January 2020, when the COVID-19 infection spread in Wuhan, China, and the authorities suspended public transportation services. We have endeavored to prevent the spread of infection. For example, when a physician identifies an employee who is suspected of infection, we notify the relevant employee and employees who are likely to have been in contact, directing them to stay home and wait for instructions from the public health center.

In addition, we implemented the following measures to prevent infection among our employees.

- Implement consistent infection prevention measures, such as hand washing
- Instruct employees to wear masks and gloves according to the degree of infection spread
- Check employee health on a consistent basis
- Communicate information and distribute materials based on the latest knowledge
- Ensure employees are aware of government declaration of emergency policies (we imposed some policies that are stricter than those of the government)

Based on the experience acquired through measures to prevent the spread of the infection since January, we will implement the following measures.

- Strive to acquire the latest information and share with employees
- Implement new business and work styles based on the new normal published by the Ministry of Health, Labour and Welfare and the guidelines of the Keidanren and the Scheduled Airlines Association of JAPAN, understanding that infections spread in waves
Preserve Corporate Value by Enhancing Internal Systems and Further Entrench Mission Statement

The ANA Group is taking steps to minimize exposure to legal risks and prevent incidents that could diminish corporate value.

Compliance Implementation System

The ANA Group has developed a compliance system based on the ANA Group Compliance Regulations to promote compliance with laws, regulations, and other standards related to business activities. Under the direction of the Group ESG Management Promotion Committee, which is an advisory body to the board of directors, each company and department appoints an ESG Promotion Officer that is responsible for promotion and an ESG Promotion Leader as a key driver of ESG initiatives. These officers and leaders strive to raise awareness of compliance across the ANA Group.

Major Initiatives

Legal Compliance Education

We conduct a variety of educational programs for every Group executive and employee to acquire correct knowledge of and exercise appropriate judgment related to various laws and regulations. We hold regular seminars on contract practices, labor practices, and laws and regulations related to air transportation, improving our familiarity with business-essential knowledge. The Company also seeks to foster a mindset focused on legal compliance among Group executives and employees working overseas. To this end, we hold seminars on competition and anti-bribery laws at overseas branches. We also sponsor seminars tailored to topics and content that reflect the needs of each Group company and / or department.

Information Dissemination

To spread awareness of compliance throughout the ANA Group, we distribute e-mail and other newsletters on topics related to revisions to laws and regulations, as well as points of caution regarding labor and contract practices. We have also posted manuals and guidelines for various laws, regulations, and rules on the compliance website on our intranet. In this way and others, we create an environment in which Group executives and employees have access to this information at any time.

Initiatives to Prevent Harassment

We are working now, more than ever, to strengthen initiatives for workplaces free from harassment. Specifically, we established the new Rules on Harassment Prevention and conduct e-learning harassment education for all Group executives and employees. In this way, we are striving to create workplace environments across the entire ANA Group in which people can work without hindrance and that never tolerate harassment.

Internal Reporting System

Based on the ANA Group Rules for Handling Internal Reporting, we have set up a point of contact (ANA Alert) both inside and outside the Company (via a law firm) to collect and resolve any issues. These reporting systems are available to all Group executives, employees, and temporary personnel involved in operations. ANA Group referees and officers and employees of our business partners may also use these reporting systems. We protect the privacy of the whistleblower and other relevant parties, and assure that no punitive measures will be taken against those that seek consultation or cooperate in confirming facts. This helps us obtain internal risk-related information promptly and aids in self-resolution. We are also engaged in initiatives overseas to improve awareness of our internal reporting system and focus on minimizing legal risks on a global level.

Group Companies Compliance Survey

Surveys on compliance at Group companies are conducted once each year. These surveys consist of self-checks on the degree to which compliance was practiced with regard to relevant laws and regulations as well as examinations of issues pertaining to each Group company and to the entire Group. We conduct follow-ups with each company based on survey results as necessary in the interest of resolving issues.

ANA Group Tax Policy

In February 2020, we formulated the ANA Group Tax Policy to strengthen corporate tax governance and respond to growing global interest in taxes. The core principles of this policy state that the ANA Group considers the proper reporting and fulfillment of tax obligations related to our business activities as a social responsibility. Reporting and paying tax obligations enables the Group to preserve our corporate value and contribute to the development of communities in each relevant country. By implementing tax governance that is groupwide and cross-functional, we comply with the relevant laws, regulations, and other rules, clearly indicating the ideal state whereby we report and fulfill tax obligations in an appropriate manner.

We present courses of action for employees related to (1) compliance with laws and regulations, (2) fair business practices, (3) talent development, (4) tax management, (5) utilization of external knowledge, and (6) relationship with relevant tax authorities. We strive to raise awareness among Group employees on an ongoing basis through internal training and other methods.

By sharing this policy with each of our stakeholders and ensuring that Group employees are in compliance, we aim to reduce tax risk and report and fulfill tax obligations in an appropriate manner.

ANA Group Tax Policy

In February 2020, we formulated the ANA Group Tax Policy to strengthen corporate tax governance and respond to growing global interest in taxes. The core principles of this policy state that the ANA Group considers the proper reporting and fulfillment of tax obligations related to our business activities as a social responsibility. Reporting and paying tax obligations enables the Group to preserve our corporate value and contribute to the development of communities in each relevant country. By implementing tax governance that is groupwide and cross-functional, we comply with the relevant laws, regulations, and other rules, clearly indicating the ideal state whereby we report and fulfill tax obligations in an appropriate manner.

We present courses of action for employees related to (1) compliance with laws and regulations, (2) fair business practices, (3) talent development, (4) tax management, (5) utilization of external knowledge, and (6) relationship with relevant tax authorities. We strive to raise awareness among Group employees on an ongoing basis through internal training and other methods.

By sharing this policy with each of our stakeholders and ensuring that Group employees are in compliance, we aim to reduce tax risk and report and fulfill tax obligations in an appropriate manner.
Responsible Dialogue with Stakeholders

The ANA Group conducts business activities through our relationships with stakeholders. We engage in ongoing dialogue with stakeholders to build trust and offer peace of mind. As we do so, we increase the effectiveness of our strategies by incorporating the opinions and requests of stakeholders into our businesses.

Dialogue with Shareholders and Investors

- The 75th Ordinary General Meeting of Shareholders
  - Number of attendees: 2,117 people
  - Voting rights exercise ratio: 62.8%
- RR large meetings / email meetings for institutional investors / analysts
  - Number of meetings: 225 times
  - Total: 575 people (including IR staff)
  - Presentations for private investors:
    - Number of meetings: 10 times
    - Total: 614 people
  - Aircraft maintenance center tours for private shareholders:
    - Number of meetings: 10 times
    - Total: 1,184 people

Communication with Our Employees

- ANA Officer Town Meetings
  - Number of meetings: 949 times
  - Participants: 12,612 people

Dialogue with International Society

- Participation in an international conference on the environment
  - Number of meetings: 7 times
  - Total: 121 people
  - Topics: committed to safety, SDGs, work-life reform, etc.
- Dialogue with overseas ESG investors
  - Number of meetings: 6 times
  - Total: 276 people
  - Topic examples: commitment to safety, SDGs
- Dialogue with human rights organizations overseas
  - Number of meetings: 2 times
  - Total: 135 people
  - Topic examples: human rights
- Participation in international conferences on human rights
  - Number of meetings: 5 times
  - Total: 315 people
  - Topical examples: SDGs, human rights

Dialogue with Business Partners

- Exchange of opinions with companies involved in the manufacture of in-flight meals
  - Number of meetings: 1 time
  - Total: 36 people

Dialogue with Communities

- Participation in reconstruction activities, volunteer activities (sponsored by ANA Holdings Corporate Sustainability)
  - Number of meetings: 17 times
  - Total: 423 people
- Participation in conferences for the revitalization of communities surrounding Narita Airport
  - Number of meetings: 62 times

External Recognition

Inclusion in ESG Indexes

- Dow Jones Sustainability World Index
- Dow Jones Sustainability Asia Pacific Index
- Sustainability Award Gold Class 2019
- FTSE4Good Index
- FTSE Blossom Japan Index
- MSCI Japan Empowering Woman Index (WIN)*

Quality

- SKYTRAX (ANA)
  - Awarded 5-STAR status for an eighth consecutive year

On-Time Performance

- Cirium (ANA)
  - Asia-Pacific Major Airlines
    - Network Category: No. 1
    - Mainline Category: No. 1
  - Worldwide Major Airlines
    - Network Category: No. 2
    - Mainline Category: No. 2

Management Strategy

- Japan Health Conference, Ministry of Economy, Trade and Industry
  - Certified Health and Productivity Management Organization Recognition Program –White 500– (ANA HOLDINGS INC., ANA AIRPORT SERVICES Co., Ltd., ANA OSAKA AIRPORT CO., LTD.)
  - Ministry of Health, Labour and Welfare
    - IKUMEN AWARD 2019
      - Balance Support Category Special Encouragement Award (ANA)
    - Ministry of Health, Labour and Welfare Next-generation support certification Company Platinum Kurumin Certified
      - (ANA, ANA AIRPORT SERVICES CO., LTD.)
    - DBJ Health Management Ranking Highest Rank (ANA HOLDINGS INC., ANA AIRPORT SERVICES CO., LTD.)
    - J-Ain Diversity Award 2020
      - Awarded Gold Class 2019

* The inclusion of ANA Holdings Inc. in any MSCI Index and the use of MSCI logos, trademarks, service marks or index names herein do not constitute a sponsorship or endorsement of ANA Holdings Inc. by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI and the MSCI Index Names and logos are trademarks or service marks of MSCI or its affiliates.
### Financial / Data Section

#### ANA HOLDINGS INC. and its consolidated subsidiaries (Note 1)

**Per Share Data (Yen, U.S. dollars)**

- **Notes:**
  1. As of March 31, 2020, there were 62 consolidated subsidiaries and 16 equity-method subsidiaries and affiliates.

#### Operating Revenues (Note 4)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>1,974,216</td>
<td>2,088,312</td>
<td>1,971,799</td>
<td>1,760,259</td>
<td>1,715,381</td>
<td>1,713,457</td>
<td>1,601,013</td>
<td>1,485,581</td>
<td>1,411,304</td>
<td>1,307,653</td>
</tr>
</tbody>
</table>

- **Operating expenses:** 1,912,202 (1,807,803 (1,619,720 (1,529,027 (1,371,754 (1,314,482 (1,299,405 (1,383,050 (1,701,341 (1,383,050 (1,135,341 (1,089,031 |

- **Operating income:** 60,806 | 60,806 | 71,806 | 15,515,493 |

- **Income (loss) before income taxes:** 51,501 | 51,501 | 51,501 |

- **Net income (loss):** 37,955 | 37,955 |

- **Cash flows from operating activities:** 130,169 | 289,146 | 316,014 | 237,082 |

- **Cash flows from investing activities:** (230,218) | (396,671) | (324,496) | (194,651) |

- **Cash flows from financing activities:** 23,869 | (46,490) | (29,989) | 3,349 |

- **Free cash flow:** 23,869 | (46,490) | (29,989) | 3,349 |

- **Depreciation and amortization:** 351,361 | 351,361 |

- **Interest-bearing debt:** 2,560,153 | 2,560,153 |

- **Depreciation and amortization:** 175,739 | 175,739 |

- **EBITDA (Note 6):** 236,545 | 236,545 |

- **Capital expenditures:** 335,786 | 304,757 | 254,425 |

- **All Year-End:**
  1. Total assets: 2,560,153 | 2,682,122 | 2,562,462 | 2,311,410 |
  2. Intangible interest: 842,882 |
  3. Per share Data (U.S. dollars) (Note 8):
    - **Earnings per share:** 22.36 |
    - **Book value per share:** 3,171.80 |
    - **Number of employees:** 63,261 |

#### Management Indexes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income margin (%)</td>
<td>3.1</td>
<td>4.0</td>
<td>6.3</td>
<td>9.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income margin (%)</td>
<td>1.4</td>
<td>5.4</td>
<td>7.3</td>
<td>5.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROA (%) (Note 9)</td>
<td>2.4</td>
<td>6.4</td>
<td>6.8</td>
<td>6.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE (%) (Note 10)</td>
<td>10.6</td>
<td>10.6</td>
<td>15.1</td>
<td>11.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity ratio (%)</td>
<td>41.4</td>
<td>40.9</td>
<td>38.6</td>
<td>35.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt/equity ratio (Times) (Note 11)</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset turnover</td>
<td>22.7</td>
<td>22.4</td>
<td>21.4</td>
<td>21.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of employees</td>
<td>9,459</td>
<td>9,459</td>
<td>9,459</td>
<td>9,459</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Operating Data

- **International Passenger Operations:** 613,908 | 613,908 |
- **Revenue passenger-km:** 23,524,331 |

- **Available seat-km:** 12.0 |
- **ROA:** (Operating income + Interest and dividend income) / Simple average of total assets |
- **ROE:** Interest-bearing debt / Simple average of total assets |

- **Number of passengers (Thousands):** 83,676 |

- **Available seat-km (Millions):** 267,910 |

- **Number of passengers (Thousands):** 73,993 |

- **Revenue passenger-km (Millions):** 2,173,242 |

- **Available seat-km (Millions):** 214,201 |

- **Number of passengers (Thousands):** 1,099,413 |

- **Revenue passenger-km (Millions):** 2,022,570 |

- **Available seat-km (Millions):** 217,305 |

- **Number of passengers (Thousands):** 988,661 |

- **Revenue passenger-km (Millions):** 1,928,921 |

- **Available seat-km (Millions):** 214,201 |

- **Number of passengers (Thousands):** 919,157 |

- **Revenue passenger-km (Millions):** 1,931,457 |

- **Available seat-km (Millions):** 212,986 |

- **Number of passengers (Thousands):** 898,661 |

- **Revenue passenger-km (Millions):** 1,893,293 |

- **Available seat-km (Millions):** 210,156 |

- **Number of passengers (Thousands):** 82,991 |

- **Revenue passenger-km (Millions):** 1,773,327 |

- **Available seat-km (Millions):** 209,042 |

- **Number of passengers (Thousands):** 74,361 |

- **Revenue passenger-km (Millions):** 1,741,477 |

- **Available seat-km (Millions):** 207,367 |

- **Number of passengers (Thousands):** 65,476 |

- **Revenue passenger-km (Millions):** 1,548,356 |

- **Available seat-km (Millions):** 202,141 |

- **Number of passengers (Thousands):** 57,698 |

- **Revenue passenger-km (Millions):** 1,433,061 |

- **Available seat-km (Millions):** 198,922 |

- **Number of passengers (Thousands):** 51,541 |

- **Revenue passenger-km (Millions):** 1,175,457 |

- **Available seat-km (Millions):** 191,234 |

- **Number of passengers (Thousands):** 46,031 |

- **Revenue passenger-km (Millions):** 1,041,558 |

- **Available seat-km (Millions):** 189,362 |

- **Number of passengers (Thousands):** 39,611 |

- **Revenue passenger-km (Millions):** 913,399 |

- **Available seat-km (Millions):** 182,582 |

- **Number of passengers (Thousands):** 35,811 |

- **Revenue passenger-km (Millions):** 898,661 |

- **Available seat-km (Millions):** 174,234 |

- **Number of passengers (Thousands):** 32,556 |

- **Revenue passenger-km (Millions):** 856,789 |

- **Available seat-km (Millions):** 166,902 |

- **Number of passengers (Thousands):** 29,132 |

- **Revenue passenger-km (Millions):** 822,600 |

- **Available seat-km (Millions):** 159,418 |

- **Number of passengers (Thousands):** 26,194 |

- **Revenue passenger-km (Millions):** 798,639
Management’s Discussion and Analysis

Economic Conditions

General Economic Overview

The Japanese economy recovered moderately during fiscal 2019 (April 1, 2019 to March 31, 2020) as corporate earnings remained at a high level and consumer spending rallied. Toward the end of the fiscal year, however, the economy deteriorated rapidly due to the effects of COVID-19, leading to an extremely severe situation.

Looking ahead, we must pay close attention to risks that could degrade the global economy further as a result of the spread of the virus. Potential effects include worsening employment and personal income environments due to falling corporate profits, slowing consumer spending, and more.

Fuel Price Trends

The average price for Dubai crude oil was $60.5 per barrel during fiscal 2019. During the first half of the year, Dubai crude ranged around $60 per barrel as OPEC, Russia, and other major non-OPEC oil-producing countries deferred production increases. However, toward the end of the fiscal year, fears of global recession due to the impact of the spread of COVID-19 led to a sudden decline in market conditions. As a result, the price of Dubai crude oil ended at $33.7 per barrel on March 31, 2020.

The market price of Singapore kerosene tracked the price of crude oil. The average price for the fiscal year was $72.4 per barrel, ending at $31.1 per barrel on March 31, 2020.

Foreign Exchange Market

The Japanese yen averaged ¥108.7 to the U.S. dollar for fiscal 2019, ending the year at ¥108.8 per U.S. dollar. The value of the yen rose during the first half of the year due to concerns about the impact of intensifying trade frictions on the world economy. Toward the end of the fiscal year, risk aversion grew with the spread of the virus, and the value of the yen continued to appreciate.

Air Transport Traffic Trends

International Air Transport Association (IATA) member airlines reported 1,890 million passengers on scheduled international flights in 2019 (4.4% increase year on year). Passengers on scheduled domestic flights numbered 2,650 million (3.4% increase). At the same time, scheduled global air cargo volume decreased 2.4%. (Source: IATA World Air Transport Statistics, 2020)

In Japan, passengers on trunk routes* decreased 2.2% to 42.49 million for fiscal 2019. The number of passengers on local routes increased 1.8% to 59.38 million. The number of passengers carried by Japanese airlines on international services decreased 8% to 21.43 million, while the volume of international cargo handled by Japanese airlines increased 0.9% to 1.45 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism Statistical Report on Air Transport)

Notes:

1. "Others" represents all operating segments that are not included in reportable segments, including facility management, business support, and other operations.
2. Adjustments of segment profit represent the elimination of intersegment transactions. Group management expenses of ANA HOLDINGS INC., and other certain items.
3. Segment operating income is reconciled with operating income in the consolidated financial statements.
4. EBITDA = Operating income + Depreciation and amortization.
Management’s Discussion and Analysis

**ANA Domestic Passenger Business**

In addition to robust business demand and domestic travel of passengers visiting Japan, we captured strong demand over the ten-day Golden Week holidays. We also offered various discount fares according to demand. These measures led to a positive trend through the third quarter; however, demand declined sharply due to impact of COVID-19 beginning at the end of February. As a result, revenues and passenger numbers decreased year on year. ASK grew 0.1% year on year, while RPK fell 3.0%. Load factor was 67.5%, a decrease of 2.1 points. Passenger numbers declined 3.2% to 42.91 million and unit price rose 0.8% to ¥15,844. Operating revenues were down 2.4% to ¥679.9 billion. 

