



Annual Report 2021

Fiscal 2020 (Year ended March 2021)



Maintaining a sense of crisis,
but never forgetting hope.

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Contents of This Report

The ANA Group (ANA HOLDINGS INC. and its consolidated subsidiaries) strives to create social value and economic value, leveraging the strengths we have cultivated based on the spirit of our founders. In so doing, we expect to generate sustainable corporate value growth. This report presents an overall picture of the philosophy and value creation handed down over generations. We also address our business strategies for overcoming crises and returning to growth, as well as medium- to long-term sustainability initiatives and the management foundation that supports these corporate activities.

Editorial Policy

The ANA Group emphasizes proactive communication with stakeholders in all of our business activities. In Annual Report 2021, we aim to encourage a deeper comprehensive understanding of the social value and economic value created by the ANA Group through our management strategies, our business, and our environmental, social, and governance (ESG) activities. Further, we have published information on the activities we selected as being of particular importance to the ANA Group and society in general. For more details, please visit the ANA Group corporate website in conjunction with this report.

Scope of This Report

- This report covers business activities undertaken from April 1, 2020 to March 31, 2021 (including some activities in and after April 2021).
- In this report, "the ANA Group" and "the group" refer to ANA HOLDINGS INC. and its consolidated subsidiaries.
- "The Company" in the text refers to ANA HOLDINGS INC.
- Any use of "ANA" alone in the text refers to ALL NIPPON AIRWAYS CO., LTD.

Pursuing *Business Structure Reform* to rebuild as a resilient corporate group, aiming to return to a growth trajectory in the post-COVID-19 era.

I wish to express my deepest condolences to the people around the world who have lost loved ones due to COVID-19. I also pray for the earliest possible recovery for all who are suffering from COVID-19 today. In addition, I want to express my deepest gratitude to the professionals who are working every day to prevent and control the spread of infections.

ANA Group passenger demand began to decline in the fourth quarter of fiscal 2019 due to the impact of COVID-19. Fiscal 2020 was supposed to be a breakthrough year for the airline industry, driven by the Tokyo 2020 Olympic and Paralympic Games and an increase in the number of visitors to Japan. However, the global pandemic led to significant restrictions on social and economic activities. As a result, the ANA Group was forced to change our growth strategies.

In my message here, I want to look back on how we came to this place, dealing with COVID-19 under my leadership. I also want to discuss what we intend to do to return to a growth trajectory in the future.



KATANOZAKA Shinya
President & Chief Executive Officer

The Impact of COVID-19 on Our Businesses

In January 2020, China experienced a sharp increase in the number of people infected with COVID-19. This spread of infection began to affect cross-border traffic gradually, and in the second half of January, the ANA Group began seeing an impact on passenger numbers for international flights. In April, Japan declared a first state of emergency, and the number of passengers on domestic routes declined immediately.

Our first act in response was to secure cash on hand. We procured bank loans of approximately ¥530 billion in total during the first half of the fiscal year, establishing a foundation to continue our business in a stable manner. Next, we declared our position on protecting employee health and jobs, putting into place a complete program to deal with COVID-19. Our employees are responsible for ensuring safety. To ease employee concerns and distractions of COVID-19 or news of mass layoffs among overseas airlines, we adopted measures with employees and all ANA Group stakeholders in mind.

In terms of aircraft operations, we expanded cargo flight capacity significantly to meet the demand for medical product and personal protective equipment (PPE) transportation. We adopted the *ANA Care Promise*, outlining our new initiatives to ensure hygiene for passengers and employees. In this way and more, we implemented numerous measures in parallel, all while monitoring domestic and international socioeconomic trends. We approached this process from the perspective of consistent, comprehensive risk management. Rather than relying on wishful thinking, we prepared multiple options in advance, implemented necessary measures proactively, while anticipating the changing tides of the situation.

Despite the best efforts of our entire group, passenger demand remained sluggish due to the impact of immigration restrictions in various countries and the multiple declarations of a state of emergency in Japan. These factors combined to create a net loss in excess of ¥400 billion for fiscal 2020. Nevertheless, our efforts, including groupwide cost reductions of ¥590 billion, allowed us to narrow net loss by more than ¥100 billion compared to the full-year forecast we published on October 27, 2020.

We have also taken measures that will lead to a return to growth in the future.

The first measure was *Business Structure Reform*, which we formulated at the end of October 2020. The pursuit of a group airline model is one of the main topics in our Air Transportation Business. Here, we intend to change our service model for post-COVID-19 demand characteristics and customer needs. We will also continue to restructure the group business portfolio across our entire group. Reducing resources (aircraft, human resources) is an essential component to achieve this restructuring, and we completed resource reduction measures by the end of fiscal 2020. We created a plan to return to profitability in fiscal 2021, engaging in cost reduction measures mainly dealing with fixed costs.

▶ P.24 Overview of Business Structure Reform and Fiscal 2021 Plan

The second measure was to strengthen our financial foundation. During the second half of fiscal 2020, we executed a subordinated loan and a public offering of new shares to secure financial flexibility in terms of both liquidity on hand and capital. In this way, we created a management environment allowing us to focus on our pursuit of *Business Structure Reform*. We plan to use the funds raised through the public offering to fund investments in aircraft required over the medium term to maintain and improve our global competitive advantage.

▶ P.25 Initiatives to Overcome the COVID-19 Pandemic

The third measure was our 2050 Environmental Targets and 2030 Environmental Targets, which we published in April 2021. As many other organizations are responding to global climate change, the ANA Group has decided to strengthen our own measures toward decarbonization. We intend to resolve social issues from a global and long-term perspective in the post-COVID-19 era, and beyond.

▶ P.51 Environmental Goals and Targets

Today, we live in a time in which the only corporations that will survive are the ones that are agile in responding to changes in the external environment. We saw these challenges as a perfect opportunity to make changes, and we implemented management decisions ranging far beyond the COVID-19 pandemic.

The ANA Group History of Overcoming Challenges

The ANA Group has faced many crises throughout our history. Numerous crises in the 21st century alone include the terrorist attacks on the United States in 2001, the Iraq War in 2003, SARS in 2003, the Lehman Shock in 2008, and the Great East Japan Earthquake in 2011. We have also faced technical problems with the Boeing 787, the ANA flagship aircraft, including battery problems in 2012, and engine component issues in 2018. But we have overcome these problems through various structural reforms.

Turning a crisis into an opportunity is a common expression. But it is easier said than done. Over the years, ANA Group management has established a track record of implementing reforms in the face of challenging situations. These reforms have led to the growth of future generations, defining a clear vision of where we aimed to be as a company once we overcame the issue at hand. For example, fiscal 2003 passenger demand was very slow due to the Iraq War and SARS. At the same time, we felt the impact of integration at our domestic competitors. We fought our way back to profitability by reorganizing our international flight network and by accelerating cost reduction measures. We resumed dividend payments for the first time in seven years,

as we stated in our initial plan for the fiscal year. During the recovery from the Lehman Shock, we implemented Cost Reduction Initiatives over a six-year period beginning in fiscal 2011. As a result, we controlled the increase in expenses by a total of ¥138 billion. We improved cost competitiveness and pursued growth strategies focused on our international business, generating consolidated operating income of ¥165 billion for fiscal 2017 and 2018.

Established as the first private airline in 1952, the ANA Group has overcome numerous crises in our 69 years of airline business. Our culture of pulling together to overcome challenges has been handed down to us from our predecessors, and this spirit is instilled in the hearts of every employee as part of the ANA Group DNA. The section in this report on page 10, *A Philosophy Inherited from Our Founder*, describes our focus and our mission during the COVID-19 pandemic. As the world undergoes major changes, we must come back even stronger. We are currently executing our *Business Structure Reform*, and we intend to overcome these challenges, while responding agilely to the changes in customer needs and social issues.





Making Changes toward the Post-COVID-19 Era

Some industries in the world have grown steadily, even during the COVID-19 pandemic. The IT industry, telecommunications, pharmaceuticals, biotechnology, home delivery, and e-commerce are such examples. These industries are experiencing an expansion in business domains adapted to changing customer needs. Products and services in the airline industry must respond to changing customer needs in areas such as ESG, hygiene and cleanliness, contactless operations, self-service, simplification, and personal customization. We identified three themes to embody as we move toward the future. Under these themes, we intend to change the conventional practices in which our group has engaged for so many years.

The first theme is *to pursue services and business models compatible with the new normal*. This is an important management focus looking ahead to the post-COVID-19 era. Here, we plan to improve cost competitiveness in our Air Transportation Business, while we change our paradigms and operational flow. For example, we want to replace human airport operations with digital technologies where possible to meet the needs for self-service and personal customization. We will continue to scrutinize areas within our

services that should be performed by our staff and those that should be digitized, finding the best mix that ensures our business structure is compatible with leading world trends. In this way, we will provide new value to society and achieve greater productivity.

The second theme is *to expand diversity*. In the process of growing our international business, we have encountered many overseas cultures and business practices. Doing business overseas means accepting cultures that are different from our own. What makes this possible is our people. The airlines business is about people (i.e., passengers and customers) primarily. The people (i.e., employees) who support this business are a key element in creating sustainable added value, and they serve as a driving force for expanding our business domains. One of our strengths as a group is that we have employees of various age groups working around the world, representing a wide range of attributes, including gender, nationality, and employment models. As of August 2021, the ANA Group has seconded a cumulative total of 1,200 employees to entities outside the group. I expect that as we gather more employees representing various values based on their own

experiences, group diversity will improve, as will the resilience of our organization. Establishing a third brand in our Air Transportation Business and creating a platform business leveraging our customer data assets are two major programs under *Business Structure Reform*. To this end, we pursue the transformation (diversification) of our business portfolio as we make use of new concepts generated by the diverse base of our human resources.

The third theme is *to address environmental issues*, which should be understood in a framework broader than simple decarbonization efforts. For example, Sustainable Aviation Fuel (SAF) is expected to contribute to the reduction of CO₂ emissions in a significant way. Setting up a stable procurement scheme for SAF is an urgent issue as we look to the future. Here, the ANA Group is leading the industry and lobbying related parties to educate the industry and create a system for mass production. Fostering mass production of commercial SAF in Japan will lead to the greater development of our country as a whole. Foreign airlines that fly to/from Japan will be an essential part of

attracting visitors to Japan again. For this to happen, we must create an environment in which these airlines can procure SAF at major airports in Japan. I am calling for SAF as a major management issue, because SAF will play a role in establishing a solid position for Japan as a tourism nation. I hope to take this issue head-on in cooperation with the government and relevant agencies, as well as with the cooperation of the other domestic airline companies.

What these three themes have in common is our ability to create a future filled with hopes and dreams beyond the framework of the interests of our group. Faced with the COVID-19 pandemic, our group has significantly limited opportunities to bring happiness to passengers and customers through our services. One day, we will be able to talk about this pandemic as a thing of the past. But today, our generation must take responsibility to solve the issues we face, so the next generation will not have the same struggle. I believe fulfilling our mission inspired by the idea to serve our stakeholders and to serve the future will naturally lead to sustainable growth for the ANA Group.

What We Must Protect for the Future

We will continue to change in response to the changing needs of our customers and social issues. At the same time, however, there are some things that we must never change. Things that underpin our management foundation and that we must protect for the future. I am talking about *Safety and Human Resources*.

Safety is our promise to the public and is the foundation of our business. As an airline group, and as critical social infrastructure, safety is absolutely essential. We place the highest priority on safety, even as times change. The ANA Group engages in a culture of safety at all times, including a culture of reporting, a culture of fairness, a culture of flexibility, and a culture of learning. We will spare no investment in handing down this culture of safety to the next generation.

For example, we include details of past incidents of aircraft accidents, hijackings, and other unsettling events in our regular internal education and training programs at different employee ranks. This year marks the 50th anniversary of the Shizukuishi accident that occurred on July 30, 1971. We conduct various educational activities to keep the memory of this accident alive in our company. One example is an exhibit of aircraft parts and passenger seats that were deformed as a result of the incident. Another is having employees read the memoirs and messages

of bereaved families. Employees discuss how to prevent accidents and incidents, which raises our awareness of safety. As we build an atmosphere of mutual trust and support across different roles within the group, we are more able to embody safe behavior. As the impact of COVID-19 continued throughout fiscal 2020, we are devising and implementing ways for trainees to participate more proactively. This includes group-wide online training programs. On July 30 of this year, the ANA Group observed a moment of silence and renewed our commitment to safety. But a culture of safety is not built overnight. We will continue our diligent efforts, together with our employees.

Our pursuit of safety is not limited to aircraft operations, but extends to numerous other fields such as food safety and information security. Positioning hygiene as a new value reflects the importance of offering peace of mind to our passengers and customers. And we intend to feature hygiene as a new component of service quality in the post-COVID-19 era as quickly as possible. We will also work with related parties to introduce new operating practices, including digital proof of vaccination, to create an environment in which every passenger can travel between Japan and overseas with peace of mind.

In Japan, vaccinations have been progressing rapidly over the past few months. The ANA Group was the first company in Japan to begin vaccinating employees at work. This is the year in which our group will make a contribution to society by mobilizing the wisdom and efforts of humankind to bring a conclusion to COVID-19. In so doing, we will restore safety and security to our daily lives.

What we must also not forget, however, is our human resources. As I mentioned in our 2020 report, as the COVID-19 infection began spreading around the world in late January 2020, we operated charter flights for persons in Wuhan, China, who wanted to return to Japan. Even before the full extent of COVID-19 was known, a large number of our employees took the initiative to operate the flights at their own risk. This represents just one typical response, and we continued our efforts to overcome the COVID-19 pandemic, driven by our sense of mission as humans engaged in the airline industry. In this sense, it is no exaggeration to say that we pushed through fiscal 2020 supported by the power of our people. Immediately after the emergence of COVID-19, I declared my intent to *protect the jobs of our employees*. The ANA Group employs 46,000 people around the world—people who work diligently on a daily basis to ensure the safety of our aircraft and operations. I am proud of our employees who fulfill their roles in dealing with COVID-19, even as we operate under declarations of a state of emergency in Japan.

Eliminating officer bonuses and reducing pay are a natural response to the situation at hand. After struggling with the decision, we also asked our employees for their cooperation and patience in pay and bonus reductions. The understanding and cooperation of the labor unions will be a great help in overcoming COVID-19. Amid the ongoing hardships, we value

dialogue more than ever. Dialogue is one tool for employees to connect with one another, sharing concerns and uncertainties as we strive to overcome this crisis. During fiscal 2020, ANA executives held a total of 1,667 town meetings, direct dialogue with employees. The management teams of group companies, including myself, spoke with a total of about 32,000 employees. We listened to concerns about the ongoing impact of the COVID-19 pandemic. Employees are concerned about deserted airport counters that once were crowded with passengers. Some raised questions about airport handling changes due to suspended and/or reduced flights. We endeavored to dispel individual worries as much as possible by talking directly with employees. We share hope with them, while conveying our ideas in detail about overcoming the COVID-19 pandemic.

During the course of repeated dialogues, employees began to express a variety of opinions. We collected more than 1,600 ideas for new initiatives in this time of crisis. Ideas included sightseeing flights using the Airbus A380, e-commerce sales of in-flight meals and aircraft goods, opening restaurants using our aircraft, hosting weddings, and more. From the standpoint of management, my only question has been, “Are we going to do it or not?” Once decided, I provide my support with a sense of urgency to collect the relevant departments together. Now is the time for us to embrace our founding spirit of *Wakyo** (close cooperation) and gather momentum as a group to overcome the COVID-19 pandemic.

* *Wakyo*: No matter who you are, have the confidence to voice your opinions. We base our actions on the results of thorough discussion and take decisive action as one.

diminished one iota. As we introduce service models tailored to the new normal and transition to new business models, we will raise the value we create as the ANA Group to higher levels than ever before.

We announced our first quarter financial results for fiscal 2021 on July 30, amid the ongoing impact of COVID-19. While we felt the impact of the declaration of a state of emergency in late April, we grew revenue in our cargo business and engaged in consistent cost management, narrowing operating loss by a significant margin compared to the same period in the previous fiscal year. This result confirms the steady progress of our internal reforms as we build on a number of other measures. Passenger demand for domestic operations has been recovering steadily. We see more passengers at airports and in our aircraft, eyes sparkling at the opportunity to travel after so long. I am happy to see a return to the bustling activity and smiling faces of our crew, airport staff, and other frontline

employees. I think we can say there is a light at the end of the long tunnel. What lies ahead is not the old world, but a new world we have yet to see. We are an airline group that has grown together with our passengers and customers, overcoming challenges over the 69 years since our founding. We will continue aiming for a return to growth in the post-COVID-19 era, striving to continue as the airline of choice by our stakeholders. As the top management of the ANA Group, I am committed to carrying on the spirit of the words of our founder, “Hardship Now, Yet Hope for the Future.”

I ask for your continued support of the ANA Group.

August 2021

KATANOZAKA Shinya

President & Chief Executive Officer

Our Future Direction — My Commitment —

During the third quarter of fiscal 2020, the number of people infected with COVID-19 in Japan subsided temporarily. At the time, we saw a rapid recovery in domestic passengers, driven by the *GoTo Travel Campaign*. We also received many applications for the Airbus A380 sightseeing flights. We believe that demand for air travel will recover rapidly in response to a trigger of some kind. Many customers sent messages of support, expressing their desire to board a plane and travel as soon as possible. We know that customers are eager to travel by air.

In the year and a half since we began responding to the COVID-19 pandemic, I have pondered the significance of the ANA Group and of our existence. In the post-COVID-19 era, some business travel will likely be replaced by online methods. But I believe the value of traveling and experiencing a destination with one's own five senses, of meeting people face-to-face, is becoming greater than ever. Our group mission statement describes *the wings within ourselves* that we use to fulfill the hopes and dreams of an interconnected world. I am convinced that this role has not



A Philosophy Inherited from Our Founder



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.

ANA Group Strengths

The ANA Group is celebrating our 69th year in business. No matter how severe the environment, we have always united in our efforts, overcoming obstacles and refining our unique strengths in the process. We demonstrated the strengths we have cultivated, even during the COVID-19 pandemic, every element interacting and amplifying to drive our value creation.



A Spirit of Challenge, Never-Ending Pursuit of the Best

To meet the latent needs of society and create new value, we continue to introduce better products and services, always brave in the face of change. During the COVID-19 pandemic, we have been engaging in *Business Structure Reform* to adapt quickly to declining passenger demand and changing customer needs. We are striving to overcome difficulties through the spirit of endeavor in the DNA passed down to us as we aim for a return to growth in the post-COVID-19 era.

Pursuing the
Needs of
Our Customers

Strong Relationships with Our Stakeholders

To fulfill our responsibilities as social and transportation infrastructure, we maintained our passenger flight network to the greatest extent possible, even in times of slow demand. In addition, we operated extra cargo flights to meet the strong demand during the COVID-19 pandemic. The ANA Group supports the interchange of people, goods, and culture, contributing to the revitalization of economy and trade as we play an important role together with our stakeholders in the sustainable advancement of society.



Strengths
Cultivated

Strengths That
Create Value

Comprehensive Capabilities, Working Together to Achieve Our Goals

In January 2020, we operated charter flights from Wuhan to Haneda for customers who had difficulty returning to Japan due to the spread of COVID-19. Despite the real risk of infection, all ANA Group companies worked together to bring a total of 828 customers home to Japan. We have an ingrained culture of Team Spirit. Every department brings its own expertise and cooperates across organizational boundaries to achieve our goals.

Obsessed with
Exceeding
Expectations

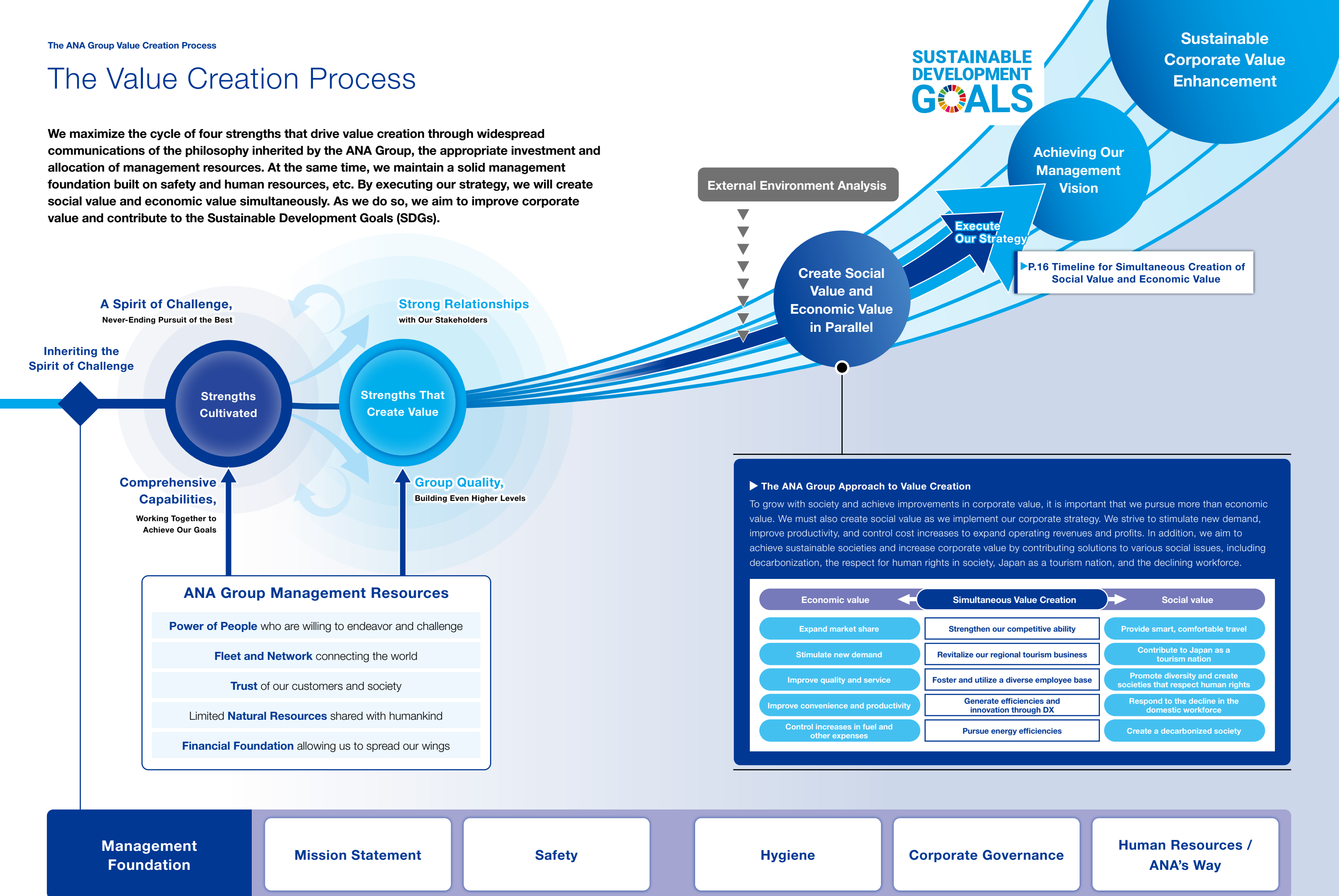
Group Quality, Building Even Higher Levels

We endeavor to see from the customer's point of view, aiming to improve quality and service by ensuring safety and pursuing on-time operations relentlessly. In response to the growing need for hygiene and cleanliness, we are creating environments to inspire passenger confidence in our aircraft through initiatives such as the *ANA Care Promise*. As a result of our efforts, ANA was awarded the highest rating of 5-STARS in the COVID-19 Airline Safety Rating by SKYTRAX in the UK.



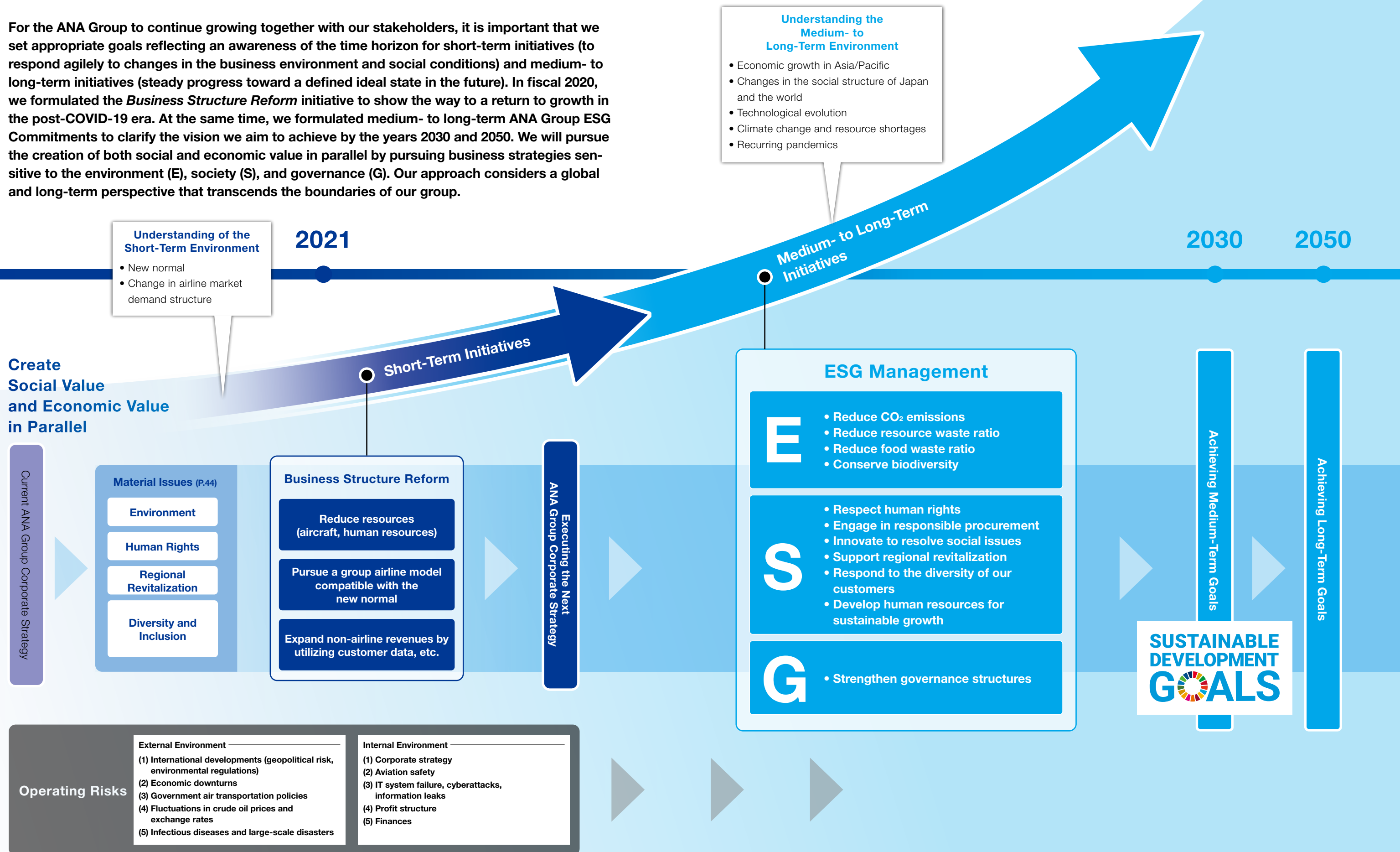
The Value Creation Process

We maximize the cycle of four strengths that drive value creation through widespread communications of the philosophy inherited by the ANA Group, the appropriate investment and allocation of management resources. At the same time, we maintain a solid management foundation built on safety and human resources, etc. By executing our strategy, we will create social value and economic value simultaneously. As we do so, we aim to improve corporate value and contribute to the Sustainable Development Goals (SDGs).



Timeline for Simultaneous Creation of Social Value and Economic Value

For the ANA Group to continue growing together with our stakeholders, it is important that we set appropriate goals reflecting an awareness of the time horizon for short-term initiatives (to respond agilely to changes in the business environment and social conditions) and medium- to long-term initiatives (steady progress toward a defined ideal state in the future). In fiscal 2020, we formulated the *Business Structure Reform* initiative to show the way to a return to growth in the post-COVID-19 era. At the same time, we formulated medium- to long-term ANA Group ESG Commitments to clarify the vision we aim to achieve by the years 2030 and 2050. We will pursue the creation of both social and economic value in parallel by pursuing business strategies sensitive to the environment (E), society (S), and governance (G). Our approach considers a global and long-term perspective that transcends the boundaries of our group.



What Must Change, What Must Never Change

Message from the Independent Outside Directors



The ANA Group pursues *Business Structure Reform* in response to the changes in our environment, aiming to achieve a steady return to growth in the post-COVID-19 era. We asked outside directors Mr. YAMAMOTO Ado, Ms. KOBAYASHI Izumi, and Mr. KATSU Eijiro for their opinions on what the ANA Group should change boldly, without being bound by convention, and what the ANA Group should never change, even in this time of reform.



Remaining committed to the absolute mission of *Safety*, while nurturing business through new concepts and an eye to the changes of the next generation

YAMAMOTO Ado
Independent Outside Director

COVID-19 has had a major impact on the ANA Group. But I commend the group on the agile implementation of a number of key measures including controlling capacity to meet demand, emergency cost reductions, and securing cash on hand in a flexible manner. Even in a rapidly changing external environment that requires nimble management decisions in all aspect of business, we in the transportation industry know that we must commit to *Safety* at all costs.

To ensure *Safety*, we must have a safety-focused mindset at all times. In addition to regular checks, special campaigns and other educational activities are effective in this respect. Moving forward, it will be important to utilize AI and IoT to create deeper systems that detect hazards in advance. For example, such systems will be able to sense a small event occurring in an aircraft engine, extrapolating likely risks and allowing for appropriate measures in advance. In this and other ways, I expect technological innovation will raise safety to new heights.

Environmental initiatives are another extremely important issue for the airline industry. The ANA Group set a goal to reduce CO₂ emissions to net zero by fiscal 2050. We recognize that this is a very high hurdle. In addition to the introduction of fuel-efficient aircraft and Sustainable Aviation Fuel (SAF), it is important to think flexibly and actively seek new technologies. Hydrogen engines, fuel cells, and other next-generation power sources could be used on domestic routes, for example. The environment is a global issue, so we must engage with governments, industries, and other companies if we are to achieve our goals.

Business Structure Reform will require brand new concepts. The core of the ANA Group is the Air Transportation Business. The group develops Travel Services, Trade and Retail, and other companies around this core, but the COVID-19 pandemic has exposed the high degree of risk in the linkage with air transportation. In the recent past, ANA X Inc. and ANA NEO, Inc. have engaged in ambitious efforts to create new businesses. And the group should consider more non-air businesses that generate profits, looking to the coming changes of the next generation.

The ANA Group is making steady progress in preparing for the post-COVID-19 era, setting targets for resource reductions as of the end of fiscal 2020. But management must show a certain level of preparedness, having taken measures related to personnel expenses and having asked employees to cooperate in terms of compensation packages. I worked tirelessly toward restructuring between my time serving as director in charge of human resources and president at Nagoya Railroad Co., Ltd. At the time, I took the opportunity to speak with as many employees as possible, carefully explaining in my own words the current situation and management policies. The ANA Group is taking a proactive stance in holding town meetings under the leadership of top management. I expect that these dialogues will deepen an understanding related to management policies, helping employees find hope and align in the same direction to overcome this crisis.

What Must Change, What Must Never Change

Message from the Independent Outside Directors

To be an organization in which every individual demonstrates a sense of ownership in shaping the future, inheriting the philosophy and values handed down from earlier generations

In January 2020, ANA operated a charter flight for passengers wishing to return home to Japan from Wuhan. When the actual situation of COVID-19 was still unclear, ANA made the commendable choice to benefit society, despite an awareness of the risks. The ability to take immediate action in hygiene measures and financing showed the strengths of the group.

At the same time, I believe the group could have taken even more effective action by examining potential future developments in greater depth. If the group imagined the impact of major cancellations and passenger flight reductions on the air cargo market, it perhaps could have maximized cargo business capacity more quickly and decisively.

The airline industry is at a major turning point. To date, the group focused on expanding business. Going forward, the group must rebuild its portfolio as quickly as possible. The group should not ever change the philosophy that has been handed down since its founding and the values it has cherished. But this is an opportunity to discuss in detail, without being tied to the past, what businesses truly utilize the strengths of the group, and what sort of value the group can provide to society and stakeholders. In this way, I believe the group can discover its ideal portfolio.

To overcome the crisis that lies ahead and survive the next generation, the ANA Group must find human resources who take the responsibility to solve problems. The employees who joined the group after the business had become relatively stable have come up under the protection of a large organization.



KOBAYASHI Izumi

Independent Outside Director

Now, these employees must be brave and seek out challenging environments, experiencing successes while solving problems within their scope of authority. The group must change its personnel systems and on-the-job mentorships in a flexible manner to allow every employee to work with a sense of ownership and the determination to rebuild the company. Creating a wider range of opportunities for free dialogue with upper management could be effective, as well.

The board of directors is also placing more importance on internal dialogues, visiting the front lines more often than ever before. The group can strengthen governance further by gathering information from a wide variety of sources beyond what is shared in board of director meetings. In so doing, the group will gain a better understanding of the front lines and stakeholder expectations, applying this information in management.

As individual values are changing dramatically, the pursuit of diversity has become even more important. This is a topic that is attracting much attention from society. There is still room for improvement, not only with regard to women, but also with regard to the number of outside directors and diversity among internal directors. Rather than superficial measures to adjust numbers, I believe the group must consider the essence of the demands of Japan's Corporate Governance Code, seeking deeper discussions and taking into account objective perspectives from third-party evaluations and other sources.



Creating an environment in which every employee has a sense of purpose and all work toward the same goal

KATSU Eijiro

Independent Outside Director

When I was appointed outside director a year ago, the COVID-19 pandemic was just emerging. Although the situation was extremely difficult, I appreciated the strong leadership of top management, who continued to share corporate messages to employees. Informing employees of targets, clarifying specific measures, and inspiring hope during difficult times is an extremely meaningful approach in terms of maintaining motivation.

The COVID-19 pandemic has caused a shift in personal values. I believe needs for airline services will polarize in the future. Some customers will continue to expect the same 5-Star level of service quality, while others may demand contactless and self-service options. Even when offering the latter options, it shouldn't allow airlines to sacrifice service quality. The group must carefully examine and determine what the customer wants.

Some say that the group should speed up the process of dealing with these issues. Of course, the group can embark on digitalization and other measures as soon as possible, and many other measures also require speed. However, we are in the midst of ongoing change, and I do not believe there is a need to rush to conclusions about changing customer preferences and the future. The ANA Group must engage in deeper discussions about what to maintain and what to change in the future, including universal themes.

I hope every employee maintains the pride of being a member of a global top-tier airline group that has a rich history of approximately 70 years. This pride will lead to personal growth and self-actualization, as each person maintains a high level of awareness, working while thinking about the meaning of the company and how they contribute to the world, their country, their organizations, and society. There is something that I always say to the employees in my company. I tell them, "You spend hours of your precious time in your organizations every day. How you spend that time will make all the difference in the rest of your life."

Dialogue is important to enhance and sustain motivation for employees. The ANA Group conducts frequent town meetings between executives and employees, and the group should continue to be active in this respect. Of course, management must gain an understanding of the front lines through dialogue. But now that the external environment is changing so drastically, it is also important to create an environment in which employees have their own clear goals, established based on an understanding and clear communication of management policy, aligning every employee in the same direction.



Business Strategy

The environment surrounding the ANA Group is going through major changes due to COVID-19. We are continuing with *Business Structure Reform* steadily to return to growth and become a resilient corporate group capable of withstanding future pandemics.

THE WEDDING with ANA: In-Flight Wedding

THE WEDDING with ANA is an ANA Group original wedding package in a time when overseas weddings are difficult to perform.

We helped create once-in-a-lifetime memories at airports and inside our aircraft cabin space, the closest most can come to overseas travel at this time.

▶ P.76 The Power of People in the ANA Group

Overview of *Business Structure Reform* and Fiscal 2021 Plan

▼ For the most up-to-date information, please refer to the following website:

Financial Results Presentation Materials: <https://www.ana.co.jp/group/en/investors/irdata/supplement/>

Business Environment Surrounding the ANA Group

The impact of COVID-19 has resulted in major changes to the environment surrounding the airline industry.

Although passenger demand declined significantly on a temporary basis, we expect to see a gradual recovery to pre-COVID-19 levels over the medium term as vaccines become more widely available and the pace of globalization continues to progress.

Passenger segments will be affected, as we expect to see a contraction in the ratio of high-unit-price demand, mainly business travel, and an increase in the ratio of relatively low-unit-price demand, including leisure and VFR*. At the same time, passenger and customer needs for hygiene, non-contact services, and simplification are rising.

The group believes it necessary to adjust our resources, mainly aircraft and human resources, and to transform our service and business models to respond to these changes in air travel demand.

If we are to respond to the risk of a significant and prolonged slowdown in air travel demand, we must transition to a resilient business structure, revising our cost structure, which consists of a high ratio of fixed costs, and the current group profit structure, which relies heavily on the Air Transportation Business.

In this section, we will provide an overview of our *Business Structure Reform*, which we created at the end of October 2020, and our plan for fiscal 2021.

* VFR: Visiting Friends and Relatives

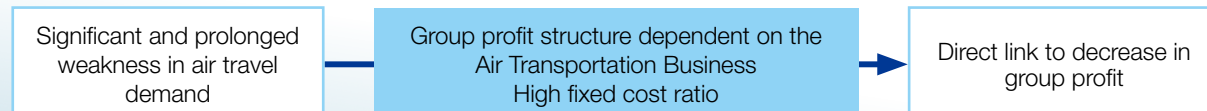
1 The COVID-19 Pandemic Has Caused Changes in Society and the Attitudes and Behaviors of People (Impact on Airline Demand)

	Short term (With-COVID-19)	Medium term (Post-COVID-19)
Number of passengers (quantitative change)	Decrease in passenger demand	Recovery to pre-COVID-19 levels
Passenger segments (qualitative change)	Recovery driven by leisure and VFR demand Decrease in business travel demand	Structural change in the composition of our customer base Leisure and VFR → Increase Business travel → Decrease

ANA Group Response

Must Change Service and Business Models for the New Normal

2 Significant and Prolonged Slowdown in Air Travel Demand Due to Travel Restrictions

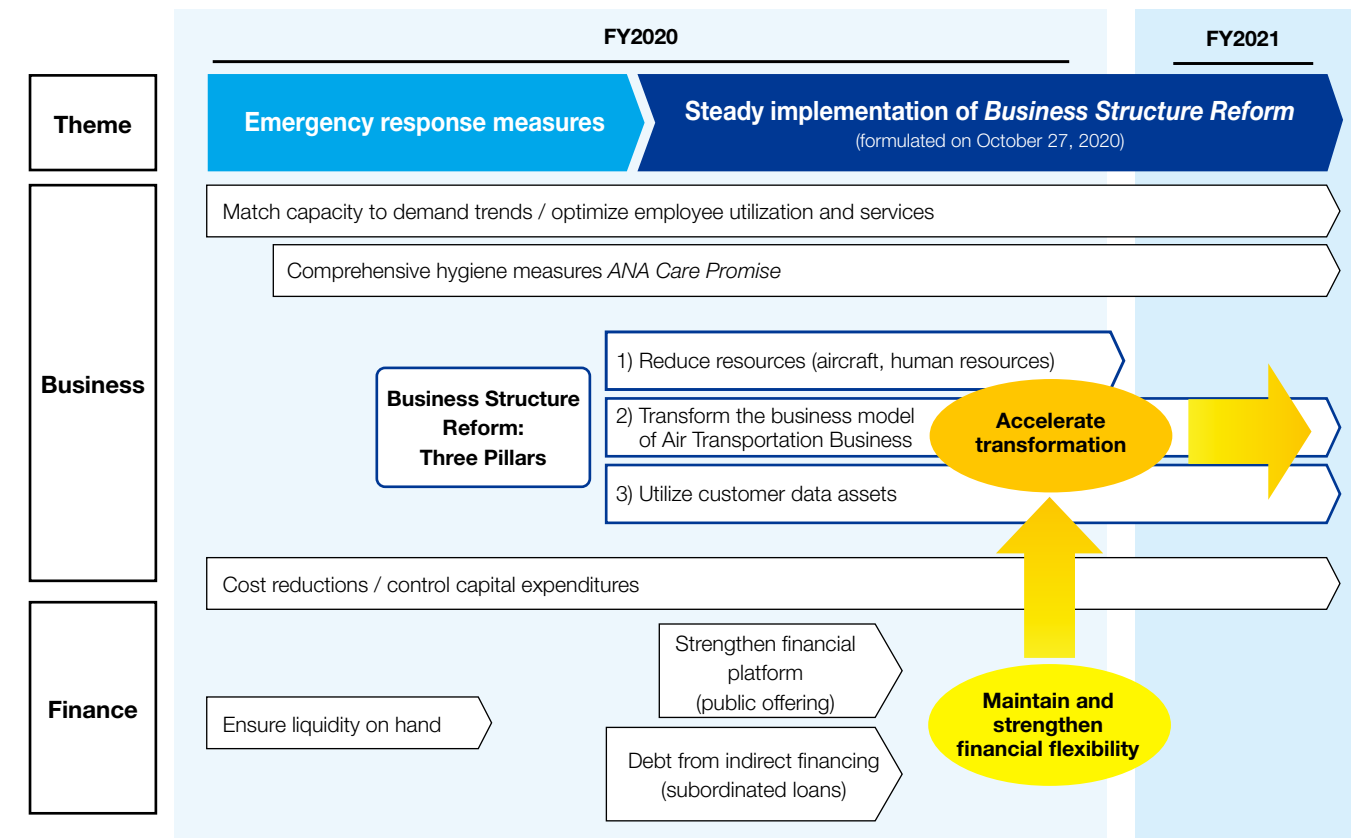


ANA Group Response

Must Transform into a Resilient Business Structure Capable of Withstanding Future Pandemics

Initiatives to Overcome the COVID-19 Pandemic

Throughout fiscal 2020, the group worked swiftly and smartly on a variety of initiatives to overcome the COVID-19 pandemic in terms of our business and our financial performance.



Business Structure Reform: Three Pillars

- | | |
|-------------|--|
| Short-term | (1) Temporarily reduce scale of the Air Transportation Business, mainly in the ANA Brand, to overcome the COVID-19 pandemic |
| Medium-term | (2) Transform the business model of our Air Transportation Business for sustainable growth under the new normal of the post-COVID-19 era |
| | (3) Establish a platform business that utilizes customer data assets to create new revenue opportunities |

During the first half of fiscal 2020, we focused on emergency response measures in our businesses, matching capacity to demand trends, optimizing personnel assignments and services, etc. Also, we introduced comprehensive hygiene measures under the banner of the *ANA Care Promise*.

In terms of finances, we engaged in cost reduction measures, curbed capital expenditures, and, quite early on, secured enough liquidity on hand for the time being.

During the second half of fiscal 2020, we formulated our

Business Structure Reform at the end of October, pursuing initiatives focused on three pillars for the group to survive and return to growth, even should the COVID-19 pandemic continue for an extended period of time.

In addition, we accelerated our transformation by maintaining and strengthening financial flexibility through indirect financing and a public offering, looking forward to the post-COVID-19 era.



Progress in Business Structural Reform

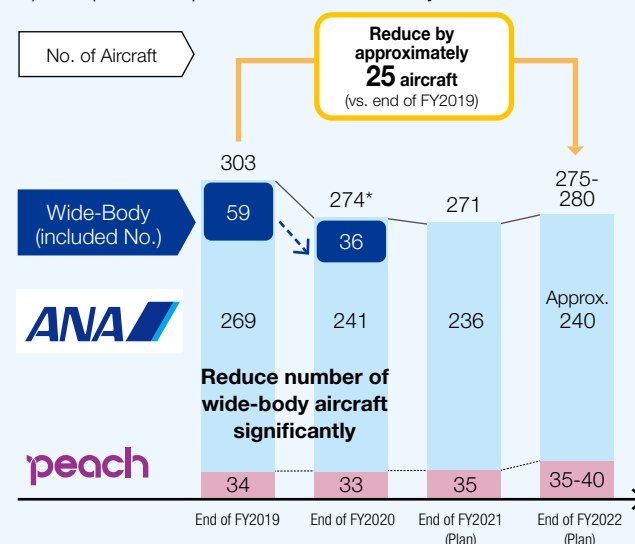
Theme 1

Short term

Temporarily reduce scale of the Air Transportation Business, mainly in the ANA Brand, to overcome the COVID-19 pandemic

1. Aircraft

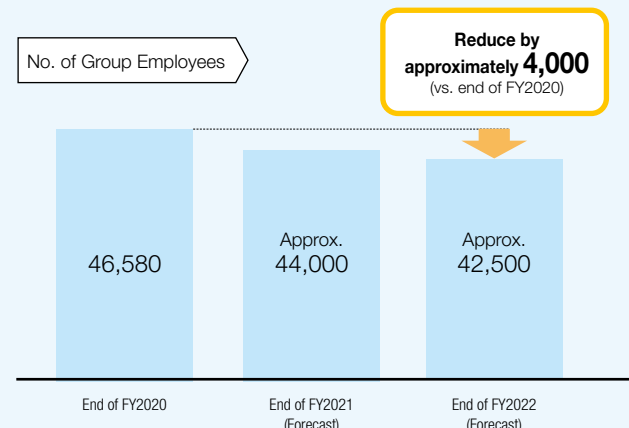
- 1) Accelerated retirements, mainly of wide-body aircraft (FY2020)
- 2) Postpone the planned aircraft delivery schedule



FY2020
Complete a resource reduction measures

2. Human Resources

- 1) Reduce the number of group employees
 - a. Natural decrease due to retirement, etc.
 - b. Voluntary retirement offering (FY2020)
 - c. Curb new hiring (FY2021-FY2022)
- 2) Review benefits



FY2021 and beyond
**Deepen fixed cost control
Improve unit cost steadily**

We accelerated aircraft retirements, mainly of wide-body aircraft, during fiscal 2020, reducing the total number to 274 in the group as of the end of fiscal year (operating basis).

We have already made arrangements with manufacturers to postpone the delivery of aircraft. Even with these measures, we intend to respond in a flexible manner according to demand trends.

In terms of human resources, we plan to conduct a reduction in force by approximately 4,000 employees groupwide

over the next two years. We will accomplish this by restricting new hiring and other measures to reduce the scale of our business temporarily.

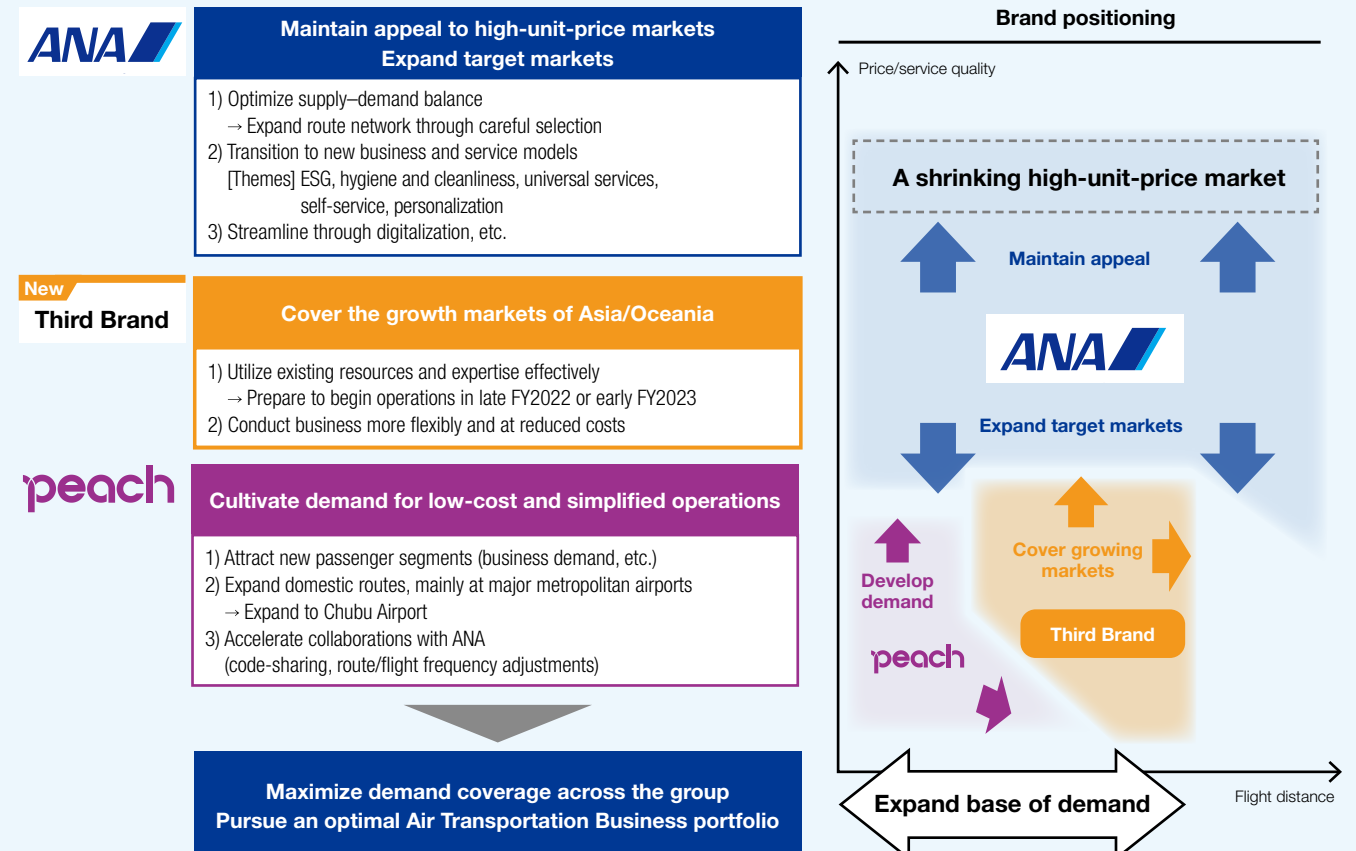
While we protect the jobs of our group employees, we will also reduce personnel expenses by revising compensation packages.

Having taken these measures throughout fiscal 2020, we completed resource reduction measures. We will deepen cost control mainly in fixed costs and improve unit cost steadily.

Theme 2

Short and Medium term

Transform the business model of our Air Transportation Business for sustainable growth under the new normal of the post-COVID-19 era



The ANA brand will maintain its appeal to the higher-priced market, while capturing a wider range of non-business passenger segments, which we expect to grow in the future. At the same time, we will shift to new business and service models to adapt to the new normal, pursuing labor savings and streamlining through the use of digital technologies.

The newly established third brand will tap into growth markets such as Asia and Oceania, targeting demand for inbound flights to Japan. Air Japan Co., Ltd. will serve as the umbrella entity under which we prepare and allocate existing resources and expertise, aiming to commence operations in the second half of fiscal 2022 or the first half of fiscal 2023. This brand will focus on mid-range international flights by reducing costs and offering reasonable fares.

Peach will target domestic and neighboring Asian markets to cultivate demand for low-cost and simplified operations. In addition to capturing new passenger segments (e.g., business demand), Peach will expand domestic routes, mainly to major metropolitan airports. We will also accelerate collaborations between our full service carrier and LCCs, which include the launch of code-sharing with ANA beginning August 2021.

As each company engages in transformation, we will pursue an optimal Air Transportation Business portfolio by maximizing group coverage of demand. We accomplish this through the optimal positioning of each brand and stronger marketing collaborations.

Progress in Business Structural Reform



Establish a platform business that utilizes customer data assets to create new revenue opportunities

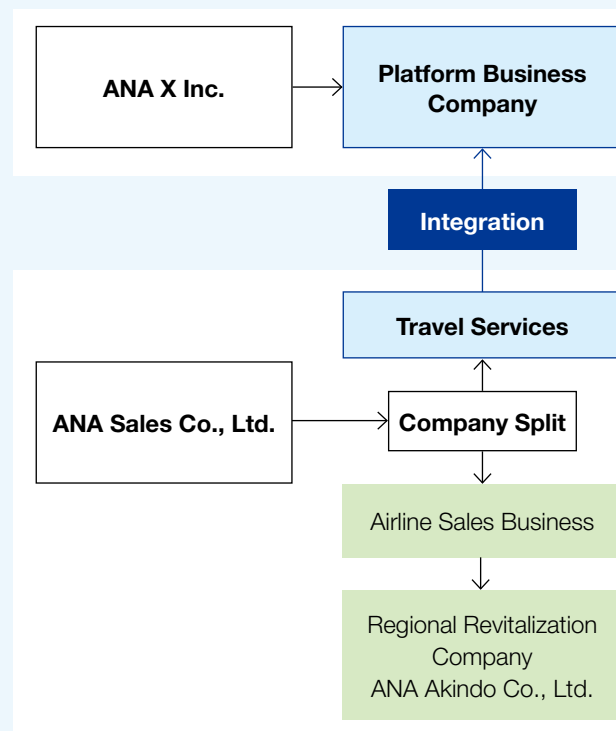
▶ P.38 Special Feature: Establishing a New Platform Business

1. Purpose Create new revenue opportunities by utilizing customer data accumulated so far

- (1) Provide value beyond the airline business
(2) Maximize customer lifetime value



2. Action April 2021 reorganization of group companies



In April 2021, we integrated the Travel Service of ANA Sales Co., Ltd., launching ANA X Inc. as a platform business company. Utilizing customer data accumulated by the group and digital touch points such as the ANA Mileage Club app, we intend to establish a platform business built around the Air Transportation Business, Travel Services, and ANA Credit Card business, which processes more than ¥4 trillion in transactions yearly.

In addition to digitizing the Travel Services and guiding customers to our new platform, we intend to streamline the air ticket and travel sales operations of our airline sales business.

Meanwhile, the newly established ANA Akindo Co., Ltd. will

develop a regional revitalization business by discovering attractive regional products, both tangible and intangible, developing these products for use on the platform.

Over the medium term, we plan to expand our lineup of offerings through credit card and mileage businesses, e-commerce, real estate, and other services, as well as through B-to-B alliances with other companies.

In this way, we will provide value that goes beyond the airline business and pursue maximum customer lifetime value, expanding non-airline revenues and contributing to earnings as an independent business.

Passenger Demand Forecast

We have made the following assumptions in our forecast of future passenger demand.

When we began formulating our fiscal 2021 plan, we assumed demand for domestic routes would recover beginning in the second quarter of fiscal 2021.

Our assumption was based on the belief that we would see a gradual recovery in demand for travel and ancestral home trips that would become more pronounced as vaccinations progress.

Based on our plan assumptions, we expect to see an average fiscal 2021 demand recover to 80% of the pre-COVID-19 levels, returning generally to pre-COVID-19 levels at the end of the fiscal year.

On the other hand, we expect passenger demand for international routes to recovery in stages, driven mainly by business travel and traffic associated with expatriates, long-term stays as the major countries of the world begin to relax immigration

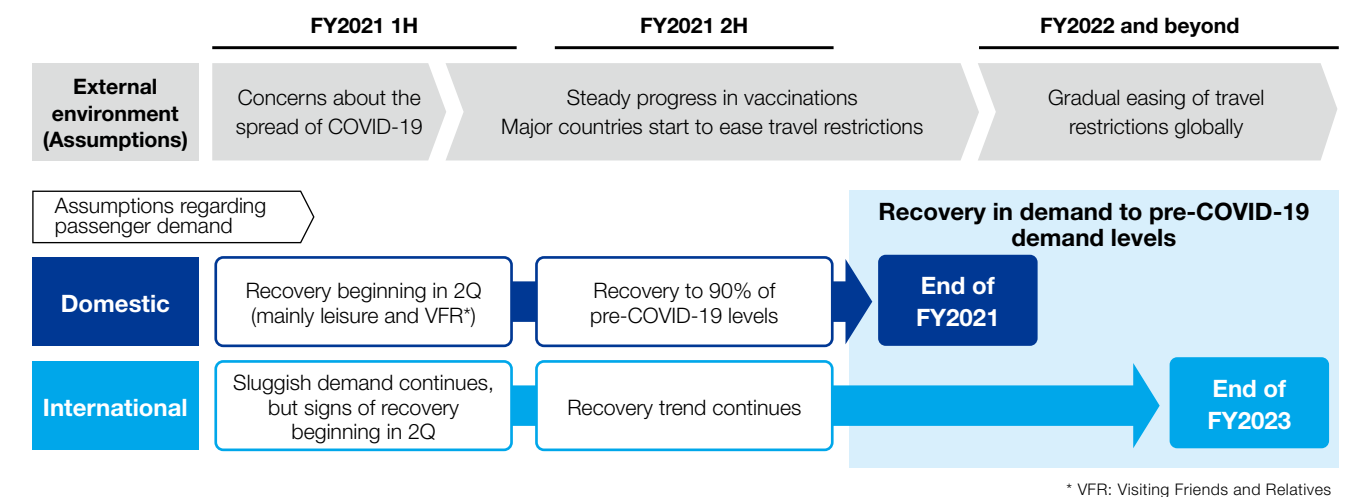
restrictions some time by the end of the year.

We assume that average demand for fiscal 2021 will be 30% of pre-COVID-19 levels, with year-end demand at 50%, and a recovery to pre-COVID-19 levels at the end of fiscal 2023.

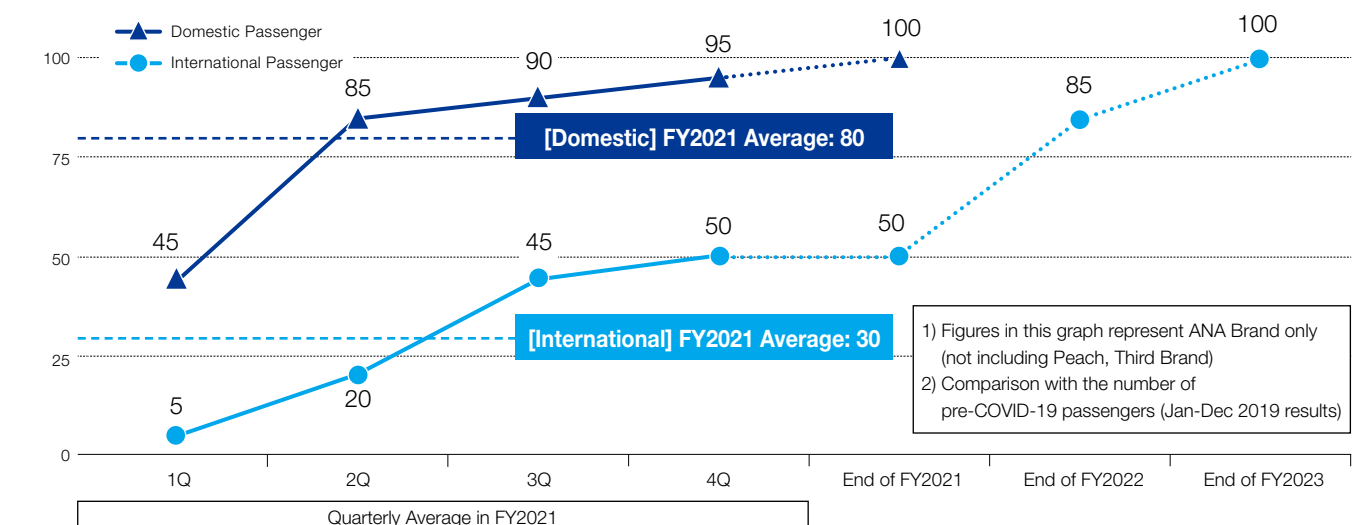
Domestic passenger results were short of our initial plan for the first quarter due to the impact of state of emergency declarations between April 25 and June 20. However, we kept bottom-line impact to a minimum by adjusting capacity to curb variable costs and by experiencing higher revenues in the solid-performing cargo business.

Going forward, we will continue to monitor demand trends and implement necessary measures on a flexible and timely basis, including adjusting aircraft and human resources.

FY2021 Plan Assumptions (Announced on April 30, 2021)



[Index] Demand level before COVID-19 (CY2019 results) = 100



Cost Management

Responding immediately after experiencing the impact of the outbreak of COVID-19, we have implemented cost management initiatives on a consistent and comprehensive basis.

During fiscal 2020, we reduced costs by ¥590.0 billion in total compared with fiscal 2019.

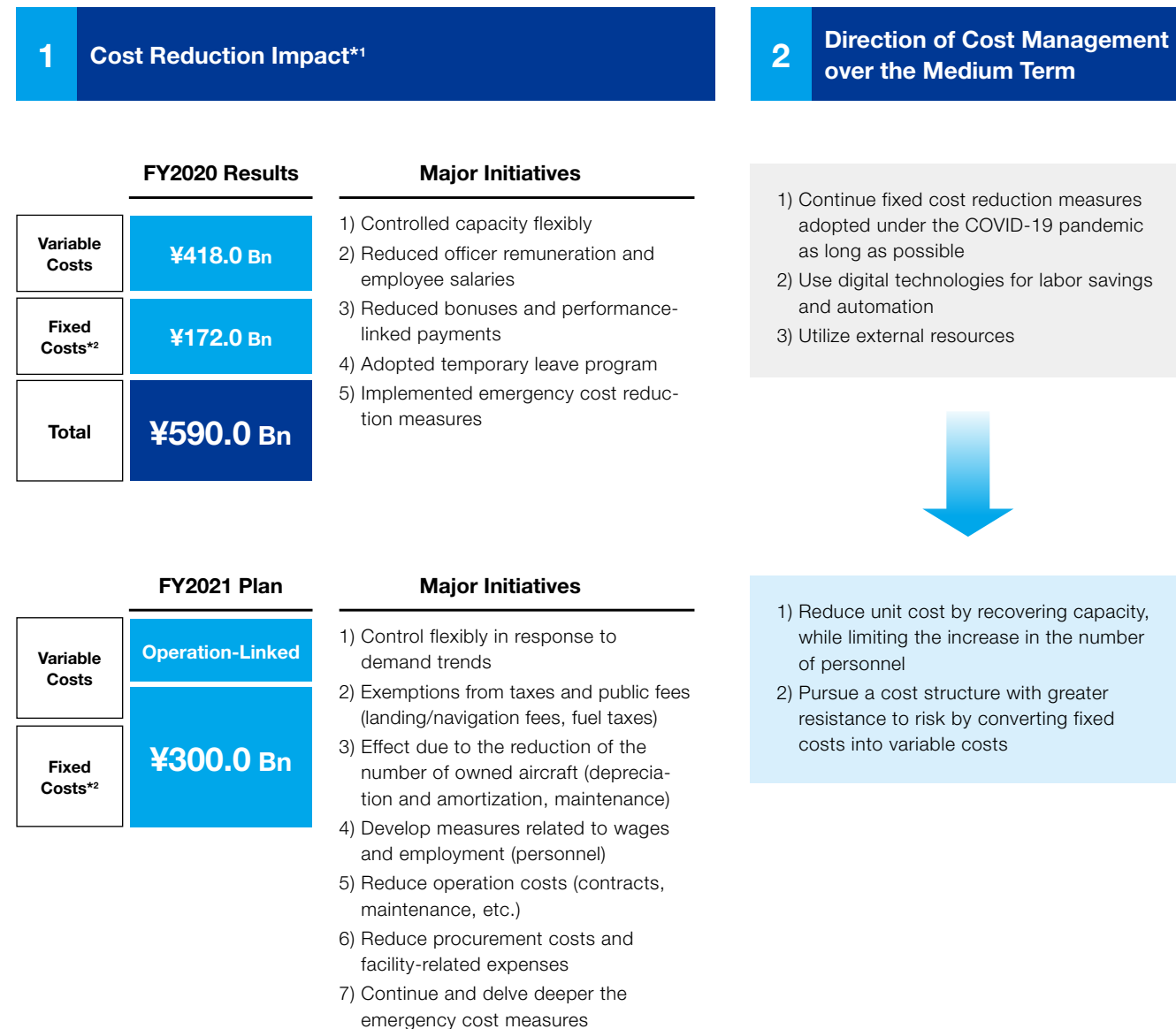
First, we curbed variable costs drastically by adjusting capacity to match passenger demand. In terms of fixed costs, we reviewed salaries and bonuses based on an agreement with the labor union. We looked at every expense to make emergency reductions.

For fiscal 2021, we have incorporated measures into our plan to reduce fixed costs and other expenses by ¥300 billion.

In addition to reductions and exemptions in taxes and public dues and reducing the number of aircraft in our fleet, we are engaging in more extensive measures related to wages

and employment, operating cost reductions, and reforms in procurement costs, among other initiatives. First quarter results outperformed our plan, and we intend to continue with consistent and comprehensive cost management, including the control of variable costs linked to capacity.

Over the medium term, our policy will be to recover capacity as we control the increase in personnel through improved productivity and efficiency to reduce unit cost. Here, we plan to leverage digital technologies for labor savings and automation, among other measures. We will also pursue cost structure with greater resistance to risk by converting fixed costs into variable costs through the use of external resources.



*1 All figures compared to FY2019 results

*2 Includes Employment Adjustment Subsidy

Present Measures Anticipating a Return to Growth

We are aiming to return to growth in the post-COVID-19 era, while we seek to achieve medium- to long-term environmental goals through decarbonization initiatives.

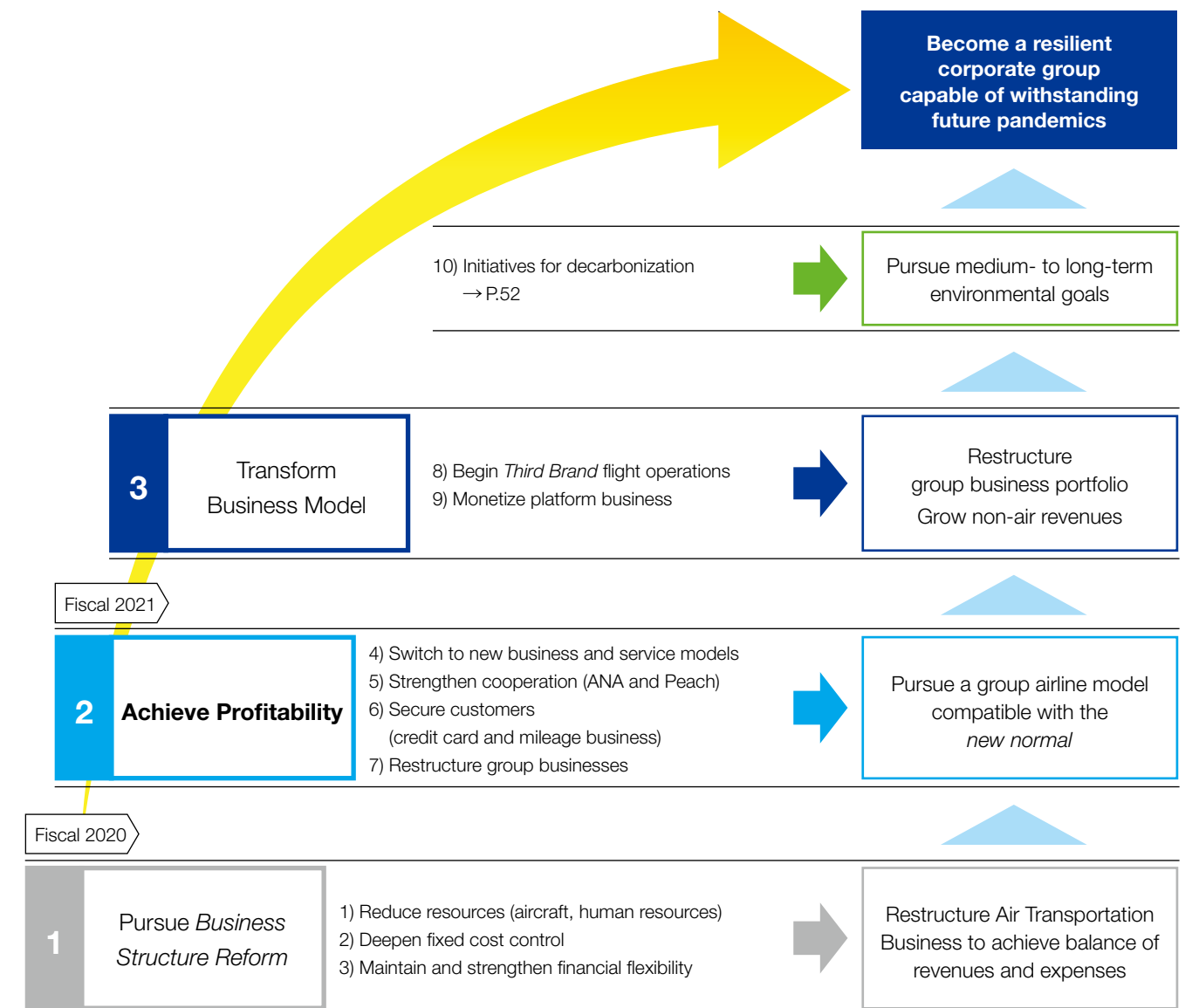
In fiscal 2020, we sought to restructure the Air Transportation Business through *Business Structure Reform*. While economic conditions changed dramatically, we implemented measures in business and finance.

In fiscal 2021, we plan to stabilize our business by achieving profitability. Our first order of business is to shift to a group airline model that is compatible with the new normal, improving the profitability of our mainstay Air Transportation Business.

At the same time, we look ahead to the next fiscal year and

beyond as we engage in transforming our business model, restructuring the group business portfolio, and expanding non-air revenues.

We will also strive to reform our cost structure through fixed cost reductions and by converting fixed costs to variable costs, engaging in these and other measures to transform ourselves into a resilient corporate group capable of withstanding future pandemics.





We will overcome the COVID-19 crisis and build a foundation for sustainable growth.

HIRAKO Yuji

Member of the Board of Directors
ANA HOLDINGS INC.

President & Chief Executive Officer
ALL NIPPON AIRWAYS CO., LTD.

Our dual missions for fiscal 2021 are to pursue every revenue opportunity and to redesign our investment and cost structures to establish a foundation for renewed growth. Based on these missions, we will respond appropriately to the ongoing COVID-19 crisis and transform our business structure for the post-COVID-19 era.

We expect passenger demand to recover gradually as vaccinations progress in Japan and overseas. We also intend to adjust capacity in a flexible and agile manner and maximize overall revenue, including cargo revenue, for which demand remains strong. At the same time, we will strive to reduce fixed costs further through measures that include reviewing our operational systems and reforming procurement costs. In addition, we will accelerate productivity improvements through operational efficiencies based on the adoption of digital technologies to reduce our workforce and save labor, as well as to accomplish work-style reform.

We intend to review and adapt our services to the changing needs of our customers caused by COVID-19. The *ANA Care Promise* is the foundation of our hygiene and cleanliness initiatives to ensure confident air travel. In light of this digital age, we will also pursue more opportunities for customer self-service and personalization. Our commitment is to evolve into an airline that places greater emphasis on the environment and universal services toward creating sustainable societies.

Since assuming the position of president in fiscal 2017, my focus has been on strengthening our frontline capabilities, and with the ongoing impact of COVID-19, we have been increasing opportunities for dialogue between management and employees more than ever. Ideas such as charter flights on the Airbus A380 *ANA FLYING HONU* and *ANA's Restaurant HANEDA* using international aircraft as a dining experience were born from these dialogues. And we will continue to build a foundation for sustainable growth by increasing our capacity for unified action through ongoing dialogues with our employees who support the front lines.

We marked record-high revenues in international cargo during fiscal 2020, despite the significant impact of COVID-19 on passenger demand. As a result, Air Transportation Business operating revenues amounted to ¥604.0 billion, a decrease of 65.2% year on year, while operating loss amounted to ¥447.8 billion, compared with operating income of ¥49.5 billion in the previous fiscal year. During fiscal 2021, we intend to capture the recovery in demand while adjusting capacity flexibly to maximize revenue.

ANA International Passenger Business

Resuming flights in stages while monitoring the latest conditions related to entry restrictions and cargo demand around the world

Fiscal 2020 in Review

We suspended or reduced flights on a large scale in response to slow demand caused by entry restrictions, as countries around the world fought the spread of COVID-19.

We exercised selectivity in choosing routes to continue and operated temporary flights based on our assessments of travel restrictions and demand trends throughout our route network. In December, we became the first Japanese airline to introduce a Narita–Shenzhen route. We also began service between Haneda–San Francisco. These new routes reflect our expectations for certain demand, mainly in cargo transportation.

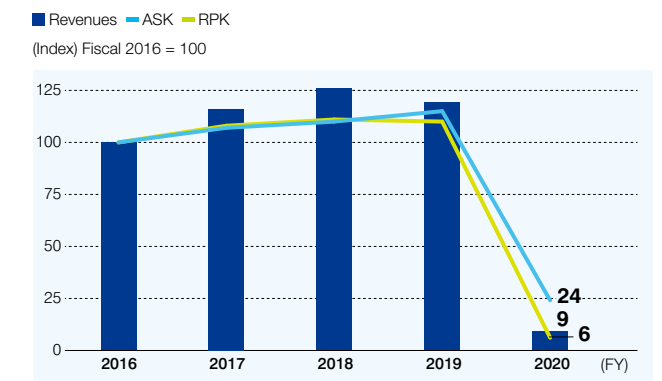
In terms of sales and services, we endeavored to capture demand related to overseas assignments, citizens returning home, study abroad, etc. In January, we launched a new *Safe Homecoming Service* website to help passengers arrange for hotels and transportation under the activity restrictions imposed upon their return to Japan.

As a result, international route passengers amounted to 0.42 million, a decrease of 95.5% year on year. Operating revenues were 92.7% lower at ¥44.7 billion.

Fiscal 2021 Business Policies

While entry restrictions will continue in various countries, we intend to control variable costs by contracting the scale of our operations. However, we will introduce flights in a flexible manner based on an assessment of profitability, including cargo demand considerations. At the same time, we will monitor vaccination trends and number of infections in the countries we serve. As policies emerge to ease entry and general restrictions, we will restore capacity appropriately.

ANA International Passenger Business Results



Launch of Haneda–San Francisco Service

Digital Certificates Aid in Safe Travel



In March 2021, we began testing *Common Pass*, a technology promoted by the Commons Project. In May, we began tests of the *IATA Travel Pass*, developed by the International Air Transport Association (IATA). These digital certificates provide proof of COVID-19 test results and vaccinations. Showing the app screen to an immigration officer upon entry or exit allows for smooth, contactless processing, while the app also provides the latest information regarding entry requirements and quarantine standards. We believe the practical implementation of digital certificates will create systems that facilitate traveler confidence during cross-border travel.

ANA Domestic Passenger Business

Strengthening our revenue platform by resuming capacity in line with vaccinations and the resulting increase in travel

Fiscal 2020 in Review

After the lifting of the state of emergency declaration in May, demand began to recover, partly due to the effects of the *GoTo Travel Campaign*. However, demand took another downturn with the reemergence of infections in December, and we adjusted flight operations while keeping a close eye on developments.