ANA increased flights in our route network, introducing the Naha–Chubu route in May and the Chubu–Kumamoto route in October. ANA sought to improve efficiency further by optimizing the number of route flights and adjusting aircraft type based on demand predictions. During the phase of declining demand caused by COVID-19, we began adjusting the number of flights in March, while striving to maintain our network as a public transportation provider. In total, 2,674 flights across 42 routes were suspended or reduced. We have offered discount fares that can be purchased as early as 365 days before boarding, aiming to capture demand at an early stage for periods such as the Golden Week holidays and summer vacations. In November, we introduced new seats on Boeing 777-200 aircraft, offering improved comfort and functionality with power reclining in Premium Class. We also introduced seats equipped with touch panel personal monitors in Economy Class. In addition, we renovated the ANA LOUNGE at Naha Airport in September under the supervision of Kengo Kuma, one of Japan’s leading architects. In November at Naha, we also altered the layout of the departure lounge, and implemented the ANA Baggage Drop automated baggage drop machine, making it the fourth airport in Japan to be so equipped. These and other efforts were made to further improve service quality.

**ANA Domestic Passenger Business Results**

<table>
<thead>
<tr>
<th>(Fiscal Year)</th>
<th>2019</th>
<th>2018</th>
<th>YfY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK (Millions)</td>
<td>58,502</td>
<td>58,475</td>
<td>0.1</td>
</tr>
<tr>
<td>RPK (Millions)</td>
<td>39,502</td>
<td>40,704</td>
<td>-3.0</td>
</tr>
<tr>
<td>Number of passengers (Thousands)</td>
<td>4,191,664</td>
<td>4,432,135</td>
<td>-5.8</td>
</tr>
<tr>
<td>Load factor (%)</td>
<td>67.5</td>
<td>69.6</td>
<td>-2.1</td>
</tr>
<tr>
<td>Passenger revenues (¥ Billions)</td>
<td>679.9</td>
<td>696.6</td>
<td>-2.4</td>
</tr>
<tr>
<td>Unit revenues (¥)</td>
<td>11.6</td>
<td>11.9</td>
<td>-2.5</td>
</tr>
<tr>
<td>Yield (¥)</td>
<td>17.2</td>
<td>17.1</td>
<td>+0.6</td>
</tr>
<tr>
<td>Unit price (¥)</td>
<td>15,844</td>
<td>15,716</td>
<td>+0.8</td>
</tr>
</tbody>
</table>

* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2015 as 100.

**Drawings and Charts**

- **Air Transportation Business Changes in Operating Income (FY2019 vs FY2018)**
- **ANA International Passenger Business**
- **Operating Income**
- **Operating expenses**
- **Unit prices**
- **Revenue passenger-kilometers (RPK)**
- **Available seat-kilometers (ASK)**
- **Load factor (%)**
- **Passenger revenues (¥ Billions)**
- **Unit revenues (¥)**
- **Yield (¥)**
- **Unit price (¥)**

**Footnotes**

* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2015 as 100.
ANA Cargo and Mail Business

The ANA Cargo and Mail Business recorded fiscal 2019 operating revenues of ¥173.1 billion, a year-on-year decrease of 15.3%. The International Cargo Business recorded operating revenues of ¥102.6 billion, down 17.9% compared to the previous fiscal year. Cargo volume decreased 5.2% to 860,000 tons. This was the result of consistently low cargo demand for to and from Japan stemming from the global economic slowdown caused by the UK-China trade frictions. The significant reduction of flights due to the spread of COVID-19 in February and thereafter also had a negative effect on performance. Available ton-kilometers (ATK) increased 3.2% while revenue ton-kilometers (RTK) decreased 2.2%. We introduced the Boeing 777F wide-body cargo freighter to our route network on the Narita-Shanghai (Pudong) route in July and on the Narita-Chicago route in October. We also captured demand for overseas special cargo, such as semiconductor manufacturing equipment, which enjoys steady demand. Our efforts in the fourth quarter to respond to emergency supply transportation due to the outbreak of COVID-19 also made a positive contribution. Domestic Cargo Business operating revenues decreased 7.9% to ¥35.6 billion, reflecting a 5.2% decline in cargo volume to 370,000 tons. While we endeavored to grow revenues through non-scheduled extra cargo flights on the Okinawa–Haneda route during peak demand for flowers, cargo cargo demand overall was weak throughout the year. At the same time, the spread of COVID-19 caused flight suspensions and reductions.

The LCC Business recorded operating revenues decreasing 6.6% to ¥47.7 billion, while Domestic Mail Business operating revenues were 2.9% lower at ¥51.1 billion. As a result, the LCC Business made a ¥3.1 billion loss. The LCC Business Performance marked the third consecutive year of losses.

In the route network, in addition to transferring 10 routes to Peach Aviation Limited and other measures, including the adoption of efficient flight operations, we made efforts to reduce costs and protect the performance of the LCC Business. We implemented a Flying Train Peach Sale on all 40 routes to celebrate the merger of the two LCCs.

*1 Difference
*2 Operating revenues include incidental revenues.

LCC Business Results

The LCC Business recorded ¥81.9 billion in operating revenues, a 6.6% year-on-year decrease from ¥86.2 billion in the previous fiscal year. This ¥4.3 billion decrease was mainly due to decreases in ANA price factors (including hedging effectiveness) of approximately ¥9.0 billion, an increase in ANA consumption volume factors of approximately ¥3.5 billion, and a decrease in LCC Business of approximately ¥5.5 billion. Fuel consumption volume increased due to the expansion of capacity in International services. The ANA Group is working to control fuel consumption volume by introducing fuel-efficient aircraft and other measures, including the adoption of efficient flight operations. During fiscal 2019, we engaged in the same measures of fuel tax reduction as we followed in the previous fiscal year.

To promote sales, we conducted Flying Train Peach Sale on all 40 routes to celebrate the merger of the two LCCs. To boost sales, we conducted hybrid sales on various routes.

<Operating Expenses>

Air Transportation Business operating expenses increased ¥19.3 billion (2.1%) year on year to ¥1,981.8 billion. Specific expense amounts and reasons for year-on-year changes are described below.

Breakdown of Operating Revenues and Expenses

Others

Other operating revenues in the Air Transportation Business amounted to ¥225.7 billion, a 6.6% increase year on year. Results include incidental revenues from mileage memberships, in-flight sales, contracted maintenance, etc.

<Operating Expenses>

Air Transportation Business operating expenses increased ¥19.3 billion (2.1%) year on year to ¥1,981.8 billion. Specific expense amounts and reasons for year-on-year changes are described below.

Breakdown of Operating Revenues and Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 (¥ Millions)</th>
<th>2018 (¥ Millions)</th>
<th>Change (¥ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales commissions and promotion</td>
<td>213,827</td>
<td>256,618</td>
<td>-42,791</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>168,296</td>
<td>185,345</td>
<td>-17,049</td>
</tr>
<tr>
<td>Depreciation and amortization expenses</td>
<td>150,182</td>
<td>150,182</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>213,827</td>
<td>256,618</td>
<td>-42,791</td>
</tr>
</tbody>
</table>

<Depreciation and Amortization>

Depreciation and amortization expenses increased ¥15.3 billion (10.0%) to ¥168.2 billion. This increase was mainly due to introducing Boeing 777F and Airbus A380 aircraft in service during this fiscal year as we continue to update the ANA-owned fleet.

<Fuel and Fuel Tax>

Fuel and fuel consumption volume increased due to the expansion of capacity in International services. The ANA Group is working to control fuel consumption volume by introducing fuel-efficient aircraft and other measures, including the adoption of efficient flight operations. During fiscal 2019, we engaged in the same measures of fuel tax reduction as we followed in the previous fiscal year.

<Contracts>

Contract expenses increased ¥16.8 billion (7.1%) year on year to ¥256.6 billion. This increase was mainly due to increases in out-sourced operations associated with advance preparations for slot expansions at Tokyo metropolitan area airports in 2020.

<Others>

Other expenses increased ¥9.9 billion (1.9%) year on year to ¥213.8 billion. This increase was mainly due to increased expenses related to in-flight services.
Airline Related Business
Fiscal 2019 segment operating revenues increased ¥9.3 billion (2.9%) year on year to ¥399.4 billion. Operating income increased ¥4.9 billion (37.7%) to ¥188.1 billion. These increases were mainly due to increased contracts for airport ground support work (check-in procedures, baggage handling, etc.) at Kansai International Airport and Chubu International Airport. We also added MRO Japan Co., Ltd. as a newly consolidated subsidiary this year. MRO Japan has launched full-scale business development in Okinawa.

Performance in the Airline Related Segment

<table>
<thead>
<tr>
<th>Segment operating revenues</th>
<th>¥299,433</th>
<th>¥291,051</th>
<th>¥8,382</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment operating expenses</td>
<td>¥18,144</td>
<td>¥13,178</td>
<td>¥4,966</td>
</tr>
</tbody>
</table>

Travel Services
Fiscal 2019 segment operating revenues amounted to ¥1,43.9 billion, a ¥7.7 billion (4.5%) decrease year on year. Operating income increased ¥0.7 billion (129.9%) to ¥1.3 billion. Performance trended upward through the third quarter due to success in attracting customers for products sold on the internet (both for domestic and overseas travel). We were also successful in capturing demand for travel through the October Golden Week holidays. However, the impact of COVID-19 beginning at the end of January resulted in operating revenues that underperformed the previous fiscal year. Meanwhile, operating income rose year on year, mainly due to a decrease in system expenses.

Performance in the Travel Services Segment

<table>
<thead>
<tr>
<th>Segment operating revenues</th>
<th>¥281,299</th>
<th>¥277,873</th>
<th>¥3,416</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment operating income</td>
<td>¥18,144</td>
<td>¥13,178</td>
<td>¥4,966</td>
</tr>
</tbody>
</table>

Trade and Retail
Fiscal 2019 operating revenues in our Trade and Retail business decreased ¥9.9 billion (3.9%) year on year to ¥244.7 billion. Operating income decreased ¥9.7 billion (21.5%) to ¥9.9 billion. Transaction volume for aircraft parts and other items rose, while sales decreased for nuts and other items in our food business. Retail business transaction volume decreased year on year at our airport ANA DUTY FREE SHOP retail locations and ANA FESTA airport shops, which contributed to lower performance.

Performance in the Trade and Retail Segment

<table>
<thead>
<tr>
<th>Segment operating revenues</th>
<th>¥299,433</th>
<th>¥291,051</th>
<th>¥8,382</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment operating expenses</td>
<td>¥18,144</td>
<td>¥13,178</td>
<td>¥4,966</td>
</tr>
</tbody>
</table>

Others
Fiscal 2019 operating revenues in the Others segment increased ¥0.2 billion (8.0%) year on year to ¥4.2 billion. Meanwhile, operating income increased ¥1.2 billion (55.0%) to ¥3.5 billion. Subleasing transaction volume grew and we sold properties in our real estate-related business, while construction and facility management-related business revenues stemming from facility renovations at Haneda Airport terminals and construction-related revenues grew.

Performance in the Others Segment

<table>
<thead>
<tr>
<th>Segment operating revenues</th>
<th>¥281,299</th>
<th>¥277,873</th>
<th>¥3,416</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment operating income</td>
<td>¥18,144</td>
<td>¥13,178</td>
<td>¥4,966</td>
</tr>
</tbody>
</table>

Non-Operating Income / Expenses
Net non-operating expenses amounted to ¥9.3 billion for fiscal 2019. This result was due to impairment loss on goodwill related to Peach Aviation Limited, which was offset in part by posting compensation related to delays of aircraft delivery and engine malfunctions.

Non-Operating Income / Expenses

<table>
<thead>
<tr>
<th>(Fiscal Year)</th>
<th>¥2019</th>
<th>¥2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>¥3,031</td>
<td>¥2,926</td>
<td>¥105</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>(6,291)</td>
<td>(6,095)</td>
<td>704</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>473</td>
<td>473</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(1,781)</td>
<td>(1,761)</td>
<td></td>
</tr>
<tr>
<td>Gain on sales of assets</td>
<td>6,746</td>
<td>2,554</td>
<td>4,192</td>
</tr>
<tr>
<td>Loss on sales / disposal of assets</td>
<td>(7,435)</td>
<td>(1,758)</td>
<td>5,677</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>(20,159)</td>
<td>(1,967)</td>
<td>(19,192)</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated subsidiaries and affiliates</td>
<td>1,210</td>
<td>1,559</td>
<td>(349)</td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>1,122</td>
<td>1,122</td>
<td></td>
</tr>
<tr>
<td>Valuation loss on investments in securities</td>
<td>(863)</td>
<td>(863)</td>
<td></td>
</tr>
<tr>
<td>Compensation payments received</td>
<td>17,897</td>
<td>6,810</td>
<td>11,087</td>
</tr>
<tr>
<td>Litigation settlement fees related to anti-trust law claims</td>
<td>(6,423)</td>
<td>(6,423)</td>
<td></td>
</tr>
<tr>
<td>Loss on sales of shares of subsidiaries and affiliates</td>
<td>(734)</td>
<td>336</td>
<td></td>
</tr>
<tr>
<td>Gain on donation of non-current assets</td>
<td>3,553</td>
<td>2,512</td>
<td>1,041</td>
</tr>
<tr>
<td>Other net</td>
<td>(3,182)</td>
<td>1,630</td>
<td>(4,812)</td>
</tr>
<tr>
<td>Total</td>
<td>(5,305)</td>
<td>(10,066)</td>
<td>4,761</td>
</tr>
</tbody>
</table>

Net Income Attributable to Owners of the Parent
The preceding factors combined to decrease income before income taxes by ¥132.5 billion (66.6%) year on year to ¥51.5 billion. After income taxes, municipal taxes, business taxes, and other adjustments, net income attributable to owners of the parent decreased ¥83.1 billion (75.0%) to ¥27.6 billion. Earnings per share were ¥82.66, ¥82.66 compared with ¥83.31 for the previous fiscal year. Comprehensive income decreased ¥156.3 billion to a loss of ¥14.7 billion, mainly due to the decrease in net income attributable to owners of the parent.

Cash Flows

Fundamental Approach
The ANA Group’s fundamental approach to cash management is to conduct continuous investments strategically to strengthen competitiveness over the medium and long term, while maintaining financial soundness.

Capital expenditures are ordinarily kept within the scope of cash flows from operating activities, including repayment of lease obligations, to generate free cash flow, which enables us to maintain a balance between total interest-bearing debt and shareholders’ equity. The Group’s primary means of raising funds are borrowings from banks and bond issuances. The Group has also concluded commitment lines totaling ¥153.6 billion (as of March 31, 2020) with major domestic financial institutions to ensure reliable access to working capital in case of emergency. Commitment lines were unused as of the end of fiscal 2019.

The Group has access to the Japan Bank for International Cooperation (JBIC)’s guarantee system for investments in aircraft, our primary assets.

Overview of Fiscal 2019
Free cash flow resulted in expenditures of ¥100.0 billion (sum of cash flows from operating activities and investing activities). Net cash provided by financing activities totaled ¥33.8 billion. As a result, cash and cash equivalents decreased ¥75.9 billion from the beginning of the fiscal year, amounting to ¥135.9 billion at the end of the fiscal year.

Cash Flows from Operating Activities
After adjusting the ¥51.5 billion in income before income taxes for depreciation and amortization and other non-cash items, net cash provided by operating activities amounted to ¥130.1 billion, ¥165.9 billion lower year on year.

Interest Coverage Ratio*

<table>
<thead>
<tr>
<th>(Fiscal Year)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest coverage ratio</td>
<td>20.4</td>
<td>40.3</td>
</tr>
</tbody>
</table>
Management’s Discussion and Analysis

Cash Flows from Investing Activities
Net cash used in investing activities totaled ¥30.2 billion, ¥78.4 billion lower year on year. This result was mainly due to payments for purchases of property and equipment related to payments upon delivery of aircraft, purchases of spare parts, and advance payments for aircraft to be put into service in the future. Payments were also made for intangible assets, including investments in software. Net cash used in investing activities amounted to ¥209.3 billion when excluding cash movements that resulted in net outlays of ¥20.9 billion related to the acquisition and sale of time deposits and negotiable deposits of more than three months.

Free Cash Flow
As mentioned above, net cash provided by operating activities totaled ¥130.1 billion. Since net cash used in investing activities was ¥30.2 billion, free cash flow for fiscal 2019 amounted to a net expenditure of ¥100.0 billion, an increase of ¥87.5 billion compared to the previous fiscal year. Substantial free cash flow decreased ¥230.2 billion, free cash flow for fiscal 2019 amounted to ¥451.3 billion, a decrease of 6.5% compared to the previous fiscal year.

By segment, Air Transportation Business capital expenditures decreased 7.4% year on year to ¥43.4 billion. Airline Related expenditures increased 237.3% to ¥6.2 billion, while Travel Services expenditures increased 7.1% to ¥0.2 billion. Trade and Retail capital expenditures increased 94.6% to ¥2.2 billion, and Others decreased 47.6% to ¥1.1 billion.

Capital Expenditures and Aircraft Procurement
ANA Group capital expenditures are based on an approach of selection and concentration. We invest to strengthen safety, improve our competitiveness, and improve profitability. These expenditures primarily reflect aircraft-related investments, including the acquisition of aircraft, aircraft parts, and spare parts for the aircraft, as well as information systems expenditures. As a result, capital expenditures for fiscal 2019 amounted to ¥451.3 billion, a decrease of 6.5% compared to the previous fiscal year.