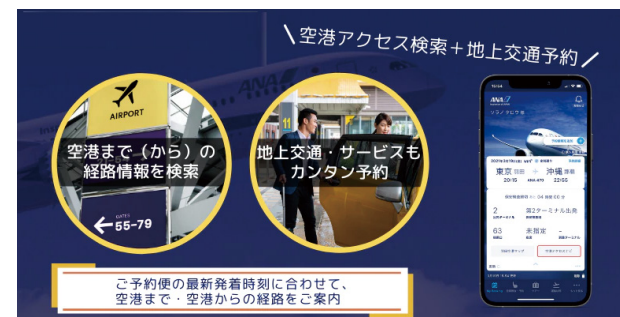
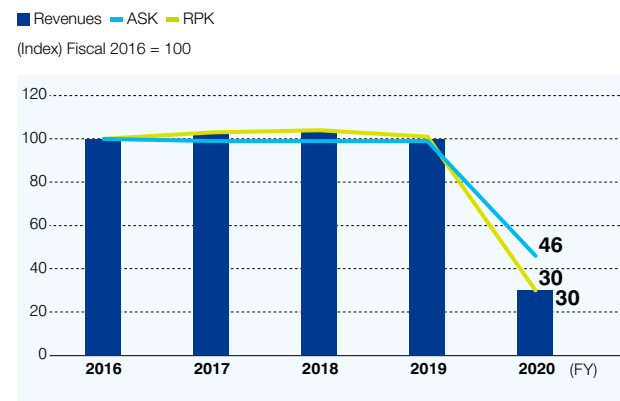
In terms of sales and services, we launched our *Free and Easy Changes Campaign*, which allowed changes in dates and destinations with no extra fees. We also launched our original navigation service named *Airport Access Navi* that supports Mobility as a Service (MaaS). This service provides information to customers regarding rail, buses, taxis, etc., linked to flight operation information. In addition, customers can make reservations and pay for tickets in a single step. Through these services and by other means, we took measures to ensure seamless travel for passengers from start to finish.

As a result, domestic route passengers amounted to 12.66 million, a decrease of 70.5% year on year. Operating revenues were 70.1% lower at ¥203.1 billion.

Fiscal 2021 Business Policies

Vaccinations in Japan began in February 2021. With the increase in vaccination rates, demand has entered a recovery phase, mainly in leisure travel. While the situation is subject to rapidly changing trends, we intend to recover profitability as quickly as possible by adjusting capacity in a flexible manner (e.g., resuming flights when appropriate) and by capturing demand proactively. In addition, we will contribute to the revitalization of local economies.

ANA Domestic Passenger Business Results



Airport Access Navi

Automated Flapper Gates at Domestic Security at Haneda Airport



In May 2021, we introduced automated gates with flappers at certain domestic security checkpoints at Haneda Airport. By automating the formerly manual boarding pass verification process, we are striving to meet customer needs for non-contact, non-face-to-face interactions and greater staff work efficiency. We developed this system at low cost and with quick turnaround (about six months) by combining image analysis technology and flapper gates, without modifying the existing host system. As behavior changes dramatically in the wake of COVID-19, we are making a strong push toward digital transformation, responding to customer needs in a prompt and appropriate manner.

ANA Cargo and Mail Business

Maximizing profits by increasing transport capacity, while monitoring the balance between supply and demand

Fiscal 2020 in Review

The emergence of COVID-19 caused suspensions and reductions in flights, as well as reduced cargo loading space on a global basis. Our International Cargo Business saw increase in demand for emergency supplies (masks, pharmaceuticals, etc.) during the first quarter of the fiscal year in response to the spread of infection. In August, we began to see a recovery in demand for automobile-related components, semiconductors, electronic devices, another mainstay commercial products. In the international cargo market, we saw a tightening in the balance of supply and demand in the second half of the fiscal year in particular, driven by congestion in ocean cargo transport. In response, we maximized the use of cargo freighters, capturing demand by increasing the number of extra cargo flights significantly using passenger aircraft.

In terms of our route network, we expanded our freighter network by introducing the Boeing 777F wide-body cargo aircraft on the Narita–Frankfurt route in October and the Narita–Bangkok route in December. In addition, we consolidated freighter flights to Narita Airport to increase our fleet efficiency, while at the same time we captured a wide range of demand between Asia, China, Europe, and the United States through Narita Airport.

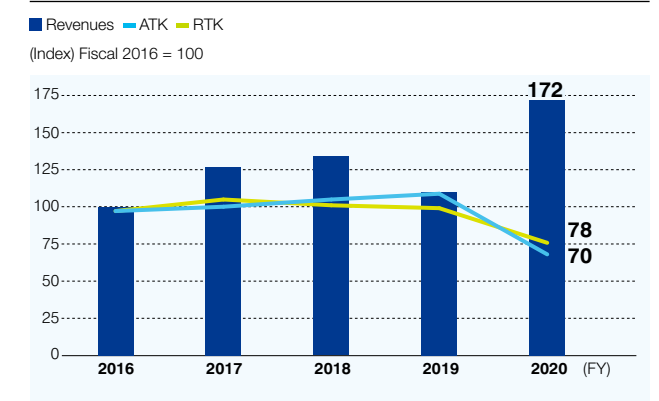
As a result, international cargo volume for fiscal 2020 amounted to 655,000 tons (down 24.4% year on year), while operating revenues amounted to a record-high ¥160.5 billion (up 56.3%).

Fiscal 2021 Business Policies

Amid an ongoing shortage of space for international cargo due to the suspensions and reductions of passenger flights, we have been expanding our freighter network. We introduced the Boeing 777F on our Narita–Los Angeles route in April. In June and July, we introduced the Boeing 767F on our Narita–Hangzhou and Narita–Beijing routes, respectively. We also aim to expand revenues further by operating extra cargo flights using passenger aircraft as appropriate in light of demand trends.

Since February 2021, the ANA Group has been responsible for the transport of COVID-19 vaccines manufactured by Pfizer. We transport these vaccines under the strictest of temperature controls to contribute to a society in which people can live with peace of mind through the wider adoption of vaccines.

ANA International Cargo Business Results



Boeing 777F Aircraft



Transporting Vaccines via Passenger Aircraft

LCC Business (Peach Aviation)

Capturing the recovering demand for leisure and VFR* through expanded domestic routes

Fiscal 2020 in Review

Peach began resuming flights in line with the recovery in passenger demand following the lifting of the state of emergency declaration in May. Peach opened 10 new domestic routes, including the Narita–Kushiro and Narita–Miyazaki routes in August, and the Nagoya (Chubu–Sapporo (New Chitose) and Nagoya (Chubu)–Sendai routes in December. When demand declined due to the spread of infections, Peach adjusted capacity by responding flexibly and suspending operations and reducing flights as needed.

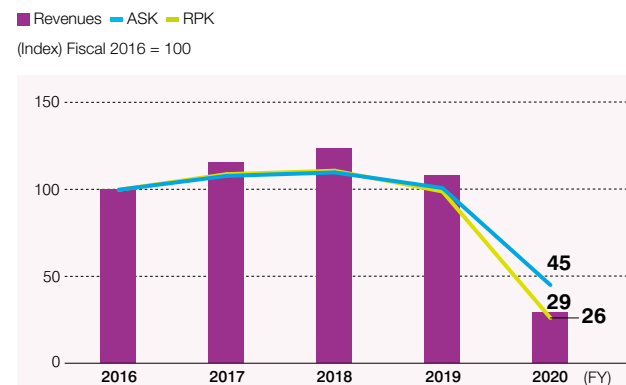
In terms of sales and service, Peach implemented a service allowing customers to book flight tickets and apply for a COVID-19 test at the same time on some domestic routes, leading to greater confidence. In February, Peach began selling the Simple Peach Plus Fare, which allows customers to change flights and dates. In this way, we are providing passengers with more flexible travel options reflecting weather conditions at the origin and destination, the status of COVID-19 infections, and other factors.

As a result, passengers amounted to 2.08 million, a decrease of 71.4% year on year. Operating revenues were 73.1% lower at ¥22.0 billion.

Fiscal 2021 Business Policies

For the time being, we will prioritize the allocation of management resources to domestic routes where demand is expected to recover as vaccinations progress. We intend to expand our network further with a new route between Osaka (Kansai)–Memanbetsu beginning in July. We will also increase the number of flights on some routes to/from Osaka (Kansai) and Narita, thereby strengthening our ability to capture demand—leisure demand in particular—during the recovery phase.

LCC Business Results



Notes: 1. The above graph represents the combined total of Peach and Vanilla Air results (fiscal 2016 includes Peach results before consolidation).
2. Revenues of LCC Operations include ancillary income.



Using Masks and Gloves to Combat Infections

* VFR: Visiting Friends and Relatives

Code-Sharing and Mileage Alliance with ANA



In August 2021, ANA and Peach began code-sharing (joint operation) some routes operated by Peach. The airlines selected certain routes to/from Narita, matching the Peach route network, as well as routes to/from Nagoya (Chubu), where Peach has recently entered the market. In this way, we aim to expand code-share routes, while pursuing the benefits of code-share arrangements. Customers can accumulate ANA Mileage Club miles when booking and purchasing tickets for flights under the ANA name. Customers also have the option to convert ANA miles to Peach Points for greater convenience. This alliance will capitalize on the strengths and advantages of the ANA and Peach brands, effectively leveraging the resources of both.

Non-Air Business

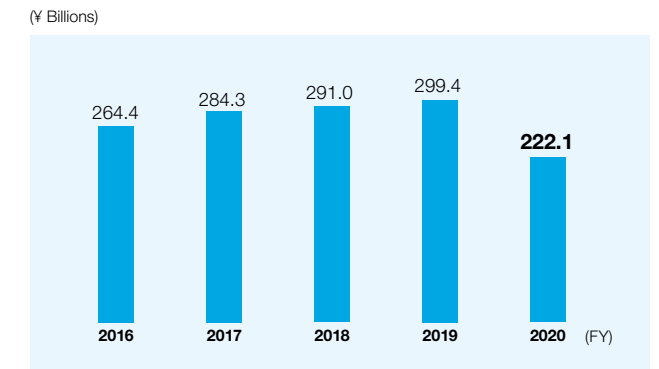
Strengthening efforts to recover profitability in establishing a new revenue pillar to stand next to our Air Transportation Business

Airline Related

Operating revenues decreased 25.8% year on year to ¥222.1 billion, while operating income decreased 79.7% to ¥3.6 billion. These decreases reflected the ongoing impact of fewer contracts for passenger check-in services and baggage loading due to COVID-19, despite our efforts to increase revenues, including online sales of international route in-flight meals.

As vaccinations progress worldwide throughout fiscal 2021, we expect both Japanese and overseas airlines to resume flights in stages. During this time, we will endeavor to recover and strengthen profitability by focusing on contracts for ground handling and other services.

Airline Related Business: Operating Revenues

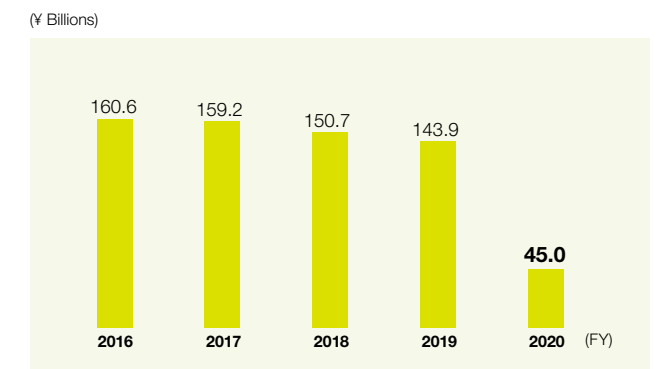


Travel Services

Due to entry restrictions across numerous countries during fiscal 2020, we canceled all overseas travel packages organized by the ANA Group. The *GoTo Travel Campaign* kick-started domestic travel, and in the third quarter, online transaction volume for our dynamic packaged products outperformed the same period in the previous fiscal year. However, travel demand began to decline again in December due to a reemergence of infections. As a result, Travel Services operating revenues amounted to ¥45.0 billion, down 68.7% year on year, while operating loss amounted to ¥5.0 billion, compared to operating income of ¥1.3 billion in the previous fiscal year.

During fiscal 2021, we intend to capture domestic travel demand, which we expect to recover, in a steady fashion, while we strengthen the competitiveness of our internet-based products.

Travel Services: Operating Revenues

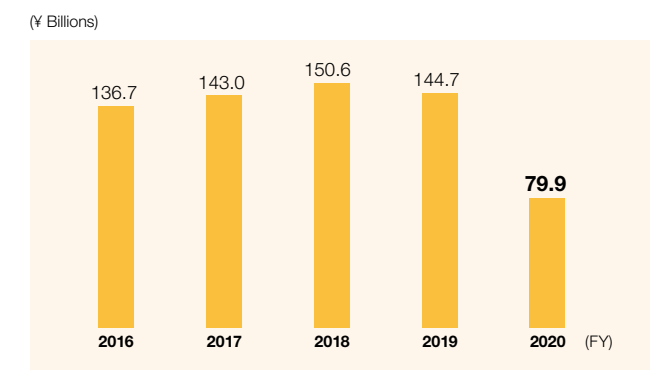


Trade and Retail

The e-commerce and other businesses of our digital marketing division performed solidly throughout fiscal 2020. However, ANA DUTY FREE SHOP and in-flight sales declined significantly due to COVID-19. As a result, Trade and Retail recorded operating revenues of ¥79.9 billion, down 44.8% year on year, and an operating loss of ¥4.2 billion, compared to operating income of ¥2.9 billion in the previous fiscal year.

As vaccines progress, we expect passenger demand to recover gradually throughout fiscal 2021, mainly for domestic routes. We will strive to restore profitability in our retail businesses, including ANA FESTA airport shops, and grow our online sales.

Trade and Retail: Operating Revenues



Establishing a New Platform Business



INOUE Shinichi

ANA X Inc.
President &
Chief Executive Officer

TAKAHASHI Seiichi

ANA Akindo Co., Ltd.
President &
Chief Executive Officer

One of the three pillars of the ANA Group *Business Structure Reform* is to establish a platform business that utilizes customer data assets to create new revenue opportunities.

To this end, we transferred the Travel Services business of ANA Sales Co., Ltd. to ANA X Inc. on April 1, 2021. At the same time, we changed the corporate name of ANA Sales to ANA Akindo Co., Ltd., signaling a fresh start for the organization.

ANA X and ANA Akindo will work together as a platform business and regional revitalization company, respectively, aiming to expand non-airline revenues for the ANA Group over the medium term.



Business Overview

1. Travel services (planning and sales of travel products and services)
2. Airline sales promotion business
(sales of airline tickets through digital channels)
3. Life services business
 - E-commerce business (A-style, Furusato Tax, Mileage Mall, etc.)
 - Finance and settlements business
(ANA Pay, bank agency, insurance, etc.)
 - Mileage alliances (mileage merchants, ANA Pay merchants)
4. BtoB solutions business
(services for corporate customers using the ANA marketing platform)



Business Overview

1. Utilization of projects solicited by ministries, agencies, and local governments
2. Sales activities for ANA Group products
3. Identification, development, and sales support for locally produced goods and materials
4. Development of new businesses
(solutions to various issues faced by communities)
5. Activities to attract people to outlying regions
(Expand flow of non-resident populations: domestic promotions, inbound visitors; Create directly related populations: multi-location living, workations)
6. ANA airline ticket sales, etc.

Messages from the Presidents of ANA X and ANA Akindo



ANA X Inc.

INOUE Shinichi

President & Chief Executive Officer

ANA X Inc. was established in October 2016 for the purpose of strengthening ANA Group marketing capabilities. We have endeavored to expand revenues from external sources through an ANA economic sphere model, leveraging the ANA customer base, the ANA brand power, and other assets cultivated to date.

In April 2021, we took over the Travel Services business of the former ANA Sales Co., Ltd., giving it new life under a modified role. One of the major goals under *Business Structure Reform* is to create new revenue opportunities in the non-airlines business. To achieve this goal, ANA X is building systems in the important digital domain.

As the main method in generating new revenues, we plan to develop businesses that leverage the membership base of the ANA Mileage Program and the settlements function of ANA Pay, making use of the great strength of miles incentives.

ANA Mileage Club, launched in 1997, was preceded by the international route mileage service *Program A*, which started in 1993. Today, with the support of approximately 37 million members, ANA Mileage Club has grown into a

membership program that is enjoyed across a variety of ANA Group services, including air travel and shopping.

The ANA Pay service was launched in December 2020. We plan to improve convenience further for our customers and position ANA Pay as a general term for all ANA payment services.

Digital channels will serve as the foundation for establishing our competitive advantage. In addition to the ANA SKY WEB and ANA Mileage Club app, which have a collective 3.5 billion page views annually, we believe digital communications via email and social media will be another way in which we demonstrate our capabilities.

Using these programs and channels, we will work with external partners to create commercial products not only for the non-everyday experience of air and travel, which have been our core businesses to date, but also in the everyday lives of our customers. We will establish systems that allow customers to earn and use miles across a wide range of services. Our goal is to create a world in which consumers can conduct their lives via miles rewards. Expect exciting things from ANA X in the future.



ANA Akindo Co., Ltd.

TAKAHASHI Seiichi

President & Chief Executive Officer

Taking over from the former ANA Sales Co., Ltd., ANA Akindo Co., Ltd. marked a new corporate name and a fresh start on April 1, 2021. While the Travel Services business has been reorganized under ANA X Inc., regional revitalization will become a new pillar of our business. Together with the existing airline sales business, we will endeavor for business growth and company expansion.

The new company name, ANA Akindo, is based on the concept of *sampo yoshi*, which means *good for the seller, good for the buyer, and good for the world*. This was the motto of Japan's famous Ohmi merchants of old. This corporate name reflects our desire to foster relationships that offer sustainable benefits for local communities, for our customers, and for the ANA Group.

Contributing to local communities in a sustainable manner and sharing benefits with stakeholders align with the SDGs, ESG management, and other modern values. And while the word *Akindo* itself has been around for a long time, I believe the spirit still shines through today. I hope that the word *Akindo* becomes synonymous with the

ANA Group name in the near future, as recognizable as many other Japanese words that have become part of the global vocabulary.

The mission of ANA Akindo is to create the future of Japan together with local communities, serving as the wings that connect local communities with the world. ANA Akindo has 33 branches nationwide, and about 120 employees who live and work together with local communities. Our employees share the real-world concerns and issues of these communities, working together to find solutions. This is exactly what ANA Akindo aspires to be: ANA Group concierges working in step with outlying communities.

In response to various community issues, we plan to make full use of ANA Group solutions, including mobility, logistics, e-commerce, airport shops, payment settlements, and digital communication channels. With the cooperation of our partners, we will assist in resolving community issues and create the future together.

ANA X and ANA Akindo have been working together to integrate digital and real-world resources. The companies are striving to accelerate profit growth in our platform business by leveraging the strengths and features of the ANA Group as an airline group responsible for mobility and logistics.

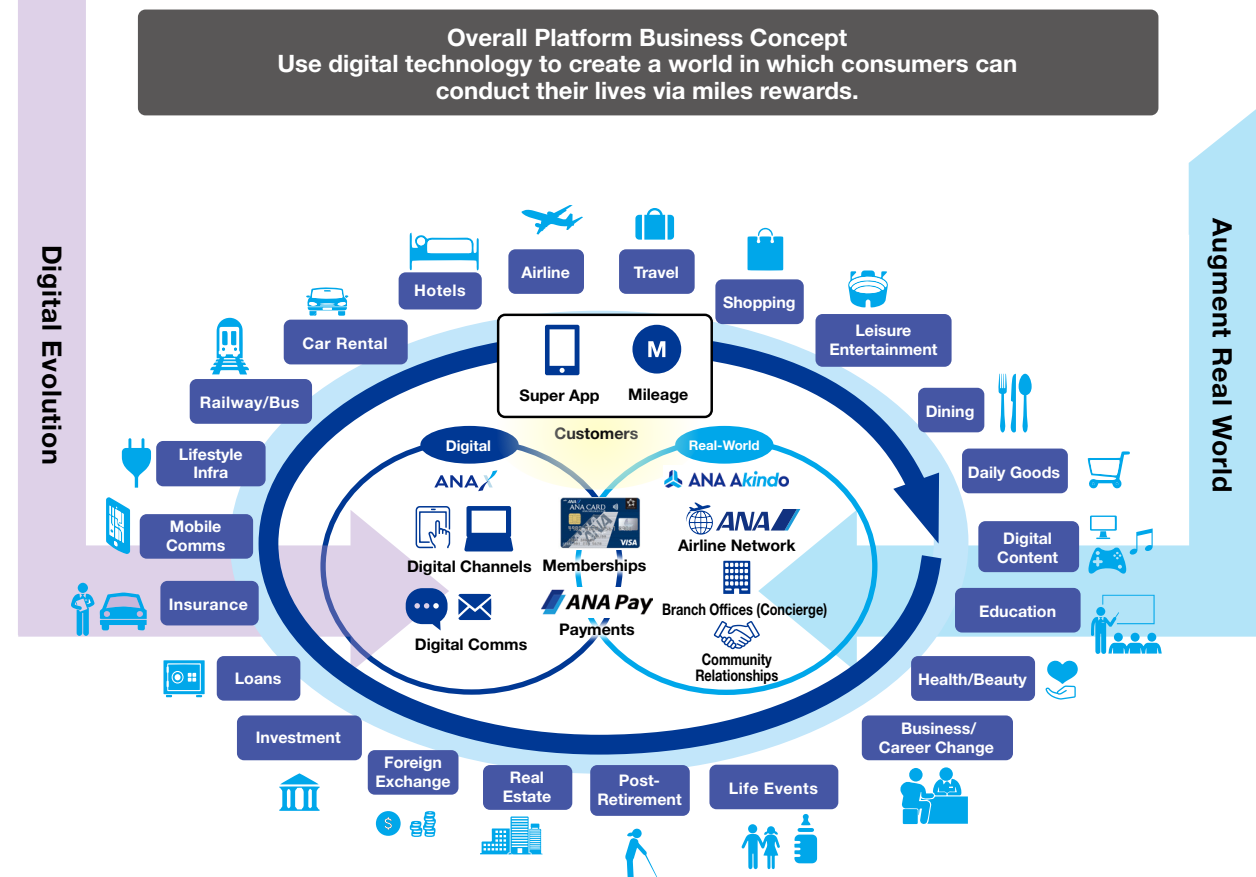
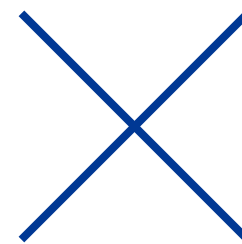
ANA X Digital

ANA X is committed to creating a digital platform strategy, beginning with a focus on platform functionality and business reform. In terms of functionality, the company is developing the ANA Super app (scheduled for a launch after fiscal 2022) to offer travel destination activities, dining, tourism, and other information in a single app. The company has already introduced ANA Pay to provide payment settlement functions required in the digital market. In the future, ANA Pay will see further upgrades to convenience and usability.

In terms of business, ANA X is redesigning the travel and e-commerce businesses. The company is introducing more non-everyday business services related to air and travel. At the same time, ANA X is adding functions for everyday services, including real estate, finance, insurance, and more, in pursuit of the goal to create a world in which consumers can conduct their lives via miles rewards.

Furthermore, ANA X will strengthen cooperation with the regional revitalization business that ANA Akindo is building in the real world. We are leveraging our platform to communicate the attraction of outlying communities, offering regional products and services available exclusively through ANA e-commerce.

The ANA Group aims to build its customer base and airline network to the greatest extent possible, forming a digital market specialized in mobility and communications. ANA X has set a target of ¥400 billion in consolidated operating revenues by fiscal 2025 for this digital platform business.



ANA Akindo Real

ANA Akindo is focused on the business of regional revitalization. The company endeavors to strengthen existing programs, such as ANA Furusato Tax Payment and workations based on the ANA Furusato Discovery Program. At the same time, the company collects information on real-world issues from concierges working and living in communities throughout Japan offering new products and services only available through an entity like ANA Akindo.

As an example, when considering how to use the land of abandoned farms for business, the single largest issue is where to find laborers during busy times such as the harvest season. ANA Akindo has proposed a variety of solutions using the ANA airline network to cover travel and lodging expenses for volunteers, to design workations, to encourage two-location lifestyles, and more. With respect to commercializing agricultural products, ANA Akindo is working with ANA Cargo Inc. to create a brand called *Flying OO*, planning to sell farm goods in ANA FESTA airport shops. Other ideas include leveraging the strong ANA X digital market to expand sales channels in Japan and overseas. ANA Akindo intends to work together with other companies to encourage not only the revitalization of tourism but also the revitalization of industry. In this way and others, the company will maximize the latent appeal of outlying regions and Japan.

ANA Akindo will contribute to the creation of Japan's future through the unique ANA Group value proposition, leveraging ties with Japan's outlying regions built on the group's extensive airline network.

Medium-Term Revenue Strategies

ANA Group Strengths

- Comprehensive and complete transportation and logistics through our international and domestic airline network
- Customer data assets of approximately 37 million mileage members
- Group companies that operate a variety of businesses and services

ANA X and ANA Akindo Structure, Strengths

- | ANA X | ANA Akindo |
|--|--|
| <ul style="list-style-type: none"> • ANA Mileage Program • Digital marketing • Non-airline services (credit cards, payment settlements, financial services, lifestyle services) | <ul style="list-style-type: none"> • Strong ties with local communities developed through branch airline sales offices (33 branches in Japan with approximately 120 concierges) |

For the Future

Strengthen platform functions

- Use digital technology for improved convenience, as well as to encourage customer retention and travel
- Develop the ANA Super app
 - Expand payment settlement functions
 - Pursue digitalization in Travel Services
 - Redesign the e-commerce business

Expand the economic sphere

- In addition to the Air Transportation Business, strengthen connections between ANA and the daily lives of our customers
- Expand sales of existing products and services
 - Increase e-commerce merchandise offerings
 - Build regional businesses

Vision

- Improve engagement with customers**
→ Increase revenues and profit by maximizing customer lifetime value





Sustainability Initiatives

The ANA Group has defined our ideal future from a medium- to long-term perspective, establishing the ANA Group ESG Commitments to continue to grow together with society. We aim to achieve sustainable growth and enhance corporate value through strategies from a global and long-term perspective, striving to resolve social issues through our businesses.



The ANA FLYING HONU Charter Flight

We conducted a sightseeing flight using the Airbus A380 ANA FLYING HONU. Passengers enjoyed the feeling of traveling to Hawaii while still in Japan.

▶ P.76 The Power of People in the ANA Group

ANA Group ESG Management

The ANA Group is committed to addressing the four material issues of the environment, human rights, regional revitalization, and diversity and inclusion (D&I) through our business activities as identified in our ESG management, which takes into consideration the environment (E), social (S), and governance (G). By simultaneously creating social value and economic value, we aim to achieve a sustainable society and increase our corporate value.

In the wake of the COVID-19 pandemic, interest in achieving a better society and passing on a better global environment to future generations post-COVID-19 is growing rapidly. Businesses are also expected to be actively involved in resolving environmental and social issues from a long-term perspective, and the ANA Group will continue to promote ESG management with an eye on the post-COVID-19 era.

In fiscal 2020, to clarify the ANA Group's vision for the future, we formulated and disclosed *ANA Group ESG Commitments* and initiatives to achieve them.

With regard to the environment, one of our material issues, we updated our *2050 Environmental Goals* in April 2021 amid accelerating global trends, particularly in response to climate change. As we have declared that we will achieve carbon neutrality by fiscal 2050, we have formulated new *2030 Environmental Targets* as a roadmap for achieving this goal. We will continue our efforts in the areas of human rights, regional revitalization, and diversity and inclusion (D&I), and will disclose information on our progress as needed.

While placing importance on dialogue with stakeholders, the ANA Group will continue to contribute to achieving a sustainable society by working to resolve social issues through our business activities.

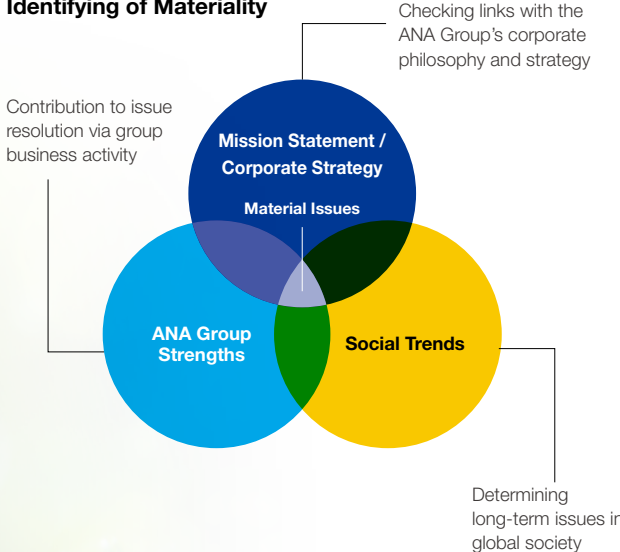
Identification of Materiality

To identify material issues, we looked for consistency and continuity with our mission statement and corporate strategies, and whether we could contribute to the resolution of these issues through our business activities, based on three perspectives: mission statement and corporate strategy, ANA Group strengths, and social trends.

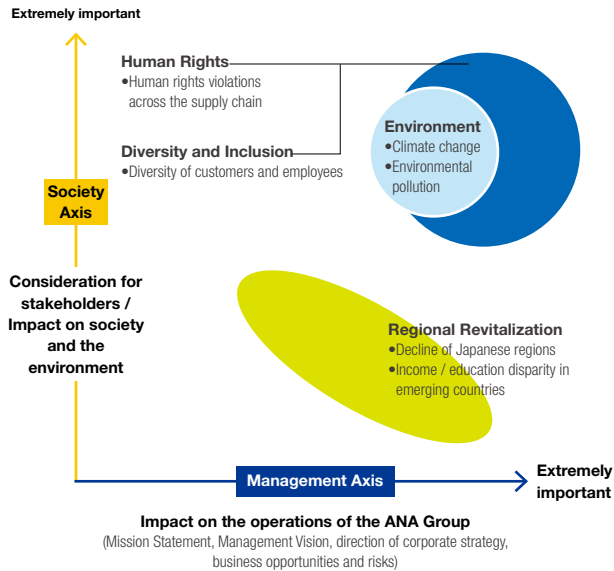
The identified issues were mapped on two axes: the impact on group business (management axis) and the

impact on the environment and society and the level of concern (social axis), and those with a high level of importance and impact were identified as material issues. To scrutinize whether material issues were consistent with global affairs, changes in the environment and social needs, as well as group corporate strategies, we confirm suitability through information collection and dialogue with stakeholders. We then repeat this step as many times as necessary.

Schematic for Identifying of Materiality



Materiality Matrix



The Four Identified Material Issues

			Issue Recognition	
			For the ANA Group	For Society
Environment		P.50	<ul style="list-style-type: none">• Controlling fuel costs• Controlling the costs of future emission trading schemes• Maintaining / improving evaluations by avoiding environmental risk	<ul style="list-style-type: none">• Reducing environmental footprint
Human Rights		P.58	<ul style="list-style-type: none">• Maintaining / improving evaluations through avoiding human rights risk	<ul style="list-style-type: none">• Realizing a world that respects human rights
Regional Revitalization		P.60	<ul style="list-style-type: none">• Improving profitability by generating new inbound tourism demand• Maintaining / improving profitability of domestic airline business• Improving profits of international airline business	<ul style="list-style-type: none">• Revitalizing regional economies• Promoting international exchange
Diversity and Inclusion		P.62	<ul style="list-style-type: none">• Improving profitability by generating new demand• Providing an issue resolution system to strengthen capacity to respond to customers	<ul style="list-style-type: none">• Realizing an inclusive society

ESG Management Promotion Cycle for Simultaneous Creation of Social Value and Economic Value

ESG Management Promotion Cycle

Through our business, the ANA Group is promoting ESG management to contribute to resolving environmental and social issues and to continue creating value as a company that will be an indispensable part of society in the future. Through dialogue with stakeholders, we are able to understand the latest social needs and changing interests and use this to evaluate the impact on business and society. We then incorporate this information into our management strategies and initiatives. We disclose our progress on our corporate website and through other channels as necessary. At the same time, based on information we disclose, we engage in deeper dialogue with our stakeholders. We also report our progress and confirm the appropriateness of our initiatives in those discussions.

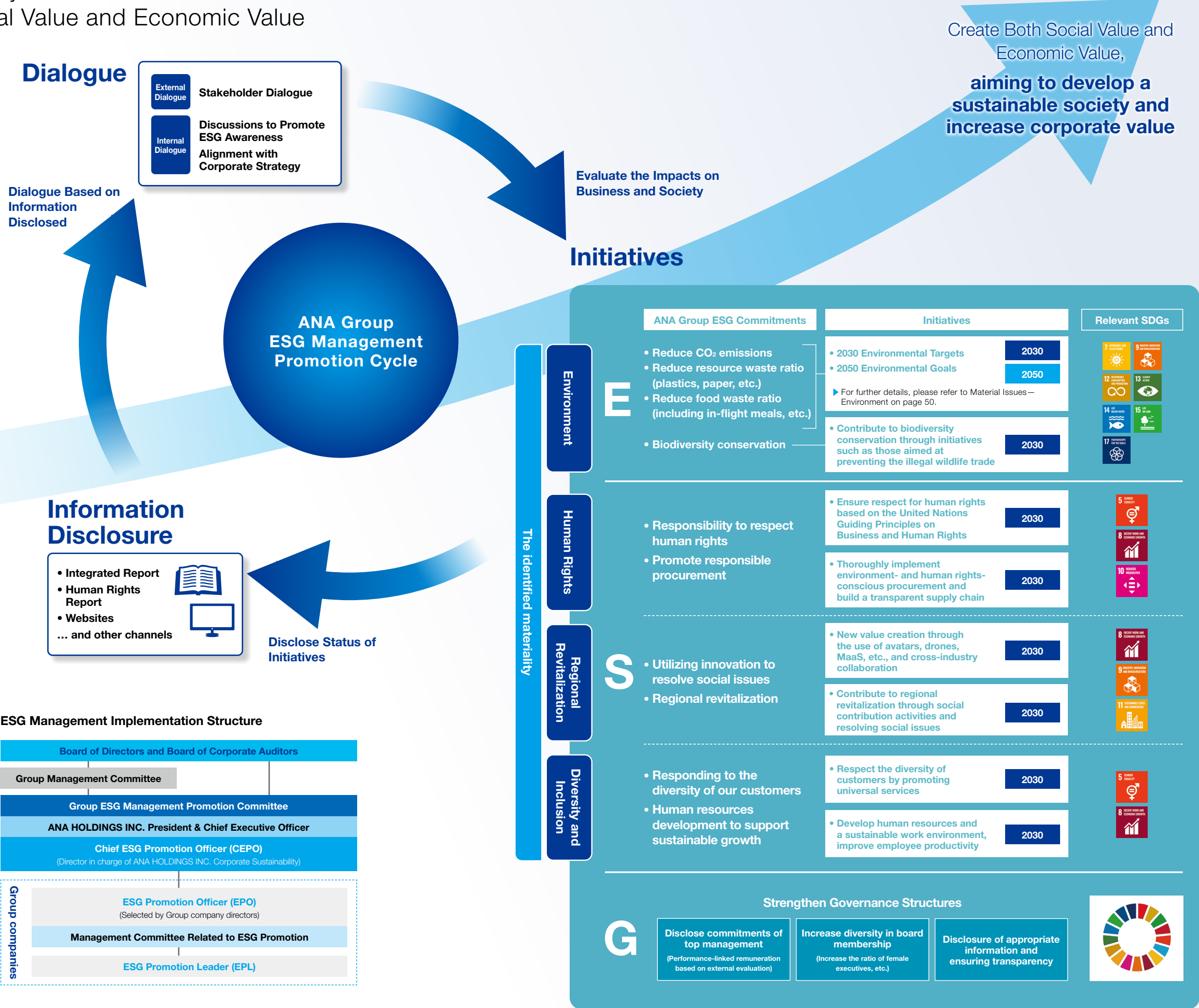
Through a cycle of dialogue, initiatives, and information disclosure, the ANA Group will promote ESG management focusing on material issues to enhance corporate value and contribute to achieving a sustainable society.

ESG Management Implementation Structure

The ANA Group established the Group ESG Management Promotion Committee in accordance with Group ESG Management Promotion Committee Regulations. This committee, which operates under the guidance of the president and under the chairmanship of the director in charge of corporate sustainability (CEPO: Chief ESG Promotion Officer), consists of ANA HOLDINGS INC. and group company directors, executive officers, and the full-time Audit & Supervisory Board members of ANA HOLDINGS INC. The committee discusses core policies and measures related to ESG management.

In addition, important issues directly related to management are discussed at the Group Management Committee and reported to the Board of Directors and the Board of Corporate Auditors. Based on these regulations, each Group company has appointed an ESG Promotion Officer (EPO) as the person responsible for promoting ESG management and participates as a member of the Group ESG Management Promotion Committee, and each Group company and department has an ESG Promotion Leader (EPL) to lead the ESG activities of their respective organization.

Matters discussed, resolved, and reported at the Board of Directors, Group Management Committee, and Group ESG Management Promotion Committee are shared and implemented throughout the entire Group in close collaboration with EPOs and EPLs. We also hold EPL meetings twice a year to share information in a comprehensive manner and promote initiatives at each Group company and department.



Dialogue with Stakeholders on ESG

▼ Please visit our corporate website for more:
<https://www.ana.co.jp/group/en/csr/communications/>

Main External Discussions

Dialogues with Experts on ESG

The COVID-19 pandemic has rapidly transformed social values and behaviors. The ANA Group regularly engages in dialogue with experts on ESG issues to understand rapidly changing social trends in a timely manner and respond appropriately. We are enhancing the effectiveness of our activities by incorporating the latest information and findings from these discussions into our strategies.

* Company names and titles are as of the time of the discussion.

Dialogue with Experts on the Environment (December 2020)

Topic

ANA Group Medium-Term Environmental Targets


Participating Experts

IKEHARA Yosuke
Climate and Energy Group Leader, Conservation Division, WWF Japan

HIBI Yasushi
Representative Director, CI Japan and Vice President, Conservation International

Main Comments

- Recently, the external environment is changing significantly, and there are many cases where previous assumptions are no longer relevant. It is important to first set a goal and then build a system that can be reviewed and responded to flexibly over a period of three to five years. Showing your stance of emphasizing SBT*1 not only for CO2 emission reductions but also for natural assets such as water and forests as your stable axis toward setting effective environmental goals. It is also a good idea to lobby for the necessity of carbon credits for the airline industry to achieve zero emissions by involving other stakeholders.
- It is important for The ANA Group to have a robust axis of sustainability and show the world its commitment to environmental goals. The ANA Group can take the initiative to engage with suppliers and encourage positive behavioral change in society.
- Japan often lacks presence in international rule-making processes, which is not only a loss for Japan also a loss for the international community. Proactive engagement by the ANA Group in such processes developing sustainability standards is strongly recommended.



*1 Science Based Targets (SBT): Reduction targets in line with what the latest climate science says is necessary to limit global warming to well below 2°C above pre-industrial levels.

Dialogue with Experts on Business and Human Rights (October 2020)

Topic

Business and Human Rights initiatives

Participating Experts (Online)

Paulina Murphy
World Benchmarking Alliance*2
Engagement Director

Neill Wilkins
Institute for Human Rights and Business*3

Camille Le Pors
World Benchmarking Alliance
Lead Corporate Human Rights Benchmark

Main Comments

- ANA started to disclose the attendance rate of board members and the agendas of discussions at meetings in this year's Human Rights Report, which shows ANA's stance to place great emphasis on upholding the issues of Human Rights and ESG. Improving transparency in the information disclosure process is essential for enhancing corporate value, and this disclosure is commendable.
- Since it is not possible to address all issues in human rights risk management at once, I would like to see the effectiveness of the most recently revised procurement policy enhanced by starting with those that require urgent action and gradually developing them.
- We are pleased to know that access to a grievance mechanism*4 has actually been put into operation. In the future, it will be more important to verify whether the grievance mechanism is properly made known on the frontlines and whether it is easy to access, and to review the issues it might have.



*2 World Benchmarking Alliance: An index initiative established by the United Nations Foundation, Aviva (a British insurance company), and other organizations. This organization develops benchmark indicators to evaluate company contribution levels to a sustainable society.
*3 Institute for Human Rights and Business: An international think tank that works in the field of business and human rights and leads efforts in this area. Established in 2009.
*4 Grievance mechanism: A mechanism that enables the prevention and mitigation of negative impacts on the company throughout the value chain, including suppliers, as well as redress for victims of the negative impact that has occurred.

@ Caux Round Table Japan

Dialogue with Overseas ESG Investors (December 2020)

Topic

Progress of ESG Management in the ANA Group and Global Trends in ESG Investment

Participating Experts

1. EOS at Federated Hermes
SUZUKI Sachi
Associate Director - Engagement
Haonan Wu
Associate - Engagement

2. World Benchmarking Alliance
Camille Le Pors
Lead, Corporate Human Rights Benchmark
Charlotte Hugman
Research Analyst on the Climate and Energy Transformation

Main Comments

1. EOS at Federated Hermes

- The Japanese government has announced a policy to become carbon neutral by the year 2050. Therefore, it is important for Japanese companies to involve the government and industry in their efforts to achieve this goal and take up the challenge.
- Regarding diversity, the number of female managers is steadily increasing but we believe there is still room for improvement, and would like to be informed if there are plans for any ongoing activities. When exercising voting rights, the number of female directors of each company will be judged based on stricter standards than before.

2. World Benchmarking Alliance

- If planning on being actively involved in the efforts related to Science Based Targets, it is advisable to refer to the guidance provided by the Science Based Targets Initiative*5.
- We believe the trend of tightening regulations on due diligence*6 laws will spread not only to the European region but also to other regions in the future. In terms of due diligence, it will be necessary to identify and disclose information on the risks and impacts of a company's business on society and the environment, in a way that links both environmental and human rights, rather than addressing them separately.

*5 SBTi (Science Based Targets Initiative): A joint initiative by WWF, CDP, the World Resources Institute (WRI), and the UN Global Compact to achieve reduction targets.
*6 Due diligence: The process by which a company identifies environmental and human rights risks in its supply chain associated with its business activities and takes preventive and mitigating measures.

Main Internal Discussions

Internal Discussions to Promote ESG Awareness

We are holding a variety of internal discussions to encourage each employee to understand the importance of promoting ESG management, and to take it as their own business and put it into practice in their daily work. By utilizing an online format, more employees can participate.

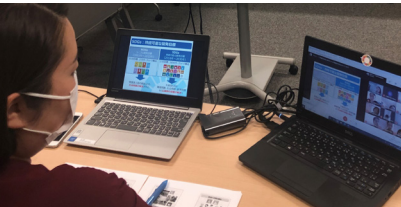
Direct Discussions with Executives (Town Meetings)

Management and employees share an awareness of the need to achieve goals by exchanging opinions on company policies and proposing improvements in products and services. There have been many cases where the opinions and ideas expressed at town meetings have led to new products, services, and activities. (e.g., digitization of papers used by flight crews, solicitation of donated miles to support medical personnel, etc.)



SDGs Seminar

Seminars are available to all Group employees in an online format. We are learning to think about how we can contribute to the SDGs through our work, and to practice and deepen initiatives familiar to us.



ESG TOP Discussions with Employees

ANA Group officers ran a TOP discussion on the promotion of ESG management.

After a panel discussion on the latest global trends and the status of initiatives in the departments over which the officers have responsibility, employees and officers participating online had the opportunity to exchange opinions and deepen their understanding of ESG management.



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Material Issues

Environment



- 1 Reduce CO₂ emissions
- 2 Reduce resource waste ratio
- 3 Reduce food waste ratio
- 4 Biodiversity conservation

Basic Approach

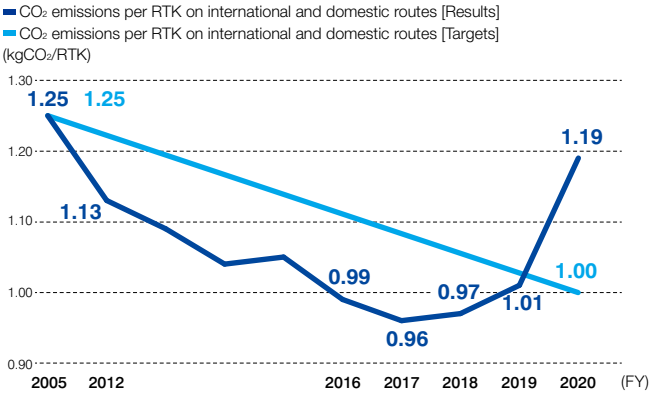
The ANA Group has introduced the *ANA Group Environmental Principles* and the *ANA Group Environmental Policies*. These principles and policies build on the *ANA FLY ECO 2020* medium- to long-term environmental plan from fiscal 2012 to fiscal 2020 and include initiatives for reducing our environmental impact. To resolve environmental problems, we recognize that efforts to reduce our environmental impact and the conservation of biodiversity are important management issues.

In addition to declaring carbon neutrality by fiscal 2050 in our *2050 Environmental Goals*, the ANA Group has formulated new *2030 Environmental Targets* and is making steady progress in our initiatives to reduce our environmental impact.

Past Initiatives ANA FLY ECO 2020 (2012-2020)

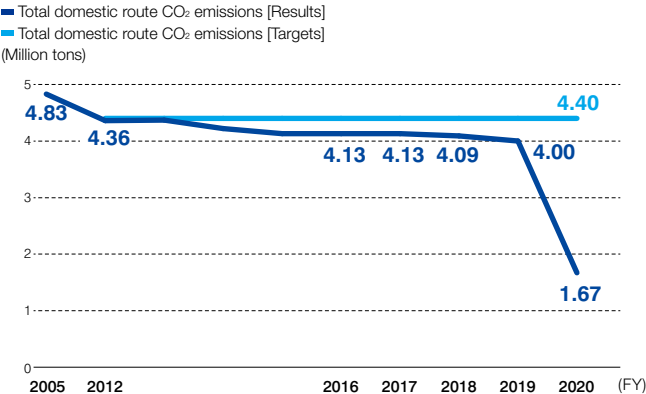
In terms of aircraft operations, we have been steadily achieving our targets since fiscal 2012 by improving flight operations and reducing fuel consumption through the proactive introduction of fuel-efficient aircraft, such as the Boeing 787. In fiscal 2020, due to the impact of the COVID-19 pandemic, we were forced to reduce and cancel flights, resulting in a significant 44% decrease in total CO₂ emissions compared to the previous year.

CO₂ Emissions per Revenue-Ton-Kilometers (RTK) on International and Domestic Route Targets and Results



However, due to a significant decrease in demand, CO₂ emissions per ton-kilometer of paid transportation increased. In terms of the reduction of ground operations CO₂ emissions (other than aircraft operations), we have been successful in our efforts to reduce our per-unit energy consumption for ground operations by 1% annually in accordance with the Act on the Rational Use of Energy.

Total Domestic Route CO₂ Emissions



Per-Unit Energy Consumption for Ground Operations

	2012	2013	2014	2015	2016	2017	2018	2019	2020	(FY)
	-1.0	-0.9	-0.7	-3.1	-4.2	-3.3	-3.9	-9.0	-16.5	(%)

For further details on the targets and results of *ANA FLY ECO 2020*, please refer to: <https://www.ana.co.jp/group/en/csr/environment/goal/#anchor003>





Please visit our corporate website for more: <https://www.ana.co.jp/group/en/csr/environment/>

ANA Group 2050 Environmental Goals and 2030 Environmental Targets

In July 2020, ANA Group put together our *2050 Environmental Goals* to address environmental issues, including a 50% reduction in CO₂ emissions from aircraft operations by fiscal 2050 (compared to fiscal 2005). In light of the Japanese government October 2020 policy announcement of becoming carbon neutral by the year 2050, the ANA Group has furthered its *2050 Environmental Goals* to include net zero aircraft CO₂ emissions by fiscal 2050 and have put together our *2030 Environmental Targets* as a roadmap to achieve this goal.

To achieve our goal of net zero CO₂ emissions, it is necessary to make improvements to the facilities and the environment surrounding Air Transportation Business, including a stable supply of SAF*¹ and increased airport infrastructure. Knowing that issues and needs arise as social conditions change, we will periodically examine the issues and revise our targets and plans as needed.

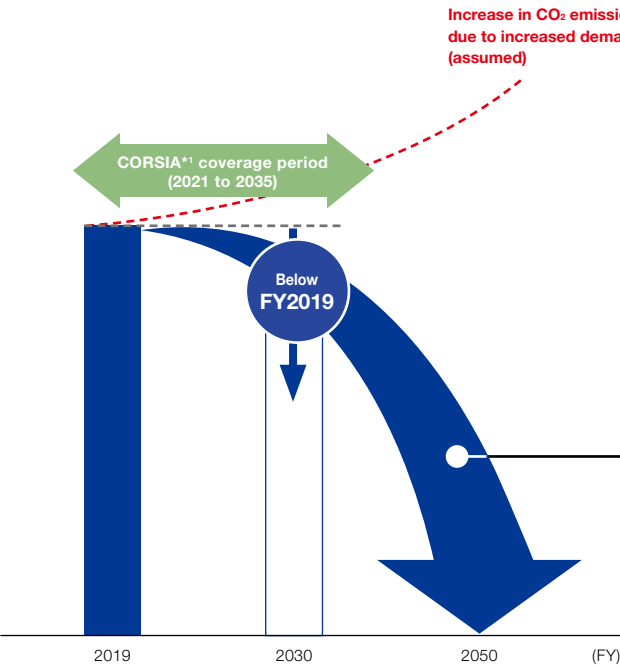
*1 SAF (Sustainable Aviation Fuel): Aviation fuel that is not produced from fossil fuels but from sustainable sources such as vegetable oils and animal fats.

		FY2030		FY2050
Reduce CO ₂ Emissions	<div>Aircraft</div> <div></div>	Targets	Below FY2019	Net zero
		Initiatives	<ul style="list-style-type: none">• Use of SAF• Adopt new aircraft technologies• Improve flight operations• Use of emission trading schemes	
		Requirements for Success	<ul style="list-style-type: none">• Stable supply of SAF (volume and price)• Adopt new aircraft technologies (Development of electric and hydrogen airplanes, etc.)• Development of the CO₂ credit market	
	<div>Non-Aircraft</div> <div></div>	Targets	33%+ reduction vs. FY2019	Net zero
		Initiatives	<ul style="list-style-type: none">• Energy conservation and renewal of aging facilities and equipment• Use of renewable energy (solar, wind, etc.)• Select EVs (Electric Vehicles) and FCVs (Fuel Cell Vehicles) when upgrading airport vehicles	
		Requirements for Success	<ul style="list-style-type: none">• Expansion of renewable energy supply• Development of airport infrastructure to convert to EVs/FCVs	
Reduce Resource Waste Ratio (Plastics, Paper, etc.)		Targets	70%+ reduction vs. FY2019	Zero waste ratio
<div></div>		Initiatives	<ul style="list-style-type: none">• Replace disposable plastics for eco-friendly materials• Promote cargo plastic recycling• Digitize paper resources (in-flight magazines, timetables, travel brochures, and cargo waybills)	
Reduce Food Waste Ratio (Including In-Flight Meals, etc.)		Targets	Reduce to less than 3.8% (FY2019 waste ratio: 4.6%)	Reduce to less than 2.3% (50% reduction vs. FY2019)
<div></div>		Initiatives	<ul style="list-style-type: none">• Monitor the disposal of in-flight and domestic airport lounge meals and reevaluate loading capacity	

1 Reduce CO₂ Emissions

Reduce CO ₂ Emissions from Aircraft Flight Operations		
	FY2030	FY2050
Targets	Below FY2019	Net zero

ANA Group CO₂ Emissions (image)



1

Use of SAF

2

Adopt New Aircraft Technologies

3

Improve Flight Operations

4

Use of Emission Trading Schemes

The ANA Group is working to address environmental issues and recover and grow our business from the COVID-19 pandemic. To achieve our goal of zero CO₂ aircraft emissions by fiscal 2050, our roadmap *2030 Environmental Targets* is based on the international aviation ICAO/CORSIA guidelines. To reduce total emissions below fiscal 2019 levels, we are focusing on four pillars (1. Use of SAF, 2. Adopt new aircraft technologies, 3. Improve flight operations, and 4. Use of emission trading schemes). From fiscal 2030, we will accelerate our efforts

focusing on the use of SAF. We will achieve our fiscal 2050 goal of net zero CO₂ emissions by continuing to improve flight operations and innovate with the latest technology as well as by focusing on fuels such as electricity and hydrogen.

*1 CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation): A carbon offsetting and carbon reduction scheme to reduce CO₂ emissions from international flights and limit the impact of aviation on climate change. Adopted by the International Civil Aviation Organization (ICAO), aircraft CO₂ emission offsetting based on 2019 levels will be mandatory from 2021.

1 Use of Sustainable Aviation Fuel (SAF)

SAF is highly valued in positively contributing to the environment and so the ANA Group has placed its use at the center of our measures to reduce aircraft CO₂ emissions. However, a large gap exists between the global demand for jet fuel and the current supply of SAF. The stable supply of SAF is therefore an issue that requires urgent attention. The ANA Group has been involved with the following initiatives to build a supply chain in anticipation of the increasing demand for SAF.

2011

To support the development of domestic SAF production, we invested in Euglena Co., Ltd. and later participated in a project run by the New Energy and Industrial Technology Development Organization (NEDO)

2019

Signed an offtake agreement with U.S.-based SAF manufacturer LanzaTech, Inc.
Conducted a delivery flight of a new aircraft to Japan using SAF made from exhaust gas produced by LanzaTech, Inc. in collaboration with MITSUI & CO., LTD.



2020

Strategic alliance with Finland-based SAF manufacturer NESTE for medium- to long-term supply
In cooperation with NESTE, first scheduled flight using SAF departed from Haneda and Narita airports
⇒ **Procured commercial-scale SAF from NESTE, scheduled to commence use on regularly scheduled flights from Haneda and Narita airports in summer 2021**
Toshiba Energy Systems & Solutions Corporation, Toshiba Corporation, Toyo Engineering Corporation, Idemitsu Kosan Co., Ltd., and Japan CCS Co., Ltd. agreed to begin looking into a carbon recycling business model*2 that recycles CO₂ from exhaust gas and other sources into SAF



2021

For the NEDO project, domestically produced SAF manufactured by IHI Corporation was used for regularly scheduled commercial flights from Haneda Airport (June)

We are currently working together with the public and private sector to build a supply chain and manufacture SAF not only overseas but also domestically by participating in the Japanese government's study group on carbon neutrality by 2050 (such as the study group on aircraft CO₂ reduction).

*2 Carbon recycling business model: Power to Chemicals (P2C) is a carbon recycling technology that uses renewable energy and renewable hydrogen to recycle CO₂ into highly valuable materials that positively contribute to the environment. This not only reduces CO₂ emissions but also contributes greatly to the expansion of renewable energy.

2 Adopt New Aircraft Technologies

As the launch customer of the fuel-efficient Boeing 787, the ANA Group owns 74 aircraft (as of the end of March 2021) and is actively introducing state-of-the-art aircraft such as the Airbus A320neo and A321neo. As of the end of March 2021, fuel-efficient aircraft accounted for 72.5% of the group-owned fleet (jet aircraft only). We believe that we can further contribute to the reduction of CO₂ emissions by advancing engine technology to run on fuels such as electricity or hydrogen.

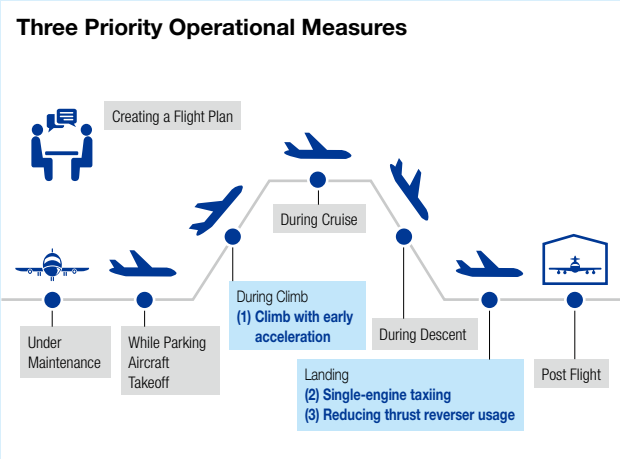
Environment

3

Improve Flight Operations

The ANA Group is implementing initiatives to reduce our environmental impact at each stage of our operations. The Operations Department is managing results from setting the following three priority measures to reduce CO₂ emissions: (1) climb with early acceleration after takeoff, (2) single-engine taxiing, (3) reducing thrust reverser usage. We also implement environmentally friendly operations such as regular engine cleaning to improve combustion efficiency and flight planning by selecting the optimal altitude, speed, and route.

▼ For more information on what we are doing at each stage of our operations, please refer to:
<https://www.ana.co.jp/group/en/csr/environment/operating/>



4

Use of Emission Trading Schemes

As we will need to offset increased CO₂ emissions from 2021 onward as per ICAO/CORSIA guidelines, we will also utilize emissions trading (purchase of CO₂ emissions credits) for CO₂ emissions that cannot be reduced even after implementing the above measures (1 2 3).

Reduce CO ₂ Emissions from All Non-Aircraft Flight Operations		
	FY2030	FY2050
Targets	33%+ reduction vs. FY2019	Net zero

The ANA Group implements appropriate energy management using our energy management system *ANA Eirms* based on our own Energy Management Standard. Companywide, the ANA Group reduced CO₂ emissions by 26% in fiscal 2020 compared to the previous fiscal year. In addition, ANA and ANA Catering Service 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 Economy, Trade and Industry (METI) for the sixth consecutive year since this scheme was established. To achieve net zero CO₂ non-aircraft emissions by fiscal 2050, we will work to reduce energy consumption by fiscal 2030, focusing on the use of electricity and vehicle fuel (gasoline and diesel fuel), which accounts for the majority of our total emissions.

Electricity	We will systematically upgrade our facilities and equipment to energy-saving devices. ANA Blue Base, the ANA Group comprehensive training center, ANA Tonomachi Business Center, and ANA TELEMART Nagasaki Branch Call Center use electricity generated by their own solar power generation, and the use of renewable energy at their facilities reduces CO ₂ emissions.
Vehicle Fuel	In addition to deepening energy-saving measures, we are gradually upgrading our airport vehicles to hybrid vehicles (HVs), electric vehicles (EVs), and fuel cell vehicles (FCVs). We will make the switch to EVs and FCVs from all vehicles (ones that use gasoline) by fiscal 2030.

	FY2030	FY2050
Targets	70%+ reduction vs. FY2019	Zero waste ratio

The ANA Group promotes the 3Rs (Reduce, Reuse, and Recycle) and is working to reduce our resources waste ratio. We encourage use reduction and recycling, especially of plastics and paper.

Reduce the Use of Plastics

We are replacing disposable plastic products used in airport lounges and on flights with eco-friendly materials such as paper and bio-plastics. From August 2021, we have been gradually discontinuing the use of plastic containers for main dishes in international economy class in-flight meals, replacing this plastic with plant-derived



materials. This will reduce the amount of disposable plastic used for in-flight goods by approximately 30%. We are also encouraging the recycling of vinyl used for cargo packaging, not only to reduce the amount used but also to promote the 3Rs.

Reduce Paper Resources

We are working to reduce the use of paper resources by promoting the digitization of timetables, in-flight magazines, and cargo waybills, as well as optimizing the number of travel brochures.

	FY2030	FY2050
Targets	Reduce to less than 3.8% (FY2019 waste ratio: 4.6%)	Reduce to less than 2.3% (50% reduction vs. FY2019)

The ANA Group is working to reduce our food waste ratio such as in-flight meals.

Reduce Food Waste Ratio In-Flight and at Domestic Airport Lounges

We monitor the waste ratio of in-flight meals on domestic and international flights, and review the number of meals carried in premium class on domestic flights and first and business class on international flights.

We have expanded pre-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.

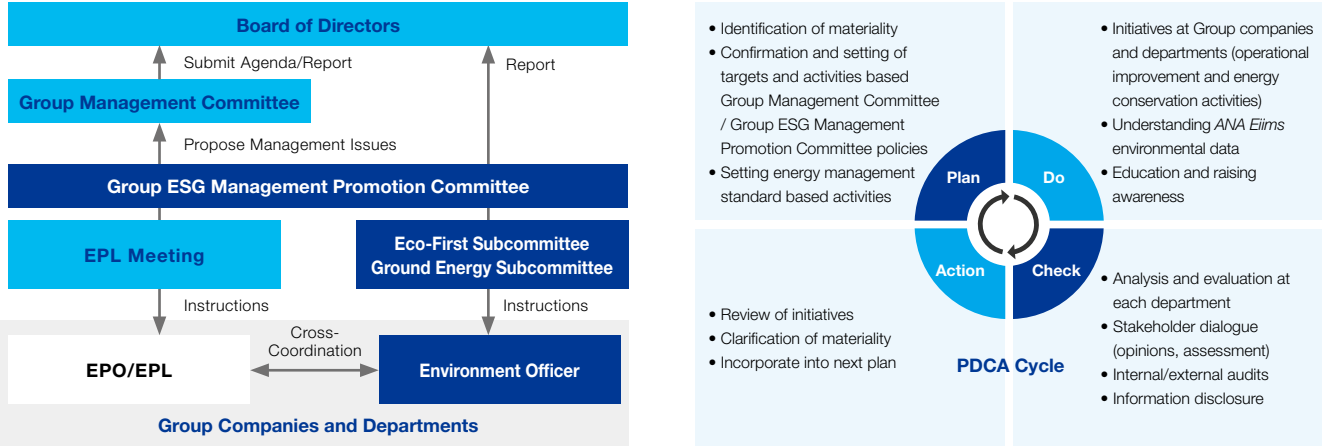
Going forward, we will reduce our food waste ratio throughout the product life cycle (procurement of ingredients, preparation, meal delivery, and disposal) by thoroughly managing in-flight light dishes between meals and domestic airport lounge meals.

Environment

Implementation Structure

Important policies related to environmental activities are discussed at the Group ESG Management Promotion Committee. In addition, we established two subcommittees to discuss initiatives to reduce our impact on the environment: the Eco-First Subcommittee for initiatives related to aircraft operations and the Ground Energy Subcommittee for non-aircraft operations initiatives. The Eco-First Subcommittee and the Ground Energy Subcommittee are chaired by the General Manager of the Sustainability Promotion Department and are held at least

twice a year with the heads of environmental departments of major Group companies as committee members. In addition to the Group ESG Management Promotion Committee, important matters related to management policy are discussed at the Group Management Committee and submitted to the Board of Directors. We, along with each Group company and department, are promoting initiatives to address environmental issues by implementing PDCA management.



Information Disclosure

CDP

In response to investor requests for disclosure, the Carbon Disclosure Project (CDP) assessment is aimed at disclosing information on greenhouse gas emissions and corporate strategies for climate change. Since fiscal 2016, the ANA Group has disclosed greenhouse gas emissions data corresponding to Scope 1, 2, and 3 as defined in the Act on the Rational Use of Energy. This data is verified for accuracy by a third-party agency. Our assessment for 2020 was B. (The industry average is C.)

TCFD

In March 2019, the ANA Group became the first Japanese airline to endorse the recommendations of the Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board*. Based on the revision of Japan's Corporate Governance Code, we will continue to enhance the quality and quantity of information disclosure related to climate change issues as an initiative to address sustainability issues.

*1 Financial Stability Board (FSB): A body comprising of financial ministries and central banks of each country that is responsible for the supervision of international finance.

SBT

The ANA Group has committed to SBT (Science Based Targets) in May 2020 and aims to have it approved within two years. Additionally, to be involved in setting rules for aviation-sector reduction targets, we have joined the WWF (World Wide Fund for Nature)-led SBT Technical Subcommittee, and are helping to create guidance for reduction targets.

Initiatives to Reduce Environmental Impact

Carbon Offset Program

The ANA Group offers the ANA Carbon Offset Program for each class on domestic and international routes. This program is a mechanism that allows passengers to offset the amount of CO₂ emitted by their aircraft. We select offset programs that meet global certification standards.

▼ More details on the project, please refer to:
<https://www.ana.bluedotgreen.co.jp/en/home>

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. As an environmentally advanced company, we have declared our *Eco-First Promise* to protecting the global environment and are working toward achieving a sustainable society.



4 Biodiversity Conservation

Team Chura Sango Coral Reef Conservation Project in Onna Village, Okinawa

The ANA Group has been working with the Okinawan Environment Ministry and Onna Village since 2004 on Team Chura Sango, a coral reef conservation project, to plant coral seedlings and conduct educational activities in and outside Okinawa Prefecture. The coral reef is facing a crisis due to bleaching caused by rising sea temperatures and feeding damage caused by a large number of crown-of-thorns starfish. To help pay for the coral seedling activities, ANA Mileage Club members are able to donate miles to support Team Chura Sango activities. A record number of 2,287 trees were planted in fiscal 2020, bringing the total to 15,432.



Supporting Amami Oshima, Tokunoshima, Northern Okinawa, and Iriomote Island as World Natural Heritage Sites

Since fiscal 2017, the ANA Group has supported the registration of these areas as World Natural Heritage sites. One of these activities is volunteers helping to control invasive plants that have a significant impact on the Yanbaru National Park ecosystem. In cooperation with the

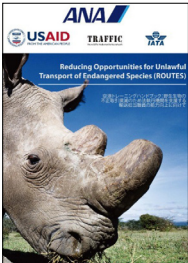
Environment Ministry, Kunigami Village, and Ogimi Village, we are conducting activities under the guidance of Environment Ministry rangers, mainly in the Tagari district of Ogimi Village, where the damage is worst.



Organizing Seminars to Eradicate the Illegal Wildlife Trade

In March 2018, ANA became the first Japanese airline to sign the Buckingham Palace Declaration, which aims to eradicate illegal wildlife trade as recommended by IATA. Since fiscal 2018, we have been conducting seminars using illegal wildlife trade prevention educational textbooks supervised by ROUTES*² in collaboration with TRAFFIC*³. The fiscal 2020 online seminar was co-hosted with Narita International Airport Corporation for the second consecutive year. A total of 170 employees from ANA Group companies, including airport personnel and overseas branches participated.

*2 ROUTES: ROUTES is an international collaborative platform for dealing with criminal activities involving the illegal trade of wild animals.
*3 TRAFFIC: An international NGO that surveys and monitors wildlife trade. Established as a joint project between the WWF and IUCN (International Union for Conservation of Nature)



Material Issues

Human Rights



- 1 Responsibility to respect human rights
- 2 Promote responsible procurement and supply chain management

Basic Approach

The ANA Group has a wide range of business operations which involve various risks to human rights.

The ANA Group is committed to upholding 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. In fiscal 2020, we reviewed our existing procurement policy and formulated a new ANA Group Procurement Policy consisting of the Basic Procurement Policy and the Supplier Code of Conduct. We continue to 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 fiscal 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.



Human Rights Report 2020
https://www.ana.co.jp/group/en/csr/effort/pdf/Human_Rights_Report_2020_e.pdf

1 Responsibility to Respect Human Rights

To ensure respect for human rights, in fiscal 2016 and fiscal 2019 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. We are working to prevent the occurrence of risks with regard to the areas we have identified.

Survey on Employment Conditions of Foreign Workers in Japan

To quickly address not only potential but actual human rights risks of foreign workers, in fiscal 2020 we conducted a system-based review on the employment status of foreign workers in the ANA Group and major contractors. By using this summarized data going forward, we will strive to provide a suitable and comfortable work environment. In addition, with the cooperation of a third-party organization (Caux Round Table Japan*), we have begun operating a grievance process system in accordance with global standards. Going forward, we will continue to work on improving the effectiveness of this system we have established.

*1 Caux Round Table Japan: A global network of business leaders dedicated to creating a freer, fairer, and more transparent society through business.



Image of the Global Supply Chain Data Management System

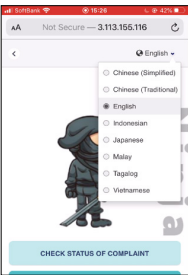


Image of the Grievance Process System

▼ Please visit our corporate website for more:
https://www.ana.co.jp/group/en/csr/human_rights/
https://www.ana.co.jp/group/en/csr/supply_chain_management/

Prevent the Use of Airplanes in Human Trafficking

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

In fiscal 2020, in collaboration with Narita International Airport Corporation, we worked with related organizations to hold an online seminar on the topic of human trafficking prevention.



Online Seminar

Corruption Prevention

To comply with the anti-bribery laws of countries around the world, we have established the ANA Group Anti-Bribery Regulations which explains these regulations with specific examples. By distributing the ANA Group Anti-Bribery Handbook and conducting e-learning programs, we are working to educate our employees. In fiscal 2020, we conducted online seminars in China and e-learning in the United States.

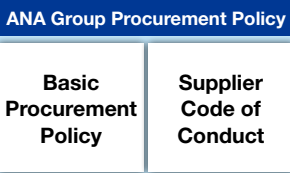
2 Promote Responsible Procurement and Supply Chain Management

In recent years, human rights issues, such as industrial accidents, have become increasingly serious in the globalized supply chains of companies. In addition to complying with the laws and regulations of each country, companies are required to respect the spirit of internationally recognized standards and principles to contribute to achieving a sustainable society.

Formulation of the ANA Group Procurement Policy

As well as providing safe and secure services, the ANA Group will contribute to the creation of social value through our procurement activities by taking initiative in considering local and global social and environmental issues.

As part of this effort, we have formulated the ANA Group Procurement Policy to promote more sustainable procurement activities throughout the supply chain. Particularly in terms of human rights and the environment, we now request more extensive and detailed information from suppliers compared to our previous ANA Group Purchasing Policy.



Supply Chain Management of In-Flight Meals

In fiscal 2017, the ANA Group became the first Japanese company to join the Bluenumber Initiative*. We are in the process of registering information on producers and companies involved in in-flight meal ingredients to build a highly transparent food supply chain that includes respect for human rights and environmental conservation in the production process.

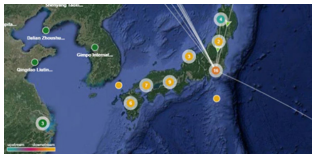


Image of Bluenumber Initiative Administration Site

*2 The Bluenumber Initiative is a global program to establish food supply chain platforms by Bluenumber Foundation.

Involving Business Partners

In addition to sharing the ANA Group Procurement Policy and international standards on business and human rights with contractors and suppliers, we also provide web-based in-house e-learning programs to further promote understanding of ANA Group activities. We also work together with our business partners to ensure their workplace environments uphold respect for human rights.

Expert Review

Since fiscal 2016, the ANA Group has held regular annual discussions with international human rights experts to obtain advice on ANA Group initiatives to respect human rights. In October 2020, we invited three human rights experts from the Institute for Human Rights and Business*3 and World Benchmarking Alliance*4 to evaluate the progress of the initiatives set forth by the ANA Group given the advice received in fiscal 2019. The experts advised us on supply chain management methods and new human rights issues that we should be aware of in the context of the COVID-19 pandemic.

*3 Institute for Human Rights and Business: An international think tank working in the field of business and human rights and leading efforts in this area. Established in 2009.
*4 World Benchmarking Alliance (WBA): The Index Initiative established primarily by the United Nations Foundation and British insurance company Aviva. This organization develops benchmark indicators to evaluate company contribution levels to a sustainable society.

Regional Revitalization



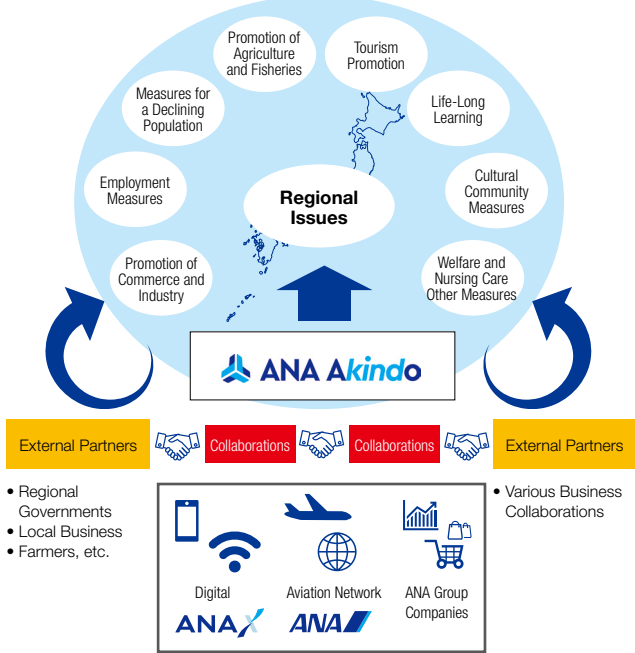
- 1 Utilizing innovation to resolve social issues
- 2 Regional revitalization through social contribution and resolving social issues

Basic Approach

Regional revitalization is an initiative to overcome the declining population and shrinking regional economy, and to ensure that the region will grow in the future. In addition to air transportation, the ANA Group is developing businesses in many areas that contribute to the local communities, including hometown tax donations, cashless promotion projects, digital advertising using ANA Mileage Club data, and resolving social issues through the *newme* avatar*1.

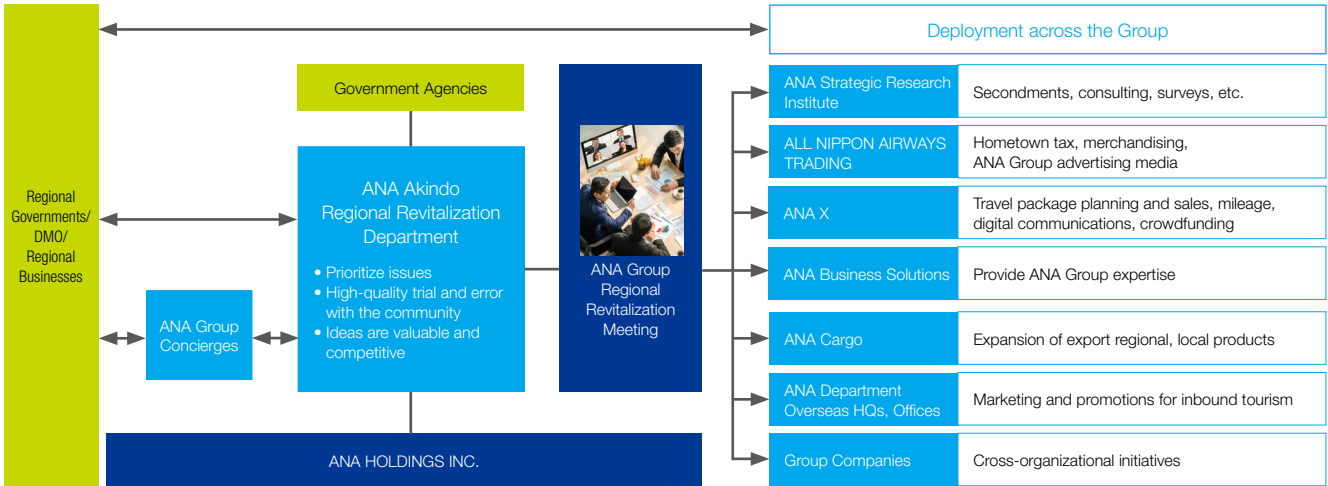
Future businesses will strengthen the relationships we have built with local communities through our airline and travel businesses, and work with local governments, NGOs, NPOs, along with a variety of local companies. These collaborations will address the concerns and issues of local communities, and utilize and apply the strengths and assets of the group while focusing on the promotion of tourism for the sustainable development of local communities. We will take on the challenge of expanding the scope of problems to resolve.

*1 *newme* avatar: A new means of transportation developed by avatarin Inc, an ANA Holdings start-up that transports a person's consciousness and presence without moving their body. From various devices, users can in real time control *newme* remotely in the location they want to move to, and see, talk, and walk around it.