Fundamental Approach to Aircraft Procurement
Aircraft are major investments used over the long term (10-plus years). Decisions regarding the selection of aircraft types suited to routes and networks and the pursuit of the best fleet composition are among the most important issues for airline management. The ANA Group fleet strategy is based on three basic policies: (1) Strengthening cost competitiveness by introducing fuel-efficient aircraft; (2) Optimizing supply to demand by increasing the ratios of narrow- and medium-body aircraft; and (3) Enhancing productivity by integrating aircraft types.

Fundamentally, the Group purchases and owns strategic aircraft we intend to use over the medium to long term. We employ operating leases to procure aircraft for use over the short term or for capacity adjustment. The Group may also utilize sale-leaseback transactions as a means to diversify corporate financing methods. In these and other ways, the Group selects the most economical aircraft procurement method.

Aircraft Procured in Fiscal 2019
Based on our fleet strategy mentioned above, aircraft totaled 307 as of the end of fiscal 2019, an increase of 3 compared to the end of the previous fiscal year.

During the fiscal year, the ANA Group added 21 new aircraft. These additional aircraft consisted of one Airbus A380, six Boeing 777s, two Boeing 777Fs, one Boeing 787-10, five Boeing 787-9s, two Airbus A330s, and four Airbus A320-200s. Meanwhile, the Group sold or returned leased aircraft, consisting of five Boeing 767-300s, two Boeing 767-300Fs, seven Airbus A320-200s, and four Boeing 737-500s (18 aircraft total).

Changes in the Number of Aircraft in Fiscal 2019

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Number of Aircraft as of March 31, 2020</th>
<th>Owned</th>
<th>Leased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boeing 737-800</td>
<td>2 (–1)</td>
<td>2 (–1)</td>
<td>0</td>
</tr>
<tr>
<td>Boeing 767-300</td>
<td>35 (+6)</td>
<td>26 (+6)</td>
<td>9 (+6)</td>
</tr>
<tr>
<td>Boeing 777-200</td>
<td>20 (–2)</td>
<td>16 (–2)</td>
<td>4</td>
</tr>
<tr>
<td>Boeing 777-200 (freighter)</td>
<td>2 (+2)</td>
<td>2 (+2)</td>
<td>0</td>
</tr>
<tr>
<td>Boeing 787-10</td>
<td>2 (–1)</td>
<td>2 (–1)</td>
<td>0</td>
</tr>
<tr>
<td>Boeing 787-9</td>
<td>35 (+5)</td>
<td>29 (–3)</td>
<td>6 (+2)</td>
</tr>
<tr>
<td>Boeing 787-8</td>
<td>36 (–1)</td>
<td>31 (–5)</td>
<td>5</td>
</tr>
<tr>
<td>Boeing 767-300</td>
<td>24 (–5)</td>
<td>23 (–3)</td>
<td>1 (–4)</td>
</tr>
<tr>
<td>Boeing 787-300F (Freighter)</td>
<td>10 (–2)</td>
<td>7 (–2)</td>
<td>3</td>
</tr>
<tr>
<td>Airbus A321-200neo</td>
<td>11 (–2)</td>
<td>0 (–2)</td>
<td>11</td>
</tr>
<tr>
<td>Airbus A320-200</td>
<td>4 (–2)</td>
<td>0 (–2)</td>
<td>4</td>
</tr>
<tr>
<td>Airbus A320-200neo</td>
<td>11 (–2)</td>
<td>11 (–2)</td>
<td>0</td>
</tr>
<tr>
<td>Airbus A330-200</td>
<td>41 (–2)</td>
<td>38 (–2)</td>
<td>3 (–2)</td>
</tr>
<tr>
<td>Boeing 737-800</td>
<td>39 (–1)</td>
<td>38 (–1)</td>
<td>15</td>
</tr>
<tr>
<td>Boeing 737-700</td>
<td>8 (–1)</td>
<td>8 (–1)</td>
<td>0</td>
</tr>
<tr>
<td>Boeing 777-300</td>
<td>3 (–2)</td>
<td>3 (–2)</td>
<td>0</td>
</tr>
<tr>
<td>Bombardier DHC-8-400</td>
<td>24 (–4)</td>
<td>24 (–4)</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>307 (+3)</td>
<td>208 (–1)</td>
<td>99 (+2)</td>
</tr>
</tbody>
</table>

Figures for Airbus A320-200 include all aircraft (all leased) operated by Peach Aviation Limited. Separate from the figures above, as of March 31, 2020, 19 aircraft were leased outside the Group (19 as of March 31, 2019).

Aircraft Procurement Plan for Fiscal 2020
The ANA Group plans to add a total of 13 aircraft during fiscal 2020. Our plans call for purchasing one Airbus A380, five Boeing 787-9s, and seven Airbus A320s. Meanwhile, the Group plans to retire nine aircraft, consisting of one Boeing 777-200, one Boeing 767-300, one Boeing 767-300F, three Boeing 737-700s, and three Boeing 737-500s.
Financial Position

Assets
Total assets as of March 31, 2020 amounted to ¥2,560.1 billion, a decrease of ¥106.9 billion compared to March 31, 2019. Total current assets amounted to ¥871.1 billion as of March 31, 2020, a decrease of ¥129.0 billion from one year earlier. Cash and deposits amounted to ¥109.4 billion, an increase of ¥41.1 billion compared to the end of the previous fiscal year. Marketable securities decreased ¥96.1 billion to ¥129.2 billion. As a result, liquidity on hand amounted to ¥238.8 billion, down ¥55.0 billion year on year.

Liabilities
Total liabilities as of March 31, 2020 amounted to ¥842.8 billion, a decrease of ¥155.3 billion. This result was primarily due to a decrease in advance ticket sales.

Interest-Bearing Debt / Debt/Equity Ratio*
Interest-bearing debt, including finance lease obligations, increased ¥54.2 billion year on year to ¥842.8 billion. This change was the result of recording net income attributable to owners of the parents, shareholders’ equity amounted to ¥1,068.6 billion, ¥8.3 billion higher year on year.

Net Assets
Total interest-bearing debt amounted to ¥238.6 billion, down ¥55.0 billion year on year. Total liabilities at the end of the fiscal year stood at ¥1,081.1 billion, up ¥1.7 billion from one year earlier. This increase was mainly due to an increase in aircraft and buildings and structures, despite a decrease in intangible assets as a result of recording an impairment loss related to goodwill.

Management’s Discussion and Analysis

Financial / Data Section

Interest-Bearing Debt / Debt/Equity Ratio*

<table>
<thead>
<tr>
<th>(¥ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interest-bearing debt</td>
</tr>
<tr>
<td>Bond ratings as of March 31, 2020 were as follows:</td>
</tr>
<tr>
<td>Bond Ratings</td>
</tr>
<tr>
<td>JCR</td>
</tr>
<tr>
<td>R&amp;I</td>
</tr>
</tbody>
</table>

Allocation of Profits

Basic Policy on Allocation of Profits
Shareholder returns are an important management priority for the Group. The Group strives to bolster shareholder returns while maintaining financial soundness. This goal will be accomplished as we secure the funds needed to conduct growth investments (aircraft, etc.) to support future business development. We examine the possibility of further shareholder returns through dividend increases and share buybacks on an ongoing basis, while considering the appropriate level for free cash flow.

Fuel and Exchange Rate Hedging
The ANA Group pursues and conducts optimal hedge transactions that reduce the impact of volatility in fuel prices and foreign exchange rates to control the risk of fluctuations in earnings. The objective of this hedging is to both stabilize profitability and equalize expenses in response to rising fuel surcharges and foreign currency revenues associated with growth in ANA international business.

Retirement Benefit Obligations
The ANA Group’s defined benefit plans consist of defined benefit corporate pension plans and lump-sum retirement benefit plans. In addition, the Group has adopted a defined contribution pension plan. Certain employees are entitled to additional benefits upon retirement. Certain consolidated subsidiaries adopting defined-benefit corporate pension plans and lump-sum retirement benefit plans use a simplified method for calculating retirement benefit expenses and liabilities.

Dividends for Fiscal 2019

The impact of COVID-19 on Group performance has been significant. At present, we cannot forecast when the pandemic will slow. Given such unprecedented and severe economic conditions, securing liquidity on hand has become an urgent issue. Therefore, we deeply regret to announce that we will not be providing dividends for this fiscal year.
Operating Risks

The following describes major risks related to business and accounting conditions, etc., recognized by management as having a potentially material impact on the consolidated Group financial condition, earnings, and cash flows. Further, the forward-looking statements that follow are based on Group judgments as of March 31, 2020.

The following describes matters in addition to the risks noted above that could have a material impact on investor decisions.

(1) Important Factors

The ANA Group has experienced a significant impact due to the spread of COVID-19. We expect that future business conditions will continue to be extremely challenging.

Given these unprecedented circumstances, we have limited the scale of Air Transportation Business operations and reduced fuel expenses and other operations-related costs. We have reduced personnel expenses by cutting officer remuneration and management salaries, as well as by adopting a temporary lease program. In addition, the Group is reviewing and controlling capital expenditure in aircraft and other areas, while also revising the timing of investments. Over the three months between April and June of this year, we borrowed total of ¥326 billion from private financial institutions and the Development Bank of Japan. Further, we expanded our existing commitment line of ¥150 billion by another ¥50 billion. In the future, we will raise more funds as necessary to secure liquidity on hand for every Group company. Accordingly, it is our judgment that there are no material uncertainties regarding the going concern assumption for the ANA Group.

(2) Risks Related to the International Situation

The Group currently operates international routes, primarily to North America, Europe, China, and other parts of Asia. Going forward, incidents including political instability, international conflicts, large-scale terrorist attacks, or deterioration in diplomatic relations with countries with which the Group operates and has offices and other bases could affect the Group's performance due to the accompanying decrease in demand for travel on these international routes.

(3) Risks Related to Statutory Regulations

As an airline group, the Group undertakes operations based on the stipulations of statutory regulations relating to airline operations. The Group is required to conduct passenger and cargo operations on international routes in accordance with the stipulations of international agreements, including treaties, bilateral agreements, and regulations. In addition to the emissions trading and reduction programs, the International Civil Aviation Organization (ICAO) and the International Air Transport Association (IATA) impose restrictions on carbon dioxide emissions. The Group’s fares, airspace, operating schedule, and safety management are subject to a variety of constraints due to these regulations. Further, the Group’s operations are constrained by the Japanese Antitrust Law and similar laws and regulations in other countries with regard to the pricing of fares and charges.

(4) Risks Related to Environmental Regulations

In recent years, numerous Japanese and overseas statutory environmental protection regulations have been introduced or strengthened with regard to such issues as noise, aircraft emissions of CO2 and other greenhouse gases, use of environmentally polluting substances and their disposal, and energy use at major offices. The ANA Group incurs significant costs to comply with these laws and regulations. In addition to the emissions trading and reduction schemes to be adopted in 2021 related to controlling greenhouse gases generated by international aviation, if a globally shared environmental tax is adopted, business activities could be restricted or significant additional costs may be incurred.

(5) Risks Related to the Business Environment of the Airline Industry

There could be material changes in the current competitive and business environment within Japan, such as changes in aviation policy or regional policy, as well as changes in the standing of competitors due to mergers or capital tie-ups stemming from bankruptcies and other factors. These changes could affect the Group’s performance.

1. Risks Related to Airport Slots

Different in the number of slots allocated at congested Tokyo metropolitan area airports (Haneda, Narita) the trend of allocating slots from ANA Group projections could affect the achievement of the goals of the Group’s corporate strategy.

2. Risks Related to Public-Sector Fees

Public-sector fees include jet fuel taxes, landing fees, and air navigation service charges. The Japanese government is currently implementing temporary measures to reduce jet fuel taxes and landing fees but could scale back or terminate those measures in the future, which could affect the Group’s performance.

(6) Risk of Economic Recession

The airline industry is susceptible to the effects of economic trends, and if the domestic or global economy is sluggish, this may cause a decline of demand for air travel due to deterioration in personal consumption and corporate earnings. International operations (passenger and cargo) depend on overseas markets, especially China, other parts of Asia, and North America, and economic conditions in those regions could lead to a decline in the passenger and cargo volume or a fall in the unit price.

The following describes the risk factors and response measures:

**Category**
- **International Situation**
- **Economic Recession**
- **Government Air Transportation Policies**
- **External Environment**
- **Infectious Diseases and Disasters**
- **Corporate Strategy (Business Structure)**
- **Aviation Safety (Aircraft Accidents, etc.)**
- **International Environment**
- **IT Systems and Information Leakage**
- **Profit Structure**
- **Finances**

**Risk Factors**
- **Decline in demand for international routes to North America, Europe, China, and Asia due to political instability, international conflicts, large-scale terrorist attacks, or deterioration in diplomatic relations, etc.**
- **Decline in demand for air transportation due to economic stagnation in Japan and overseas**
- **Slots at congested airports in the Tokyo Metropolitan area (Haneda, Narita) allocated to the advantage of other carriers**
- **Obsolescence of current business models due to intensified competition or changes in consumer behavior**
- **Aircraft accidents causing loss of customer confidence and public reputation having a significant impact on Group management**
- **Major impact of significant demand decreases on profits due to increased fixed and operating costs**
- **Deterioration in the profitability of each segment or a decision to sell assets forcing the Group to recognize asset impairment losses or loss on sales of property and equipment**
- **Differences in the number of slots allocated at congested Tokyo metropolitan area airports (Haneda, Narita) and the trend of allocating slots from ANA Group projections could affect the Group’s performance due to the accompanying decrease in demand for travel on these international routes.**

**Response Measures**
- **Scale back operations in a flexible manner in response to sharp decline in demand**
- **Conduct ongoing risk awareness training to reduce costs and add liquidity to fixed costs**
- **Conduct ongoing training and education, including training for Group employees engaged directly in flight operations, hands-on training for all Group employees, etc.**
- **Leverage air transportation insurance to cover damage repair expenses, as well as by adopting a temporary lease program.**
- **Conduct ongoing cost structure reform to reduce costs and add liquidity to fixed costs**
- **Monitor the progress of profit plans**
- **Conduct ongoing cost structure reform to reduce costs and add liquidity to fixed costs**
- **Review business models and cost structures focused on the Air Transportation Business in anticipation of future demand trends and changes in consumer behavior**
- **Build and implement organizational measures, including safety management systems, safety audits by special agencies, and collecting and disseminating the latest information related to safety internally.**
- **Optimize supply to demand by placing appropriate aircraft into service depending on demand and reservation trends.**
- **Increase liquidity on hand**
- **Conduct ongoing cost structure reform to reduce costs and add liquidity to fixed costs**
- **Efforts to reduce costs and add liquidity to fixed costs**
- **Monitor the progress of profit plans**
- **Differences in the number of slots allocated at congested Tokyo metropolitan area airports (Haneda, Narita) and the trend of allocating slots from ANA Group projections could affect the achievement of the goals of the Group’s corporate strategy.**
2. Risk of Sudden Decrease in Crude Oil Prices

The Group conducts hedge transactions against changes in the price of crude oil to mitigate risk. Therefore, a sudden decrease in oil prices may not directly contribute to earnings because, in addition to decreases in or expiration of fuel surcharges, hedge positions and other market conditions may preclude the immediate reflection of a sudden drop in fuel prices in results.

(10) Risks Related to the Outbreak and Spread of New Infectious Diseases

At Group businesses, including but not limited to international routes, are exposed to the risk of a decline in demand due to the outbreak and spread of new infectious diseases. The spread of disease and the harm it may cause, including reduced desire to travel by air among customers due to rumors, as well as restrictions on entry and exit from countries and voluntary restraints on movement within Japan, such as during the global spread of COVID-19, could affect Group’s performance by causing the number of passengers on the Group’s domestic and international routes to drop sharply.

Further, more employees and contractors than expected could fall ill due to the spread of new and highly contagious infectious diseases; due to increased enrolment caused by changes in disease profile, which could affect the continuity at Group’s business.

(11) Risks Related to Disasters

The extended closure or operational restriction of airports or flight path restrictions due to disasters including an earthquake, tsunami, a flood, a typhoon, heavy snow, a volcanic eruption, an infectious disease such as COVID-19, or a riot could impact flight operations using affected airports and routes or result in significantly reduced demand for air transportation, which could affect the Group’s performance.

In particular, the Group’s data center is located in the Tokyo metropolitan area, while the operational control for all of the Group’s domestic and international flights is conducted at Haneda Airport and most of the Group’s passengers use Tokyo metropolitan area airports. As a result, a major disaster, such as an earthquake or a typhoon; a disaster at the abovementioned facilities, such as a fire; or a strike that closes the airports or limits their access could lead to a long-term shutdown of the Group’s information systems, operational control functions, or its operations themselves that could significantly affect the Group’s performance.

2. Risks to Business Structure

Our Air Transportation Business and Airline Related Business account for the majority of consolidated operating revenues. In addition, the Air Transportation Business is closely interconnected with our Travel Services and Trade and Retail businesses. In this way, the ANA Group business structure is heavily dependent on the Airline Related Business for transportation services and the Air Transportation Business for the majority of consolidated operating revenues. The Group has therefore adopted the following strategies to mitigate the risks associated with its business structure.

1) Dependence on The Boeing Company

In accordance with the above fleet strategy, the Group has ordered a large number of aircraft from The Boeing Company (Boeing). Therefore, should financial or other issues render Boeing unable to fulfill its agreements with the Group or companies such as those that maintain Boeing products, the Group would be unable to acquire or maintain aircraft in accordance with its fleet strategy. Such eventualities could affect the Group’s operations.

2) Delay of Aircraft Development Plans by Mitsubishi Aircraft Corporation

The Group has decided to introduce the Mitsubishi Space Jet (formerly MRJ) that Mitsubishi Aircraft Corporation is developing, with delivery scheduled after fiscal 2021. Further delivery delays could create obstacles to Group’s operations.