Implementation Structure

The Group Regional Revitalization Meeting, organized by the ANA Akindo Regional Revitalization Department, integrates Group companies initiatives organically and promotes itself as a place for value creation and planning that connects with regional issues.



▼ Please visit our corporate website for more:
https://www.ana.co.jp/group/en/csr/regional_creation/

1 Utilizing Innovation to Resolve Social Issues

To achieve one of our business innovation initiatives, we are providing services with avatar technology that connect users with people, goods, services, and places. From the comfort of their own home, users can see aquarium exhibits and shows, and enjoy shopping at their favorite stores. We can provide future work styles and new services and solutions through the *newme* avatar.

Case 1 ► Decline in Aquarium Visitors: Visit Anytime from Anywhere Using the *newme* Avatar

Business Overview	• Using the <i>newme</i> avatar technology and platform, we have created a system that allows users to visit regional aquariums and facilities from anywhere at any time
Regional Issues	• Big drop in number of regional aquarium visitors • Desire to increase revenues at regional aquariums
Methods	• Using <i>newme</i> avatar technology, develop a new aquarium viewing tool



Children Can Control the *newme* Avatar and Aquarium Guide Remotely

2 Contribute to Regional Revitalization Through Social Contribution and by Resolving Social Issues

The ANA Group is working to resolve essential regional issues. Utilizing ANA Group expertise, from the production of agricultural products to branding and market development, we are contributing to improving the attractiveness of primary industries and promoting community-based sustainable cycle practices.

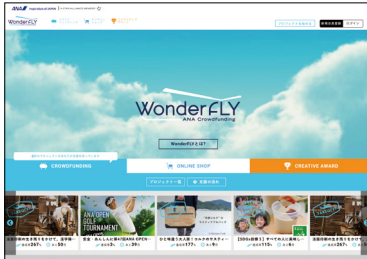
Case 2 ► Save Tangerine Farms!: An ANA Farm Project @ Ehime Prefecture

Business Overview	• ANA will oversee an abandoned tangerine farm and support the entire process from production to processing, distribution, and sales.
Regional Issues	• Need to raise the profile of prefecture specific products and due to lack of sales channels, sales are not increasing • Increase in the number of abandoned farms due to a decrease in the number of successors
Methods	• Expansion of sales channels and branding of prefecture specific products using ANA expertise • Food processing using ANA catering expertise • Dispatch of ANA personnel to farms



Case 3 ► Supporting Community Dreams: Regional Bank Crowdfunding Collaboration

Business Overview	• Using regional bank networks, promote crowdfunding of potential regional Business Seeds*2 for commercialization
Regional Issues	• Desire to commercialize a business idea but lack the financial resources • Need to improve the means of publicizing projects for commercialization
Methods	• Using regional bank networks, identify local businesses that could support commercialization We are working on a regional revitalization project to identify and develop attractive regional commercial products and develop them into a platform. As part of our regional cooperation, we are collaborating with Tajima Bank, Ltd. This collaboration was coordinated by the Kirin no machi Tourism Bureau Association (DMO Japanese Version) for the eastern part of Tottori Prefecture and the western part of northern Hyogo Prefecture. • Provide crowdfunding opportunities through ANA WonderFLY



Web Image of ANA WonderFLY

*2 Business Seeds: The seeds of business, such as technology, expertise, ideas, and equipment, that a company possesses.

Diversity and Inclusion



- 1 Responding to the diversity of our customers
- 2 Human resources development to support sustainable growth

Basic Approach

The ANA Group is promoting diversity and inclusion throughout the group.

As customer values diversify and the social environment changes, continuing to be chosen and trusted by all customers is crucial for the future growth of the ANA Group. We will continue to 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 a sustainable inclusive society in which everyone can live together.

Implementation Structure

One pillar of our corporate strategy is the fiscal 2018-2022 Universal Service Strategy, which provides ANA Group services that every customer can enjoy comfortably and with peace of mind. To enhance our universal services, we are expanding services, facilities, and equipment at various points of contact with customers, and promoting the development of human resources who can develop and provide services that respect the needs and diversity of each customer and are attentive to their feelings.

*1 ANA CX MAP: This map depicts various points of contact between customers and the ANA Group from daily life to post-use.



ANA CX MAP*1

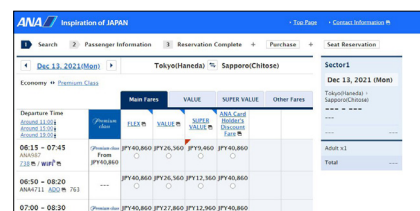
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Responding to the Diversity of Our Customers

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

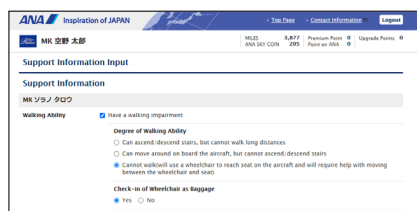
We will continue to create services, facilities, and equipment offering even greater comfort and convenience in any scenario, from pre-departure through arrival.

ANA Official Website



- For everyone to be able to use our services comfortably, we have adopted the global standard proposed by W3C*2 and taken measures to meet the WCAG 2.0*3 conformance level AA ranking.

Assistance Information Registration Service



- By registering the necessary assistance information for boarding in advance, you can complete the reservation process smoothly.

Airport (Information)



- Telecommunication Relay Services at counters

▼ Please visit our corporate website for more:
https://www.ana.co.jp/group/en/csr/customer_diversity/

Airport (Facilities)



- Apartment-style low counters at five major domestic airports including Tokyo (Haneda) and Osaka (Itami)



- Installation of low counters at 50 airports in Japan



- Expanded deployment of special vehicles (lift buses) to support smooth boarding and disembarking of passengers in wheelchairs or on stretchers.

Aircraft

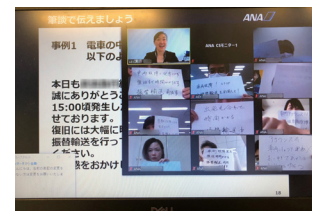


- In-flight wheelchair-accessible restrooms have been installed on small jets (A320neo/A321) in addition to large and medium-sized aircraft.

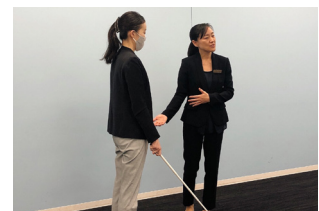
Human Resources Development to Drive Barrier-Free Mindset Practices (Service Legacy of Diversity)

We promote human resources development through a variety of educational activities so that each employee can deepen their understanding and practice of people with disabilities.

Inclusive and Universal Services Practical Training



- We conduct training for all Group executives and employees to develop employees who understand diversity and can provide support and encouragement in a sympathetic manner.

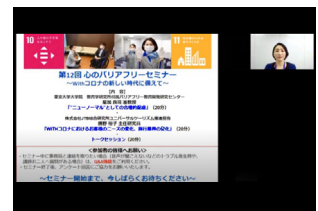


Universal Service Refresher Training



- We conduct regular e-learning sessions throughout the year to raise the level of universal services throughout the group

Barrier-Free Mindset Seminar



- We invite speakers from NPOs and universities and paralympians to give lectures as needed.

Expansion of ANA's Sora-Pass Classes



- ANA Group employees created a hands-on curriculum that addresses characteristics of disabilities and visit special-needs schools to teach classes to students that are planning school trips on ANA flights to help alleviate the anxieties about air travel.



Creation of Hospitality Guidelines



- We established hospitality guidelines for COVID-19 countermeasures.

*2 W3C: Abbreviation for World Wide Web Consortium. The name of a non-profit organization that promotes the standardization of web technologies.

*3 WCAG 2.0: Abbreviation for Web Content Accessibility Guidelines Version 2.0. Guidelines for accessibility of web content.


Diversity and Inclusion

Promoting Universal Services through Group Businesses

Leveraging Strengths for New Value: ANA Wing Fellows Vie Oji (Co., Ltd.)

To achieve a universal environment where all people can lead their lives without feeling inconvenienced, ANA Wing Fellows Vie Oji is developing a consulting business that combines a lively perspective and the spirit of hospitality through collaboration between people with disabilities and staff with customer service experience such as flight attendants. So far, we have provided support for verification and training for ANA Group employees regarding airport facilities and in-flight facilities and services, verification of accommodation facilities, and promotion of employment of visually impaired people. In fiscal 2020, we set up an online system and promoted the creation of an environment based on universal standards that are needed now in the midst of the COVID-19 pandemic.


Web usability consulting*4



- We conducted accessibility proposals for website construction by visually impaired parties


*4 Web usability consulting: Helping everyone to obtain information from the web smoothly.

Identification of issues and proposals for countermeasures against COVID-19



- We identified concerns and struggles of people with various disabilities (hearing, vision, wheelchair users, etc.) when using airport facilities and aircraft, and proposed specific countermeasures.

Universal seminar to promote employment of people with disabilities



- Local governments plan and hold seminars for companies to promote the understanding of disabilities and employment of people with disabilities.

Toward Becoming an LGBT Friendly Airline Group

ANA has received the highest rating of “Gold” for the fifth consecutive year in the LGBT index “PRIDE Index 2020” by the voluntary organization work with Pride*5

Under the ANA Group Diversity and Inclusion Declaration of April 2015, each employee has deepened their understanding of LGBT issues, and we are working to promote a better understanding of these and provide an inclusive workplace environment within the group along with our support for customer diversity.

We are promoting initiatives to achieve an inclusive society by distributing the ANA Group LGBT Awareness Handbook and conducting training programs.

*5 work with Pride: A voluntary organization that supports the promotion and establishment of diversity management regarding LGBT and other sexual minorities.





2 Human Resources Development to Support Sustainable Growth

We respect diversity in terms of age, nationality, gender, values, disabilities, etc., and promote a variety of human resources-related initiatives so that we can use this diversity as a strength to bring about further change. More details are available on page 72.

Further Promotion of ESG Management

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.

	FY2020 Evaluation	FY2022 Targets	Remarks
DJSI Member of Dow Jones Sustainability Indices <small>Powered by the S&P Global CSA</small>	Selected for inclusion in the World Index and Asia Pacific Index	Same as FY2020	Stock index developed jointly by U.S.-based S&P and Switzerland-based RobecoSAM. Evaluates corporate sustainability from the perspectives of economy, environment, and society.
FTSE  FTSE4Good	Selected as a component member of FTSE4Good Index	Same as FY2020	Stock index managed by the U.K.-based FTSE. Evaluates the initiatives and results of ESG management based on benchmarks.
MSCI* <small>2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</small>	Selected as a component member of the Japan Empowering Women Index (WIN)	Selected as a component member of the Japan ESG Select Leaders Index	Stock index managed by the U.S.-based MSCI. An index based on the performance of stocks around the world from various perspectives. Examines and evaluates corporate commitment to ESG.
CDP  DISCLOSURE INSIGHT ACTION	B	A- and above	External evaluation for institutional investors managed by a U.K.-based NPO. Analyzes the corporate impact of CO ₂ on the environment and climate change, evaluating the company's responses.

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Issuance of Sustainability-Linked Bonds

In June 2021, we issued Sustainability-Linked Bonds with Sustainability Performance Targets (SPTs) that reflect our efforts in four material issues: Environment, Human Rights, Diversity and Inclusion (D&I), and Regional Revitalization.

If two or more of the four external evaluations regarding ESG described above (selected as SPTs) have not been achieved at the end of fiscal 2022, we will make a donation to a generally certified entity that engages in activities to create positive impacts for the environment and/or society. In addition to the group's own ESG initiatives, we will create an additional positive impact by supporting activities through donations.

In fiscal 2018, we issued Green Bonds as an initiative for environment. In fiscal 2019, we issued Social Bonds as an initiative for D&I. Our Sustainability-Linked Bonds include the perspective of governance (G), as the results of the evaluations will be reflected in officer remuneration. We established targets to be achieved for the themes of environment (E) and social (S), and we aim to achieve these targets by making governance (G) function effectively.

We believe it is the responsibility of the group, which operates globally, to contribute to the achievement of the SDGs through ESG-conscious business activities. By addressing the four material issues appropriately, we strive to enhance our corporate value through the creation of both social value and economic value.



▼ See our corporate website for more details.
<https://www.anahd.co.jp/group/en/pr/202105/20210519.html>



Business Foundations Supporting Corporate Value

We work with ANA Group stakeholders, aiming to share an added value that leads to a brighter future. Today, we are building a foundation for the appropriate allocation of management resources and nimble management decision-making.



ANA's Sky Kitchen: The Excitement of Travel, While Staying Home

ANA began selling international route in-flight meals online. Our managing chef developed a specially designed menu for everyone to enjoy at home.

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 and the foundation of everything we do. Our dedication to safety extends to every part of our group businesses, even beyond our aircraft operations, including cargo, food services, and information. Our everyday efforts to improve safety and our conscientious response to customer expectations build confidence and trust with society.

An environment of mutual understanding and trust form relationships among employees across various job descriptions to support safe aircraft operations and other 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.

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.

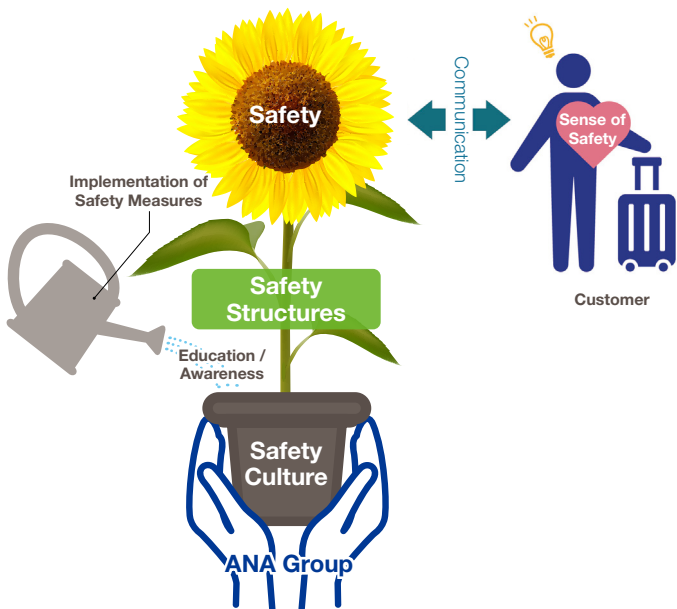
Course of ANA Group Safety Action

- (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

In working toward higher levels of safety, we formulated the FY2021-FY2025 ANA Group Medium-Term Safety Promotion Plan as part of our efforts to accelerate the transformation necessary to return to growth, while responding flexibly to the COVID-19 pandemic and a changing environment.

We defined matters of the highest priority as our core safety values, establishing three pillars on which to engage in specific priority actions: (1) Sense of Safety for Our Customers, (2) Safety Structures, and (3) Safety Culture.



Core Safety Values

- (1) Build an organization that is resilient to change and innovation
- (2) Pursue safety based on global standards
- (3) Establish a culture of deep-rooted safety behavior
- (4) Foster core human resources who strive for safety
- (5) Instill confidence in our customers and society regarding ANA Group safety

Priority Actions for Safety (Three Pillars)

1. Sense of Safety for Our Customers

Disclose information and engage in greater dialogue with customers and society regarding our safety efforts as we pursue ESG management

2. Safety Structures

- Work closely with code share, partner airlines to standardize and raise the level of our safety foundation, including safety information, safety rules, safety audits, safety education, and more
- Engage in stronger preventive measures and bring visibility to safety through risk management and SPIs (Safety Performance Indicators)
- Strengthen initiatives in managing the Three Task Categories (First Time Task, Procedure Changes, and Task After Extended Time Gap); provide safety education and awareness activities via online and on-demand technologies

3. Safety Culture

- Share specific examples of safety behaviors that embody safety culture; pursue the practice of safety as a personal responsibility

Developing Human Resources that Embrace and Enhance Safety Culture

The ANA Group engages in ongoing education and training programs to preserve the memory of past accidents and hijackings in our pursuit of safety. To prevent the spread of COVID-19, we currently use online technologies to hand down our culture of safety.

Education Initiatives

ANA Group Safety Education Center (ASEC)

Total number of participants: **8,509** (including online participation)

In 2019, we relocated ASEC to the newly built ANA Group Training Center (ANA Blue Base). Under the three concepts of facing accidents, facing our own feelings, and facing our colleagues, we provide safety education in which participants learn actively, leading participants to practice safe behavior in the workplace.

We established an online training system in July 2020, and all group employees have been taking the courses.



Emergency Aircraft Evacuation Training

Total number of participants: **3,941**

This training is mandatory for all group employees to support cabin attendants, as well as to provide assistance and guidance to passengers in the event of an aircraft emergency.



Safety Forum Conducted by Senior Management

Number of forums: **39** Total number of participants: **4,892** in total

The ANA president & CEO and directors in charge of safety at ANA delivered safety-related lectures and engaged in dialogue with employees online. Participants and leaders discussed and shared thoughts on a wide range of topics.



Initiatives for Aviation Safety and Security Promotion Month

We observe the Aviation Safety and Security Promotion Month every July, holding programs featuring seminars, presentations, and awards related to safety.

We solicited case studies from our front lines, receiving numerous submissions. From the submissions received, we published a total of 16 case studies on our corporate intranet highlighting safety and quality improvement initiatives related to information sharing, deficiency prevention, and recommendations for safe behavior.



Case Studies Published on the Corporate Intranet

16
case studies
shared

Safety

Building Stronger Sustainable Structures for Safety

The airline industry is undergoing major operational changes due to the impact of COVID-19. For our part, we are creating a stronger structure to maintain safety, even as we adopt new and different mechanisms and procedures.

(1) Change Management as a Safety Management Method to Prevent Organizational Errors

We adopted the following safety management methods to prevent organizational errors when changes occur in structures or work flows.

- a. Identify risk factors (hazards) in advance
- b. Verify potential risks that may occur due to hazards
- c. Take measures to reduce risks and then implement change

(2) Managing the Three Task Categories

We engage in consistent management of the Three Task Categories (First Time Task, Procedure Changes, and Task After Extended Time Gap), predicting related risks and taking measures to prevent unsettling events from occurring.

- a. Each individual uses their foresight to anticipate risks
- b. Employees share information on matters identified and respond to risks before beginning work
- c. Employees use the assertion* method to respond appropriately with coworkers
- d. If employees notice something unusual or dangerous, they report it as a near-miss or other spontaneous incident

* Expressing opinions in a constructive and cooperative manner

We strive to achieve safety and innovation through the organizational responses and individual actions noted above.



Ensuring Safety in Non-Air Operations

Information Safety

The ANA Group handles personal customer information in its business. The company is revising its rules and security measures to strengthen personal information management systems and reduce the risk of information leaks, considering this approach to be important initiative as safe flight operations.

ANA has adopted the EU General Data Protection Regulation (GDPR), and the California Consumer Privacy Act. We also engage in a timely manner with other personal information protection measures being addressed in various countries. Further, the company publishes its privacy policy on its corporate website. We also respond appropriately to Japan's revised Act on the Protection of Personal Information, which will take effect in fiscal 2022.

Furthermore, by providing information security training to employees, we protect the safety of information in terms of both tangible and intangible elements.



Poster Depicting Our Approach to Information Safety

Food Safety

The ANA Group introduced the ANA Catering Quality Program (ACQP), from the three aspects of food safety for hygienic in-flight meals, the pursuit of delicious quality, and the safe, and the correct loading and unloading of goods on and off aircraft. Full-time auditors and chefs make regular visits to our catering contracts in Japan and around the world, offering guidance on improvements based on our own strict hygiene standards. We also engage regular external hygiene audits from third parties based on international standards. Results are reported to the group to maintain and improve quality. We also discuss the results regularly at board meetings, where decisions are made on the spot and implemented promptly to correct issues.



Hygiene Audit of the In-Flight Meal Production Facility at Haneda Airport

ANA Group Response to COVID-19

In June 2020, we launched the ANA Care Promise as a commitment to creating an environment that prevents infection and protects the health of our passengers and staff in this time of the new normal. This initiative was the first in Asia to receive the highest COVID-19 Airline Safety Rating of 5-STAR awarded by SKYTRAX of the UK.

Peach employees are also working together on anti-infection initiatives, aiming to create a new standard in the skies.

We will continue sincere efforts to create safety-focused hygienic environments and services to deliver even greater peace of mind to our customers.



Enhanced Hygiene and Cleanliness

Hygiene and cleanliness are the core of our services. To strengthen our commitment even more, we signed a support agreement on hygiene and cleanliness with Nihon Stery, Inc., a company that provides support services to medical facilities. Leveraging their wide range of knowledge and we advice of experts, we will work to create safer and more comfortable air travel to meet the needs of our customers in the post-COVID-19 era.

Major Initiatives

Inspection and Review of Operational Procedures	Disinfectant Selection	Information Communications
Check the status and improve disinfection, sterilization, and other operations at airports, lounges, and in the aircraft. Review and improve manuals. 	Advice on the selection of disinfectants, etc., such as alcohol sheets and disinfectant solutions. 	Advice on the effects, messages, and expressions related to hygiene and cleanliness when publishing information on the ANA websites, social media, etc.

Message from Nihon Stery, Inc.

We began collaborating and helping with ANA Care Promise initiatives in December 2020, leveraging the knowledge and expertise of our group.

This was the first time we took on a project for the safety and hygiene of not only the ANA Group, but also of their customers. We have been determined to make the project a success at all costs. We have experienced the intense passion and dedication of everyone at the ANA Group. ANA Group employees ask many questions regarding the proposals we make based on our expertise. They scrutinize our activities through earnest discussions. We learn more every day as we review initiatives based on evidence and make improvements that match the needs of the front lines of the airline industry. While this challenging environment is likely to last for some time, we will continue to take on challenges together with the ANA Group, co-creating new values in hygiene for the safety and security of customers and employees.



(Left) SUZUKI Takeshi, Manager
(Right) HOTODA Akishige, Deputy General Manager
Nihon Stery, Inc. (H.U. Frontier, Inc.)

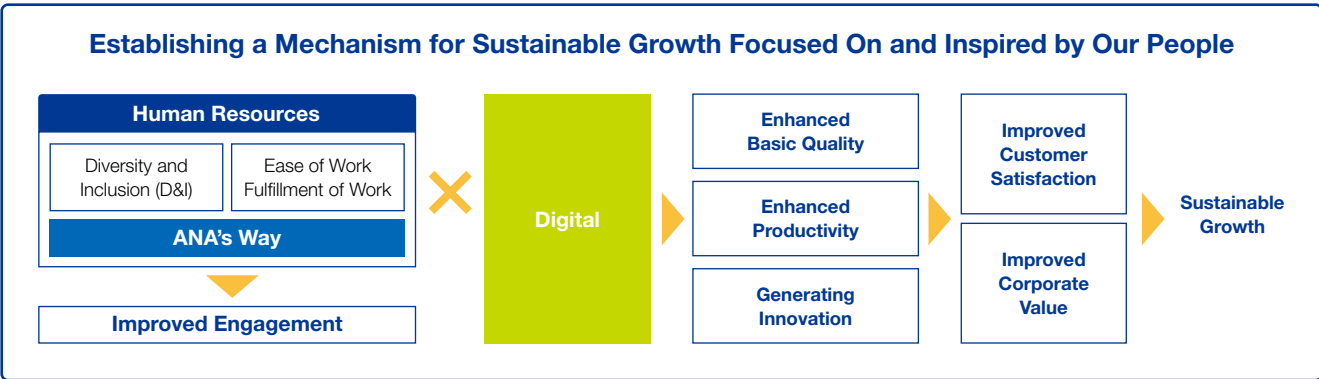
Human Resources

Achieving Sustainable Growth through Human Resources, the Greatest Asset of the ANA Group
We leverage the diversity of our employees to exhibit the comprehensive capabilities of our group.

Basic Approach to Human Resources

Human resources are the greatest asset of the ANA Group. Our people are what allow us to respond to a rapidly changing social environment and pursue *Business Structure Reform*, while continuing to take on the challenge to achieve sustainable growth.

We enhance corporate value through human resources development, as well as systems and frameworks that encourage every employee to demonstrate their individuality and contribute actively, from the day they join the group to the day they retire.



Mechanisms to Pass On the ANA Group Identity

We strive to instill an understanding of our Mission Statement, Management Vision, and ANA's Way as embedded parts of our corporate culture, encouraging organizational and human development for each employee to embody the ANA Group identity.

Promoting ANA's Way

ANA's Day Training

- Share values that resonate with ANA Group employees
- Reflect on past accidents and gain a renewed understanding of safety
- Return to our founding philosophy of *Wakyo* (close cooperation) and "Hardship Now, Yet Hope for the Future"
- Think about the future of the ANA Group with colleagues from other group companies



Good Job Card

- Launched in 2001 as a tool to foster a culture of mutual appreciation and respect
- Messages are sent to colleagues in other group companies or divisions via a dedicated website
- Messages sent in fiscal 2020: 840,000 (ANA Group)



ANA's Way Survey (Employee Satisfaction Survey)

- Conducted once in fiscal 2020 (across 44 companies, response rate: 96.9 %)
- Covered five subjects from ANA's Way and asked questions related to engagement
- Analysis conducted of organizational issues across the group and at each company/division; appropriate response measures considered and implemented



Encouraging Employee Athletes

The ANA Group endorses the *Ath-navi** program, which supports Japanese athletes taking on global challenges. We have hired athletes and support their athletic activities for seven consecutive years since 2014.


A total of 25 athletes (as of July 1, 2021) work in the ANA Group, and we strive to provide an environment in which top athletes can continue to compete with confidence. At the same time, we believe this program fosters a sense of unity among all employees.



* The Japanese Olympic Committee (JOC) provides employment support counseling for top athletes.

ANA Blue Monsters

Due to the COVID-19 pandemic, there have been fewer opportunities for children to play sports. This trend could lead to social issues, including fewer local community sports, an increase in mental and physical imbalances among children, and fewer opportunities to learn about one's own strengths in life. In response to these issues, we launched the ANA Blue Monsters Kids Career Program as a new venture that resolves social issues through sports. Employee athletes are in charge of planning and supervision, providing cross-cultural exchange, dietary education, body core training, and sports strategy training. The program helps kids acquire the skills necessary for both sports and business, fostering the ability for children to pursue their own futures.



Online Training and Education

Diversity and Inclusion (D&I) Promotion

After presenting "The ANA Group Diversity and Inclusion Promise" (D&I Promise) in 2015, we have been promoting D&I as one of the key pillars within our management strategy. We strive for new value creation and sustainable growth by respecting the diversity of our employees, creating an environment in which each employee can maximize their strengths, and fostering a corporate culture in which everyone can work with enthusiasm and motivation.

Women in Leadership

Positive Action Plan

In addition to establishing systems to support diverse work styles according to life stages and career plans, we are working to increase the ratio of female executives and managers, which is an issue in Japanese society.

In March 2021, we reached a deadline for achieving the three numerical targets set in our Positive Action Plan (announced in 2014).

2014–2020 Positive Action Plan (ANA)

Item	Number of female executives	Ratio of female managers	Ratio of female managers in office administration / cabin attendants organizations
Targets	2 or more	15% or more	30% or more
FY2020	6 Achieved	15.8% Achieved	29.2% Not achieved

Participation in International Air Transport Association (IATA) Initiatives

The importance of diversity in management is increasing on a global level, and we are seeing new movements in the airline industry. In November 2020, ANA became the first Japanese airline to join the IATA's *25by2025* Campaign, which is a global initiative to improve female representation in the aviation industry. The goal of *25by2025* is to increase female representation in senior positions and in areas where women are traditionally under-represented, such as flight crew and mechanics, by 25% by 2025.

Human Resources

Future Targets

In June 2021, ANA and the ANA Group set new medium-term goals in regard to women in leadership positions. We aim to achieve women's ratio in senior positions to reach 30% as early as possible in the 2020s.

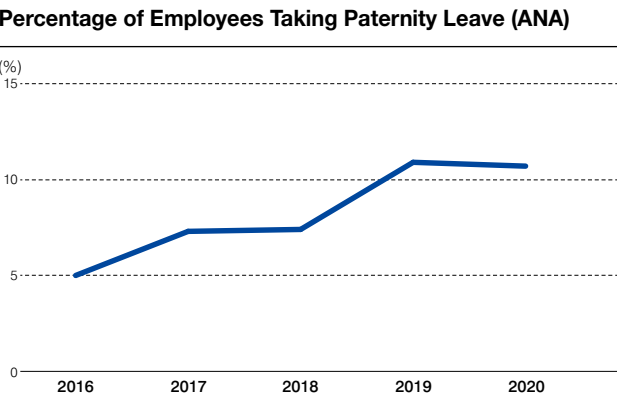
Although ANA Group companies have different working environments, personnel structures, and male-to-female ratio, we will continue to develop suitable personnel systems and support at workplaces to promote the advancement of women.

We will also monitor KPIs periodically to confirm the progress and to take proper actions to resolve issues.



Paternity Leave System

The ANA Group encourages flexible and new work styles that allow a diverse range of employees to contribute actively, regardless of gender or generation. We are working to increase the percentage of male employees who take paternity leave, so the burden of housework and childcare can be shared equally among family members. In addition to providing information to eligible employees through the company intranet, handbooks, and seminars, we intend to communicate more effectively to supervisors and workplace colleagues to promote a better understanding of work-life balance.



Groupwide Awareness

In December 2020, we held the sixth ANA Group D&I Forum. Under the theme, "Diversity is a Fact, Inclusion is an Act," 37 CEOs of ANA Group companies shared their views on D&I and led integrated activities together with members of ANA Group D&I Working Team.



ANA Group D&I Initiatives

In response to the global COVID-19 pandemic and rapid changes in our society, the ANA Group is now working on structural reforms together with the transition to new work styles which enables us to provide new value to customers in a more efficient manner.

We believe "Diversity & Inclusion" and "Engagement" are two essential factors when our diverse employees fulfill one's potential with their specialties and capabilities beyond organizational boundaries or attributions.

Our goal is to create a corporate culture that welcomes the new value or the innovative mindset which diversity creates and allows employees to feel equity in the workplace as well.

Our ultimate goal is to provide more safe and delightful experiences for our customers, and to contribute to a better society.



TANEIE Jun
Executive Vice President
Group Diversity & Inclusion Promotion
ANA HOLDINGS INC.

Health Management

The ANA Group made the ANA Group Health Management Declaration in April 2016. Our employees are the engine that drives sustainable growth together with society, and it is our employees who embody the motto, *Trustworthy, Heartwarming, Energetic!* We encourage Quality of Life (QOL) and improved corporate value through employees who engage in their work in physical health, mental health, and passion.

Implementation Structure

The ANA Group has appointed a Chief Wellness Officer who is a director responsible for health management. We also appoint Wellness Leaders at each group company. Through this leadership framework, the ANA Group ensures that group employees, companies, and health insurance associations work in unison for health management. As a result of groupwide efforts, seven companies, including ANA AIRPORT SERVICES Co., Ltd., ANA CHUBU AIRPORT, and ANA OSAKA AIRPORT, were named Certified Health & Productivity Management Organization Recognition Program (White 500) companies in fiscal 2021. Four other companies were named Certified Health & Productivity Management Organization Recognition Program companies, including ANA New Chitose Airport.

▶ P.83 External Recognition

Four Perspectives

The ANA Group aims to maintain and improve the physical and mental health of our employees, creating an environment that encourages long careers. Focusing on Four Perspectives, we engage in regular situational monitoring, while analyzing and responding to positive impacts and challenges.

1 Health Management

- Create an environment for health management throughout the group

2 Safety and Health Initiatives

- Develop safe, secure workplace environments and engage in cross-organizational education activities

3 Mental Health

- Implement related measures groupwide and provide occupational health staff and workplace follow-up

4 Disease Prevention

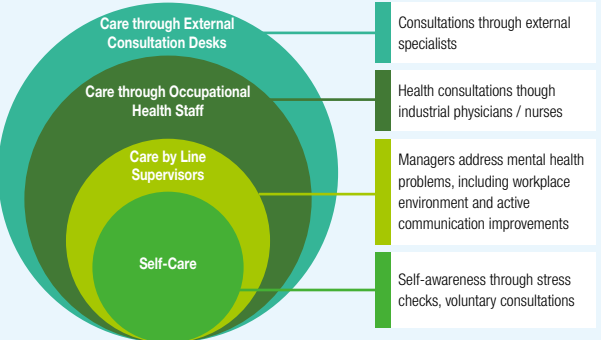
- Establish and monitor health management indicators
- Strengthen cancer-prevention measures and adopt policies regarding women-specific diseases

Health Maintenance under the COVID-19 Pandemic

The results of our employee health survey reflected concerns by many employees about (1) lack of exercise and physical ailments and (2) mental health. Responding to changes in the living and working environment has become an urgent issue.

Mental Initiatives

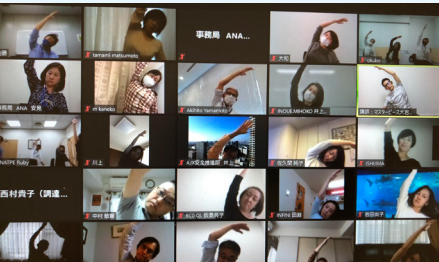
As the social environment changes, healthy minds become an even more important factor in the QOL and work. The ANA Group has introduced measures and e-learning courses in line with the four types of mental healthcare described in the Ministry of Health, Labour and Welfare's Guidelines for Maintaining and Improving Workers' Mental Health.



Physical Initiatives

We sponsored various online seminars to alleviate the lack of exercise and to provide more education regarding physical fitness, creating a greater environment for self-management.

- Dietary seminars given by nutritionists
- Seminars on how to prevent injury by developing flexibility
- Special meals delivered in honor of Vegetable Day (August 31), etc.



The Power of People in the ANA Group

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. In addition to fulfilling our mission as a provider of public transportation, we continue to strive and take on challenges through flexible approaches.



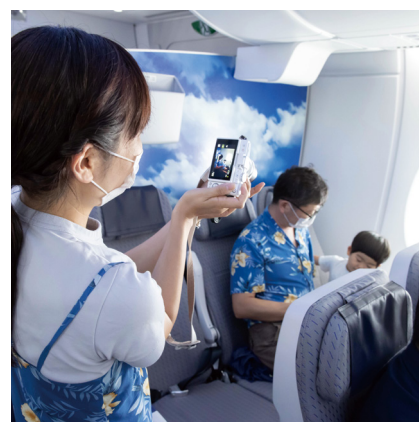
Using the Airbus A380 ANA FLYING HONU and Other Aircraft

While restrictions on travel outside the home and leisure travel continue under the COVID-19 pandemic, we have received many comments from customers who are eager to travel overseas as soon as possible or travel by airplane. The ANA Group sponsored the *Akindo Suggestion Program*, aiming to leverage the wisdom of our employees in raising our top line and delivering to customers their desired products and services, even in the face of COVID-19. The following are a few of the ideas we received that became new projects with the backing of employees from across the group.

① Airbus A380 HONU Sightseeing Charter

We conducted a total of 18 sightseeing flights using the Airbus A380 ANA FLYING HONU (as of June 2021). We began with flights leaving and returning to Narita Airport in August 2020, helping customers enjoy the feeling of being in Hawaii while still in Japan.

Hoping to help our customers create their own special summer memories in the time of COVID-19, we provided Hawaiian-style staging inside the aircraft, a raffle, original souvenirs, and more, offering the excitement and fun of travel on the HONU. The HONU Charter flight was so popular that we continued the project, adding Christmas flights and regional events.



② THE WEDDING with ANA: In-Flight Wedding

We held private THE WEDDING with ANA: Aircraft Weddings in May and June 2021, using an aircraft from ANA international routes.

The wedding package was a joint offering by ANA and SKY WEDDING HANEDA, operated by Hasegawa S.T. The ceremonies began with a bride's entrance and photo session conducted by ANA Group employees at the international terminal. On board the plane, the bride and groom were congratulated on their new start with a marriage certificate signed by the flight crew and a congratulatory message in the style of in-flight announcements by the cabin attendants. We helped create once-in-a-lifetime memories at airports and inside our aircraft cabin space, the closest most can come to overseas travel at this time.



Photo Courtesy of Hasegawa S.T.



③ ANA's Restaurant HANEDA

Between March and June 2021, we used international aircraft (Boeing 777-300ER) parked on the ground to offer customers an opportunity to experience ANA international first and business class service.

Meals and services normally only available on international long-haul flights were recreated in a parked aircraft and offered in the limited-time restaurant.

Secondments Outside the ANA Group

In response to the decline in passenger demand due to COVID-19, the ANA Group formulated our *Business Structure Reform* in October 2020. We designed this plan to become smaller and pass through to the far side of the COVID-19 tunnel, incorporating measures that included protecting jobs. We also expanded secondments outside the group under this plan. Since the initial media coverage, we have received inquiries from many companies and organizations about accepting our employees.

Approximately 1,150 ANA Group employees (as of July 1, 2021) have been seconded to approximately 250 companies and organizations in a variety of fields, including temporary staffing, retail, and telecommunications.

The ANA Group aims to create new value and achieve sustainable growth together with society, leveraging human resources, our greatest asset, to contribute to these companies through individual character and skill, while bringing the job experiences from these companies back to the ANA Group.

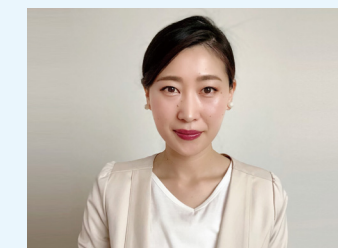
Comments from a Seconded Employee

I am currently on secondment to a telecommunications company. Much in the same way that ANA is a public transportation company, telecommunications companies are responsible for the social infrastructure as a public network provider, which I find very rewarding.

Right now, I work in a department that plans employee training, and I am mainly in charge of training according to experience level for career development.

This is my first experience with such work, but with the support of my colleagues, I am learning to think about things more deeply as I consider training objectives and create curriculum. Every day I work harder to make even better materials.