3. Risks Related to Investments

The Group may enter new businesses and invest in or acquire other companies to further expand its business in growth areas. These investments and other initiatives may not produce the intended effects. Moreover, if the interests of equity investors do not align, the joint ventures may not operate in the manner the Group considers appropriate. If joint venture operations deteriorate, the Group may be exposed to an economic burden. In addition, equity investors other than the Group may experience financial results or withdraw from the business. The Group may also expand into foreign countries, and enter into businesses with remote relation to the airline business. These initiatives may incur unforeseen detriments.

(13) Risks Related to Ineffective Strategic Alliances

The Group belongs to the Star Alliance. Based on Antitrust Immunity (ATI) approval, joint venture operations are introduced in collaboration with United Airlines in the network between Asia and the United States, and with Lufthansa and Lufthansa group companies, Swiss International Air Lines, Austrian Airlines, and Lufthansa Cargo AG, in the network between Japan and Europe. The Group has also entered into individual agreements, mainly in Asia, that go beyond the frameworks of these alliances. However, the benefits of Star Alliance membership might diminish if the alliance is broken up by antitrust laws in various countries; an alliance partner withdraws from the Star Alliance or changes its business policies; another alliance group becomes more competitive; bilateral alliances between member companies end; an alliance partner performs poorly, restructures, or becomes less creditworthy; or restrictions on alliance activities are tightened due to external factors. Such eventualities could affect Group management.

Financial / Data Section
Operating Risks

(14) Risks Related to Air Safety
1. Aircraft Accidents
An aircraft accident involving a flight operated by the Group or a code-share partner could cause a drop in customer confidence and impair the Group’s public reputation, creating a medium- to long-term downturn in demand that could significantly affect the Group’s performance.

Major accidents suffered by other airlines could similarly lead to a reduction in aviation demand that could affect the Group’s performance. An aircraft accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft, but aviation insurance would not cover all such direct expenses.

2. Violations of the Civil Aeronautics Act, etc.
ANA Group businesses are required to comply with the Civil Aeronautics Act and notifications from government agencies. Serious violations of the Civil Aeronautics Act could result in disadvantageous treatment (administrative penalties, administrative guidance). In the past, the ANA Group has received a Business Improvement Order due to violations of warnings related to insufficient maintenance and excessive consumption of alcohol among flight crew. In addition to the negative impact on confidence in ANA Group operational safety, this kind of disadvantageous treatment could lead to a suspension of operations or revocation of business licenses, depending on recurrence or the severity of the violation. Such disadvantageous treatment could have a serious impact on Group performance.

3. Technical Circular Directives
If an issue arises that significantly compromises the safety of an aircraft, MLIT by law issues a technical circular directive. In some cases, all aircraft of the same model might be grounded until the measures to improve the airworthiness of the aircraft and equipment have been implemented as directed.

Even when the law does not require a directive to be issued, the Group can implement measures to improve the airworthiness of the aircraft and equipment. Even if the law does not require a directive to be issued, the Group can implement measures to improve the airworthiness of the aircraft and equipment. Even if the law does not require a directive to be issued, the Group can implement measures to improve the airworthiness of the aircraft and equipment. Even if the law does not require a directive to be issued, the Group can implement measures to improve the airworthiness of the aircraft and equipment.

(15) Risks Related to Unauthorized Disclosure of Customer Information and Other Data
The Group holds a large amount of information relating to customers, such as that pertaining to the approximately 36.65 million members (as of the end of March 2020) of the ANA Mileage Club. The Personal Information Protection Law of Japan and similar laws in countries overseas require proper management of such personal information. The Group has established a privacy policy, appraised customers of the Group’s stance regarding the handling of personal information, and established measures to counter any foreseeable contingency to ensure information security, including in its IT systems. In addition, work procedures and information systems are continuously monitored and revised to eliminate any potential security gaps. Despite these precautions, the occurrence of a major leak of personal information caused by unauthorized access, an error in conducting business, or some other factor could carry significant costs, in terms of both compensation and loss of public confidence, which could affect the Group’s performance.

(16) Risks Related to IT Systems
The Group is highly dependent on information systems for such critical functions as customer service and operational management. A major disruption of one of those systems or of telecommunication networks caused by natural disasters, accidents, computer viruses or unauthorized access, power supply constraints, large-scale power outages, or system failures or malfunctions would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the Group’s performance. Further, the Group’s information systems are also used by its partner airlines so there is a possibility that the impact of systems failure would not be limited to the Group.

(17) Risks Related to Personnel and Labor
Many Group employees belong to labor unions. Events including a collective strike by Group employees could have an effect on the Group’s aircraft operation. The Group is highly dependent on information systems for such critical functions as customer service and operational management. A major disruption of one of those systems or of telecommunication networks caused by natural disasters, accidents, computer viruses or unauthorized access, power supply constraints, large-scale power outages, or system failures or malfunctions would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the Group’s performance. Further, the Group’s information systems are also used by its partner airlines so there is a possibility that the impact of systems failure would not be limited to the Group.

(18) Risk of Inability to Secure Required Personnel
The growth of our LCC Business and other factors have increased demand for flight crews and other personnel. A certain period of time is required to cultivate and train flight crews and other personnel. Inability to secure the required number of competent flight crews and other personnel in a timely manner could affect the Group’s performance. In addition, a change in the supply-demand balance, in labor markets could lead to personnel shortages in airport handling and other operations, as well as a sharp increase in wage levels.

(19) Risks Related to Profit Structure
Expenses that are largely unaffected by passenger load factors, including fixed costs such as aircraft expenses, along with fuel expenses and landing and navigation fees which are largely determined by the type of aircraft, account for a significant proportion of the Group’s costs, which limits the Group’s ability to immediately change the scale of its operations in response to changes in economic conditions. Therefore, decreases in the number of passengers or volume of cargo could have a large impact on the Group’s revenue and expenses.

Moreover, a significant decrease in demand during the summer could affect the Group’s performance for that fiscal year, as passenger service sales typically increase during summer.

(20) Financial Risks
1. Increase in the Cost of Financing
The Group raises funds to acquire aircraft primarily through bank loans and bond issuances. However, the cost of financing could increase due to deteriorating conditions in the airline industry, turmoil in capital and financial markets, changes in the tax system or government interest policy, changes to the guarantee systems at governmental financial institutions, or a downgrade of the Company’s credit rating that makes it difficult or impossible to finance on terms advantageous to the Group. Such eventualities could affect the Group’s performance.

2. Risks Related to Asset Impairment or Other Issues
The Group owns extensive property and equipment as a function of its businesses. If the profitability of various operations deteriorates, or a decision is made to sell assets, the Group may be required to recognize asset impairment losses or loss on sales of property and equipment in the future.

3. Risks Related to Deferred Income Taxes
If declining business profits result in lower future taxable income than estimates used in current tax planning, the recoverable amount of deferred income taxes could decrease, leading to a write-down of deferred income taxes.

(21) Risks Related to Litigation
The Group could be subject to various lawsuits in connection with its business activities, which could affect the Group’s performance.

(22) Risk of Inability to Secure Aircraft Fuel
The Group sees the slot expansions at Tokyo metropolitan area airports as a major business opportunity. As we plan for business growth, aircraft fuel consumption volume is expected to increase. If we are not able to secure appropriate volumes of aircraft fuel, this development could have an effect on Group aircraft operations.
## Consolidated Balance Sheet

### Assets:

<table>
<thead>
<tr>
<th>Property and equipment:</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and deposits (Notes 15 and 20)</td>
<td>¥109,447</td>
<td>¥68,301</td>
<td>¥1,005,669</td>
</tr>
<tr>
<td>Marketable securities (Notes 4 and 15)</td>
<td>129,200</td>
<td>225,360</td>
<td>1,187,172</td>
</tr>
<tr>
<td>Notes and accounts payable (Note 15)</td>
<td>98,944</td>
<td>187,529</td>
<td>909,161</td>
</tr>
<tr>
<td>Accounts receivable (Note 15)</td>
<td>2,651</td>
<td>4,204</td>
<td>26,196</td>
</tr>
<tr>
<td>Lease receivables (Note 7)</td>
<td>22,823</td>
<td>26,491</td>
<td>201,712</td>
</tr>
<tr>
<td>Inventories (Notes 5, 7 and 22)</td>
<td>111,752</td>
<td>62,130</td>
<td>618,505</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>141,123</td>
<td>126,732</td>
<td>2,168,728</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(538)</td>
<td>(457)</td>
<td>(4,943)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>¥571,162</td>
<td>¥700,230</td>
<td>¥5,248,203</td>
</tr>
</tbody>
</table>

### Investments and other assets:

| Investment securities (Notes 4 and 15) | 108,156 | 51,132 | 993,806 |
| Lease and guaranty deposits | 14,501 | 24,330 | 169,999 |
| Deferred income taxes (Note 10) | 99,824 | 85,307 | 917,247 |
| Goodwill | 24,461 | 51,132 | 224,763 |
| Intangible assets | 101,062 | 104,048 | 928,622 |
| Other assets | 14,339 | 11,596 | 131,756 |
| **Total investments and other assets** | ¥408,665 | ¥439,822 | ¥3,755,076 |
| **Total** | **¥2,560,153** | **¥2,687,122** | **$23,524,331** |

### Liabilities and Net Assets:

<table>
<thead>
<tr>
<th>Current liabilities:</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term loans (Notes 7 and 15)</td>
<td>¥429</td>
<td>¥336</td>
<td>¥3,941</td>
</tr>
<tr>
<td>Current portion of long-term debt (Notes 7 and 15)</td>
<td>107,878</td>
<td>112,651</td>
<td>991,252</td>
</tr>
<tr>
<td>Accounts payable (Note 15)</td>
<td>196,391</td>
<td>229,712</td>
<td>1,804,566</td>
</tr>
<tr>
<td>Accounts payable to unconsolidated subsidiaries and affiliates</td>
<td>4,325</td>
<td>4,544</td>
<td>39,740</td>
</tr>
<tr>
<td>Advance ticket sales</td>
<td>111,827</td>
<td>219,950</td>
<td>1,027,938</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>36,978</td>
<td>65,590</td>
<td>339,740</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>8,441</td>
<td>21,374</td>
<td>77,581</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>¥530,546</td>
<td>¥685,933</td>
<td>¥4,874,997</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-term liabilities:</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt (Notes 7 and 15)</td>
<td>734,555</td>
<td>675,662</td>
<td>6,749,563</td>
</tr>
<tr>
<td>Liability for retirement benefits (Note 8)</td>
<td>163,384</td>
<td>158,209</td>
<td>1,501,277</td>
</tr>
<tr>
<td>Deferred income taxes (Note 10)</td>
<td>112</td>
<td>110</td>
<td>1,029</td>
</tr>
<tr>
<td>Asset retirement obligations (Note 9)</td>
<td>1,224</td>
<td>3,371</td>
<td>11,246</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>61,462</td>
<td>54,524</td>
<td>564,752</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>¥960,737</td>
<td>¥991,876</td>
<td>¥8,827,869</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contingent liabilities (Note 14):</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets (Note 13):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized - 510,000,000 shares;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued - 348,498,361 shares in 2020 and 2019</td>
<td>318,789</td>
<td>318,789</td>
<td>2,929,238</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>258,470</td>
<td>258,448</td>
<td>2,374,988</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>550,839</td>
<td>548,439</td>
<td>5,061,462</td>
</tr>
<tr>
<td>Treasury stock - 13,978,652 shares in 2020 and 13,868,935 shares in 2019</td>
<td>(59,435)</td>
<td>(59,032)</td>
<td>(546,126)</td>
</tr>
<tr>
<td>Accumulated other comprehensive income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain on securities</td>
<td>22,120</td>
<td>37,622</td>
<td>203,252</td>
</tr>
<tr>
<td>Deferred gain (loss) on derivatives under hedge accounting</td>
<td>(14,595)</td>
<td>(158,109)</td>
<td>(134,108)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>2,868</td>
<td>773</td>
<td>24,515</td>
</tr>
<tr>
<td>Defined retirement benefit plans</td>
<td>(17,828)</td>
<td>(18,362)</td>
<td>(163,815)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,061,028</td>
<td>1,099,413</td>
<td>7,949,407</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>7,942</td>
<td>9,667</td>
<td>72,057</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>1,068,970</td>
<td>1,109,313</td>
<td>8,021,464</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥92,860,153</strong></td>
<td><strong>¥92,887,122</strong></td>
<td><strong>$23,524,331</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
### Consolidated Statement of Income

#### ANA HOLDINGS INC. and its consolidated subsidiaries

#### Year Ended March 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>U.S. dollars (Note 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong> (Note 17)</td>
<td>¥1,974,216</td>
<td>¥2,058,312</td>
<td>$18,140,365</td>
</tr>
<tr>
<td><strong>Cost of sales</strong> (Note 22)</td>
<td>1,583,434</td>
<td>1,559,876</td>
<td>14,549,609</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>390,782</td>
<td>498,436</td>
<td>3,590,756</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong> (Notes 8 and 18)</td>
<td>329,076</td>
<td>333,417</td>
<td>3,032,031</td>
</tr>
<tr>
<td><strong>Operating income</strong> (Note 17)</td>
<td>60,806</td>
<td>165,019</td>
<td>558,724</td>
</tr>
<tr>
<td><strong>Other income (expenses):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Interest income</td>
<td>958</td>
<td>767</td>
<td>8,802</td>
</tr>
<tr>
<td>- Dividend income</td>
<td>2,073</td>
<td>2,159</td>
<td>19,048</td>
</tr>
<tr>
<td>- Equity in earnings of unconsolidated subsidiaries and affiliates</td>
<td>2,410</td>
<td>1,559</td>
<td>11,118</td>
</tr>
<tr>
<td>- Foreign exchange gain (loss), net</td>
<td>473</td>
<td>(1,761)</td>
<td>4,346</td>
</tr>
<tr>
<td>- Gain on sales of assets</td>
<td>6,746</td>
<td>2,554</td>
<td>61,986</td>
</tr>
<tr>
<td>- Gain on donation of non-current assets</td>
<td>3,503</td>
<td>2,512</td>
<td>32,647</td>
</tr>
<tr>
<td>- Interest expenses</td>
<td>(6,291)</td>
<td>(6,995)</td>
<td>(57,805)</td>
</tr>
<tr>
<td>- Loss on sales of assets</td>
<td>(302)</td>
<td>(641)</td>
<td>(2,774)</td>
</tr>
<tr>
<td>- Loss on disposal of assets</td>
<td>(7,133)</td>
<td>(11,117)</td>
<td>(65,542)</td>
</tr>
<tr>
<td>- Impairment loss (Note 21)</td>
<td>(25,159)</td>
<td>(1,997)</td>
<td>(231,177)</td>
</tr>
<tr>
<td>- Other, net (Note 22)</td>
<td>14,567</td>
<td>1,964</td>
<td>133,850</td>
</tr>
<tr>
<td><strong>Operating income (Note 17)</strong></td>
<td>60,806</td>
<td>165,019</td>
<td>558,724</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>51,501</td>
<td>154,023</td>
<td>473,224</td>
</tr>
<tr>
<td><strong>Income taxes</strong> (Note 10):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current</td>
<td>24,407</td>
<td>47,354</td>
<td>224,267</td>
</tr>
<tr>
<td>- Deferred</td>
<td>1,175</td>
<td>(5,168)</td>
<td>10,796</td>
</tr>
<tr>
<td><strong>Total income taxes</strong></td>
<td>25,582</td>
<td>42,186</td>
<td>235,063</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>¥25,919</td>
<td>¥111,837</td>
<td>$(238,160)</td>
</tr>
</tbody>
</table>

**Per share of common stock (Notes 3, 13 and 19):**

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>U.S. dollars (Note 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic net income</td>
<td>¥82.66</td>
<td>¥331.04</td>
<td>$0.75</td>
</tr>
<tr>
<td>Cash dividends applicable to the year</td>
<td>75.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

### Consolidated Statement of Comprehensive Income

#### ANA HOLDINGS INC. and its consolidated subsidiaries

#### Year Ended March 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>U.S. dollars (Note 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>¥25,919</td>
<td>¥111,837</td>
<td>$(238,160)</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss) (Note 11):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Unrealized gain (loss) on securities</td>
<td>(15,369)</td>
<td>13,115</td>
<td>$(141,220)</td>
</tr>
<tr>
<td>- Deferred gain (loss) on derivatives under hedge accounting</td>
<td>(25,227)</td>
<td>14,115</td>
<td>$(231,801)</td>
</tr>
<tr>
<td>- Foreign currency translation adjustments</td>
<td>(221)</td>
<td>(380)</td>
<td>(2,030)</td>
</tr>
<tr>
<td>-Defined retirement benefit plans</td>
<td>539</td>
<td>2,930</td>
<td>4,952</td>
</tr>
<tr>
<td><strong>Total other comprehensive income (loss) in affiliates</strong></td>
<td>(383)</td>
<td>15</td>
<td>(3,519)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income (loss) (Note 11)</strong></td>
<td>(40,661)</td>
<td>29,793</td>
<td>$(373,819)</td>
</tr>
<tr>
<td><strong>Comprehensive income (loss)</strong></td>
<td>¥(14,742)</td>
<td>¥141,830</td>
<td>$(135,458)</td>
</tr>
<tr>
<td><strong>Comprehensive income (loss) attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the parent</td>
<td>¥(12,749)</td>
<td>¥140,613</td>
<td>$(117,146)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(1,993)</td>
<td>1,017</td>
<td>(18,312)</td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
### Consolidated Statement of Changes in Net Assets