I will continue to contribute to the best of my abilities throughout my secondment period, relying on the training, the experience using work tablets, and the communications skills when meeting new people that I have learned at ANA.



TESHIGAWARA Yui (ANA)

Secondment to a Major Telecommunications Company

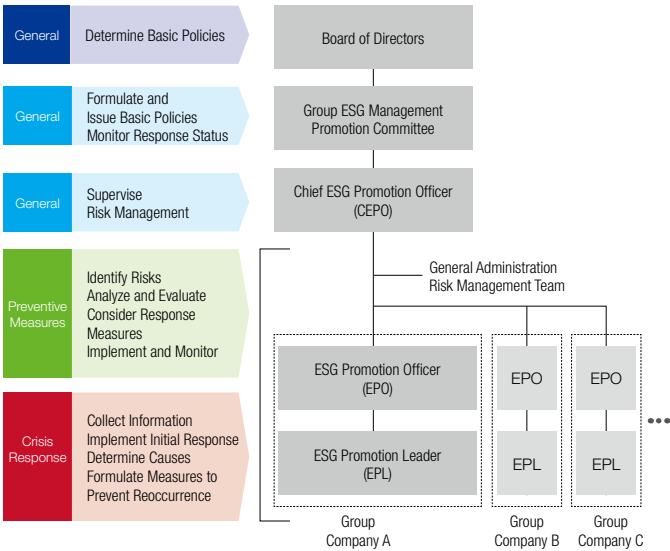
Risk Management

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 groupwide frameworks to minimize the impact of risks and prevent reoccurrence in case risks materialize.

Risk Management Structure

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 (EPO) and the ESG Promotion Leader (EPL) are responsible for promoting and leading risk management operations, respectively. Each EPL assumes a role to conduct risk management (risk prevention) operations according to plans and take swift action while working with the secretariat in the event of a crisis.



Major Initiatives

Share Information With EPLs

We provide newly appointed EPLs with organizational risk management training. During regular meetings, EPLs share case studies and provide instructions on measures that need to be strengthened. Under this system, EPLs provide instructions and responses within their respective companies.

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.

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.

Information Security

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

We are currently revising our privacy policies and internal

rules to comply with domestic and international laws and regulations regarding personal information and privacy. We are also preparing to comply with the 2022 revision of Japan's Act on the Protection of Personal Information.

We require every employee to receive e-learning training on the importance of information assets and proper handling, etc. 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 and inside and 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.

* Security export control is a term that refers to all regulations placed on exports from Japan by the Foreign Exchange and Foreign Trade Act.

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 anti virus 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.

We are working on response measures, understanding that cybersecurity incidents are bound to occur. At the same time, we have adopted a Zero-Trust approach based on TRUST (i.e., communication with trusted people and objects based on authentication) as we pursue digital transformation in ANA Group services and products, including as Mobility as a Service (Maas) and ANA Super app.

In addition, we intend to work even more closely with relevant ministries and agencies, economic organizations such as Keidanren, and private security organizations such as ISAC; to improve security between supply chains in today's society, which is connected across all manner of business industries and sectors.

Responses to COVID-19 (Employee Infection Prevention Measures)

The ANA Group created a response system based on the Crisis Management Manual and the Emergency Response Manual in late January 2020, when the COVID-19 infection began to spread. 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 to the above, we continue to implement measures to prevent infection among employees, including the following.

- Inform all group employees immediately of policies and instructions issued by the government and local authorities; implement response measures completely
- Ensure all group employees have an understanding of COVID-19
- Ensure employees comply with maintaining safe physical distances, wearing masks, and washing and disinfecting hands
- Provide masks, gloves, protective eyewear, etc.
- Install alcohol disinfectant, sterilization sheets, acrylic panels, etc., in offices
- Make a habit of avoiding the Three Cs (Closed spaces, Crowded places, and Close-contact settings)
- Check employee health on a consistent basis before reporting to and starting work
- Explore ways to work without coming to the office (e.g., remote work)
- Segregate members into teams and avoid contact between teams to minimize the impact of an outbreak
- Ensure there is no discrimination against infected employees or employees suspected of having been infected

On June 13, 2021, the company began COVID-19 vaccinations for employees. Employees involved in international flight operations were the first to be vaccinated, followed on a voluntary basis by employees, contractors, and employees at affiliated companies.



Workplace Vaccinations (Haneda Airport)



Conference Room Equipped with Alcohol Disinfectant, Sterilization Sheets, and Acrylic Panels

Compliance

Maintain Corporate Value by Enhancing Internal Systems and Further Instill Our Mission Statement

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

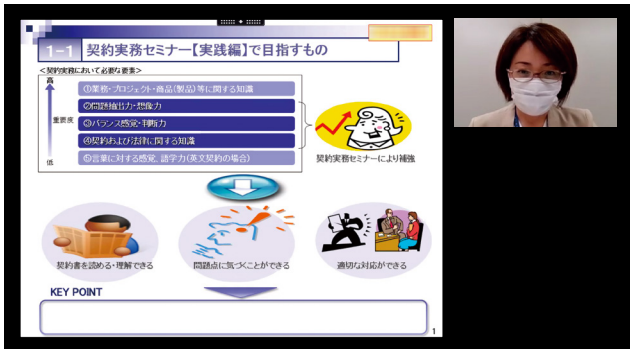
Compliance Implementation Structure

The ANA Group has developed a compliance structure based on the ANA Group Compliance Regulations to promote compliance with laws, regulations, and other standards related to business activities. Under the Group ESG Management Promotion Committee Regulations, each group company and department appoints an ESG Promotion Officer to drive compliance at each company and an ESG Promotion Leader to drive compliance at each workplace. In this way, we ensure stronger awareness of compliance throughout our 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. Seminars on competition law, anti-bribery law, and air transportation for group executives and employees working overseas are also available, focusing on minimizing legal risks globally. We also sponsor seminars tailored to topics and contents that reflect the needs of each group company and/or department to foster a more legal-related competence. Due to the impact of COVID-19 in fiscal 2020, we shifted to online training from the conventional class sessions, which made it easier for overseas participants to attend.



Online Seminar

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 also post manuals and guidelines for various laws, regulations, and rules on the compliance website on our intranet. In this way and others, we provide an infrastructure where group executives and employees have access to such information at any time. The website also accepts questions from employees regarding laws and regulations, helping group executives and employees make appropriate decisions in compliance with laws and regulations.



Compliance Website (Company Rules)



Compliance Website (Questions for the Legal & Insurance Department)

Initiatives to Prevent Harassment

We provide various training and education programs to prevent workplace harassment including training for newly appointed managers. In addition, we established the ANA Group Harassment Prevention Regulations in response to the June 1, 2020 enactment of the Revised Comprehensive Promotion of Labor Measures Act, which stipulates mandatory measures to prevent power harassment. In addition, we provide harassment education through e-learning for all group executives and employees, and aim to deepen the correct understanding of harassment, and to create more comfortable work environments throughout the group.



E-Learning Materials

Strengthening Cooperation with Group Companies and Overseas Branches

To strengthen the compliance structure across the entire group, we have clarified the points of contact between our Legal & Insurance Department, Group companies, and ANA overseas branches, building and operating a structure facilitating two-way communication.

Compliance Survey of Group Companies

Surveys on compliance at group companies are conducted once each year. The survey consists of self-evaluations on compliance to relevant laws and regulations as to assess issues pertaining to each group company and to the entire group. We conduct follow-ups with each company based on survey results as necessary to resolve any issues.

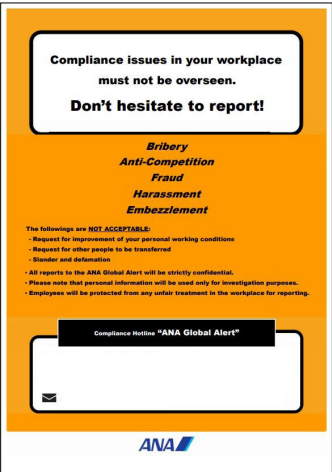
Internal Reporting System

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 group (via a law firm) to collect compliance-related information and resolve any issues. The reporting system is available to all group executives, employees, and temporary personnel involved in the group's business. ANA Group retirees and executives and employees of our business partners may also use the reporting system. We protect the privacy of the whistleblower and relevant parties, and assure that no punitive measures will be taken against those that seek consultation or cooperate in confirming facts. This enables us to obtain internal risk related information promptly and aids in self-correction. In fiscal 2020, there were 192 reports within the group, and the system has spread throughout the group as a reliable and effective whistleblowing system. We are the first company in the airline industry (at the time of registration on April 9, 2021) to be certified under the Whistleblowing Compliance Management System (Self-Declaration of Conformity)* of the Japan Consumer Affairs Agency as a business in compliance with whistleblowing compliance certification standards. These standards are based on the Guidelines for Private Business Entities Regarding the Development and Operation of Whistleblowing Systems Based on the Whistleblower Protection Act. We will continue to maintain a reliable and effective whistleblowing system to prevent situations that may lead to a decline in corporate value.

* Whistleblowing Compliance Management System (Self-Declaration of Conformity) is a system introduced by the Japan Consumer Affairs Agency in February 2019. Under this program, businesses evaluate their own whistleblowing systems in light of the certification standards set by the agency, and apply for registration of the results with the designated registration body. Registered businesses will be authorized to use the WCMS (Whistleblowing Compliance Management System) logo mark.



WCMS Certificate of Registration



ANA Alert Poster (in Workplaces)

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.

Major Dialogues during Fiscal 2020


Dialogue with Shareholders and Investors	The 76th Ordinary General Meeting of Shareholders		Financial results presentations (for institutional investors, analysts)
	No. of attendees	447	Voting rights exercise ratio 62.9%
	4 times (teleconferences)		
Communication with Our Employees	Dialogue with institutional investors/analysts		
	266 times (122 in Japan/144 overseas)		
	(262 teleconferences/online meetings, 4 in-person meetings)		
Dialogue with Experts	ANA Group officer town meetings		Broadcasts of ANA Group officer messages to employees
	No. of meetings	1,667	44 times
	Participants total: Approx.	32,000 people	Content: Activity policies, response to COVID-19, sustainability initiatives, financial reporting, etc.
Dialogue with Business Partners	SDGs seminar (online)		
	No. of Meetings	40	Participants 2,083 people
Dialogue with Communities	Environment	Human rights	ESG investors
	2 times	1 time	2 times (once via questionnaire)
Dialogue with Business Partners	Procurement policy briefings		
	7 times		
	Dialogue with Communities	Participation in community volunteer activities (ANA NARITA ANA, AIRPORT SERVICES Co., Ltd.)	
No. of activities		36	Group employee participants: Approx. 310 people
		Volunteer cleanup, aviation classes, crime prevention, etc.	

External Recognition

Inclusion in ESG Indexes, etc.

- Dow Jones Sustainability World Index
- Dow Jones Sustainability Asia Pacific Index
- S&P Global Sustainability Awards 2021 - Gold Class
- FTSE4Good Index
- FTSE Blossom Japan Index
- MSCI Japan Empowering Women Index (WIN)*

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



FTSE4Good



FTSE Blossom Japan

2021 CONSTITUENT MSCI JAPAN * EMPOWERING WOMEN INDEX (WIN)

Sustainability Award
Gold Class 2021
S&P Global

Quality

- SKYTRAX COVID-19 Airline Safety Rating (ANA)
—Awarded first 5-STAR status in Asia
- FlightGlobal Decade of Airline Excellence Award 2020 (ANA)
—Airline Excellence Award for the Asia-Pacific Region



Management Strategy

- Japan Institute of Information Technology 38th IT Awards
IT Award for Excellence (Customer and Business Functions)
- Ministry of Health, Labour and Welfare
“Platinum Kurumin” Certified by the Ministry in Recognition of Providing Superior Childcare Support (ANA, ANA AIRPORT SERVICES Co., Ltd.)
- Nippon Kenko Kaigi, Ministry of Economy, Trade and Industry
Certified Health and Productivity Management Organization Recognition Program 2021 –White 500– (ANA HOLDINGS INC., ANA AIRPORT SERVICES Co., Ltd., ANA OSAKA AIRPORT CO., LTD., ANA CHUBU AIRPORT CO., LTD., ANA KANSAI AIRPORT CO., LTD., ANA OKINAWA AIRPORT CO., LTD., ANA TELEMART CO., LTD., ANA Wing Fellows Vie Oji Co., Ltd.)

- Nippon Kenko Kaigi, Ministry of Economy, Trade and Industry
Certified Health and Productivity Management Organization Recognition Program 2021 (ANA CHITOSE AIRPORT CO., LTD., ANA AIRPORT SERVICES Co., Ltd., ALL NIPPON AIRWAYS TRADING Co., Ltd., ANA Systems Co., Ltd.)
- Ministry of Economy, Trade and Industry
DX Certification
Noteworthy DX Companies 2021
- work with Pride PRIDE Index 2020
Gold Award (ANA)



Other

- Japan Sports Agency
Sports Yell Company 2021 (ANA, ANA TELEMART)
- Tokyo Metropolitan Government
Tokyo Metropolitan Government Sports Promotion Model Company (ANA, ANA TELEMART)



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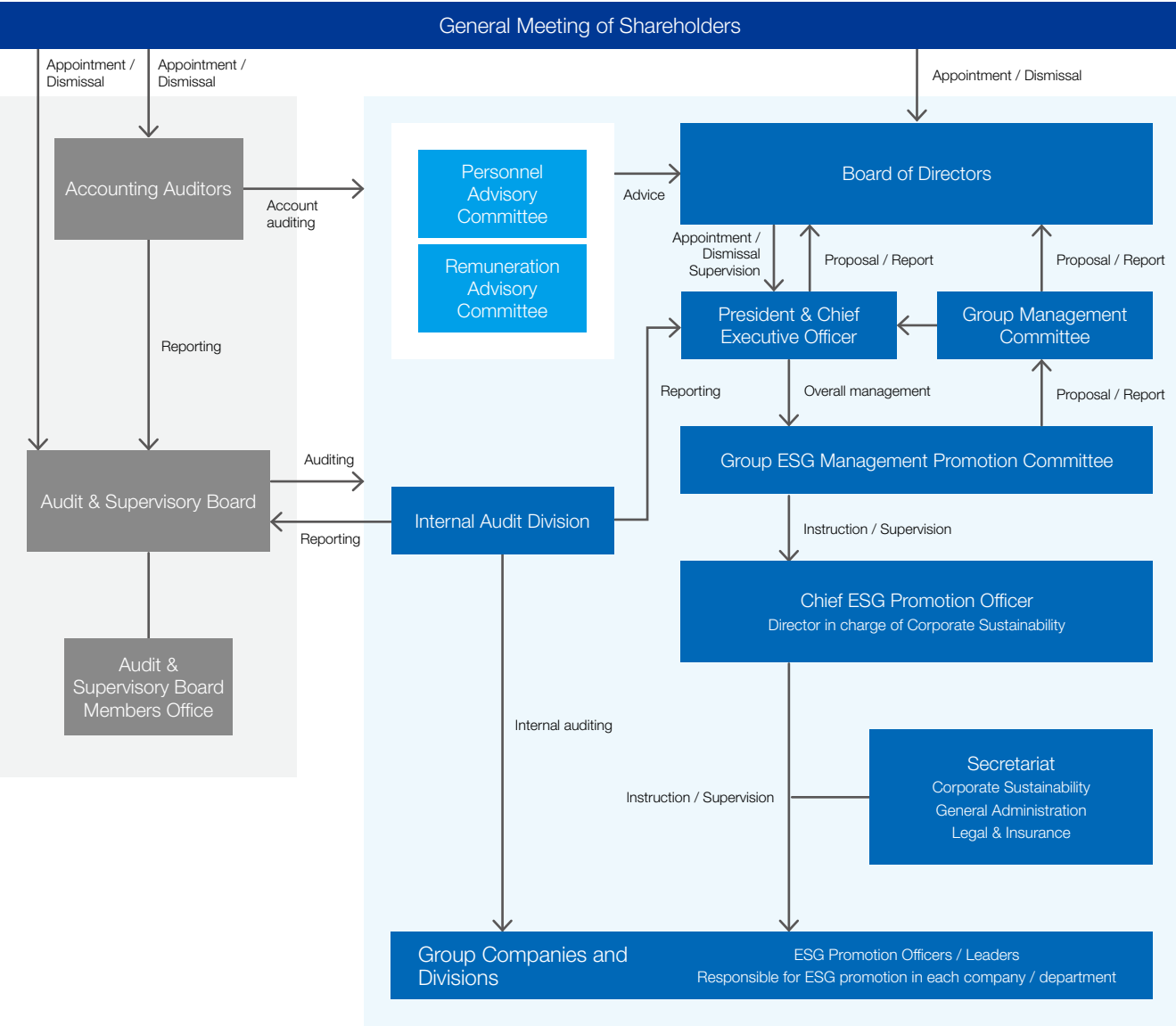
Corporate Governance

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.

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.

Corporate Governance System



(As of July 31, 2021)

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.

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.

Board of Directors

Number of Board Members	Term of Office	Number of Meetings*
Directors 10 <small>(including 3 independent outside directors and 1 female director)</small>	1 year <small>(also applies to outside directors)</small>	12
Audit & Supervisory Board members 5		
<p>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.</p>		

Group Management Committee

Number of Meetings*		
79		
<p>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.</p>		

Advisory Committees

Chairman	Number of Members	Number of Meetings*
Personnel Advisory Committee		
YAMAMOTO Ado	4	4
<p>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.</p>		

Chairman	Number of Members	Number of Meetings*
Remuneration Advisory Committee		
YAMAMOTO Ado	6	3
<p>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.</p>		

Audit & Supervisory Board

Number of Members	Term of Office	Number of Meetings*
Audit & Supervisory Board members 5 <small>(including 3 independent outside Audit & Supervisory Board members)</small>	4 years <small>(also applies to outside Audit & Supervisory Board members)</small>	13

* The number of meetings held in fiscal 2020.

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.

Management Members: Directors

As of July 31, 2021



	Name	Independent Directors	Brief Personal History	Position and Assignments	Special Knowledge, Experience, and Skills						
					Corporate Management, Experience as Leader	Airlines Business, Safety	Personnel, Human Resources Development	Finance, Accounting	Legal, ESG, Risk Management	Technology, Innovation	Global and Long-Term Strategy
1	ITO Shinichiro		2004: Executive Vice President 2017: Chairman of the Board (present)	Chairman of the Board Chairman of the Board of Directors	●	●	●				●
2	KATANOZAKA Shinya		2011: Executive Vice President 2015: President & Chief Executive Officer, Representative Director (present)	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	●	●	●				●
3	SHIBATA Koji		2020: Member of the Board of Directors 2021: Representative Director (present)	Executive Vice President, Representative Director In charge of Corporate Strategy, Corporate Communications and Branding, Facilities Planning, Digital Design Lab, Okinawa Region		●				●	●
4	HIRAKO Yuji		2015: Member of the Board of Directors (present)	Member of the Board of Directors (President & Chief Executive Officer, ALL NIPPON AIRWAYS CO., LTD.)	●	●		●			●
5	TAKADA Naoto		2017: Member of the Board of Directors (present)	Executive Vice President Chairman of Group ESG Management Promotion Committee; In charge of Legal & Insurance, General Administration, Corporate Sustainability, Government & Industrial Affairs and Executive Secretariat		●	●		●		
6	FUKUZAWA Ichiro		2019: Member of the Board of Directors (present)	Executive Vice President Chief Financial Officer, In charge of Procurement		●		●			●
7	MITSUMURA Tatsuhiko		2021: Member of the Board of Directors (present)	Executive Vice President In charge of Group IT Management, Human Resources Strategy, D&I Promotion		●	●			●	
8	YAMAMOTO Ado	●	2013: Member of the Board of Directors (present)	Outside Director	●	●	●		●		●
9	KOBAYASHI Izumi	●	2013: Member of the Board of Directors (present)	Outside Director	●			●	●		●
10	KATSU Eijiro	●	2020: Member of the Board of Directors (present)	Outside Director	●				●	●	●

Appointment of Directors

Approach to Selection of Director Candidates

Internal Directors	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 befitting 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.
Outside Directors	The group selects a multiple number of outside directors who possess practical viewpoints based on extensive experience in corporate management, or who possess unique global or regional viewpoints. These individuals must be independent from the Company, and able to offer objective and expert opinions based on a sophisticated knowledge of social and economic trends.

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 76th Ordinary General Meeting of Shareholders.

	Major Concurrent Positions	Reasons for Appointment
Internal Directors	ITO Shinichiro Chairman of the Board Chairman of the Board of Directors	Outside Director, Mitsui Fudosan Co., Ltd.
	KATANOZAKA Shinya President & Chief Executive Officer, Representative Director	Vice Chair, Keidanren (Japan Business Federation) Outside Director, Tokio Marine Holdings, inc.
	SHIBATA Koji Executive Vice President, Representative Director	Outside Director, Japan Airport Terminal Co. Ltd. Outside Director, Airport Facilities Co., Ltd.
	HIRAKO Yuji Member of the Board of Directors	President & Chief Executive Officer, ALL NIPPON AIRWAYS CO., LTD. Chairman of All Japan Air Transport and Service Association Co., Ltd.

	Major Concurrent Positions	Reasons for Appointment
Internal Directors	TAKADA Naoto Executive Vice President	TAKADA Naoto has been involved in the employee relations, industrial policy, and public relations divisions for many years. Since April 2019, he has been in charge of the human resources division as a corporate executive officer, working on Group human resources development and other matters. Since April 2021, he has been in charge of the executive secretariat, general administration, legal affairs, corporate social responsibility (CSR), and risk management as executive vice president. Mr. Takada strives to collection information from within and outside the group as he contributes to strengthening the decision-making and supervisory functions of the board of directors by leveraging his extensive experience and achievements over his career.
	FUKUZAWA Ichiro Executive Vice President	Since June 2019, FUKUZAWA Ichiro has served as director and chief financial officer. In April 2021, he was named executive vice president and chief financial officer, responsible for securing a stable financial base for the group and for implementing financial strategies, including efficient capital restructuring. While assisting the president & CEO in each of the group's businesses, Mr. Fukuzawa has endeavored personally to engage in active dialogue with domestic and overseas institutional investors. Further, as chief financial officer, he has worked to secure sufficient liquidity on hand for the group, despite the significant impact of COVID-19.
	MITSUKURA Tatsuhiko Executive Vice President	Since April 2015, MITSUKURA Tatsuhiko has served as director and general manager of the Maintenance Center for ALL NIPPON AIRWAYS CO., LTD., where he has been responsible to ensure safe operations. As an executive officer in charge of the group maintenance and technology division beginning in April 2019, and as the chief safety officer of ALL NIPPON AIRWAYS since April 2021, Mr. Mitsukura has pursued safety and security activities, as well as has taken initiatives in IT, human resources strategy, and D&I.

	Major Concurrent Positions	Reasons for Appointment
Outside Directors	YAMAMOTO Ado Independent Outside Director	Chairman and Representative Director, Nagoya Railroad Co., Ltd. Outside Director, Chubu-Nippon Broadcasting Co., Ltd. Chairman, Nagoya Chamber of Commerce & Industry
	KOBAYASHI Izumi Independent Outside Director	Outside Director, Mitsui & Co., Ltd. Outside Director, Mizuho Financial Group, Inc. Outside Director, OMRON Corporation
	KATSU Eijiro Independent Outside Director	President and Representative Director and Co-CEO and COO, Internet Initiative Japan Inc.

Management Members: Audit & Supervisory Board Members


As of July 31, 2021

Approach to Selection of Candidates for Audit & Supervisory Board Member

Audit & Supervisory Board Members


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.




KANO Nozomu*

Outside Audit & Supervisory Board Member




NAGAMINE Toyoyuki

Audit & Supervisory Board Member




MIURA Akihiko

Audit & Supervisory Board Member



MATSUO Shingo*

Outside Audit & Supervisory Board Member



OGAWA Eiji*

Outside Audit & Supervisory Board Member

* Independent Audit & Supervisory Board members

Reasons for Appointment of Audit & Supervisory Board Members

Mr. MIURA Akihiko was elected at the 76th General Meeting of Shareholders.

Audit & Supervisory Board Member	Reasons for Appointment	
	MIURA Akihiko	
	Outside Audit & Supervisory Board Member	MIURA Akihiko has been involved in maintenance, procurement, and corporate planning divisions for many years. He has extensive knowledge and experience in the airline business, as well as in technical areas such as safety assurance. We nominated Mr. Miura as a new candidate for member of the Audit & Supervisory Board due to his extensive experience in the airlines industry. We believe his perspective and knowledge as an engineer will further enhance our audit function as the group aims to improve corporate value on a continual basis.

Mr. OGAWA Eiji was elected at the 73rd General Meeting of Shareholders.
Mr. KANO Nozomu was elected at the 74th General Meeting of Shareholders.
Mr. NAGAMINE Toyoyuki and Mr. MATSUO Shingo were elected at the 75th General Meeting of Shareholders.

Name	Independent Audit & Supervisory Board Members	Special Knowledge, Experience, and Skills			
		Airlines Business, Safety	Finance, Accounting	Legal, ESG, Risk Management	Global and Long-Term Strategy
KANO Nozomu	●		●	●	●
NAGAMINE Toyoyuki		●			●
MIURA Akihiko		●			●
MATSUO Shingo	●	●		●	●
OGAWA Eiji	●		●	●	●

Fiscal 2020 Initiatives

Major Agenda Items for the Board of Directors (Fiscal 2020)

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
- Policies for officer remuneration

3. Items Related to Financial Results

- Financial results and earnings forecasts
- Reports from group companies
- Evaluations in the capital markets

4. Items Related to Shares and Capital

- Issuance of new shares via public offering and third-party allotment
- Capital stock, etc.

5. Items Related to Organizational Restructuring

- Reorganization of ANA X Inc. and ANA Akindo Co., Ltd.

6. Items Related to Personnel and Organizations

7. Items Related to the Company and Important Subsidiaries

- ANA Group situation under the COVID-19 pandemic
- ANA Group *Business Structure Reform*
- Operating risks
- ANA Group medium- to long-term commitments toward ESG management
- ANA brand business plan

8. Items Related to Disposal and Receipt of Important Assets

- Aircraft procurement, sales, and leases

9. Investment-Related Matters

10. Items Related to Major Debts

- Financing plans
- Subordinated syndicated loan agreement
- Bond issuances

11. Items Related to Corporate Governance

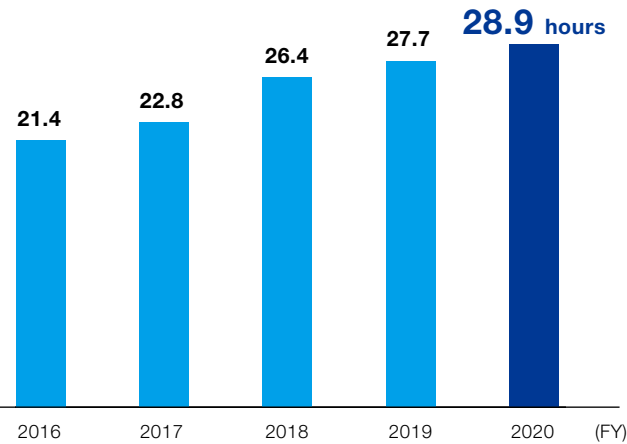
- Internal audit plans and results reports
- Overview, action plans of the Group ESG Management Promotion Committee
- Valuation of cross-shareholdings

12. Other Items

- ANA cybersecurity measures
- Customer satisfaction survey results
- ANA's Way Survey (employee awareness survey) results
- Personnel Advisory Committee report
- Remuneration Advisory Committee report

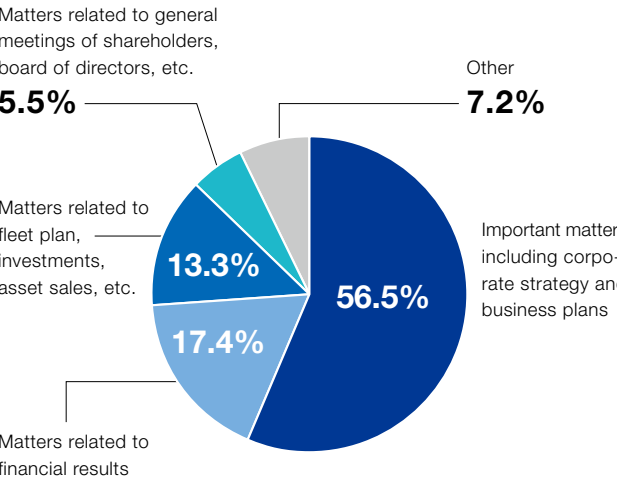
Changes in Board Meeting Length

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 2020)

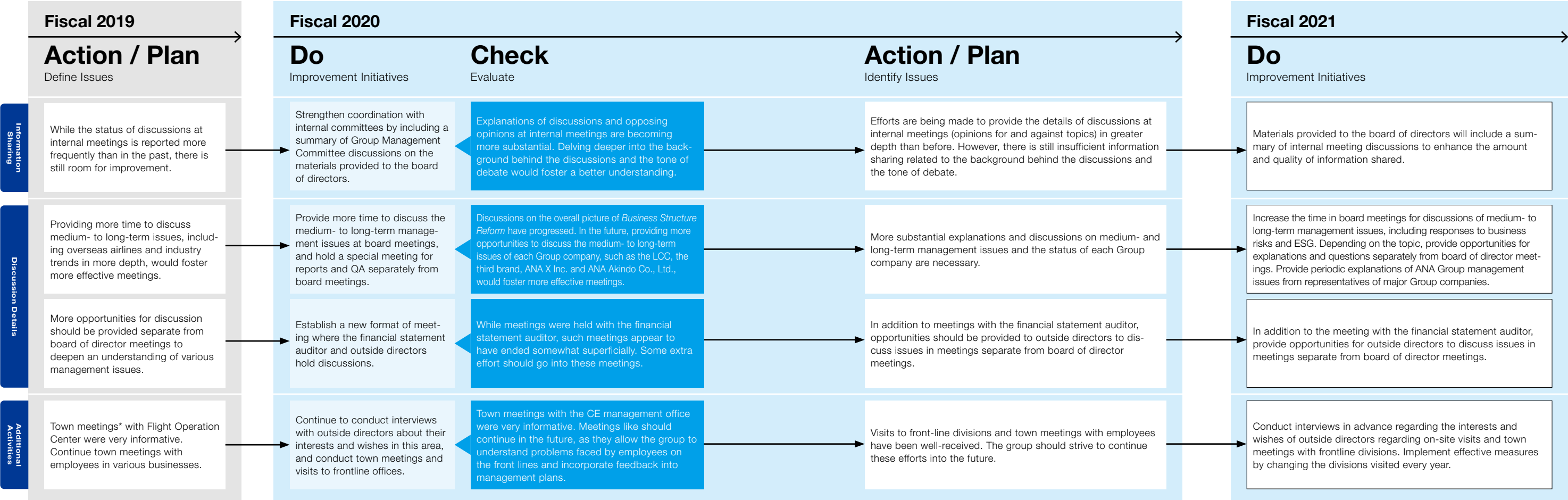
We encourage active discussions of corporate strategy at board meetings, selecting major related topics about which to exchange opinions from medium- to long-term perspectives.



Effectiveness of the Board of Directors

The ANA Group continues initiatives to improve the functions of the board of directors. We conduct a questionnaire survey for all directors and Audit & Supervisory Board members, and we individually interview the chairman of the board, president & CEO, 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 enhance further effectiveness of the board of directors by improving the PDCA cycle through operational changes toward new solutions.



* Dialogue between officers and employees

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-shareholding 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.

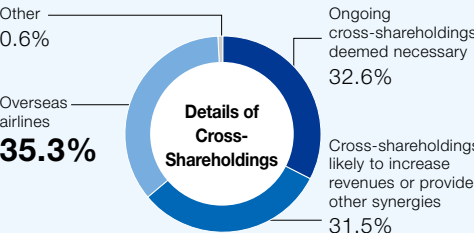
Every year, the board of directors conducts a comprehensive review of individual cross-shareholdings.

The board evaluates the significance of holdings and the benefits and risks associated. If, as a result of a comprehensive review, we determine that the evaluation results 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.

ANA HOLDINGS owns shares in 36 publicly traded companies as cross-shareholdings for other than pure investment purposes. The total amount on the balance sheet of these shares as of the end of fiscal 2020 is ¥101,388 million.

Equity Alliances with Overseas Airlines

The total amount of shares of overseas airlines owned by ANA HOLDINGS on our balance sheet is ¥35,764 million, which accounts for 35.3% of our cross-shareholdings. The purpose of these holdings is as described on the right.



(1) PAL HOLDINGS, INC. (Parent Company of Philippine Airlines)

- Strengthen strategic partnership with PAL through a wide range of business alliances, including code-share and mileage program alliances, the dispatch of directors, and outsourcing of airport operations.
- Pursue the transportation of people and cargo between Japan and the Philippines, where passenger traffic is relatively high within Southeast Asia.
- Enhance the ANA Group presence in the Southeast Asian market.

(2) Vietnam Airlines

- Strengthen strategic partnership with Vietnam Airlines through a wide range of business alliances, including code-share and mileage program alliances, the dispatch of directors, and outsourcing of airport operations.
- Pursue the transportation of people and cargo between Japan and Vietnam, which has particularly high growth potential in Asia.
- Enhance the ANA Group presence in the Southeast Asian market.

(3) Asiana Airlines

- Strengthen strategic partnership with Star Alliance partner Asiana Airlines through a wide range of business alliances, including code-share and mileage program alliances, the dispatch of directors, and outsourcing of airport operations.
- Pursue the transportation of people and cargo between Japan and Korea, where passenger traffic is high.
- Enhance the ANA Group presence in the Northeast Asian market.

ANA Outside Director Town Meeting Initiatives

Past Initiatives and Fiscal 2020 Response

The ANA Group conducts the ANA's Way Survey, a biannual awareness survey of employees to determine whether the ANA's Way, the group's code of conduct, has been embraced and put into action by our employees. The results of the survey revealed the need to reinvigorate communications between management and employees. At the same time, our outside directors have expressed a desire to exchange opinions with employees from various departments to gain a deeper understanding of the group's business and corporate culture.

In light of these circumstances, we established opportunities for town meetings in which outside executives engage in direct dialogue with managers across various ANA Group departments. Fiscal 2018 town meetings were conducted with the Maintenance Center and each Group maintenance company. In fiscal 2019, we conducted a town meeting with the Flight Operation Center.

Our latest town meeting was held between outside directors and the CE Management Office*, which is responsible for enhancing the value of the ANA brand and building medium- to long-term brand strategies. The town meeting reconfirmed Group strengths and weaknesses, and helped communicate the future direction of the group toward returning to a growth trajectory in the post-COVID-19 era.

*1 To be reorganized as the CX Management Office in fiscal 2021.

1 New Service Models Required for the Post-COVID-19 Era

Q What does hospitality look like in the post-COVID-19 era? Should present service models be changed? How can human services and digital services coexist?

New Service Models

- As customer preferences change in the post-COVID-19 era, we must innovate our service procedures to meet new needs. Providing safe spaces through the little things is important. For example, handing out sanitizing cloths in the cabin, installing restroom doors that can be opened without the use of hands, etc.
- Before COVID-19, in-flight entertainment focused mainly on offering a wide variety of programs. Today, we are in the era of Wi-Fi. Rather than spending money to increase the number of channels, offering more robust Wi-Fi services may better meet customer needs in the 5G generation.
- We must also take weight into consideration when introducing new in-flight products. Limiting overall weight is an important factor in reducing CO₂ emissions.

The Need for Digitalization

- Digital technology is important for identifying customer attributes in detail and tailoring services for these attributes. However, some customers may be uncomfortable having their individual preferences researched in detail.
- While Japanese airlines have prioritized human services, European and U.S. airlines prioritized investment in digital technologies rather than improving service quality. Facing the COVID-19 pandemic, it appears that European and U.S. airlines are better positioned to adapt to new customer needs using digital technologies.

A Customer-Oriented Approach

- Approaching our work from the perspective of the customer is extremely important. For example, we offer a variety of ANA smartphone apps, but not all of them are being utilized fully. We understand that every department is doing their best, but it is important to take an objective look from the point of view of the customer. Are multiple options really necessary?
- When we resume full-scale investment activities in the post-COVID-19 era, we hope the CE Strategy Department*2 will take the lead in making where and what projects to invest in, reflecting third-party input and making customer-oriented decisions.

*2 To be reorganized as the CX Strategy Department in fiscal 2021.

Town Meeting Held in December 2020

2 A Corporate and Organizational Culture Supporting Speedy Management Decisions

Q What types of corporate and organizational cultures facilitate speedy decision-making when pursuing new service models? Can you cite any examples of steady progress in changing culture during the COVID-19 pandemic?

The Importance of Demonstrating Leadership

- A corporate culture cannot be created overnight. The only way is for management to issue strong messages and ask the company to follow. But it takes a considerable amount of time for a new culture to take root.
- The president is not in a position to make detailed decisions, nor does he have the time to do so. Practically speaking, the most important thing is the discussions in each department and the suggestions generated from those discussions. These suggestions have a significant impact on the final decisions.
- When deciding a new service model, systems relying on multiple layers of executives to decide by consensus might look good, but matters are never decided easily in reality. Projects do not move forward unless a specific leader steps up in each department.

- For example, in a new initiative to sell in-flight meals via the internet, it was at the insistence of the president that we dispelled the stereotype that in-flight meals can only be sold in-flight. This was a case demonstrating the importance of leadership.
- In this project, a collaborative relationship was established between the organization that plans in-flight services and the organization that executed the project. The COVID-19 pandemic presents a difficult situation, but we should think of it also as an opportunity.



3 Human Resources Development

Q How do you develop autonomous human resources who have broad perspectives and who can create service models compatible with the new normal?

How do you pursue human resources development effectively?