#### Year Ended March 31, 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>Thousands</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>¥1,108,663</td>
<td>$9,819,562</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>¥63,715</td>
<td>$578,506</td>
</tr>
<tr>
<td>Income taxes paid (Note 17)</td>
<td>82,312</td>
<td>$750,335</td>
</tr>
<tr>
<td>Net increase in notes and accounts receivable</td>
<td>1,066,644</td>
<td>$9,900</td>
</tr>
<tr>
<td>Net increase in notes and accounts payable</td>
<td>37,622</td>
<td>$327,094</td>
</tr>
<tr>
<td>Net increase in accounts payable</td>
<td>10,636</td>
<td>$80,608</td>
</tr>
<tr>
<td>Net increase in selling and administrative expenses</td>
<td>2,873</td>
<td>$25,463</td>
</tr>
<tr>
<td>Net increase in other operating expenses</td>
<td>(18,362)</td>
<td>$(164,222)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,068,663</td>
<td>$9,819,562</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>2,374,988</td>
<td>$20,910</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>548,439</td>
<td>$4,545,381</td>
</tr>
<tr>
<td>Proceeds from withdrawal of time deposits</td>
<td>(30,000)</td>
<td>$(254,111)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(76,454)</td>
<td>$(750,335)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>7,076</td>
<td>$64,410</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>2,929,238</td>
<td>$25,463</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,108,663</td>
<td>$9,819,562</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(230,218)</td>
<td>$(1,946,503)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>2,694</td>
<td>$24,754</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Cash Flows

#### Year Ended March 31, 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>Thousands</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>¥1,108,663</td>
<td>$9,819,562</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>¥63,715</td>
<td>$578,506</td>
</tr>
<tr>
<td>Income taxes paid (Note 17)</td>
<td>82,312</td>
<td>$750,335</td>
</tr>
<tr>
<td>Net increase in notes and accounts receivable</td>
<td>1,066,644</td>
<td>$9,900</td>
</tr>
<tr>
<td>Net increase in notes and accounts payable</td>
<td>37,622</td>
<td>$327,094</td>
</tr>
<tr>
<td>Net increase in accounts payable</td>
<td>10,636</td>
<td>$80,608</td>
</tr>
<tr>
<td>Net increase in selling and administrative expenses</td>
<td>2,873</td>
<td>$25,463</td>
</tr>
<tr>
<td>Net increase in other operating expenses</td>
<td>(18,362)</td>
<td>$(164,222)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,068,663</td>
<td>$9,819,562</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>2,374,988</td>
<td>$20,910</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>548,439</td>
<td>$4,545,381</td>
</tr>
<tr>
<td>Proceeds from withdrawal of time deposits</td>
<td>(30,000)</td>
<td>$(254,111)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(76,454)</td>
<td>$(750,335)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>7,076</td>
<td>$64,410</td>
</tr>
<tr>
<td>Net cash provided by investing activities</td>
<td>2,929,238</td>
<td>$25,463</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,108,663</td>
<td>$9,819,562</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(230,218)</td>
<td>$(1,946,503)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>2,694</td>
<td>$24,754</td>
</tr>
</tbody>
</table>

### Footnotes

See accompanying notes to consolidated financial statements.
The accompanying consolidated financial statements of ANA HOLDINGS INC. (hereinafter referred to as the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and resegmentations have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the consolidated financial statements of the previous fiscal year to conform to the classifications used in the current fiscal year.

1. Basis of presenting consolidated financial statements
The consolidated financial statements of ANA HOLDINGS INC. and its consolidated subsidiaries (collectively, the "Group") are presented in Japanese yen. Certain subsidiaries have fiscal years ending on December 31 and February 29, and necessary adjustments for significant transactions, if any, are made in consolidation. Certain subsidiaries have fiscal years ending on December 31 and February 29, and necessary adjustments for significant transactions, if any, are made in consolidation. The consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of readers outside of Japan, have been translated into U.S. dollars at the rate of ¥108.63 = US$, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2020. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at that or any other rate. Translations of U.S. dollars are rounded down to the nearest thousand and, therefore, the totals shown in tables do not necessarily agree with the sum of the individual amounts.

2. Translation of financial statements
The consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of readers outside of Japan, have been translated into U.S. dollars at the rate of ¥108.63 = US$, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2020. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at that or any other rate. Translations of U.S. dollars are rounded down to the nearest thousand and, therefore, the totals shown in tables do not necessarily agree with the sum of the individual amounts.

3. Summary of significant accounting policies
(a) Consolidation
The consolidated financial statements as of March 31, 2020 include the accounts of the Company and its 62 (62 in 2019) significant subsidiaries into the Group. Certain subsidiaries have fiscal years ending on December 31 and February 29, and necessary adjustments for significant transactions, if any, are made in consolidation. The consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of readers outside of Japan, have been translated into U.S. dollars at the rate of ¥108.63 = US$, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2020. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at that or any other rate. Translations of U.S. dollars are rounded down to the nearest thousand and, therefore, the totals shown in tables do not necessarily agree with the sum of the individual amounts.

(b) Foreign currency translation
All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for payables and receivables hedged by qualified forward exchange contracts, and differences arising from the translation are included in the consolidated statement of income.

(d) Allowance for doubtful accounts
The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(e) Inventories
Inventories include aircraft spare parts, supplies and stock in trade of consolidated subsidiaries, and are stated at cost, principally determined by the moving-average method. The net book value of inventories in the consolidated balance sheet is written down when their realizable value is less than book value. See Note 5 "Inventories" and Note 22 "Supplementary information for the consolidated statement of income" for additional information.

(f) Property and equipment (excluding leased assets)
Property and equipment, excluding leased assets, are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on the estimated useful lives. Major assets are depreciated by the following methods:

- Buildings: ......................... Straight-line method
- Aircraft: ......................... Straight-line method
- Leased assets: ....................... Straight-line method
- Leasehold improvements: Straight-line method over the shorter of the renewal period or the useful life of the assets

The Company and certain subsidiaries employ principally the following useful lives for major property and equipment, based upon the Company’s estimate of durability:

- Buildings: ......................... 3–50 years
- Aircraft: ......................... 9–20 years

Major additions and improvements are capitalized at cost. Maintenance and repairs, including minor remodels and improvements, are charged to income as incurred.

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. The assets of the Group are grouped by individual property in the case of rental real estate, assets determined to be sold and idle assets, and by management accounting categories in the case of business assets. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposal. See Note 21 "Impairment loss" for additional information.

(g) Intangible assets and amortization (excluding leased assets)
Intangible assets are amortized principally by the straight-line method. Intangible assets purchased for internal use is amortized by the straight-line method over five years. The estimated useful life of purchased software.

(h) Retirement benefits
The retirement benefit plans of the Group cover substantially all employees other than directors and corporate auditors. Under the terms of this plan, eligible employees are entitled, upon mandatory retirement or earlier voluntary severance, to lump-sum payments or annuity payments based on their compensation at the time of leaving and years of service with the Company and subsidiaries. The Company and certain significant domestic subsidiaries have trusteed employee pension plans to provide coverage for part of the lump sum benefits or annuity payments.

The Company and certain consolidated subsidiaries sponsor defined contribution pension plans as well as defined benefit pension plans. The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within net assets (accumulated other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over the average remaining service years of employees.

(i) Income taxes
The provision for income taxes is computed based on the pre-tax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences. See Note 10 "Income taxes" for additional information.

(j) Leases
Leased assets arising from transactions under finance lease contracts are depreciated to a residual value of zero by the straight-line method using the term of the contract as the useful life.
(k) Derivatives
The Group uses derivatives, such as forward foreign-currency exchange contracts, interest rate swaps, and commodity options and swaps to limit its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not use derivatives for trading purposes.

Derivative financial instruments are carried at fair value with changes in unrealized gains or losses charged or credited to income, except for those which meet the criteria for hedge accounting under which an unrealized gain or loss is deferred. Receivables and payables hedged by qualified forward exchange contracts are translated at the corresponding foreign exchange contract rates. Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses.

(i) Revenue recognition
Passenger revenues, cargo and other operating revenues are recorded when services are provided.

(m) Cash equivalents
Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits and negotiable certificates of deposit, all of which mature or become due within three months of the date of acquisition. See Note 20 "Supplementary cash flow information" for additional information.

(n) Per share information
Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Diluted net income per share is not presented as the effect of including potential common shares is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid at the end of the year.

(o) Share remuneration plan for directors
The Company has transactions for delivery of the Company’s treasury stock through a trust as a share remuneration plan (the “Trust for Delivery of Shares to Directors”) in order to improve its operating performance, increase its corporate value, and raise the directors’ awareness of shareholder-oriented management.

(1) Transaction outline
Trust for Delivery of Shares to Directors is a system in which funds are contributed by the Company, and shares acquired are distributed to the Company’s directors in accordance with the Company’s operating performance, etc.

(2) The Company’s treasury stock remaining in the trust
The Company’s treasury stock remaining in the trust is recorded at book value (excluding associated expenses) of the trust and is reflected as treasury stock in net assets. The book value was ¥940 million for the previous fiscal year and ¥717 million for the current fiscal year.

(p) Unapplied new accounting standard
"Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29 – March 31, 2020)
"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 – March 31, 2020)
"Implementation Guidance on Disclosures about Fair Values of Financial Instruments" (ASBJ Guidance No. 19 – March 31, 2020)

(q) Additional information
Accounting estimates associated with the spread of COVID-19
Demand for air transportation in Japan and overseas decreased rapidly toward the end of the current fiscal year due to immigration restrictions imposed by various countries and the impact of the voluntary restraint of staying home within Japan resulting from the spread of COVID-19. Accounting estimates in the current fiscal year, such as the valuation of goodwill and the recoverability of deferred tax assets, are based on the certain assumption that the situation will continue until the second quarter of the next fiscal year and the demand will pick up gradually afterwards.
4. Marketable securities and investment securities

Marketable and investment securities at March 31, 2020 and 2019 are summarized as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Marketable securities at March 31</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¥129,200</td>
<td>$1,187,172</td>
</tr>
</tbody>
</table>

As of March 31, 2020

<table>
<thead>
<tr>
<th>Securities classified as:</th>
<th>Available for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiable certificates of deposit</td>
<td>¥129,200</td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>¥1,187,172</td>
</tr>
<tr>
<td>Other</td>
<td>¥129,200</td>
</tr>
<tr>
<td>Total</td>
<td>¥129,200</td>
</tr>
</tbody>
</table>

The breakdown of securities for which fair value cannot be reliably determined at March 31, 2020 and 2019 is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Available for sale</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥32,234</td>
<td>$277,141</td>
</tr>
</tbody>
</table>

The costs and aggregate fair values of marketable and investment securities at March 31, 2020 and 2019 were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,187,172</td>
</tr>
</tbody>
</table>

The proceeds, realized gains, and realized losses on the available-for-sale securities sold during the years ended March 31, 2020 and 2019 were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Proceeds</th>
<th>Gain on sales</th>
<th>Loss on sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>¥12,027</td>
<td>¥10,309</td>
<td>¥2,718</td>
</tr>
</tbody>
</table>

As of March 31, 2019

<table>
<thead>
<tr>
<th>Securities classified as:</th>
<th>Available for sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiable certificates of deposit</td>
<td>¥225,360</td>
</tr>
<tr>
<td>Marketable equity securities</td>
<td>¥84,141</td>
</tr>
<tr>
<td>Other</td>
<td>¥229,014</td>
</tr>
<tr>
<td>Total</td>
<td>¥67,312</td>
</tr>
</tbody>
</table>

The redemption schedule of available-for-sale securities with maturities and held-to-maturity securities at March 31, 2020 and 2019 is summarized as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,187,172</td>
</tr>
</tbody>
</table>

5. Inventories

Inventories at March 31, 2020 and 2019 consisted of the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$123,954</td>
</tr>
</tbody>
</table>

6. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2020 and 2019 consisted of the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$494,561</td>
</tr>
</tbody>
</table>

7. Short-term loans and long-term debt

Short-term loans and current portion of long-term debt at March 31, 2020 and 2019 consisted of the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$39,109</td>
</tr>
</tbody>
</table>

The average interest rates on the above short-term loans were 1.43% and 2.42% per annum in 2020 and 2019, respectively.
Long-term debt at March 31, 2020 and 2019 consisted of the following:

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Yen (Millions)</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>conversion price</td>
<td>$5,180</td>
<td>47.59</td>
</tr>
<tr>
<td>Interest cost</td>
<td>$1,711</td>
<td>15,501</td>
</tr>
<tr>
<td>Amortization</td>
<td>$19,470</td>
<td>1,221,556</td>
</tr>
<tr>
<td>Total</td>
<td>$225,286</td>
<td>1,221,556</td>
</tr>
<tr>
<td>Total issue price of stock acquisition rights due 2020</td>
<td>$225,286</td>
<td>1,221,556</td>
</tr>
</tbody>
</table>

The aggregate annual maturities of long-term debt after March 31, 2020 are as follows:

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>Yen (Millions)</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$1,017,878</td>
<td>$99,252</td>
</tr>
<tr>
<td>2022</td>
<td>73,805</td>
<td>678,176</td>
</tr>
<tr>
<td>2023</td>
<td>132,042</td>
<td>1,221,556</td>
</tr>
<tr>
<td>2024</td>
<td>87,388</td>
<td>802,977</td>
</tr>
<tr>
<td>2025</td>
<td>115,134</td>
<td>1,057,925</td>
</tr>
<tr>
<td>Thereafter</td>
<td>325,286</td>
<td>2,988,927</td>
</tr>
<tr>
<td>Total</td>
<td>$2,055,710</td>
<td>$9,570,315</td>
</tr>
</tbody>
</table>

8. Retirement benefit plans

The Company and certain consolidated subsidiaries provide defined contribution pension plans as well as defined benefit pension plans, i.e., defined benefit corporate pension plans and lump-sum payment plans for the benefit of employees. Premium severance pay may be paid at the time of retirement of eligible employees in certain cases.

Certain consolidated subsidiaries adopting defined benefit corporate pension plans and lump-sum payment plans use a simplified method for calculating retirement benefit expenses and liabilities.

(a) The changes in the defined benefit obligation for the years ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>Yen (Millions)</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$4,938,426</td>
<td>$406,358</td>
</tr>
<tr>
<td>2021</td>
<td>$5,009,519</td>
<td>$411,222</td>
</tr>
<tr>
<td>2022</td>
<td>394,713</td>
<td>37,661</td>
</tr>
<tr>
<td>2023</td>
<td>287,827</td>
<td>24,371</td>
</tr>
<tr>
<td>2024</td>
<td>203,478</td>
<td>16,741</td>
</tr>
<tr>
<td>2025</td>
<td>137,829</td>
<td>11,135</td>
</tr>
<tr>
<td>Total</td>
<td>$9,570,315</td>
<td>$774,218</td>
</tr>
</tbody>
</table>

(b) The changes in plan assets for the years ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>Year ending March 31</th>
<th>Yen (Millions)</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$9,570,315</td>
<td>$774,218</td>
</tr>
<tr>
<td>2021</td>
<td>$107,878</td>
<td>$9,252</td>
</tr>
<tr>
<td>2022</td>
<td>73,805</td>
<td>678,176</td>
</tr>
<tr>
<td>2023</td>
<td>132,042</td>
<td>1,221,556</td>
</tr>
<tr>
<td>2024</td>
<td>87,388</td>
<td>802,977</td>
</tr>
<tr>
<td>2025</td>
<td>115,134</td>
<td>1,057,925</td>
</tr>
<tr>
<td>Total</td>
<td>$2,055,710</td>
<td>$9,570,315</td>
</tr>
</tbody>
</table>

The conversion price of the convertible bonds is subject to adjustments to reflect stock splits and certain other events. As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligation becomes due or in the event of default and certain other specified events, to offset cash deposits against such obligations due to the bank.
Notes to Consolidated Financial Statements

(c) A reconciliation between the liability recorded in the consolidated balance sheet and the balances of the defined benefit obligation and plan assets at March 31, 2020 and 2019 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded defined benefit obligation</td>
<td>¥ 74,338</td>
<td>¥ 77,333</td>
<td>¥ 683,046</td>
</tr>
<tr>
<td>Plan assets at fair value</td>
<td>(80,717)</td>
<td>(85,990)</td>
<td>(576,284)</td>
</tr>
<tr>
<td>Unfunded defined benefit obligation</td>
<td>100,990</td>
<td>141,190</td>
<td>1,387,025</td>
</tr>
<tr>
<td>Net liability arising from defined benefit obligation in the consolidated balance sheet</td>
<td>¥(162,568)</td>
<td>¥(197,733)</td>
<td>¥1,950,790</td>
</tr>
<tr>
<td>Liability for retirement benefits</td>
<td>¥153,384</td>
<td>¥158,209</td>
<td>¥1,501,277</td>
</tr>
<tr>
<td>Net liability arising from defined benefit obligation in the consolidated balance sheet</td>
<td>¥152,569</td>
<td>¥157,733</td>
<td>¥1,496,790</td>
</tr>
</tbody>
</table>

(d) The components of net periodic benefit costs for the years ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>¥10,216</td>
<td>¥10,026</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1,607</td>
<td>1,711</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>(782)</td>
<td>(634)</td>
</tr>
<tr>
<td>Actuarial losses</td>
<td>3,589</td>
<td>3,676</td>
</tr>
<tr>
<td>Amortization of past service cost</td>
<td>847</td>
<td>886</td>
</tr>
<tr>
<td>Net periodic benefit costs</td>
<td>¥15,537</td>
<td>¥15,474</td>
</tr>
</tbody>
</table>

(e) Amounts recognized in other comprehensive income (before income tax effect) related to the defined retirement benefit plans for the years ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past service cost</td>
<td>¥(641)</td>
<td>¥(686)</td>
</tr>
<tr>
<td>Actuarial losses</td>
<td>66</td>
<td>(3,351)</td>
</tr>
<tr>
<td>Total</td>
<td>¥(707)</td>
<td>¥(4,037)</td>
</tr>
</tbody>
</table>

(f) Amounts recognized in accumulated other comprehensive income (before income tax effect) related to the defined retirement benefit plans at March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrecognized actuarial losses</td>
<td>¥17,378</td>
<td>¥17,277</td>
</tr>
<tr>
<td>Unrecognized past service cost</td>
<td>8,281</td>
<td>9,169</td>
</tr>
<tr>
<td>Total</td>
<td>¥25,659</td>
<td>¥26,446</td>
</tr>
</tbody>
</table>

(g) Plan assets

(1) Components of plan assets

Plan assets at March 31, 2020 and 2019 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>43%</td>
<td>44%</td>
</tr>
<tr>
<td>General accounts</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Stocks</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

(2) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets has been estimated based on the anticipated allocation to each plan asset class and the expected long-term returns on plan assets held in each category.

(h) Assumptions used for the years ended March 31, 2020 and 2019 are set forth as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rates</td>
<td>0.1 – 1.4%</td>
<td>0.1 – 1.2%</td>
</tr>
<tr>
<td>Expected rates of return on plan assets</td>
<td>1.0 – 2.5%</td>
<td>1.0 – 2.3%</td>
</tr>
</tbody>
</table>

(i) Defined contribution pension plans

The contributions to the defined contribution pension plans of the Company and certain subsidiaries were ¥4,381 million ($40,255 thousand) and ¥4,423 million for the years ended March 31, 2020 and 2019, respectively.

9. Asset retirement obligations

(a) Asset retirement obligations recorded on the consolidated balance sheet

(1) Overview of asset retirement obligations

The Company and its domestic subsidiaries enter into agreements with national government entities that allow for the use of Japanese government property and have entered into real estate lease contracts with such entities for the Head Office, sales branches, airport branches, and certain other offices. As the Company and its domestic subsidiaries have restoration obligations for such properties at the end of each lease period, related legal obligations required by law and the contracts are recorded on the consolidated balance sheet as asset retirement obligations.

(2) Calculation of asset retirement obligations

The Group estimates the expected period of use as 1 to 30 years and calculates the amount of asset retirement obligations with a discount rate of 0% to 2.27%.

The following table indicates the changes in asset retirement obligations for the years ended March 31, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the fiscal year</td>
<td>¥ 3,853</td>
<td>¥3,853</td>
</tr>
<tr>
<td>Liabilities incurred due to the acquisition of property and equipment</td>
<td>57</td>
<td>67</td>
</tr>
<tr>
<td>Accretion expense</td>
<td>19</td>
<td>389</td>
</tr>
<tr>
<td>Liabilities settled</td>
<td>(513)</td>
<td>(320)</td>
</tr>
<tr>
<td>Other</td>
<td>(2,161)</td>
<td>(2,398)</td>
</tr>
<tr>
<td>Balance at the end of the fiscal year</td>
<td>¥ 1,293</td>
<td>¥13,653</td>
</tr>
</tbody>
</table>

(b) Asset retirement obligations not recorded on the consolidated balance sheet

The Company and its domestic subsidiaries enter into agreements with national government entities that allow for the use of Japanese government property and have entered into real estate lease contracts with such entities for land and office at airport facilities, including Tokyo International Airport, Narita International Airport, New Chitose Airport, Chubu Centrair International Airport, Osaka International Airport, Kansai International Airport, Fukusuka Airport, and Naha Airport. The Company and its domestic subsidiaries have restoration obligations when they vacate and clear such facilities. However, as the above airports are considered to be critical infrastructure, it is beyond the control of the Company alone to determine when to vacate and clear such facilities, and it is also impossible to make reasonable estimates as there are currently no relocation plans for the above properties. Therefore, the Company and its domestic subsidiaries do not record asset retirement obligations for the related liabilities.
10. Income taxes

The Company and certain of its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of 30.62% for the years ended March 31, 2020 and 2019.

The Group files a tax return under the consolidated corporate-tax system, which allows companies to base tax payments on the combined profits or losses of the parent company and certain of its domestic subsidiaries.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019 are as follows:

Deferred tax liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 (¥)</th>
<th>2019 (¥)</th>
<th>2020 (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on long-term borrowings</td>
<td>2,973</td>
<td>3,687</td>
<td>4,376</td>
</tr>
<tr>
<td>Deferred tax benefit on income tax loss</td>
<td>4,673</td>
<td>4,957</td>
<td>4,238</td>
</tr>
<tr>
<td>Other</td>
<td>15,627</td>
<td>16,173</td>
<td>25,681</td>
</tr>
<tr>
<td>Total gross deferred tax liabilities</td>
<td>163,878</td>
<td>163,180</td>
<td>210,051</td>
</tr>
<tr>
<td>Net deferred tax liabilities</td>
<td>156,494</td>
<td>150,600</td>
<td>185,982</td>
</tr>
<tr>
<td>Net deferred tax income</td>
<td>90,712</td>
<td>89,197</td>
<td>915,217</td>
</tr>
</tbody>
</table>

A reconciliation of the difference between the normal effective statutory tax rate and the actual effective income tax rate for the years ended March 31, 2020 and 2019 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 (¥)</th>
<th>2019 (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax liabilities</td>
<td>163,878</td>
<td>163,180</td>
</tr>
<tr>
<td>Loss valuation allowance</td>
<td>14,288</td>
<td>13,737</td>
</tr>
<tr>
<td>Retained net deferred tax liabilities</td>
<td>157,031</td>
<td>152,950</td>
</tr>
<tr>
<td>Total gross deferred tax liabilities</td>
<td>177,816</td>
<td>166,830</td>
</tr>
<tr>
<td>Net deferred tax income</td>
<td>90,712</td>
<td>89,197</td>
</tr>
</tbody>
</table>

11. Other comprehensive income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2020 and 2019.

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 (¥)</th>
<th>2020 (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gain (loss) on securities</td>
<td>915,217</td>
<td>915,217</td>
</tr>
<tr>
<td>Reclassification adjustments to profit or loss</td>
<td>915,217</td>
<td>915,217</td>
</tr>
<tr>
<td>Total</td>
<td>915,217</td>
<td>915,217</td>
</tr>
</tbody>
</table>

12. Leases

As lessee

(a) Finance leases

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet. Tangible fixed lease assets include mainly aircraft, flight equipment, host computers and peripheral equipment. Intangible lease assets include software. The depreciation method for leased assets is described in Note 3 (j) “Leases.”

(b) Operating leases

The amount of outstanding future lease payments under non-cancelable operating leases are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 (¥)</th>
<th>2020 (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion of operating lease obligations</td>
<td>318,817</td>
<td>255,832</td>
</tr>
<tr>
<td>Total</td>
<td>318,817</td>
<td>255,832</td>
</tr>
</tbody>
</table>

As lessor

(a) Operating leases

The amount of outstanding future lease receivables under non-cancelable operating leases are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 (¥)</th>
<th>2020 (¥)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion of operating lease receivables</td>
<td>15,373</td>
<td>6,983</td>
</tr>
<tr>
<td>Total</td>
<td>15,373</td>
<td>6,983</td>
</tr>
</tbody>
</table>

Total financial data and notes to consolidated financial statements for the years ended March 31, 2020 and 2019.
13. Supplementary information for the consolidated statement of changes in net assets

(a) Dividends

Under the Companies Act of Japan (the “Companies Act”), the appropriation of unappropriated retained earnings of the Company with respect to a financial period is made by resolution of the Company’s shareholders at a general meeting to be held subsequent to the close of the financial period and the accounts for that period do not therefore reflect such appropriation.

(1) Dividends paid to shareholders

<table>
<thead>
<tr>
<th>Date of approval</th>
<th>Resolution approved by</th>
<th>Type of shares</th>
<th>Amount (Yen)</th>
<th>Paid from</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 23, 2019</td>
<td>General meeting of</td>
<td>Common stock</td>
<td>$205,105</td>
<td>$230,680</td>
<td>$17,505</td>
</tr>
<tr>
<td></td>
<td>Shareholders</td>
<td></td>
<td>$0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>March 31, 2019</td>
<td>June 24, 2019</td>
</tr>
</tbody>
</table>

(*) The total amount of dividends does not include ¥0 million (§4 thousand in dividends to be paid to the subsidiaries and affiliates. This is because the shares held by subsidiaries and affiliates are recognized as treasury stock.

(2) Dividends with a shareholders’ cut-off date within the current fiscal year but an effective date within the subsequent fiscal year

There are no applicable items.

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(b) Type and number of outstanding shares

<table>
<thead>
<tr>
<th>As of March 31, 2020</th>
<th>Balance at beginning of year</th>
<th>Increase in shares during the year</th>
<th>Decrease in shares during the year</th>
<th>Balance at end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>348,498</td>
<td>-</td>
<td>-</td>
<td>348,498</td>
</tr>
<tr>
<td>Total</td>
<td>348,498</td>
<td>-</td>
<td>-</td>
<td>348,498</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>13,868</td>
<td>125</td>
<td>15</td>
<td>13,978</td>
</tr>
<tr>
<td>Total</td>
<td>13,983</td>
<td>125</td>
<td>15</td>
<td>13,978</td>
</tr>
</tbody>
</table>

(1) The increase of 125 thousand shares of treasury stock is the total of 9 thousand shares that the Company purchased from holders of fractional shares, and 116 thousand shares in the Company that were purchased by the Trust for Delivery of Shares to Directors.

(2) The decrease of 15 thousand shares of treasury stock is the total of 13 thousand shares that the Company sold to the holders of fractional shares at their request; and 2 thousand shares in the Company that were sold to the Trust for Delivery of Shares to Directors.

(3) Treasury stock includes 299 thousand shares held by the Trust for Delivery of Shares to Directors.

14. Contingencies

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥0.080 million ($19,112 thousand) at March 31, 2020.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million ($56,151 thousand) at March 31, 2020.

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥0.685 million at March 31, 2019.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million at March 31, 2019.

15. Financial instruments and related disclosures

Overview

(a) Group policy for financial instruments

The Group limits its fund management to short-term time deposits and raises funds through borrowings from financial institutions, including banks. The Group uses derivatives for the purpose of reducing the risks described below and does not enter into derivatives for speculative or trading purposes.

(b) Types of financial instruments and related risk

Trade receivables (notes and accounts receivable) are exposed to credit risk in relation to customers.

Marketable securities and investment securities are exposed to the risk of market price fluctuations. These securities are composed mainly of the shares of other companies with which the Group has business relationships.

Substantially all trade payables have payment due dates within one year.

Borrowings are taken out principally for the purpose of making capital investments, and certain long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk for long-term interest-bearing debt at variable rates, the Group utilizes interest rate swap transactions as hedging instruments. Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses.

For derivatives, in order to reduce the foreign currency exchange rate risk arising from receivables and payables denominated in foreign currencies, the Group enters into forward foreign exchange contracts for specific receivables and payables denominated in foreign currencies, mainly for aircraft purchase commitments. In addition, the Group enters into commodity derivative transactions such as swaps and options to mitigate fluctuation risk of the commodity prices of fuel and to stabilize operating profit.

1) Management of credit risks (risks such as breach of contact by customers)

The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by such business administration department to identify the default risk of customers at an early stage.

As for derivatives, the Group believes that the credit risks are extremely low, as it enters into derivative transactions only with reputable financial institutions with sound credit profiles.

2) Management of market risks (fluctuation risks of foreign currency exchange rates and interest rates)

In order to reduce foreign currency exchange rate risks, the Group uses derivatives to hedge foreign exchange contracts for receivables and payables denominated in foreign currencies. In order to mitigate the interest rate fluctuation risk related to debt, the Group utilizes interest rate swap transactions. In addition, the Group enters into commodity derivative transactions such as swaps and options to mitigate fluctuation risk related to commodity prices for fuel.

As for marketable securities and investment securities, the Group periodically reviews the fair values and the financial conditions of the issuers to identify and mitigate risks of impairment.

There are internal management regulations for derivative transactions which set forth transaction authority and limits on transaction amounts. The Group enters into derivative transactions in accordance with such policies. Moreover, the Group reports plans and results of methods and ratios for offsetting risks at the quarterly meetings of the Board of Directors.

3) Management of liquidity risks related to financing (risks that the Group cannot meet the due dates of payables)

The Group manages liquidity risks by establishing a financial plan in order to procure and invest funds that are necessary for the operation of the Group over a certain period of time, in accordance with the Group’s business operating plan and budget.

(c) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. Where there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value estimates. Additionally, the notional amounts of derivatives presented in Note 16 “Derivatives and hedging activities” are not necessarily indicative of the actual market risk involved in derivative transactions.
Notes to Consolidated Financial Statements

Estimated fair value of financial instruments

The carrying values of financial instruments on the consolidated balance sheet at March 31, 2020 and 2019, and their estimated fair values, are shown in the following tables. The following tables do not include financial instruments for which fair value cannot be reliably determined (Please refer to Note 2 below).

The carrying values of short-term loans approximate fair value because of their short maturities.

(b) Bonds

The fair value of bonds issued by the Company is measured at the present value of the total of principal and interest discounted by an interest rate determined by taking into account the remaining period of each bond and current credit risk.

(d) Long-term loans

The fair values of long-term loans are determined by discounting the cash flows related to the debt at the Group’s assumed corporate borrowing rate.

2. Financial instruments for which it is extremely difficult to determine the fair value

Because no quoted market price is available and the fair value cannot be reliably determined, the above financial instruments are not included in the fair value tables above.

3. The redemption schedule for receivables and available-for-sale and held-to-maturity securities with maturities at March 31, 2020 and 2019 is summarized as follows:

(c) Marketable securities and investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from financial institutions for certain debt instruments. The information on the fair values of marketable and investment securities by classification is included in Note 4 “Marketable securities and investment securities” of the notes to the consolidated financial statements.

Liabilities

(a) Accounts payable

The carrying values of accounts payable approximate fair value because of their short maturities.

(b) Short-term loans

The carrying values of short-term loans approximate fair value because of their short maturities.

(c) Bonds

The fair value of bonds issued by the Company is measured at the present value of the total of principal and interest discounted by an interest rate determined by taking into account the remaining period of each bond and current credit risk.

(d) Long-term loans

The fair values of long-term loans are determined by discounting the cash flows related to the debt at the Group’s assumed corporate borrowing rate.

2. Financial instruments for which it is extremely difficult to determine the fair value

Because no quoted market price is available and the fair value cannot be reliably determined, the above financial instruments are not included in the fair value tables above.

3. The redemption schedule for receivables and available-for-sale and held-to-maturity securities with maturities at March 31, 2020 and 2019 is summarized as follows:

(c) Marketable securities and investment securities

The fair values of marketable securities and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from financial institutions for certain debt instruments. The information on the fair values of marketable and investment securities by classification is included in Note 4 “Marketable securities and investment securities” of the notes to the consolidated financial statements.

Liabilities

(a) Accounts payable

The carrying values of accounts payable approximate fair value because of their short maturities.

(b) Short-term loans

The carrying values of short-term loans approximate fair value because of their short maturities.

(c) Bonds

The fair value of bonds issued by the Company is measured at the present value of the total of principal and interest discounted by an interest rate determined by taking into account the remaining period of each bond and current credit risk.

(d) Long-term loans

The fair values of long-term loans are determined by discounting the cash flows related to the debt at the Group’s assumed corporate borrowing rate.

2. Financial instruments for which it is extremely difficult to determine the fair value

Because no quoted market price is available and the fair value cannot be reliably determined, the above financial instruments are not included in the fair value tables above.

3. The redemption schedule for receivables and available-for-sale and held-to-maturity securities with maturities at March 31, 2020 and 2019 is summarized as follows:

<table>
<thead>
<tr>
<th>As of March 31, 2020</th>
<th>As of March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥ 1,059,447</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>¥ 98,944</td>
</tr>
<tr>
<td>Marketable securities and investment securities</td>
<td>¥ 214,279</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥ 1,322,670</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>¥ 196,391</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>¥ 429</td>
</tr>
<tr>
<td>Bonds</td>
<td>¥ 185,000</td>
</tr>
<tr>
<td>Convertible bonds with stock acquisition rights</td>
<td>¥ 140,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>¥ 500,927</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>¥ 1,022,777</td>
</tr>
<tr>
<td>Derivatives*</td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>¥ (20,864)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As of March 31, 2019</th>
<th>As of March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>¥ 68,301</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>¥ 187,529</td>
</tr>
<tr>
<td>Marketable securities and investment securities</td>
<td>¥ 313,745</td>
</tr>
<tr>
<td>Total assets</td>
<td>¥ 568,575</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>¥ 223,712</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>¥ 326</td>
</tr>
<tr>
<td>Bonds</td>
<td>¥ 145,000</td>
</tr>
<tr>
<td>Convertible bonds with stock acquisition rights</td>
<td>¥ 140,000</td>
</tr>
<tr>
<td>Long-term loans</td>
<td>¥ 484,713</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>¥ 999,761</td>
</tr>
<tr>
<td>Derivatives*</td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>¥ 15,639</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As of March 31, 2020</th>
<th>As of March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying value</td>
<td>Fair value</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>U.S. dollars (Thousands)</td>
<td></td>
</tr>
<tr>
<td>Assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and deposits</td>
<td>$1,005,669</td>
</tr>
<tr>
<td>Notes and accounts receivable</td>
<td>$205,161</td>
</tr>
<tr>
<td>Marketable securities and investment securities</td>
<td>$1,268,933</td>
</tr>
<tr>
<td>Total assets</td>
<td>$3,383,763</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,005,669</td>
</tr>
<tr>
<td>Short-term loans</td>
<td>$205,161</td>
</tr>
<tr>
<td>Marketable securities and investment securities</td>
<td>$1,268,933</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$3,373,763</td>
</tr>
<tr>
<td>Derivatives*</td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>$(189,874)</td>
</tr>
</tbody>
</table>

* The value of assets and liabilities arising from derivatives is shown as a net value, and the amount in parentheses represents a net liability position.

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

(a) Cash and deposits

The carrying values of cash and deposits approximate fair value because of their short maturities.