- The only way to pass on a corporate culture over several generations is to emphasize culture on a team and department level. In pursuing digitalization, one must be aware that technology may not be able to convey messages shared more naturally through person-to-person communications.
- If there are certain human tasks that can be replaced by digitalization, then those tasks should be replaced by machinery. The important question is what do we as humans do afterward?

- It is essential for Japanese airlines to continue to focus on hospitality. And it is important to position digitalization as a way to achieve this focus. There is no other way to develop human resources than to pass on knowledge from person to person.
- Even if telework becomes adopted widely and permanently, not everything can be digitized. The decisive factor in maintaining human society is face-to-face interaction. Looking at other in the eye and sitting together knee-to-knee.

Establishment of the CX Management Office

We established the CX Management Office in fiscal 2021 based on dialogue with outside directors. The CX Management Office is the result of integrating the CE Management Office and the Marketing Office, aiming to create new service models as quickly as possible for the post-COVID-19 era.

The CX Management Office will oversee all marketing activities to improve customer experience (CX) value from the perspective of the customer to establish competitive advantages for the ANA brand. The office will take a cross-organizational approach and incorporate customer feedback into service design.

Through Fiscal 2020

CE Management Office	Develop medium- to long-term brand strategies to enhance the value of the ANA brand.
Marketing Office	Engage in effective approaches to customers. Identify and analyze customer needs.

Beginning Fiscal 2021

CX Management Office	Enhance customer experience (CX) value
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Director and Audit & Supervisory Board Member Remuneration

1. Basic Policies for Director Remuneration

The basic policies for director remuneration are as follows.

- Director remuneration consists of basic remuneration, which is a fixed amount set at a level commensurate with the role and responsibility of each position, and performance-linked remuneration, which clarifies responsibility business performance and serves as an incentive for the sustainable growth of the Company.
- We will establish a remuneration system that achieves our social responsibilities as a company, while allowing the Company to share profits with shareholders by 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 / See page 85

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 fixed basic remuneration and bonus / stock options for total remuneration is 1:0.67 fixed to variable if

annual performance targets have been accomplished. The ratio of variable remuneration ranges from 0.0 to 1.0 times according to the degree of achievement for annual performance targets.

- a. Bonuses
- We use net income, safety, customer satisfaction, and employee satisfaction as indicators that reflect the performance and basic quality for a single fiscal year. Bonuses are determined based on the scores of each indicator.
- b. Stock-Based Compensation
- We use return on equity (ROE), operating income margin, CO₂ emissions volume, an external ESG evaluation indicator, and a productivity indicator as indicators of improved corporate value over the medium to long term and of sustainable growth. Stock-based compensation are determined based on the scores of each indicator.

(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 levels for members of the Audit & Supervisory Board are determined in line with remuneration at other companies and in consultation with outside experts.

Conceptual Diagram for the Officer Remuneration System

		Fixed	Variable		Remuneration limits
Ratio		1	0.67 ^{*1}		
Remuneration		(1) Basic remuneration	(2) Bonus (short-term performance-linked)	(3) Stock-based compensation (long-term incentive)	
Payment criteria	Internal directors	Payment according to title, etc.	Measure for fiscal year results according to various criteria <div>Net Income</div> <div>Safety</div> <div>Customer Satisfaction</div> <div>Employee Satisfaction</div>	Evaluate contributions to corporate value over the medium to long term <div>Return on Equity (ROE)</div> <div>Operating Income Margin</div> <div>CO₂ Emissions</div> <div>ESG Indicators</div> <div>Productivity</div>	Annual total for (1) and (2) is limited to a maximum ¥960 million Per resolution at the 66th Ordinary General Meeting of Shareholders, held June 20, 2011 (3) Annual maximum of ¥100 million*2 Per resolution at the 70th Ordinary General Meeting of Shareholders, held June 29, 2015
	Outside directors	Uniform payment for all members	—	—	
	Audit & Supervisory Board members	Payment according to status as full-time or part-time	—	—	Annual maximum of ¥180 million Per resolution at the 74th Ordinary General Meeting of Shareholders, held June 21, 2019
Payment method		Monthly (cash)	Annually (cash)	Annually ^{*3}	

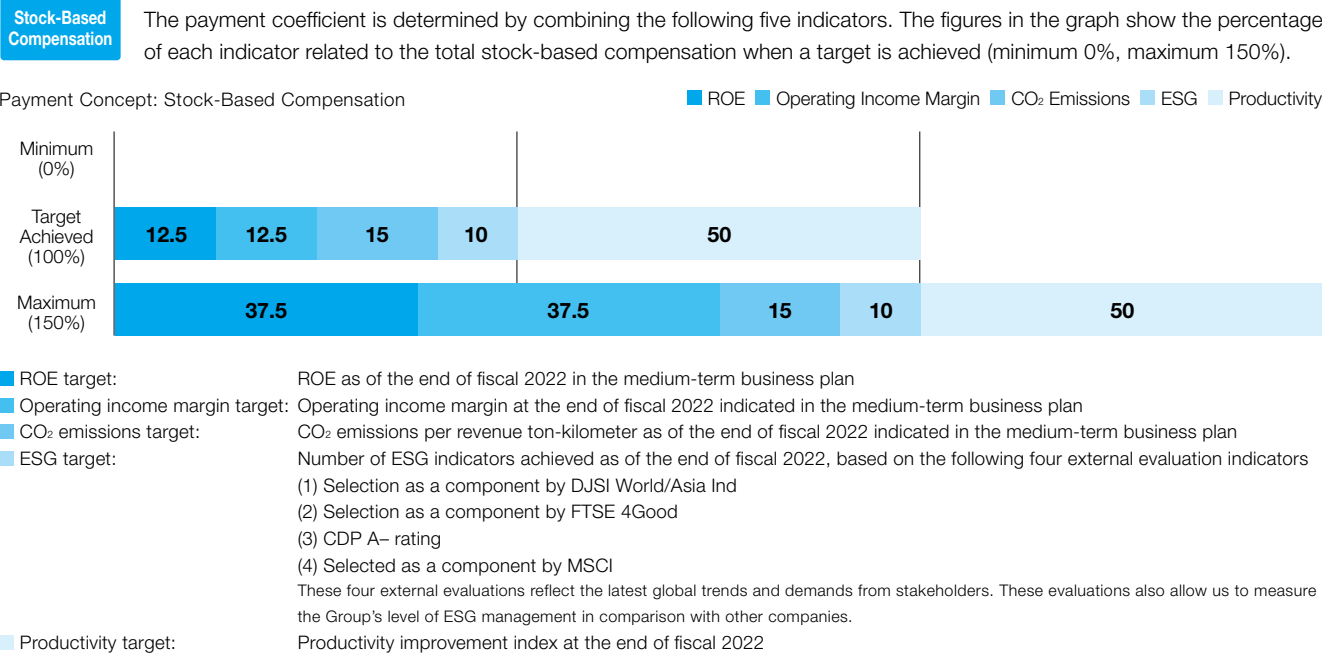
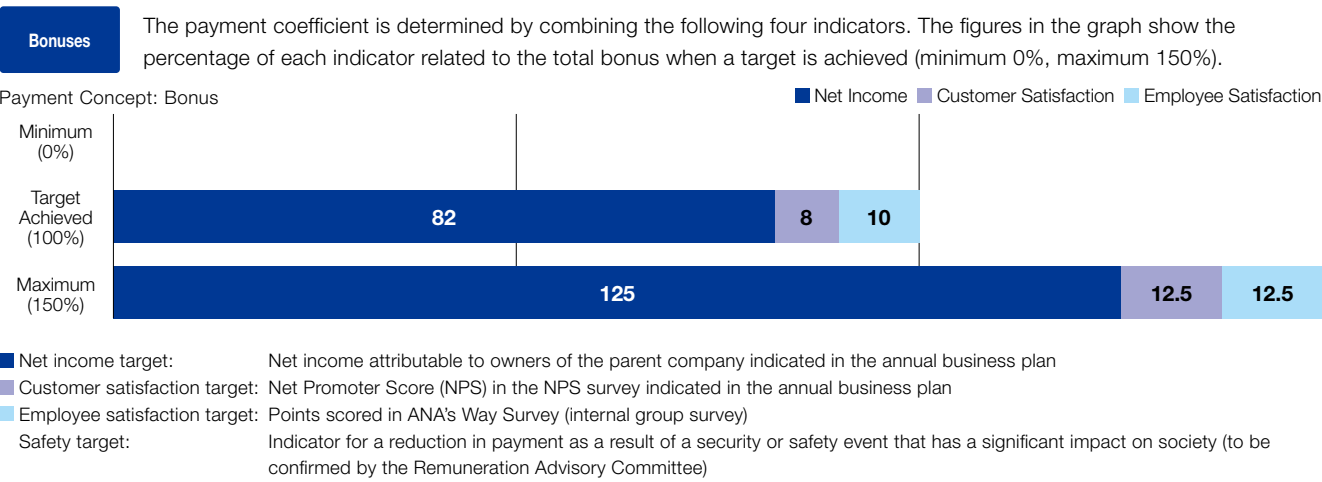
*1 Range from 0.0 to 1.0 times according to the degree of achievement for annual performance targets.

*2 At the 70th Ordinary General Meeting of Shareholders held June 29, 2015, our shareholders passed a resolution to contribute funds to a trust up to a total of ¥100 million per fiscal year (up to ¥500 million for every five fiscal years) to be used as stock-based compensation.

*3 Upon retirement, stock-based compensation granted during a term of office will be delivered in the form of shares (or partly in cash equivalent to the amount when converted to market value) through the stock delivery trust.

Calculation Method

Performance-linked remuneration for internal directors is calculated based on the following approach.



Fiscal 2020 Director and Audit & Supervisory Board Member Remuneration

Segment	Number of persons eligible	Total amount of remuneration, etc. (¥ millions)	Total amount by type (remuneration, etc.) (¥ millions)		
			Basic remuneration	Bonuses	Stock-based compensation
Directors	11	317	233	—	84
(Outside directors)	(4)	(41)	(41)	(—)	(—)
Audit & Supervisory Board members	6	117	117	—	—
(Outside Audit & Supervisory Board members)	(3)	(58)	(58)	—	(—)
Total	17	434	350	—	84

Notes:

1. The table above includes one outside director and one outside Audit & Supervisory Board member who resigned as of the end of the 75th Ordinary General Meeting of Shareholders, held June 29, 2020.

2. The amounts listed above are rounded down to the nearest million yen.

Basic remuneration for directors and members of the Audit & Supervisory Board in fiscal 2020 has been reduced according to position and in response to deteriorating business performance. Performance-linked bonuses have not been paid. In addition, the amount of stock-based compensation for fiscal 2020 is an estimate, as the evaluation period is the three-year period from fiscal 2020 to fiscal 2022.

Consolidated 11-Year Summary

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

Yen (Millions)												U.S. dollars (Thousands) (Note 3)
(FY) (Note 2)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2020
For the Year												
Operating revenues (Note 4)	728,683	1,974,216	2,058,312	1,971,799	1,765,259	1,791,187	1,713,457	1,601,013	1,483,581	1,411,504	1,357,653	6,581,907
Operating expenses	1,193,457	1,913,410	1,893,293	1,807,283	1,619,720	1,654,724	1,621,916	1,535,027	1,379,754	1,314,482	1,289,845	10,780,028
Operating (loss) income	(464,774)	60,806	165,019	164,516	145,539	136,463	91,541	65,986	103,827	97,022	67,808	(4,198,121)
(Loss) income before income taxes	(545,372)	51,501	154,023	196,641	139,462	131,064	77,983	36,391	70,876	63,431	35,058	(4,926,131)
Net (loss) income attributable to owners of the parent	(404,624)	27,655	110,777	143,887	98,827	78,169	39,239	18,886	43,140	28,178	23,305	(3,654,809)
Cash flows from operating activities	(270,441)	130,169	296,148	316,014	237,084	263,878	206,879	200,124	173,196	214,406	203,889	(2,442,787)
Cash flows from investing activities	(595,759)	(230,218)	(308,671)	(324,494)	(194,651)	(74,443)	(210,749)	(64,915)	(333,744)	(166,323)	(139,619)	(5,381,257)
Cash flows from financing activities	1,098,172	23,869	(46,480)	(29,989)	3,349	(133,257)	(30,424)	(85,569)	84,549	16,171	(10,596)	9,919,356
Free cash flow	(866,200)	(100,049)	(12,523)	(8,480)	42,433	189,435	(3,870)	135,209	(160,548)	48,083	64,270	(7,824,044)
Substantial free cash flow (Note 5)	(373,464)	(79,149)	(18,028)	61,410	39,655	88,035	(22,350)	38,929	54,256	52,043	27,870	(3,373,353)
Depreciation and amortization	176,352	175,739	159,541	150,408	140,354	138,830	131,329	136,180	123,916	119,268	118,440	1,592,918
EBITDA (Note 6)	(288,422)	236,545	324,560	314,924	285,893	275,293	222,870	202,166	227,743	216,290	186,248	(2,605,202)
Capital expenditures	156,710	351,361	375,864	304,707	254,425	281,416	274,702	183,739	162,752	196,881	211,698	1,415,499
At Year-End												
Total assets	3,207,883	2,560,153	2,687,122	2,562,462	2,314,410	2,228,808	2,302,437	2,173,607	2,137,242	2,002,570	1,928,021	28,975,548
Interest-bearing debt	1,655,452	842,862	788,649	798,393	729,877	703,886	819,831	834,768	897,134	963,657	938,819	14,953,048
Shareholders' equity (Note 7)	1,007,233	1,061,028	1,099,413	988,661	919,157	789,896	798,280	746,070	766,737	549,014	520,254	9,097,940
Per Share Data (Yen, U.S. dollars) (Note 8)												
(Loss) earnings per share	(1,082.04)	82.66	331.04	417.82	28.23	22.36	11.24	5.41	13.51	11.22	9.29	(9.77)
Book value per share	2,141.49	3,171.80	3,285.46	2,954.47	262.44	225.87	228.45	213.82	218.41	218.24	207.35	19.34
Cash dividends	—	—	75.00	60.00	6.00	5.00	4.00	3.00	4.00	4.00	2.00	—
Average number of shares during the year (Thousand shares)	373,945	334,559	334,632	344,372	3,500,205	3,496,561	3,492,380	3,493,860	3,192,482	2,511,841	2,507,572	
Management Indexes												
Operating income margin (%)	(63.8)	3.1	8.0	8.3	8.2	7.6	5.3	4.1	7.0	6.9	5.0	
Net income margin (%)	(55.5)	1.4	5.4	7.3	5.6	4.4	2.3	1.2	2.9	2.0	1.7	
ROA (%) (Note 9)	(16.0)	2.4	6.4	6.8	6.5	6.1	4.2	3.2	5.1	5.1	3.7	
ROE (%) (Note 10)	(39.1)	2.6	10.6	15.1	11.6	9.8	5.1	2.5	6.6	5.3	4.7	
Shareholders' equity ratio (%)	31.4	41.4	40.9	38.6	39.7	35.4	34.7	34.3	35.9	27.4	27.0	
Debt/equity ratio (Times) (Note 11)	1.6	0.8	0.7	0.8	0.8	0.9	1.0	1.1	1.2	1.8	1.8	
Asset turnover (Times) (Note 12)	0.3	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	
Payout ratio (%)	—	—	22.7	14.4	21.3	22.4	35.6	55.5	29.6	35.7	21.5	
Number of employees	46,580	45,849	43,466	41,930	39,243	36,273	34,919	33,719	32,634	32,884	32,731	
Operating Data												
International Passenger Operations												
Passenger revenues	44,726	613,908	651,587	597,446	516,789	515,696	468,321	395,340	348,319	320,066	280,637	403,992
Available seat-km (Millions)	14,465	68,885	65,976	64,376	60,148	54,710	49,487	41,451	37,947	34,406	29,768	
Revenue passenger-km (Millions)	2,840	50,219	50,776	49,132	45,602	40,635	35,639	30,613	28,545	25,351	22,430	
Number of passengers (Thousands)	427	9,416	10,093	9,740	9,119	8,167	7,208	6,336	6,276	5,883	5,168	
Load factor (%)	19.6	72.9	77.0	76.3	75.8	74.3	72.0	73.9	75.2	73.7	75.3	
Unit revenues (¥)	3.1	8.9	9.9	9.3	8.6	9.4	9.5	9.5	9.2	9.3	9.4	
Yield (¥)	15.7	12.2	12.8	12.2	11.3	12.7	13.1	12.9	12.2	12.6	12.5	
Domestic Passenger Operations												
Passenger revenues	203,119	679,962	696,617	689,760	678,326	685,638	683,369	675,153	665,968	651,556	652,611	1,834,694
Available seat-km (Millions)	26,896	58,552	58,475	58,426	59,080	59,421	60,213	61,046	58,508	56,756	56,796	
Revenue passenger-km (Millions)	11,567	39,502	40,704	40,271	38,990	38,470	38,582	37,861	36,333	34,589	35,983	
Number of passengers (Thousands)	12,660	42,916	44,325	44,150	42,967	42,664	43,203	42,668	41,089	39,020	40,574	
Load factor (%)	43.0	67.5	69.6	68.9	66.0	64.7	64.1	62.0	62.1	60.9	63.4	
Unit revenues (¥)	7.6	11.6	11.9	11.8	11.5	11.5	11.3	11.1	11.4	11.5	11.5	
Yield (¥)	17.6	17.2	17.1	17.1	17.4	17.8	17.7	17.8	18.3	18.8	18.1	
LCC Passenger Operations (Note 13)												
Revenues	22,071	81,953	93,611	87,555	—	—	—	—	—	—	—	199,358
Available seat-km (Millions)	4,932	11,076	12,052	11,832	—	—	—	—	—	—	—	
Revenue passenger-km (Millions)	2,403	9,202	10,394	10,212	—	—	—	—	—	—	—	
Number of passengers (Thousands)	2,080	7,288	8,153	7,797	—	—	—	—	—	—	—	
Load factor (%)	48.7	83.1	86.2	86.3	—	—	—	—	—	—	—	
Unit revenues (¥)	4.5	7.4	7.8	7.4	—	—	—	—	—	—	—	
Yield (¥)	9.2	8.9	9.0	8.6	—	—	—	—	—	—	—	
International Cargo Operations												
Cargo revenues	160,503	102,697	125,015	118,002	93,301	113,309	124,772	104,736	86,589	87,978	86,057	1,449,760
Cargo volume (Tons)	655,019	866,821	913,915	994,593	954,027	810,628	841,765	710,610	621,487	570,684	557,445	
Domestic Cargo Operations												
Cargo revenues	20,881	25,533	27,454	30,710	30,860	31,740	32,584	32,116	32,231	33,248	32,413	188,609
Cargo volume (Tons)	218,032	373,176	393,773	436,790	451,266	466,979	475,462	477,081	463,473	467,348	453,606	

Notes: 1. As of March 31, 2021, there were 56 consolidated subsidiaries and 14 equity-method subsidiaries and affiliates.
2. From April 1 to March 31 of the next year
3. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥110.71 = US\$1, the approximate exchange rate as of March 31, 2021.
4. Effective from the fiscal year ended March 2015, revenue of jet fuel which is resold to airlines outside the group is offset by its purchasing cost and the net amount is recorded in operating revenues.
5. Substantial free cash flow is excluding purchase and redemption of marketable securities (time deposits and negotiable deposits of more than three months).
6. EBITDA = Operating income + Depreciation and amortization
7. Total shareholders' equity = Shareholders' equity + Accumulated other comprehensive income

8. The group conducted a 1-for-10 reverse stock split effective October 1, 2017. Calculations have been made assuming a reverse stock split at the beginning of the fiscal year ended March 2018.
9. ROA = (Operating income + Interest and dividend income) / Simple average of total assets
10. ROE = Net income attributable to owners of the parent / Simple average of shareholders' equity
11. Debt/equity ratio = Interest-bearing debt / Shareholders' equity
12. Asset turnover = Operating revenues / Simple average of total assets
13. Revenues of LCC Operations include ancillary income.
* Yen amounts are rounded down to the nearest million yen and percentages are rounded to the nearest one decimal place. U.S. dollar amounts are truncated.

Management’s Discussion and Analysis

Economic Conditions

General Economic Overview

The Japanese economy experienced challenging conditions during fiscal 2020 (April 1, 2020 to March 31, 2021) due to COVID-19. While corporate activities and capital investment continued to show signs of recovery, personal consumption and other indicators indicated weakness.

Looking to the future, the economy of Japan is expected to pick up, supported by the progress of vaccinations, which began in February 2021, the impact of government policies, and improving economies overseas. However, concerns remain about the risks COVID-19 infection trends may pose to the economies of Japan and the world.

Fuel Price Trends

Dubai crude oil prices declined significantly between the fourth quarter of the previous fiscal year and the beginning of the fiscal year under review. This decline was mainly due to concerns about a global economic downturn caused by COVID-19. However, prices rose after OPEC Plus agreed to a coordinated production cut. Toward the end of the fiscal year, we saw increased expectations for economic normalization as vaccinations began in earnest. The market for Dubai crude oil continued to rise, resulting in an average price of \$44.3 per barrel for the period under review and \$62.4 per barrel on March 31, 2021.

The market price of Singapore kerosene tracked the price of crude oil. The average price for the fiscal year was \$46.2 per barrel, ending at \$62.2 per barrel on March 31, 2021.

Foreign Exchange Market

The U.S. dollar-yen exchange rate for fiscal 2020 showed a continued strengthening of the yen through the third quarter in response to the outflow of funds from the dollar to other currencies, driven by monetary and fiscal policies in various countries. By the end of the fiscal year, however, the yen began to weaken as the U.S. economic recovery spurred higher long-term interest rates. The Japanese yen averaged ¥106.0 per U.S. dollar for fiscal 2020, ending the year at ¥110.7 per U.S. dollar on March 31, 2021.

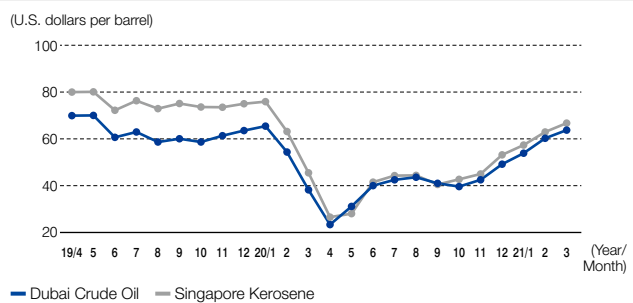
Air Transport Traffic Trends

International Air Transportation Association (IATA) member airlines reported 470 million passengers on scheduled international flights in 2020 (74.8% decrease year on year). Passengers on scheduled domestic flights numbered 1,330 million (49.8% decrease). At the same time, scheduled global air cargo volume decreased 8.7%. (Source: IATA World Air Transport Statistics, 2021)

In Japan, passengers on trunk routes* decreased 64.7% year on year to 15.00 million compared with the previous fiscal year. The number of passengers on local routes* decreased 68.4% overall to 18.77 million. In total, passengers on scheduled domestic flights decreased 66.9% to 33.77 million. Cargo volume decreased 45.2% to 0.42 million tons. The number of passengers carried by Japanese airlines on international services decreased 96.2% to 0.81 million, while the volume of international cargo handled by Japanese airlines decreased 6.3% to 1.36 million tons (Source: Ministry of Land, Infrastructure, Transport and Tourism Air Transportation Statistics).

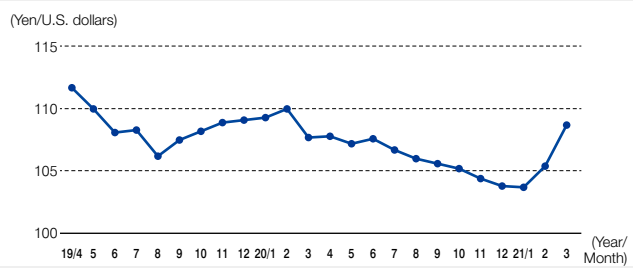
* Trunk routes refer to routes connecting Sapporo (New Chitose), Tokyo (Haneda), Tokyo (Narita), Osaka (Itami), Osaka (Kansai), Fukuoka, and Okinawa (Naha) airports with one another. Local routes refer to all other routes.

Monthly Prices for Dubai Crude Oil and Singapore Kerosene



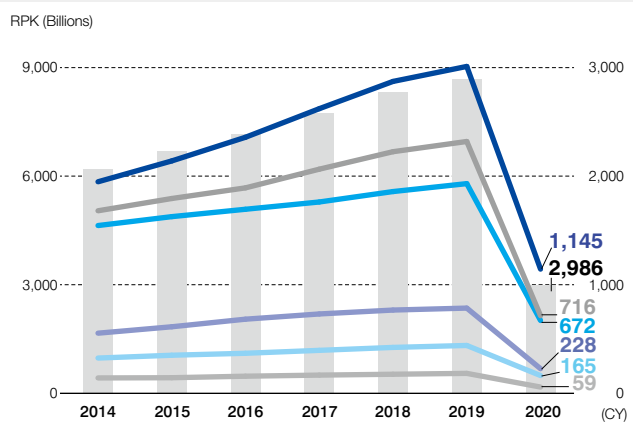
Source: Bloomberg

Monthly Yen-Dollar Exchange Rate



Source: Bloomberg

Global Air Transportation Passenger Volume by Region



(Left) Total (Right) Asia-Pacific North America Europe Middle East Latin America Africa

Source: International Air Transport Association (IATA), 2021

Performance for Fiscal 2020

Overview of the ANA Group

As of March 2021, the ANA Group (“the group”), led by holding company ANA HOLDINGS INC., consists of 125 subsidiaries (including ALL NIPPON AIRWAYS CO., LTD.) and 42 affiliates. A total of 56 companies are treated as consolidated subsidiaries, with another 14 treated as equity-method subsidiaries and affiliates. Group employees numbered 46,580 individuals, an increase of 731 compared to the previous fiscal year-end.

The airline industry is in a tremendously challenging situation globally due to the drastic decrease in travel as a result of immigration restrictions across numerous countries and voluntary restraint in travel on the part of consumers.

In response to this situation, we raised a total of more than ¥1.2 trillion to secure cash on hand and strengthen our financial foundation in response to the significant decline in operating revenues. Between private financial institutions and the Development Bank of Japan, we borrowed ¥935.0 billion, while we raised another ¥297.6 billion through public offerings and a capital increase via third-party allotment. In terms of costs, we reduced variable costs by curbing

the scale of operations, while cutting fixed costs through all manner of cost reduction measures. Ultimately, however, we recorded a significant net loss due to the impact of declining operating revenues.

Consolidated Operating Revenues, Operating Expenses, and Operating (Loss) Income

Fiscal 2020 consolidated operating revenues amounted to ¥728.6 billion, a ¥1,245.5 billion (63.1%) decrease year on year, as every segment, particularly the Air Transportation Business, experienced the negative impact of COVID-19.

In addition to reducing variable costs, we implemented cost reduction measures to lower fixed costs, including personnel expenses, saving ¥590.0 billion (including the effect of ¥43.4 billion in Employment Adjustment Subsidies). Given the significant decrease in sales, however, operating income decreased ¥525.5 billion year on year, resulting in a net loss of ¥464.7 billion.

Review by Segment

The Group operates four reportable segments: Air Transportation, Airline Related, Travel Services, and Trade and Retail.

Segment Information

(Fiscal Year)	Operating Revenues			Operating (Loss) Income			EBITDA		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
Air Transportation	¥604,014	¥1,737,737	¥(1,133,723)	¥(447,894)	¥49,550	¥(497,444)	¥(278,942)	¥217,846	¥(496,788)
Airline Related	222,139	299,433	(77,294)	3,691	18,144	(14,453)	8,764	23,467	(14,703)
Travel Services	45,050	143,996	(98,946)	(5,084)	1,393	(6,477)	(4,568)	1,946	(6,514)
Trade and Retail	79,958	144,750	(64,792)	(4,282)	2,909	(7,191)	(2,915)	4,214	(7,129)
Others	36,643	44,223	(7,580)	(34)	3,526	(3,560)	410	3,788	(3,378)
Adjustments	(259,121)	(395,923)	136,802	(11,171)	(14,716)	3,545	(11,171)	(14,716)	3,545
Total (Consolidated)	¥728,683	¥1,974,216	¥(1,245,533)	¥(464,774)	¥60,806	¥(525,580)	¥(288,422)	¥236,545	¥(524,967)

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

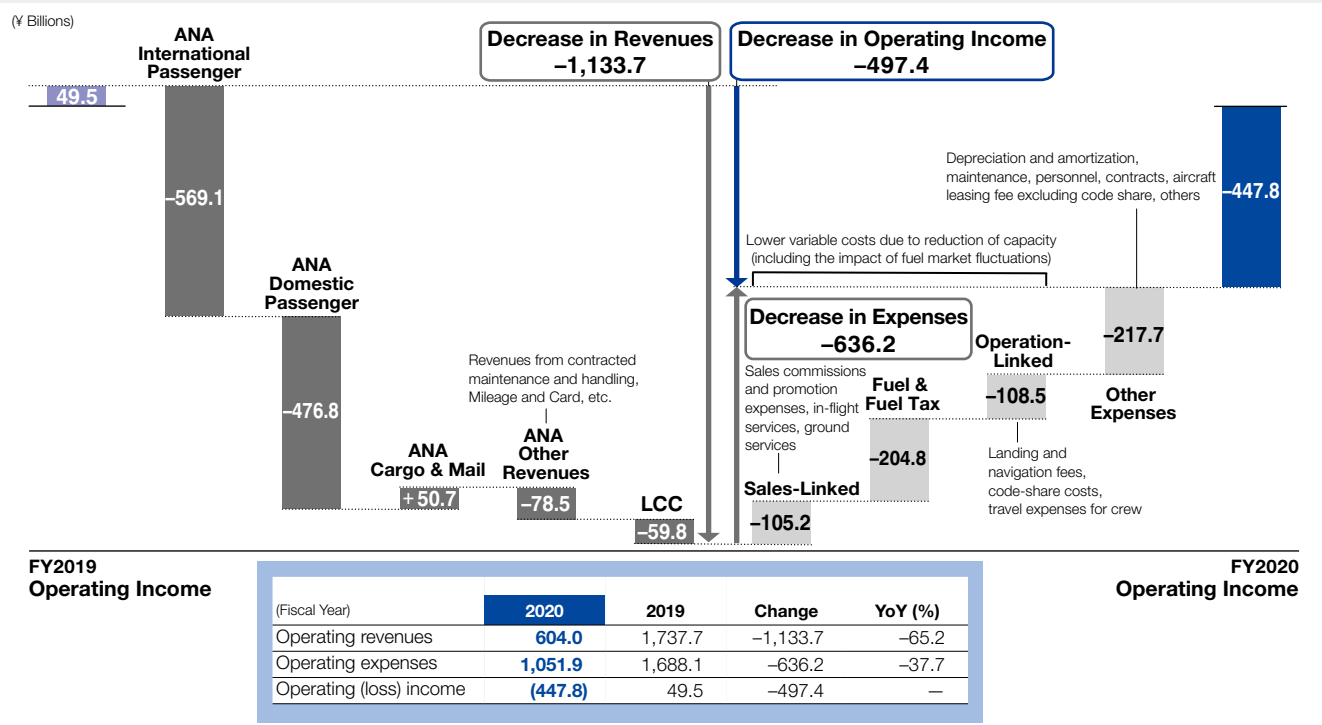
Air Transportation Business

Air Transportation Business operating revenues amounted to ¥604.0 billion, a year-on-year decrease of 65.2%, mainly due to the marked decline in passenger demand caused by the global outbreak of COVID-19. Passenger demand on domestic routes had recovered gradually since the lifting of the declaration of a state of emergency in May, but demand declined again in December due to spreading infections. Passenger demand on international routes continued to be sluggish, while cargo revenues reached a record high, as we

captured demand proactively in the wake of resumed economic activities and congestion in marine transportation. The ANA Group reduced the scale of operations in response to declining demand, cutting fuel expenses, landing and navigation fees, and other expenses. We also worked to reduce personnel expenses, including officer remuneration and bonuses, employee bonuses, and other costs. Despite our efforts, operating income decreased ¥497.4 billion year on year, resulting in a net loss of ¥447.8 billion.

Management’s Discussion and Analysis

Changes in Operating Income (Loss) (FY2020 vs FY2019)



Results by business are as follows.

ANA International Passenger Business

Both passenger numbers and revenue underperformed the previous fiscal year significantly due to major slowdowns in demand caused by immigration restrictions in countries across the world.

Even as cancellations and reduced flights continued on a major scale, we exercised selectivity in choosing routes to continue and operated temporary flights based on our assessments of demand for individuals on overseas assignments and citizens returning home. In December, we became the first Japanese airline to introduce a Narita–Shenzhen route. We also began service between Haneda–San Francisco. These new routes reflected our expectations for a certain level of cargo transport and other demand.

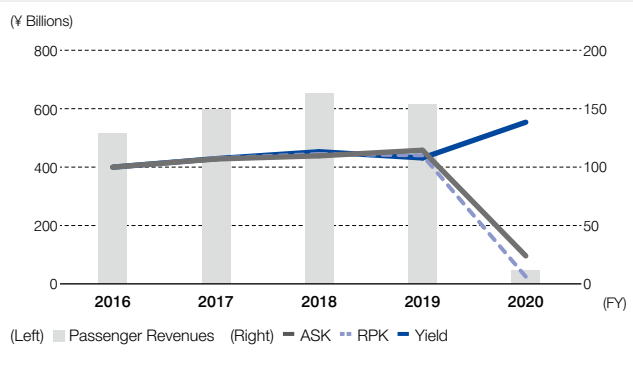
ANA International Passenger Business Results

(Fiscal Year)	2020	2019	YoY (%)
ASK (Millions)	14,465	68,885	-79.0
RPK (Millions)	2,840	50,219	-94.3
Number of passengers (Thousands)	427	9,416	-95.5
Load factor (%)	19.6	72.9	-53.3*
Passenger revenues (¥ Billions)	44.7	613.9	-92.7
Unit revenues (¥)	3.1	8.9	-65.3
Yield (¥)	15.7	12.2	+28.8
Unit price (¥)	104,648	65,196	+60.5

* Difference

In terms of sales and services, we endeavored to capture demand related to one-way travel from Japan for those on overseas assignments, study abroad, etc., offering discounted fares beginning in August. In January 2021, we launched a new *Safe Homecoming Service* website to help passengers arrange for hotels and transportation under the activity restrictions imposed upon their return to Japan.

As a result, available seat-kilometers (ASK) and revenue passenger-kilometers (RPK) decreased 79.0% and 94.3%, respectively, while load factor decreased 53.3 points to 19.6%. Passenger numbers decreased 95.5% to 427 thousand, while unit price increased 60.5% to ¥104,648. Operating revenues decreased 92.7% to ¥44.7 billion.



* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2016 as 100.

ANA Domestic Passenger Business

The impact of COVID-19 drove passenger numbers and revenues down significantly compared with the previous fiscal year. Following the lifting of the declaration of a state of emergency in May, demand began to recover; however, demand declined again beginning in December, linked with higher infection rate trends.

Route network ASK in the first quarter decreased 73.3% compared to the same period of the previous fiscal year. However, we increased the number of flights operated in line with the recovery in demand, resulting in a 49.3% year-on-year decrease for the second quarter and a 38.6% year-on-year decrease in the third quarter, which reflected the positive impact of the *GoTo Travel Campaign*. In the fourth quarter, however, we limited flight operations in line with the downturn in demand, recording a 55.3% year-on-year decrease in ASK as we continued to adjust flight operations flexibly based on our close monitoring of demand trends.

ANA Domestic Passenger Business Results

(Fiscal Year)	2020	2019	YoY (%)
ASK (Millions)	26,896	58,552	-54.1
RPK (Millions)	11,567	39,502	-70.7
Number of passengers (Thousands)	12,660	42,916	-70.5
Load factor (%)	43.0	67.5	-24.5*
Passenger revenues (¥ Billions)	203.1	679.9	-70.1
Unit revenues (¥)	7.6	11.6	-35.0
Yield (¥)	17.6	17.2	+2.0
Unit price (¥)	16,043	15,844	+1.3

* Difference

ANA Cargo and Mail Business

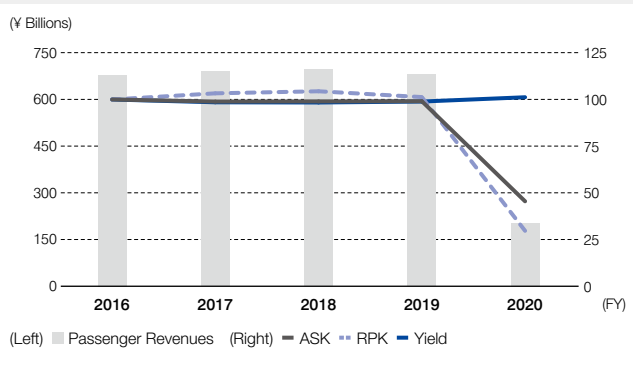
The International Cargo Business saw an increase in transportation demand for masks and other emergency supplies in the first quarter of the fiscal year, as cargo space remained low throughout the year due to global cancellations and reductions in passenger flights caused by COVID-19. In August, demand for automobile-related components, semiconductors, and electronic devices began to recover. Congestion in marine transportation in the fourth quarter resulted in tight supply and demand.

In response to these circumstances, the ANA Group sought to capture demand by introducing the Boeing 777F wide-body cargo freighter into the Narita–Frankfurt route in October and the Narita–Bangkok route in December. We also increased the number of extra cargo flights significantly using cargo freighters, as well as passenger aircraft.

As a result, international cargo volume for fiscal 2020 amounted to 655 thousand tons (down 24.4% year on year), while operating revenues amounted to ¥160.5 billion (up 56.3%). Available

In terms of sales and services, in July, we launched our *Free and Easy Changes Campaign*, which allowed changes in dates and destinations with no extra fees. We also launched our *Airport Access Navi* route search service offered by the group under the Mobility as a Service (MaaS) platform. This service provides information to customers regarding ground transportation routes such as rail, buses, taxis, etc., linked to flight operation information. In addition, customers can make reservations and pay for tickets in a single step. We will continue to introduce measures that ensure seamless travel for passengers from start to finish.