(b) Notes and accounts receivable

The carrying values of notes and accounts receivable approximate fair value because of their short maturities.
4. The redemption schedule for bonds, loans and other interest-bearing liabilities at March 31, 2020 and 2019 is summarized as follows:

### Notes to Consolidated Financial Statements

#### 14. Financial / Data Section

As of March 31, 2019

<table>
<thead>
<tr>
<th>Description</th>
<th>Total (¥)</th>
<th>One year or less</th>
<th>One after one year but not more than five years</th>
<th>More than five years but not more than ten years</th>
<th>Beyond ten years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>¥ 3,657,594</td>
<td>¥ 70,000</td>
<td>¥ 140,000</td>
<td>¥ 138,900</td>
<td>¥ 49,944</td>
</tr>
<tr>
<td>Convertible bonds with stock acquisition rights</td>
<td>¥ 1,919,507</td>
<td>¥ 65,000</td>
<td>¥ 70,000</td>
<td>¥ 70,000</td>
<td>-</td>
</tr>
<tr>
<td>Bonds</td>
<td>¥ 1,056,179</td>
<td>¥ 40,000</td>
<td>¥ 25,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Convertible bonds with stock acquisition rights</td>
<td>¥ 597,261</td>
<td>¥ 40,000</td>
<td>¥ -</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥ 5,232,435</td>
<td>¥ 208,900</td>
<td>¥ 140,000</td>
<td>¥ 138,900</td>
<td>¥ 49,944</td>
</tr>
</tbody>
</table>

As of March 31, 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>Total (¥)</th>
<th>One year or less</th>
<th>One after one year but not more than five years</th>
<th>More than five years but not more than ten years</th>
<th>Beyond ten years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>¥ 3,988,056</td>
<td>¥ 140,000</td>
<td>¥ 138,900</td>
<td>¥ 49,944</td>
<td>-</td>
</tr>
<tr>
<td>Convertible bonds with stock acquisition rights</td>
<td>¥ 2,089,907</td>
<td>¥ 70,000</td>
<td>¥ 70,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bonds</td>
<td>¥ 1,144,944</td>
<td>¥ 25,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Convertible bonds with stock acquisition rights</td>
<td>¥ 590,000</td>
<td>¥ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥ 8,018,907</td>
<td>¥ 208,900</td>
<td>¥ 140,000</td>
<td>¥ 138,900</td>
<td>¥ 49,944</td>
</tr>
</tbody>
</table>

#### 16. Derivatives and hedging activities

The Group operates internationally and is exposed to the risk of fluctuations in foreign currency exchange rates, interest rates and jet fuel prices. In order to manage these risks, the Group utilizes forward exchange contracts to hedge certain foreign currency transactions related to purchase commitments, principally of flight equipment, and foreign currency receivables and payables. Also, the Group utilizes interest rate swaps to minimize the impact of interest rate fluctuations related to outstanding debt. In addition, the Group also enters into a variety of swaps and options in its management of risk exposure related to jet fuel prices. The Group does not use derivatives for speculative or trading purposes.

The Group has developed internal hedging guidelines to control various aspects of derivative transactions, including authorization levels and transaction volumes. The Group enters into derivative transactions in accordance with these internal guidelines. Derivative and hedging transactions initiated by respective operational departments have been examined by the accounting department and these transactions, including their transaction volumes. The Group enters into derivative transactions in accordance with these internal guidelines.

The Group also utilizes interest rate swaps to minimize the impact of interest rate fluctuations related to outstanding debt. In addition, the Group also enters into a variety of swaps and options in its management of risk exposure related to jet fuel prices. The Group does not use derivatives for speculative or trading purposes.

The Group has developed internal hedging guidelines to control various aspects of derivative transactions, including authorization levels and transaction volumes. The Group enters into derivative transactions in accordance with these internal guidelines. Derivative and hedging transactions initiated by respective operational departments have been examined by the accounting department and these transactions, including their transaction volumes, are generally monitored by management on a quarterly basis. Assessment of hedge effectiveness is examined at inception and, on an ongoing basis, periodically.

The Group is also exposed to credit-related losses in the event of non-performance by counterparties in regard to derivative financial instruments; however, it is not expected that any counterparties will fail to meet their obligations, as the majority of the counterparties are internationally recognized financial institutions.

Summarized below are the notional amounts and estimated fair values of the derivative financial instruments outstanding at March 31, 2020 and 2019 for which hedging accounting has been applied.

**Derivative transactions to which hedge accounting is not applied**

**1. Currency-related transactions**

<table>
<thead>
<tr>
<th>Notional amount</th>
<th>Total (¥)</th>
<th>One year or less</th>
<th>Through five years</th>
<th>Through ten years</th>
<th>Beyond ten years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward foreign exchange contracts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell: USD</td>
<td>¥ -</td>
<td>¥ -</td>
<td>¥ -</td>
<td>¥ -</td>
<td></td>
</tr>
<tr>
<td>Sell: EUR</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sell: Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buy: USD</td>
<td>103</td>
<td>103</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buy: EUR</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Buy: Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥103</td>
<td>¥103</td>
<td>¥0</td>
<td>¥-</td>
<td>¥-</td>
</tr>
</tbody>
</table>
Notes to Consolidated Financial Statements

### (b) Derivative transactions to which hedge accounting is applied

#### (1) Currency-related transactions

<table>
<thead>
<tr>
<th></th>
<th>Notional amount</th>
<th>Maturity after one year</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of March 31, 2020</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>¥ 418</td>
<td></td>
<td>¥ (1)</td>
</tr>
<tr>
<td>EUR</td>
<td>–</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td></td>
<td>–</td>
</tr>
<tr>
<td><strong>As of March 31, 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>359,747</td>
<td>143,268</td>
<td>11,984</td>
</tr>
<tr>
<td>EUR</td>
<td>500</td>
<td>–</td>
<td>(4)</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
<td>–</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Currency option contracts for accounts payable, accounted for by the deferral method:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy: USD (Put)</td>
<td>46,403</td>
<td>30,156</td>
<td>(976)</td>
</tr>
<tr>
<td>USD (Call)</td>
<td>51,225</td>
<td>33,897</td>
<td>2,153</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥456,115</td>
<td>¥207,261</td>
<td>¥13,162</td>
</tr>
</tbody>
</table>

#### (2) Interest-related transactions

<table>
<thead>
<tr>
<th></th>
<th>Notional amount</th>
<th>Maturity after one year</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of March 31, 2020</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>¥ 6,185</td>
<td>–</td>
<td>¥ (54)</td>
</tr>
<tr>
<td>EUR</td>
<td>–</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>77</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td><strong>As of March 31, 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>334,460</td>
<td>169,059</td>
<td>7,943</td>
</tr>
<tr>
<td>EUR</td>
<td>188</td>
<td>–</td>
<td>(8)</td>
</tr>
<tr>
<td>Other</td>
<td>136</td>
<td>–</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Currency option contracts for accounts payable, accounted for by the deferral method:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell: USD (Put)</td>
<td>45,366</td>
<td>32,724</td>
<td>1,575</td>
</tr>
<tr>
<td>USD (Call)</td>
<td>41,012</td>
<td>29,221</td>
<td>(843)</td>
</tr>
<tr>
<td><strong>Forward foreign exchange contracts for accounts receivable:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sell: USD</td>
<td>362</td>
<td>–</td>
<td>– (*)</td>
</tr>
<tr>
<td>EUR</td>
<td>48</td>
<td>–</td>
<td>– (*)</td>
</tr>
<tr>
<td>Other</td>
<td>39</td>
<td>–</td>
<td>– (*)</td>
</tr>
<tr>
<td><strong>Forward foreign exchange contracts, accounted for as part of accounts payable:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy: USD (Put)</td>
<td>17,931</td>
<td>–</td>
<td>– (*)</td>
</tr>
<tr>
<td>USD (Call)</td>
<td>12,403</td>
<td>–</td>
<td>– (*)</td>
</tr>
<tr>
<td><strong>Currency swap contracts, accounted for as part of accounts payable:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD (Put) USD (Call)</td>
<td>111</td>
<td>–</td>
<td>– (*)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥446,729</td>
<td>¥238,054</td>
<td>¥6,701</td>
</tr>
</tbody>
</table>

#### (3) Commodity-related transactions

<table>
<thead>
<tr>
<th></th>
<th>Notional amount</th>
<th>Maturity after one year</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of March 31, 2020</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>69,132</td>
<td>529,603</td>
<td>(203)</td>
</tr>
<tr>
<td><strong>As of March 31, 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD</td>
<td>3,321</td>
<td>15,468</td>
<td>(2,229)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥145,051</td>
<td>¥663,062</td>
<td>¥133,250</td>
</tr>
</tbody>
</table>

Note: Calculation of the fair value is based on the data obtained from financial institutions. (*) The estimated fair value of forward foreign exchange contracts is included in the estimated fair value of accounts payable, as the amounts in such derivative contracts are required to be paid or received under the forward foreign exchange contracts in addition to or deduction from the interest on the long-term loans. The estimated fair value of interest rate swap contracts is included in the estimated fair value of long-term loans.
Notes to Consolidated Financial Statements

17. Segment information

(a) Description of reportable segments

The reportable segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and assess performance.

The Group’s reportable segments are categorized under “Air Transportation,” “Airline Related,” “Travel Services,” and “Trade and Retail.”

The “Air Transportation” segment conducts domestic and international passenger operations, cargo and mail operations, and other transportation services. The “Airline Related” segment conducts air transportation-related operations, such as airport passenger and ground handling services and maintenance services. The “Travel Services” segment conducts operations centering on the development and sales of travel plans. It also conducts planning and sales of branded travel packages using air transportation. The “Trade and Retail” segment conducts mainly import and export operations of goods related to air transportation and is involved in in-store and non-store retailing.

(b) Methods of measurement for the amounts of sales, profit, assets, and other items for each reportable segment

The accounting policies of the reportable segments are substantially the same as those described in Note 3 “Summary of significant accounting policies.”

Segment performance is evaluated based on operating income or loss. Intersegment sales and transfers are based on current market prices.

(c) Information about sales, profit, assets, and other items

The following table shows sales, profit, assets, and other items for each reportable segment:

<table>
<thead>
<tr>
<th>Reportable Segments</th>
<th>Sales</th>
<th>Profit</th>
<th>Assets</th>
<th>Other Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Retail</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of and for the year ended March 31, 2020

U.S. dollars (Thousands)

<table>
<thead>
<tr>
<th></th>
<th>As of March 31, 2020</th>
<th>Year-Ended Fiscal 2020</th>
<th>Year-Ended Fiscal 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air Transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline Related</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Retail</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>equivalents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>amortization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>goodwill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>disc. and equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. “Other” refers to all business segments that are not included in the reportable segments, such as facility management, business support, and other operations.

2. Adjustments are as follows:

(a) Adjustments to segment profit consist of the elimination of intersegment transactions of ¥9,760 million and corporate expenses of ¥4,734 million.

(b) Adjustments to segment asset consist of long term investments in foreign subsidiaries and stocks of subsidiaries in consolidated subsidiaries of ¥1,537,583 million and eliminations of intersegment transactions of ¥1,746,880 million.

(c) Adjustments to increase in property and equipment and intangible assets mainly consist of the elimination of intersegment transactions.

3. Segment profit is reconciled to operating income on the consolidated statement of income.

As of and for the year ended March 31, 2020

U.S. dollars (Thousands)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sales</th>
<th>Profit</th>
<th>Assets</th>
<th>Other Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and Retail</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in property and equipment and intangible assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment profit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intersegment sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. “Other” refers to all business segments that are not included in the reportable segments, such as facility management, business support, and other operations.

2. Adjustments are as follows:

(a) Adjustments to segment profit consist of the elimination of intersegment transactions of ¥9,760 million and corporate expenses of ¥4,734 million.

(b) Adjustments to segment asset consist of long term investments in foreign subsidiaries and stocks of subsidiaries in consolidated subsidiaries of ¥1,537,583 million and eliminations of intersegment transactions of ¥1,746,880 million.

(c) Adjustments to increase in property and equipment and intangible assets mainly consist of the elimination of intersegment transactions.

3. Segment profit is reconciled to operating income on the consolidated statement of income.
### Financial / Data Section

**Notes to Consolidated Financial Statements**

**As of and for the year ended March 31, 2020**

<table>
<thead>
<tr>
<th>Segment</th>
<th>U.S. dollars (Thousands)</th>
<th>Total</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td>$143,535</td>
<td>$16,225</td>
<td>$16,240</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td>$10,223</td>
<td>$2,530</td>
<td>$2,533</td>
</tr>
<tr>
<td>Segment profit:</td>
<td>$133,312</td>
<td>$13,695</td>
<td>$13,702</td>
</tr>
<tr>
<td>Segment assets:</td>
<td>$232,252</td>
<td>$23,683</td>
<td>$23,706</td>
</tr>
</tbody>
</table>

**Other items:**

- Depreciation and amortization: $2,407
- Amortization of goodwill: $–
- Increase in property and equipment and intangible assets: $1,295

**Balance at the end of the fiscal year:**

<table>
<thead>
<tr>
<th>Item</th>
<th>Total</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets:</td>
<td>$24,461</td>
<td>$2,058,312</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$9,745.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$9,821.46</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$950,978</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$254.11</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$254.11</td>
</tr>
<tr>
<td>Liabilities and shareholders' equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

2. Net sales of “Oversea” represents sales made in countries or areas other than Japan.

### Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$180,442</td>
</tr>
<tr>
<td>2019</td>
<td>$126,803</td>
</tr>
</tbody>
</table>

**Commissions:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$105,678</td>
</tr>
<tr>
<td>2019</td>
<td>$71,590</td>
</tr>
</tbody>
</table>

**Advertising:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$10,803</td>
</tr>
<tr>
<td>2019</td>
<td>$12,813</td>
</tr>
</tbody>
</table>

**Employees’ salaries and bonuses:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$38,460</td>
</tr>
<tr>
<td>2019</td>
<td>$39,760</td>
</tr>
</tbody>
</table>

**Provision for accrued bonuses to employees:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$3,878</td>
</tr>
<tr>
<td>2019</td>
<td>$7,913</td>
</tr>
</tbody>
</table>

**Retirement benefit expenses:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$3,329</td>
</tr>
<tr>
<td>2019</td>
<td>$3,462</td>
</tr>
</tbody>
</table>

**Depreciation:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$27,616</td>
</tr>
<tr>
<td>2019</td>
<td>$3,329</td>
</tr>
</tbody>
</table>

**Supplementary cash flow information**

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheet at March 31, 2020 and 2019 and cash and cash equivalents in the consolidated statement of cash flows is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$1,052,943</td>
</tr>
<tr>
<td>2019</td>
<td>$993,010</td>
</tr>
</tbody>
</table>

**Cash and deposits:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$923,203</td>
</tr>
<tr>
<td>2019</td>
<td>$711,838</td>
</tr>
</tbody>
</table>

**Time deposits with maturities of more than one month:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$71,090</td>
</tr>
<tr>
<td>2019</td>
<td>$65,729</td>
</tr>
</tbody>
</table>

**Marketable securities:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$129,200</td>
</tr>
<tr>
<td>2019</td>
<td>$203,360</td>
</tr>
</tbody>
</table>

**Marketable securities with maturities of more than three months:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$129,200</td>
</tr>
<tr>
<td>2019</td>
<td>$203,360</td>
</tr>
</tbody>
</table>

**Cash and cash equivalents:**

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$923,203</td>
</tr>
<tr>
<td>2019</td>
<td>$711,838</td>
</tr>
</tbody>
</table>
The Group reviewed its long-lived assets for impairment for the years ended March 31, 2020 and 2019. As a result, the Group recognized impairment losses of ¥25,159 million ($231,177 thousand) and ¥1,997 million, included in other expenses, for the years ended March 31, 2020 and 2019, respectively. The details are as follows:

### For the year ended March 31, 2020

<table>
<thead>
<tr>
<th>Application</th>
<th>Location</th>
<th>Category</th>
<th>Impairment loss (Yen)</th>
<th>U.S. dollars (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets expected to be sold</td>
<td>Miami, Florida</td>
<td>Machinery, lease assets, and other assets</td>
<td>¥2,494</td>
<td>$22,916</td>
</tr>
<tr>
<td>Others</td>
<td>Peach Aviation Limited</td>
<td>Goodwill</td>
<td>¥22,665</td>
<td>208,260</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>¥25,159</strong></td>
<td><strong>$231,177</strong></td>
</tr>
</tbody>
</table>

**Note:** The Group grouped its operating assets for impairment testing based on management accounting categories, and also grouped lease assets, assets to be disposed of by sale and idle assets on an individual basis. Business assets in Miami, Florida were written-down to recoverable amounts, based on the updated business plan. As a result, an impairment loss of ¥2,494 million ($22,916 thousand) was recognized. Details are as follows: ¥1,767 million ($16,236 thousand) for machinery, ¥693 million ($6,367 thousand) for lease assets, and ¥32 million ($294 thousand) for other assets.

For Peach Aviation Limited, a consolidated subsidiary of the Company, goodwill was written-down to recoverable amounts, based on their value in use. As a result, an impairment loss of ¥22,665 million ($208,260 thousand) was recognized.

The recoverable amount of these assets was measured at its net selling price as determined by estimates of selling cost and selling price.

### For the year ended March 31, 2019

<table>
<thead>
<tr>
<th>Application</th>
<th>Location</th>
<th>Category</th>
<th>Impairment loss (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets expected to be sold</td>
<td>Miami, Florida</td>
<td>Machinery, lease assets, and other assets</td>
<td>¥1,997</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>¥1,997</strong></td>
</tr>
</tbody>
</table>

**Note:** The Group grouped its operating assets for impairment testing based on management accounting categories, and also grouped lease assets, assets to be disposed of by sale and idle assets on an individual basis. Business assets in Miami, Florida were written-down to recoverable amounts, based on the updated business plan. As a result, an impairment loss of ¥1,997 million ($17,992 thousand) was recognized. Details are as follows: ¥1,433 million ($12,911 thousand) for machinery, ¥410 million ($3,694 thousand) for intangible assets, ¥49 million ($441 thousand) for lease assets, and ¥103 million ($928 thousand) for other assets.

The recoverable amount of the above assets was measured at its net selling price as determined by estimates of selling cost and selling price.

### Write-downs of inventories

Inventories were valued using prices after write-downs of book value due to a decrease in net selling value. Write-downs of inventories included in cost of sales are as follows:

<table>
<thead>
<tr>
<th>Year (Millions)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yen</td>
<td>¥1,181</td>
<td>¥5,779</td>
</tr>
<tr>
<td>U.S. dollars</td>
<td>$10,851</td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures in parentheses represent gains from the reversal of write-downs.

### Other income (expenses), net

<table>
<thead>
<tr>
<th>Year (Millions)</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yen</td>
<td>¥110,567</td>
<td>¥113,910</td>
</tr>
<tr>
<td>U.S. dollars</td>
<td>$1,030,558</td>
<td>$1,113,910</td>
</tr>
</tbody>
</table>

### Conclusion of a commitment line contract

The Company entered into a short-term commitment line agreement with the terms described below on April 28, 2020.

(a) Counterparty: Main domestic financial institution
(b) Total commitment: ¥350,000 million ($3,216,024 thousand)
(c) Amount of drawdown: None
(d) Contract date: April 28, 2020
(e) Assets pledged as collateral or guarantees: None

### Borrowing of funds

The Company has executed loans from Development Bank of Japan Inc:

(a) Use of funds: Working capital
(b) Counterparty: Development Bank of Japan Inc.
(c) Loan amount: ¥350,000 million ($3,216,024 thousand)
(d) Interest rate: Floating rates
(e) Execution date: May 28, 2020 and June 29, 2020
(f) Repayment date: Long-term period determined by individual negotiation
(g) Assets pledged as collateral or guarantees: Exist
INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of ANA HOLDINGS INC.:  

Opinion

We have audited the consolidated financial statements of ANA HOLDINGS INC. and its consolidated subsidiaries (the “Group”), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 of the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities to auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors’ execution of duties relating to the design and operating effectiveness of the controls over the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor’s judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditor opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
Available Seat-Kilometers (ASK)
- A unit of passenger transport capacity, analogous to “production capacity.” Total number of seats x Transport distance (kilometers).

Revenue Passenger-Kilometers (RPK)
- Total distance flown by revenue-paying passengers aboard aircraft. Revenue-passenger-kilometers x Transport distance (kilometers).

Load Factor
- Indicates the seat occupancy ratio (status of seat sales) as the ratio of revenue passenger-kilometers to available seat-kilometers. Revenue passenger-kilometers / Available seat-kilometers.

Yield
- Unit revenues per revenue passenger-kilometer. Revenues / Revenue passenger-kilometers.

Unit Revenues
- Quantitatively measures revenue management performance by showing unit revenues per available seat-kilometer (Revenues / Available seat-kilometers). Calculated as yield (Revenues / Revenue passenger-kilometers) x load factor (Revenue passenger-kilometers / Available seat-kilometers).

Unit Cost
- Indicates cost per unit in the airline industry. Calculated as cost per available seat-kilometer.

Revenue Management
- This management technique maximizes revenues by enabling the best mix of revenue-paying passengers through yield management that involves optimum seat sales in terms of optimum timing and price based on network and fare strategy.

Optimizing Supply to Demand
- Involves flexibly controlling production capacity (available seat-kilometers) according to demand trends in ways such as increasing or decreasing the frequencies on routes and adjusting aircraft size.

Cargo Business Terms

Available Ton-Kilometers (ATK)
- A unit of cargo transport capacity expressed as “production capacity.” Total cargo capacity (tons) x Transport distance (kilometers).

Revenue Ton-Kilometers (RTK)
- Total distance carried by each revenue-paying cargo aboard aircraft. Revenue-passenger cargo (tons) x Transport distance (kilometers).

Freighter
- Dedicated cargo aircraft. Seats are removed from the cabin space where passengers would normally sit, and the space is filled with containers or palletized cargo.

Glossary

Belly
- The space below the cabin on passenger aircraft that is used to transport cargo.

Okinawa Cargo Hub & Network
- The ANA Group’s unique cargo network. With Okinawa Naha Airport as an international cargo hub, the network uses late-night connecting flights in a hub and spoke system servicing major Asian cities.

Airline Industry and Company Terms

IATA
- The International Air Transport Association. Founded in 1945 by airlines operating flights primarily on international routes, functions include managing arrival and departure slots at airports and settling receivables and payables among airline companies. Approximately 280 airlines are IATA members.

ICAO
- The International Civil Aviation Organization. A specialized agency of the United Nations created in 1944 to promote the safe and orderly development of international civil aviation. More than 190 countries are ICAO members.

Star Alliance
- Established in 1997, Star Alliance was the first and is the world’s largest airline alliance. ANA became a member in October 1999. As of July 2020, 28 airlines from around the world are members.

Code-Sharing
- A system in which airline alliance partners allow each other to add their own flight numbers on other partners’ scheduled flights. The frequent result is that multiple companies sell seats on one flight. Also known as jointly operated flights.

Antitrust Immunity (ATI)
- Granting of advance approval for immunity from competition laws when airlines operating international routes cooperate on planning routes, setting fares, conducting marketing activities, or other areas, so that the airlines are not in violation of the competition laws of such countries. In Japan, the United States, and South Korea, the relevant department of transportation grants ATI based on an application (in countries other than these three, it is common for a bureau such as a fair trade commission to be in charge), but in the European Union the business itself performs a self-assessment based on the law. ATI approval is generally based on the two conditions that the parties do not have the power to control the market and approval will increase user convenience.

Joint Venture
- A joint business in the international airline industry between two or more airlines. Restrictions such as bilateral agreements between countries and caps on foreign capital investments still exist in the international airline industry. Therefore, airlines form ATI-based joint ventures, instead of the commonly known methods used in other industries such as capital tie-ups and M&As, etc. By forming joint ventures, airlines in the same global alliance are able to offer travelers a broader, more flexible network along with less expensive fares, thus strengthening their competitiveness against other alliances (or joint ventures).

Full Service Carrier (FSC)
- An airline company that serves a wide range of markets based on a route network that includes code-sharing connecting demand. FSCs offer multiple classes of seats and provide in-flight food and beverages that are included in advance in the fare paid. FSCs are also called network carriers or legacy carriers when compared with low-cost carriers (LCCs).

Low Cost Carrier (LCC)
- An airline that provides air transportation services at low fares based on a low-cost system that includes using a single type of aircraft, charging for in-flight services, and simplifying sales. Fundamentally, LCCs operate frequent short- and medium-haul point-to-point flights (flights between two locations).

Maintenance, Repair, and Overhaul (MRO) Business
- A business that is contracted to provide aircraft maintenance services using its own maintenance crews and other personnel, along with dedicated facilities. Services include the maintenance, repair, and overhaul of aircraft and other equipment owned by airlines.

Dual Hub Network Strategy
- A strategy for using the two largest airports in the Tokyo metropolitan area (Haneda and Narita) for different yet complementary strategic aims and functions. At Haneda, which offers excellent access from central Tokyo, the strategy targets overall air travel demand in the Tokyo metropolitan area, including the outskirt of Tokyo, as well as demand for connecting flights from various Japanese cities to international routes that harness ANA’s existing domestic network. Meanwhile, at Narita the strategy aims to capture transit demand for travel between third countries via Narita, focusing on Trans-Pacific travel between North America and Asia/China. This will be accomplished by upgrading and expanding the international network and enhancing connecting flights by setting efficient flight schedules.
Market Data

Global Air Transportation Passenger Volume by Region

Foreign Visitor Arrivals / Number of Japanese Overseas Travelers

Share of Passengers on Domestic Operations by Airline

Top 10 Airports in Japan by Number of Passengers

Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal 2019
Note: Compilation from reports on Status of Airport Operations, fiscal 2019

Source: Japan National Tourism Organization (JNTO), 2020
Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal 2019
Source: International Air Transport Association (IATA), 2020

For further information, Fact Book 2020 can be downloaded from the ANA Group corporate website in PDF format.
https://www.ana.co.jp/group/en/investors/irdata/annual/
Human Resources Data (ANA)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees (as of March 31 of each year)</td>
<td>People</td>
<td>12,859</td>
<td>13,518</td>
<td>13,982</td>
<td>14,242</td>
<td>14,830</td>
</tr>
<tr>
<td>Number of employees hired overseas (as of March 31 of each year)</td>
<td>People</td>
<td>1,387</td>
<td>1,454</td>
<td>1,475</td>
<td>1,442</td>
<td>1,464</td>
</tr>
<tr>
<td>Average age of employees (as of March 31 of each year)</td>
<td>Years</td>
<td>36.0</td>
<td>37.4</td>
<td>37.4</td>
<td>37.5</td>
<td>38.0</td>
</tr>
<tr>
<td>Average years worked (as of March 31 of each year)</td>
<td>Years</td>
<td>10.0</td>
<td>13.3</td>
<td>13.8</td>
<td>14.2</td>
<td>13.6</td>
</tr>
<tr>
<td>Ratio of female managers (as of April 1 of each year, excluding individuals 60 years old and over)</td>
<td>%</td>
<td>12.2</td>
<td>13.3</td>
<td>13.9</td>
<td>14.6</td>
<td>15.2</td>
</tr>
<tr>
<td>Ratio of female directors (as of June 1 of each year)</td>
<td>%</td>
<td>10.5</td>
<td>10.5</td>
<td>10.0</td>
<td>11.9</td>
<td>13.3</td>
</tr>
<tr>
<td>Number of employees on pregnancy or childcare leave (as of March 31 of each year)</td>
<td>People</td>
<td>586/5</td>
<td>545/13</td>
<td>587/19</td>
<td>629/20</td>
<td>645/29</td>
</tr>
<tr>
<td>Ratio of employees with disabilities*3 (as of March 31 of each year)</td>
<td>%</td>
<td>2.32</td>
<td>2.36</td>
<td>2.49</td>
<td>2.57</td>
<td>2.68</td>
</tr>
<tr>
<td>Number of employees on nursing care leave (as of March 31 of each year)</td>
<td>People</td>
<td>12</td>
<td>14</td>
<td>15</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Ratio of employees that smoke (as of March 31 of each year)</td>
<td>%</td>
<td>75.2</td>
<td>69.8</td>
<td>72.0</td>
<td>72.6</td>
<td>73.0</td>
</tr>
<tr>
<td>Ratio of employees that achieve BMI*2 (as of March 31 of each year)</td>
<td>%</td>
<td>63.1</td>
<td>69.1</td>
<td>70.2</td>
<td>72.9</td>
<td>72.5</td>
</tr>
<tr>
<td>Total number of employee-related accidents (as of March 31 of each year)</td>
<td>People</td>
<td>66</td>
<td>109</td>
<td>82</td>
<td>111</td>
<td>69</td>
</tr>
<tr>
<td>Ratio of employees with healthy BMI** (as of March 31 of each year)</td>
<td>%</td>
<td>76.2</td>
<td>69.8</td>
<td>72.0</td>
<td>72.6</td>
<td>73.0</td>
</tr>
<tr>
<td>Ratio of employees that smoke (as of March 31 of each year)</td>
<td>%</td>
<td>22.9</td>
<td>19.4</td>
<td>19.1</td>
<td>17.2</td>
<td>16.7</td>
</tr>
<tr>
<td>Ratio of employees with healthy BMI (as of March 31 of each year)</td>
<td>%</td>
<td>4.9</td>
<td>4.0</td>
<td>3.9</td>
<td>3.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Employee obesity rate*3 (as of March 31 of each year)</td>
<td>%</td>
<td>13.4</td>
<td>14.9</td>
<td>16.7</td>
<td>11.1</td>
<td>12.9</td>
</tr>
<tr>
<td>Total number of employee-related accidents (as of March 31 of each year)</td>
<td>People</td>
<td>66</td>
<td>109</td>
<td>82</td>
<td>111</td>
<td>69</td>
</tr>
</tbody>
</table>

*1 Total of ANA HOLDINGS INC., ANA, and qualified ANA Group companies (total of 11 companies including 1 special subsidiary)
*2 Ratio of employees with BMI of 16.0~25.0
*3 Changing calculation standards from 2018
** Ratio of employees meeting criteria for metabolic syndrome

Environmental Data

**Carbon dioxide (CO2) emissions**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,074</td>
<td>1,126</td>
<td>1,161</td>
<td>1,156</td>
<td>1,246</td>
</tr>
<tr>
<td>Aircraft</td>
<td>1,062</td>
<td>1,114</td>
<td>1,148</td>
<td>1,143</td>
<td>1,233</td>
</tr>
<tr>
<td>Passenger</td>
<td>(1,055)</td>
<td>(1,058)</td>
<td>(1,097)</td>
<td>(1,096)</td>
<td>(1,196)</td>
</tr>
<tr>
<td>Ground equipment and vehicles</td>
<td>(97)</td>
<td>(66)</td>
<td>(63)</td>
<td>(66)</td>
<td>(70)</td>
</tr>
<tr>
<td>Ground equipment and vehicles</td>
<td>(97)</td>
<td>(66)</td>
<td>(63)</td>
<td>(66)</td>
<td>(70)</td>
</tr>
</tbody>
</table>

**Flight-Related Data**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-time arrival rate**</td>
<td>%</td>
<td>98.9</td>
<td>98.9</td>
<td>98.8</td>
<td>98.2</td>
</tr>
<tr>
<td>On-time departure rate**</td>
<td>%</td>
<td>90.6</td>
<td>87.6</td>
<td>86.1</td>
<td>86.4</td>
</tr>
<tr>
<td>On-time arrival rate**</td>
<td>%</td>
<td>88.0</td>
<td>86.4</td>
<td>84.0</td>
<td>86.5</td>
</tr>
</tbody>
</table>

Climate Change Countermeasures

- **Total** 10,000 tons
- **2015** 1,074 tons
- **2016** 1,126 tons
- **2017** 1,161 tons
- **2018** 1,156 tons
- **2019** 1,246 tons

* Breakdown:
  - Aircraft:
    - **2015** 1,062 tons
    - **2016** 1,114 tons
    - **2017** 1,148 tons
    - **2018** 1,143 tons
    - **2019** 1,233 tons
  - Passenger:
    - **2015** (1,055) tons
    - **2016** (1,058) tons
    - **2017** (1,097) tons
    - **2018** (1,096) tons
    - **2019** (1,196) tons
  - Ground equipment and vehicles:
    - **2015** (97) tons
    - **2016** (66) tons
    - **2017** (63) tons
    - **2018** (66) tons
    - **2019** (70) tons

* Scope 3 data for FY2019 is calculated in category 1.

**Resource Savings**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste generated (t)</td>
<td>1,000 tons</td>
<td>28.9 tons</td>
<td>36.8 tons</td>
<td>37.5 tons</td>
<td>34.3 tons</td>
</tr>
<tr>
<td>General waste (t)</td>
<td>22.4 tons</td>
<td>28.7 tons</td>
<td>31.5 tons</td>
<td>28.4 tons</td>
<td>26.9 tons</td>
</tr>
<tr>
<td>General waste (t)</td>
<td>9.3 tons</td>
<td>11.9 tons</td>
<td>10.5 tons</td>
<td>9.7 tons</td>
<td>8.5 tons</td>
</tr>
<tr>
<td>Non-potable water (t)</td>
<td>1,000 tons</td>
<td>8.3 tons</td>
<td>7.2 tons</td>
<td>9.4 tons</td>
<td>8.6 tons</td>
</tr>
</tbody>
</table>

See the following webpage for more about the 37th Yen-Based Bond (Social Bond), issued in May 2019:
https://www.anahd.co.jp/group/en/pr/201904/20190417.html

See the following webpage for more about the 36th Yen-Based Bond (Green Bond), issued in October 2018:
https://www.anahd.co.jp/group/en/pr/201809/20180928.html
The ANA Group Profile

Corporate Data (As of March 31, 2020)

Corporate Profile

<table>
<thead>
<tr>
<th>Trade Name</th>
<th>ANA HOLDINGS INC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Foundation</td>
<td>December 27, 1952</td>
</tr>
<tr>
<td>Head Office</td>
<td>Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>45,849 (Consolidated)</td>
</tr>
<tr>
<td>Paid-In Capital</td>
<td>¥518,789 million</td>
</tr>
<tr>
<td>Fiscal Year-End</td>
<td>March 31</td>
</tr>
<tr>
<td>Number of Shares of Common Stock</td>
<td>Authorized: 510,000,000 shares Issued: 348,498,361 shares</td>
</tr>
<tr>
<td>Number of Shareholders</td>
<td>519,317</td>
</tr>
<tr>
<td>Stock Listing</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Ticker Code</td>
<td>9202</td>
</tr>
</tbody>
</table>

Administrator of Register of Shareholders

Sumitomo Mitsui Trust Bank, Limited (Stock Transfer Agency Department)

Independent Auditor

Deloitte Touche Tohmatsu LLC

American Depository

Receipts Ratio (ADR:ORD): 5:1

Symbol: ALNPY

CUSIP: 032350100

Depositary:

The Bank of New York Mellon

240 Greenwich Street

New York, NY 10286, U.S.A.

Tel: 1-201-680-6825

U.S. Toll Free: 1-888-269-2377

(888-BNY-ADRS)

URL: https://www.adrbnymellon.com

Contact

ANA HOLDINGS INC.

Shiodome City Center 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan

Investor Relations E-mail: ir@anahd.co.jp

Fact Book 2020

Fact Book 2020 can be downloaded from the Company’s corporate website in PDF format. This document contains financial data and information on the domestic and international markets and LCC status.

https://www.ana.co.jp/group/en/investors/irdata/annual/

Scope of This Report

Annual Report (Hard Copy and PDF)

PDF version: https://www.ana.co.jp/group/en/investors/irdata/annual/ For Further Information (Website)


Fact Book 2020

Fact Book 2020 can be downloaded from the Company’s corporate website in PDF format. This document contains financial data and information on the domestic and international markets and LCC status.

https://www.ana.co.jp/group/en/investors/irdata/annual/

Forward-Looking Statements

This report contains statements based on the ANA Group’s current plans, estimates, strategies, and beliefs; all statements that are not statements of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Group’s management based on currently available information. Air Transportation Business, the Group’s core business, involves government-mandated costs that are beyond the Company’s control, such as airport utilization fees and fuel taxes. In addition, conditions in the markets served by the ANA Group are subject to significant fluctuations. Accordingly, there is no assurance that the forecasts and projections in this report will prove to be accurate.

Contact

ANA HOLDINGS INC.

Shiodome City Center 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan

Investor Relations E-mail: ir@anahd.co.jp

Fact Book 2020

Fact Book 2020 can be downloaded from the Company’s corporate website in PDF format. This document contains financial data and information on the domestic and international markets and LCC status.

https://www.ana.co.jp/group/en/investors/irdata/annual/