As a result of our efforts, ASK and RPK decreased 54.1% and 70.7%, respectively, while load factor decreased 24.5 points to 43.0%. Passenger numbers decreased 70.5% to 12.66 million, while unit price increased 1.3% to ¥16,043. Operating revenues decreased 70.1% to ¥203.1 billion.



* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2016 as 100.

ton-kilometers (ATK) decreased 37.6% year on year and revenue ton-kilometers (RTK) decreased 23.0%.

The ANA Group began transporting the new COVID-19 vaccine manufactured by Pfizer in February 2021. We transport the vaccine under exacting temperature control, contributing to a society in which citizens can live confidently under the wider advancement of vaccinations.

The Domestic Cargo Business sought to increase revenues through measures that included flexible extra cargo flight scheduling on the Haneda–Sapporo route, as firm e-commerce demand drove strong performance for parcel transportation. On the other hand, passenger flights were suspended or reduced on numerous routes due to the spread of COVID-19, which resulted in a 58.5% year-on-year decrease in ATK and a 37.9% decrease in RTK for fiscal 2020. Cargo volume decreased 41.6% to 218 thousand tons, and operating revenues decreased by 18.2% to ¥20.8 billion.

Management’s Discussion and Analysis

Operating revenues for international and domestic mail business amounted to ¥2.9 billion and to ¥2.5 billion, year-on-year decreases of 38.1% and 18.7%, respectively.

ANA Cargo and Mail Business Results

(Fiscal Year)		2020	2019	YoY (%)
Cargo and mail services revenues (¥ Billions)		186.8	136.1	+37.3
International cargo	ATK (Millions)	4,588	7,354	−37.6
	RTK (Millions)	3,251	4,222	−23.0
	Cargo volume (Thousand tons)	655	866	−24.4
	Cargo revenues (¥ Billions)	160.5	102.6	+56.3
	Unit price (¥/kg)	245	118	+106.8
	Mail revenues (¥ Billions)	2.9	4.7	−38.1
Domestic cargo	ATK (Millions)	708	1,705	−58.5
	RTK (Millions)	240	387	−37.9
	Cargo volume (Thousand tons)	218	373	−41.6
	Cargo revenues (¥ Billions)	20.8	25.5	−18.2
	Unit price (¥/kg)	96	68	+40.0
	Mail revenues (¥ Billions)	2.5	3.1	−18.7

LCC Business (Peach)

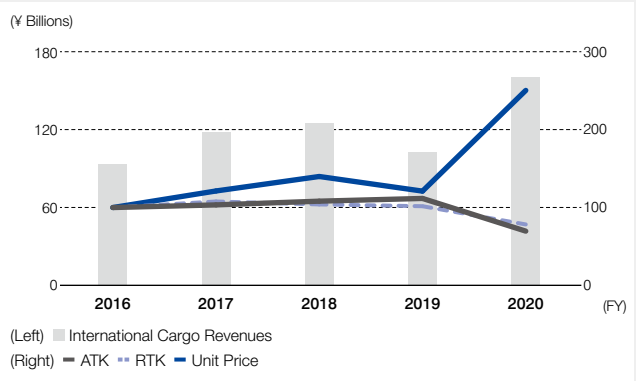
The impact of COVID-19 drove demand down significantly, resulting in a sharp decline passenger numbers and revenues compared to the previous fiscal year. Although passenger demand recovered gradually after the lifting of the declaration of a state of emergency in May, demand began to decline again in December due to an increase in the number of infections.

Domestic ASK in our route network in the first quarter declined 58.0% year on year. However, in addition to network recovery in line with increasing passenger demand, we launched Tokyo (Narita)–Kushiro and Narita–Miyazaki routes in August, and Sapporo (New Chitose)–Okinawa (Naha) and Sendai–Naha routes in October, as well as Nagoya (Chubu)–New Chitose and Chubu–Sendai routes in December. As a result, ASK increased by 12.4% in the second quarter and again by 32.2% in the third quarter. In the fourth quarter, we introduced new flights on Chubu–Naha and Chubu–Ishigaki routes in January 2021, and on the Narita–Memambetsu and Narita–Oita routes in February. However, total ASK decreased 21.1% year on year due to cancellations and reductions of flights according to declining passenger demand. We continued to suspend operations on all international routes, but we resumed partial operations to Taipei (Taoyuan) in October due to the easing of entry restrictions.

In terms of sales and services, in November, the airline implemented a service allowing customers to book airline tickets and apply for a COVID-19 test at the same time on some domestic routes, leading to greater customer confidence.

As a result, the ANA Cargo and Mail Business recorded fiscal 2020 operating revenues of ¥186.8 billion, a year-on-year increase of 37.3%.

International Cargo Business Results



* Figures for ATK, RTK, and Yield are indexed using the figures for fiscal 2016 as 100.

As a result, ASK and RPK decreased 55.5% and 73.9%, respectively, while load factor decreased 34.4 points to 48.7%. Passenger numbers decreased 71.4% to 2.08 million, while unit price decreased 5.7% to ¥10,606. Operating revenues decreased 73.1% to ¥22.0 billion.

LCC Business Performance (Peach Aviation Limited)

(Fiscal Year)	2020	2019**	YoY (%)
ASK (Millions)	4,932	11,076	−55.5
RPK (Millions)	2,403	9,202	−73.9
Number of passengers (Thousands)	2,080	7,288	−71.4
Load factor (%)	48.7	83.1	−34.4**
Passenger revenues (¥ Billions)*3	22.0	81.9	−73.1
Unit revenues (¥)	4.5	7.4	−39.5
Yield (¥)	9.2	8.9	+3.1
Unit price (¥)	10,606	11,244	−5.7

*1 Figures for fiscal 2019 are total of Peach and Vanilla Air results.

**2 Difference

*3 Operating revenues include incidental revenues.

Others

Other operating revenues in the Air Transportation Business amounted to ¥147.2 billion, a 34.8% decrease year on year. Results include incidental revenues from mileage memberships, in-flight sales, contracted maintenance, etc.

Operating Expenses

Air Transportation Business operating expenses decreased ¥636.2 billion (37.7%) year on year to ¥1,051.9 billion. Specific expense amounts and explanations of year-on-year changes are described below.

Breakdown of Operating Revenues and Expenses

(Fiscal Year)		2020	2019	Change
Segment operating revenues		¥ 604,014	¥1,737,737	¥(1,133,723)
International	Passenger	44,726	613,908	(569,182)
	Cargo	160,503	102,697	57,806
	Mail	2,948	4,764	(1,816)
Domestic	Passenger	203,119	679,962	(476,843)
	Cargo	20,881	25,533	(4,652)
	Mail	2,550	3,136	(586)
LCC revenues		22,071	81,953	(59,882)
Other revenues		147,216	225,784	(78,568)
Segment operating expenses		1,051,908	1,688,187	(636,279)
Fuel and fuel tax		109,670	314,486	(204,816)
Landing and navigation fees		45,847	120,173	(74,326)
Aircraft leasing fees		107,592	130,614	(23,022)
Depreciation and amortization		168,952	168,296	656
Aircraft maintenance		109,467	177,330	(67,863)
Personnel		163,776	201,651	(37,875)
Sales commissions and promotion		47,289	105,192	(57,903)
Contracts		182,869	256,618	(73,749)
Others		116,446	213,827	(97,381)
Segment operating (loss) income		¥ (447,894)	¥ 49,550	¥ (497,444)

<Fuel and Fuel Tax>

Fuel and fuel tax expenses amounted to ¥109.6 billion, a ¥204.8 billion (65.1%) decrease year on year. This expense accounted for 10.4% of Air Transportation Business operating expenses, compared with 18.6% in the previous fiscal year.

This ¥204.8 billion decrease was mainly due to decreases in ANA unit price factors (including hedging effectiveness) of approximately ¥21.0 billion, and a decrease in consumption volume factors of approximately ¥171.0 billion for ANA and approximately ¥13.0 billion for the LCC.

During fiscal 2020, we engaged in the same measures related to fuel tax reduction as we followed in the previous fiscal year.

<Landing and Navigation Fees>

Domestic and international passenger flights decreased 44.3% and 72.5%, respectively. Freightier flights increased 2.9% (excluding Peach Aviation flights). Landing and navigation fees amounted to ¥45.8 billion, down ¥74.3 billion (61.8%) year on year due to the impact of COVID-19 on passenger flight cancellations and reductions.

<Aircraft Leasing Fees>

Aircraft leasing fees decreased ¥23.0 billion (17.6%) to ¥107.5 billion, mainly due to the impact of cancellations and reductions in domestic code-share flights that had been operated by other airlines.

<Depreciation and Amortization>

Depreciation and amortization expense increased ¥0.6 billion (0.4%) year on year to ¥168.9 billion. This result was mainly due the emerging effects of the early retirement of aircraft in conjunction with our *Business Structure Reform*, even considering the introduction of new aircraft such as the Boeing 787.

<Aircraft Maintenance>

Aircraft maintenance expenses decreased ¥67.8 billion (38.3%) to ¥109.4 billion. This decrease was mainly due to our transition of maintenance work in-house and a decrease in maintenance frequency linked to flight hours.

<Personnel>

Personnel expenses decreased ¥37.8 billion (18.8%) year on year to ¥163.7 billion, mainly due to controlled salaries and bonuses.

<Sales Commissions and Promotion>

Sales commissions and promotion expenses decreased ¥57.9 billion (55.0%) year on year to ¥47.2 billion. This decrease was mainly due to a decrease in passenger demand caused by COVID-19.

<Contracts>

Contract expenses decreased ¥73.7 billion (28.7%) year on year to ¥182.8 billion. Ground handling contracts and other contracted operations were lower than prior year due to the impact of COVID-19.

<Others>

Other expenses decreased ¥97.3 billion (45.5%) year on year to ¥116.4 billion. This result was mainly due to decreased expenses related to in-flight services.

Management’s Discussion and Analysis

Airline Related Business

We endeavored to increase revenues through initiatives that included selling ANA international route economy class in-flight meals online beginning in December. However, airline flight cancellations and reductions due to the spread of COVID-19 led to fewer contracts for airport ground handling services, including passenger check-in and baggage loading.

As a result, fiscal 2020 operating revenues amounted to ¥222.1 billion, a ¥77.2 billion (25.8%) decrease year on year. Operating income amounted to ¥3.6 billion, which was a ¥14.4 billion (79.7%) decrease.

Performance in the Airline Related Segment

(¥ Millions)			
(Fiscal Year)	2020	2019	Change
Segment operating revenues	¥222,139	¥299,433	¥(77,294)
Segment operating expenses	218,448	281,289	(62,841)
Segment operating income	¥ 3,691	¥ 18,144	¥(14,453)

Travel Services

Despite our efforts to generate revenues from new sources, including the ANA Travelers Online Tour and domestic sightseeing tours using the Airbus A380 ANA FLYING HONU, the spread of COVID-19 had a significantly negative impact on the overseas travel and domestic travel within the Travel Services business. We canceled all overseas tours organized by the group due to travel restrictions. Demand for domestic travel recovered gradually in the third quarter, as the volume of dynamic packaged product online sales outperformed the previous fiscal year, partly due to the support of the GoTo Travel Campaign started in July. However, travel demand declined again in December due to an increase in the number of infected people.

As a result of the above, fiscal 2020 Travel Services operating revenues amounted to ¥45.0 billion, a ¥98.9 billion (68.7%) decrease year on year. Operating income decreased ¥6.4 billion year on year, resulting in a net loss of ¥5.0 billion.

Performance in the Travel Services Segment

(¥ Millions)			
(Fiscal Year)	2020	2019	Change
Segment operating revenues	¥45,050	¥143,996	¥(98,946)
Domestic package products	38,530	112,711	(74,181)
International package products	492	20,925	(20,433)
Other revenues	6,028	10,360	(4,332)
Segment operating expenses	50,134	142,603	(92,469)
Segment operating (loss) income	¥ (5,084)	¥ 1,393	¥ (6,477)

Trade and Retail

While the e-commerce and other businesses of our digital marketing division performed solidly throughout fiscal 2020, sales at ANA DUTY FREE SHOP and ANA FESTA airport shops in our retail division experienced a significant decline due to COVID-19. The Lifestyle Industries division handles beverages, food products, amenities, and other aircraft supplies provided on board. Sales here decreased significantly due to large-scale cancellations and flight reductions.

As a result, Trade and Retail recorded operating revenues of ¥79.9 billion, down ¥64.7 billion (44.8%) year on year. Operating income decreased ¥7.1 billion year on year, resulting in a net loss of ¥4.2 billion.

Performance in the Trade and Retail Segment

(¥ Millions)			
(Fiscal Year)	2020	2019	Change
Segment operating revenues	¥79,958	¥144,750	¥(64,792)
Segment operating expenses	84,240	141,841	(57,601)
Segment operating (loss) income	¥ (4,282)	¥ 2,909	¥ (7,191)

Others

Real estate business revenues remained firm throughout the fiscal year and we established avatarin Inc. in April to create a new business model. On the other hand, the impact of COVID-19 led to a decrease in reception and management services due to closures of airport lounges, as well as a decrease in revenues due to fewer dispatches of instructors, etc., in our training business.

As a result, the Others business recorded operating revenues of ¥36.6 billion, down ¥7.5 billion (17.1%) year on year. Operating income decreased ¥3.5 billion year on year, resulting in a net loss of ¥0.0 billion.

Performance in the Others Segment

(¥ Millions)			
(Fiscal Year)	2020	2019	Change
Segment operating revenues	¥36,643	¥44,223	¥(7,580)
Segment operating expenses	36,677	40,697	(4,020)
Segment operating (loss) income	¥ (34)	¥ 3,526	¥(3,560)

Non-Operating (Loss) Income/Expenses, Special (Loss) Income/Expenses

Fiscal 2020 non-operating income and expenses and special (loss) income amounted to a loss of ¥80.5 billion. This result was mainly due to the recording of impairment losses related to the accelerated retirement of aircraft as an expense under Business Structure Reform.

Non-Operating (Loss) Income / Expenses

(¥ Millions)			
(Fiscal Year)	2020	2019	Change
Interest and dividend income	¥ 2,109	¥ 3,031	¥ (922)
Interest expenses	(16,689)	(6,291)	(10,398)
Commission fee	(7,742)	(20)	(7,722)
Loss on valuation of derivatives	(8,044)	(603)	(7,441)
Foreign exchange gain	4,143	473	3,670
Gain on sales of assets	3,422	6,746	(3,324)
Loss on sales / disposal of assets	(8,434)	(7,435)	(999)
Impairment loss	(4,231)	(25,159)	20,928
Equity in earnings of unconsolidated subsidiaries and affiliates	—	1,210	(1,210)
Equity in losses of unconsolidated subsidiaries and affiliates	(3,630)	—	(3,630)
Gain on sales of investment securities	328	1,122	(794)
Valuation loss on investments in securities	(8,384)	(853)	(7,531)
Compensation payments received	1,770	17,897	(16,127)
Loss on sales of shares of subsidiaries and affiliates	—	(7)	7
Gain on sales of non-current assets	2,834	—	2,834
Gain on donation of non-current assets	2,405	3,553	(1,148)
Employment adjustment subsidy	43,470	—	43,470
Business restructuring expense	(86,350)	—	(86,350)
Other, net	2,425	(2,969)	5,394
Total	¥(80,598)	¥ (9,305)	¥(71,293)

Net (Loss) Income Attributable to Owners of the Parent

As a result, loss before income taxes amounted to ¥545.3 billion, compared to income of ¥51.5 billion in the previous fiscal year. After income taxes, municipal taxes, business taxes, and other adjustments, net loss attributable to owners of the parent amounted to ¥404.6 billion, compared to net income of ¥27.6 billion in the previous fiscal year. Loss per share amounted to ¥1,082.04, compared to earnings of ¥82.66.

Comprehensive loss amounted to ¥353.2 billion, a decrease of ¥338.4 billion compared to the previous fiscal year, mainly due to a decrease in net income attributable to owners of the parent.

Cash Flows

Basic 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.

We secure funds for working capital and capital expenditures (mainly aircraft) through self-financing, bank loans, or through the issuance of bonds. Our basic policy is to secure stable sources of liquidity and funds necessary for business operations. As of March 31, 2021, we have secured commitment line agreements totaling ¥148.6 billion with several financial institutions.

The Group has access to the Japan Bank for International Cooperation (JBIC) guarantee system for investments in aircraft, which are our primary assets.

Overview of Fiscal 2020

Free cash flow resulted in an outflow of ¥866.2 billion (sum of cash flows from operating activities and investing activities). Net cash proceeds from financing activities totaled ¥1,098.1 billion. As a result, cash and cash equivalents increased ¥234.3 billion from the beginning of the fiscal year, amounting to ¥370.3 billion at the end of the fiscal year.

Cash Flows from Operating Activities

After adjusting the ¥545.3 billion in loss before income taxes for depreciation and amortization, notes and accounts payable, notes and accounts receivable, and other non-cash items, net cash used in operating activities amounted to ¥270.4 billion, compared with cash inflows of ¥130.1 billion in the previous fiscal year.

Interest Coverage Ratio*

(Times)		
(Fiscal Year)	2020	2019
Interest coverage ratio	—	20.4

* Interest coverage ratio = Cash flows from operating activities / Interest expenses

Management’s Discussion and Analysis

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥595.7 billion, up ¥365.5 billion year on year. Net cash used in investing activities amounted to ¥103.0 billion when excluding cash movements that resulted in net outlays of ¥492.7 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 used in operating activities totaled ¥270.4 billion. Since net cash used in investing activities was ¥595.7 billion, free cash flow for fiscal 2020 amounted to a net expenditure of ¥866.2 billion, up ¥766.1 billion year on year. Substantial free cash flow amounted to a negative ¥373.4 billion, up ¥294.3 billion year on year, when excluding cash movements associated with the acquisition and sale of time deposits and negotiable deposits of more than three months.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥1,098.1 billion, up ¥1,074.3 billion year on year. This result was mainly due to the procurement of funds through borrowings, public offerings, and third-party allotments.

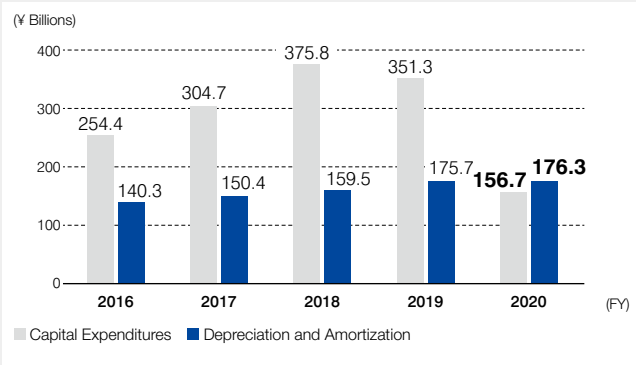
Capital Expenditures and Aircraft Procurement

Capital Expenditures

ANA Group capital expenditures are based on an approach of selection and concentration. We invest to strengthen safety, increase our competitiveness, and improve profitability. Capital expenditures for fiscal 2020 amounted to ¥156.7 billion, a decrease of 55.4%, reflecting restraint in the scope of investments in aircraft and other items in light of the impact of COVID-19.

By segment, Air Transportation Business capital expenditures decreased 56.0% year on year to ¥151.1 billion. Airline Related expenditures decreased 74.8% to ¥1.5 billion, while Travel Services expenditures decreased 48.1% to ¥0.1 billion. Trade and Retail capital expenditures decreased 46.6% to ¥1.2 billion, and Others increased 590.8% to ¥0.9 billion.

Capital Expenditures* / Depreciation and Amortization



* Capital expenditures contains only fixed assets.

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 2020

Based on our fleet strategy, total number of aircraft was 293 as of the end of fiscal 2020, a decrease of 14 compared to the end of the previous fiscal year.

During the fiscal year, the ANA Group added 10 new aircraft. These additional aircraft consisted of one Boeing 787-9, six Airbus

A321-200neos, and three Airbus A320-200neos. At the same time, we sold or returned from lease a total of 24 aircraft consisting of five Boeing 777-300s, six Boeing 777-200s, three Boeing 767-300s, one Boeing 767-300F, three Boeing 737-700s, three Boeing 737-500s, and three Airbus A320-200s.

The table below shows changes in the number of aircraft.

Changes in the Number of Aircraft in Fiscal 2020

				() changes	
Aircraft	Number of Aircraft	Owned	Leased		
Airbus A380	2	2	0		
Boeing 777-300	30 (−5)	21 (−5)	9		
Boeing 777-200	14 (−6)	10 (−6)	4		
Boeing 777F (Freighter)	2	2	0		
Boeing 787-10	2	2	0		
Boeing 787-9	36 (+1)	30 (+1)	6		
Boeing 787-8	36	31	5		
Boeing 767-300	21 (−3)	21 (−2)	0 (−1)		
Boeing 767-300F (Freighter)	9 (−1)	6 (−1)	3		
Airbus A321-200neo	17 (+6)	0	17 (+6)		
Airbus A321-200	4	0	4		
Airbus A320-200neo	14 (+3)	11	3 (+3)		
Airbus A320-200	38 (−3)	0	38 (−3)		
Boeing 737-800	39	24	15		
Boeing 737-700	5 (−3)	5 (−3)	0		
Boeing 737-500	0 (−3)	0 (−3)	0		
De Havilland Canada DASH 8-400	24	24	0		
Total	293 (−14)	189 (−19)	104 (+5)		

Notes: 1. Figures include aircraft that have been retired, are awaiting sale, or are awaiting lease return.
2. Figures for Airbus A320-200neos and Airbus A320-200s included 38 aircraft (all leased) operated by Peach Aviation Limited.
3. Separate from the figures above, as of March 31, 2021, 17 aircraft were leased outside the group (19 as of March 31, 2020).

Aircraft Procurement Plan for Fiscal 2021

We plan to add a total of 20 aircraft during fiscal 2021. Our plans call for purchasing one Airbus A380, one Boeing 787-10, eight Boeing 787-9s, one Airbus A321-200neoLR, five Airbus A321-200neos, and four Airbus A320-200neos.

Meanwhile, the group plans to retire 32 aircraft, consisting of ten Boeing 777-300s, four Boeing 777-200s, three Boeing 767-300s, five Boeing 737-700s, and ten Airbus A320-200s

Management’s Discussion and Analysis

Financial Position

Assets

Total assets as of March 31, 2021, amounted to ¥3,207.8 billion, an increase of ¥647.7 billion compared to March 31, 2020.

Total current assets amounted to ¥1,226.3 billion, up ¥655.1 billion from the end of the previous fiscal year. Cash and deposits amounted to ¥464.7 billion, an increase of ¥355.2 billion compared to the end of the previous fiscal year. Marketable securities increased ¥371.7 billion to ¥500.9 billion. As a result, liquidity on hand amounted to ¥965.7 billion, up ¥727.0 billion year on year.

Total non-current assets at the end of the fiscal year stood at ¥1,979.5 billion, down ¥8.6 billion from one year earlier.

Liabilities

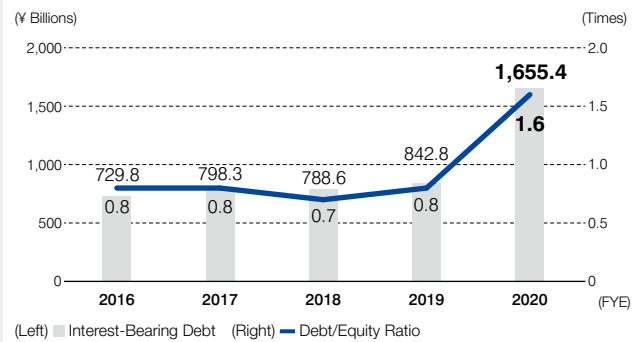
Total liabilities as of March 31, 2021, amounted to ¥2,195.5 billion, up ¥704.2 billion from one year earlier.

Current liabilities totaled ¥503.4 billion at the end of the fiscal year, a decrease of ¥27.1 billion. This result was primarily due to a decrease in advance ticket sales.

Long-term liabilities amounted to ¥1,692.1 billion, an increase of ¥731.4 billion.

Interest-bearing debt, including finance lease obligations, increased ¥812.5 billion to ¥1,655.4 billion, mainly due to the procurement of funds via subordinated loans and other borrowings. The debt/equity ratio amounted to 1.6 times, an increase of 0.8 point compared with the end of the previous fiscal year.

Interest-Bearing Debt / Debt/Equity Ratio*



* Excluding off-balanced lease obligations

Interest-Bearing Debt

(End of Fiscal Year)	2020	2019	Change
Short-term debt:	¥ 173,036	¥108,307	¥ 64,729
Short-term loans	100,070	429	99,641
Current portion of long-term loans	69,443	84,057	(14,614)
Current portion of bonds	—	20,000	(20,000)
Finance lease obligations	3,523	3,821	(298)
Long-term debt*:	¥1,482,416	¥734,555	747,861
Bonds	165,000	165,000	—
Convertible bonds with stock acquisition rights	140,000	140,000	—
Long-term loans	1,168,252	416,900	751,352
Finance lease obligations	9,164	12,655	(3,491)
Total interest-bearing debt	¥1,655,452	¥842,862	¥812,590

* Excluding current portion of long-term loans and current portion of bonds

Net Assets

Net assets as of March 31, 2021, amounted to ¥1,012.3 billion, a decrease of ¥56.5 billion compared to the end of the previous fiscal year.

As a result of accelerating *Business Structure Reform* and the procurement of funds through public offerings and third-party allotments to strengthen our financial foundations, common stock and capital surplus increased ¥297.6 billion in total. Meanwhile, as a result of a decrease in retained earnings due to recording a net loss, shareholders' equity as of the end of the fiscal year decreased ¥107.9 billion to ¥960.6 billion.

Total accumulated other comprehensive income amounted to ¥46.5 billion, an increase of ¥54.1 billion compared to the end of the previous fiscal year. This increase was mainly due to increases in unrealized gain on securities and deferred gain on derivatives under hedge accounting.

As a result, total shareholders' equity decreased ¥53.7 billion from the previous fiscal year-end, standing at ¥1,007.2 billion.

Shareholders' equity ratio decreased 10.0 points to 31.4%.

Book value per share (BPS) at the end of the fiscal year was ¥2,141.49, compared to ¥3,171.80 as of the end of the previous fiscal year.

Bond Ratings

The Company has obtained credit ratings on its various long-term bonds from Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I).

Bond ratings as of March 31, 2021, were as follows:

Bond Ratings	JCR	R&I
Issuer rating	A	A-
Outlook	Negative	Negative

Retirement Benefit Obligations

The ANA Group has established a defined contribution pension plan and a defined benefit pension plan. The defined benefit plans consist of defined benefit corporate pension plan 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.

Retirement Benefit Obligation and Related Expenses

(Fiscal Year / End of Fiscal Year)	2020	2019
Retirement benefit obligation	¥(224,180)	¥(225,286)
Plan assets at fair value	64,064	62,717
Unfunded retirement benefit obligation	(160,116)	(162,569)
Liability for retirement benefits	(160,885)	(163,384)
Asset for retirement benefits	769	815
Net liability arising from defined benefit obligation in the consolidated balance sheet	(160,116)	(162,569)
Net periodic benefit costs	15,297	15,537
Main basis for actuarial calculations		
Discount rates	0.1-1.2%	0.1-1.2%
Expected rates of return on plan assets	1.0-2.5%	1.0-2.5%
Contribution to defined contribution pension plans	¥ 4,467	¥ 4,381

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 fluctuations in fuel surcharges and foreign currency revenues.

The group conducts fuel hedging for the ANA Brand three years in advance of the applicable period after considering fuel surcharge revenues.

The group hedges U.S. dollar payments for ANA HOLDINGS and the ANA Brand related to fuel expenses three years in advance and U.S. dollar payments associated with capital expenditures for aircraft and other items five years in advance of the payment periods. Based on a balance of foreign currency revenues, revenues linked to foreign exchange market fluctuations, and foreign currency expenses with respect to U.S. dollar payments, the group uses forward exchange agreements to hedge any portion of foreign currency expenses in excess of foreign currency revenues.

Allocation of Profits

Basic Policy on Allocation of Profits

We recognize that 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 in light of earnings fluctuations and to conduct growth investments (aircraft, etc.) to support future business development. We examine the shareholder returns in terms of dividend levels and share buybacks on an ongoing basis, while considering the level for free cash flow. Our basic policy is to pay a year-end dividend of surplus once a year. Our General Meeting of Shareholders is the decision-making body for the distribution of surpluses.

Dividends for Fiscal 2020 and Plans for Fiscal 2021

We deeply regret to announce that we will not be paying a dividend for the current fiscal year due to the tremendous impact of COVID-19 lead to the deterioration of group business performance. For the time being, our top priority will be to maintain and strengthen our financial base. However, we intend to continue implementing *Business Structure Reform* on a steady basis, striving to improve earnings and resume dividend payments as quickly as possible.

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, 2021.

Category	Risk Factors	Description	Response Measures
External Environment	International Situation	<ul style="list-style-type: none">Decline in demand for international routes to North America, Europe, China, and Asia due to political instability, international conflicts, large-scale terrorist attacks, deterioration in diplomatic relations, etc.	<ul style="list-style-type: none">Scale back operations in a flexible manner in response to sharp decline in demandBuild a business portfolio that does not depend excessively on a specific business
	Economic Recession	<ul style="list-style-type: none">Decline in demand for air transportation due to economic stagnation in Japan and overseas	<ul style="list-style-type: none">Conduct ongoing cost structure reform to reduce costs and add liquidity to fixed costsEnsure liquidity on hand
	Government Air Transportation Policies	<ul style="list-style-type: none">Slots at congested airports in the Tokyo metropolitan area (Haneda, Narita) allocated to the advantage of other carriersContraction or elimination of reduction measures related to jet fuel taxes, landing fees, and air navigation service charges	<ul style="list-style-type: none">Consult with the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) and make requests on an equal footing with overseas airlines
	Market Fluctuations (Crude Oil Prices, Exchange Rates)	<ul style="list-style-type: none">Quick, sharp rises in crude oil prices outpacing hedges, other self-directed efforts to compensate, and ability to pass on costs in airfaresSharp declines in the yen in foreign exchange markets driving aircraft and fuel procurement costs outpacing self-directed efforts to compensate	<ul style="list-style-type: none">Systematic and continuous hedging transactions of crude oil commodity derivativesUse foreign currency generated for foreign currency expenditures to the extent possibleUse forward exchange agreements and currency options for a portion of foreign currencies
	Infectious Diseases and Large-Scale Disasters	<ul style="list-style-type: none">Outbreak of serious infectious disease resulting in sharply lower air transportation demand due to voluntary restraints and restrictions on travel in infected areasSignificant decrease in air transportation demand and negative impact on Group flight operations in the event of a large-scale disaster that restricts airport operations or flight routes for an extended period of time, or which damages Group facilities	<ul style="list-style-type: none">Scale back operations in a flexible manner in response to sharp decline in demandConduct ongoing cost structure reform to reduce costs and add liquidity to fixed costsEnsure liquidity on handImplement measures for facilities and equipment in advance to prevent the loss of major functions related to Group flight operationsCoordinate with airport operating companies to strengthen overall airport disaster-response measures based on the fiscal 2019 Guidelines (A2-BCP) of MLIT
Internal Environment	Corporate Strategy (Business Structure)	<ul style="list-style-type: none">Obsolescence of current business models due to intensified competition or changes in consumer behaviorDependence on revenues and profits from specific businesses	<ul style="list-style-type: none">Review business portfolio and cost structure in light of future demand trends and changes in the social environmentEngage in a differentiation strategy to secure competitive advantage in each business segment
	Aviation Safety (Aircraft Accidents, etc.)	<ul style="list-style-type: none">Aircraft accidents causing loss of customer confidence and public reputation having a significant impact on Group management	<ul style="list-style-type: none">Build and implement organizational measures, including safety risk management systems, safety audits by specialty organizations, and the collection and internal dissemination of the latest information related to safetyConduct 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 reparations, and restoration / replacements of aircraft
	IT (System Failures), Cyberattacks, and Information Leakage	<ul style="list-style-type: none">Significant impact of systems failures or cyberattacks on operations maintenance and services due to high degree of dependence on systemsLeakage of personal information that leads to payment of significant sanctions based on violations of the law, as well as decline in customer base due to loss of trust	<ul style="list-style-type: none">24/7/365 monitoring of defense in depth (access restrictions, antivirus measures) and other defense measuresImplementation of systems and operational measures to prevent information leakageImplementation of security literacy education for employees
	Profit Structure	<ul style="list-style-type: none">Major impact of significant demand decreases on profits due to inflexible fixed and operating costsParticularly large impact on revenues if summer demand declines significantly	<ul style="list-style-type: none">Optimize supply to demand by placing appropriate aircraft into service depending on demand and reservation trendsConduct ongoing cost structure reform to reduce costs and add liquidity to fixed costs
	Finances	<ul style="list-style-type: none">Deterioration in the profitability of each segment or a decision to sell assets forcing the group to recognize impairment losses or loss on sales related to assets or investment securitiesDecline in estimated future taxable income due to deterioration in business profits, leading to a reversal of deferred tax assets and the recording of a loss	<ul style="list-style-type: none">Plan and execute ANA Group Corporate Strategy and profit plansMonitor the progress of profit plans

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 the significant negative impact of COVID-19, resulting in declining operating revenues.

Given these unprecedented circumstances, we have limited the scale of Air Transportation Business operations and reduced fuel expenses and other operations-related costs. In addition to lowering fixed costs through reductions in officer remuneration, employee wages, and bonus payments, we have moved maintenance work formerly outsourced to companies outside the Group in-house. We are also carefully examining and restraining capital investment in aircraft and other equipment, while also reviewing the timing of investments.

In addition to borrowing a total of ¥935 billion from private financial institutions and the Development Bank of Japan, we raised ¥297.6 billion through public offerings and third-party allotment. In addition, we have concluded a commitment line agreement as a loan facility. 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 International Situations

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 where the group operates flights or maintains 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 operator, 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 the decisions of the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO). 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 could be 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 adopted in 2021 related to controlling greenhouse gases generated by international aviation, if a globally shared environmental tax is determined and adopted, business activities could be restricted or significant additional costs may be incurred.

(5) Risks Related to the Business Environment of the Airline Industry

Group business performance could be affected if the current competitive and business environment were to change significantly in the future, including changes in aviation policies in various countries, changes in transportation policies in Japan, mergers of leading competitors, or mutual capital alliances.

1. Risks Related to Airport Slots

Despite ongoing declines in demand due to the impact of COVID-19, differences in the number of slots allocated at congested Tokyo metropolitan area airports (Haneda, Narita) or the timing of allocations from ANA Group projections upon the recovery of demand could affect the achievement of the targets of the Group Corporate Strategy.

2. Risks Related to Public-Sector Fees

Public-sector fees include jet fuel taxes, landing fees, and air navigation service charges. Presently, these public-sector fees in Japan and elsewhere are subject to temporary measures to reduce jet fuel taxes, landing fees, and air navigation service charges, however, these measures could be scaled back or terminated in the future, which could affect the group's performance.

(6) Risks of Economic Recession

The Air Transportation Business is susceptible to the effects of economic trends, and if the domestic or global economy becomes sluggish, this may cause a decrease in demand for air transportation or decline in unit price due to deterioration in personal consumption and corporate earnings.

Operating Risks

(7) Risks Related to Crude Oil Price Fluctuations

Jet fuel is a crude oil derivative and its price tracks the price of crude oil. Variances that exceed Group estimates for factors that affect the price of crude oil, including political instability in the oil-producing nations of the Middle East, the shale oil production structure in the U.S., increased demand for crude oil due to rapid economic growth in emerging countries, reductions in oil stockpiles or reserves, speculative investment in crude oil, and natural disasters can affect the group's performance as follows.

1. Risk of Increase in Crude Oil Prices

Generally, an increase in the price of crude oil causes an increase in the price of jet fuel, which imposes substantial additional costs on the group. Accordingly, to mitigate the risk of fluctuations in the price of jet fuel and to stabilize operating income, the group hedges risks using crude oil and jet fuel commodity derivatives in planned, continuous hedging transactions. In the event that crude oil prices rise over a short period, there are limitations to the group's ability to offset increases in crude oil prices through ongoing cost reductions as well as raising fares and charges. For these reasons, the group may be unable to avoid the influence of a sharp increase in crude oil prices completely, depending on factors such as hedging positions.

2. Risk of Sudden Decrease in Crude Oil Prices

As described above, 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 established in response to jet fuel prices, hedge positions and other market conditions may preclude the immediate reflection of a sudden drop in fuel expenses in results.

(8) Risks Related to Foreign Exchange Rate Fluctuations

The group's expenditures in foreign currencies are greater than its revenues in foreign currencies. Therefore, depreciation of the yen affects the group's profits. Accordingly, to the greatest extent possible, foreign currency taken in as revenue is used to pay expenses denominated in the same foreign currency to minimize the impact on operating income from the risk of fluctuations in foreign exchange rates. In addition, the group uses forward exchange agreements and currency options for a portion of the foreign currency needed for purchases of aircraft and jet fuel to stabilize and limit payment amounts on a yen conversion basis. However, there are limits to the extent to which the group can reduce and offset costs by adjusting fares and charges should costs increase due to the rapid depreciation of the yen in the foreign exchange market over a short period of time. Accordingly, such an occurrence could, depending on hedge positions and other factors, affect the group's profit and expenditures. Conversely, if the yen should appreciate rapidly in the foreign exchange market over a short period of time, hedge positions and other factors could preclude the immediate reflection of foreign currency-denominated expenditures on a yen-equivalent basis in lower fuel expenses, affecting the group's ability to enjoy the benefits of the appreciation of the yen.

(9) Risks Related to Competition

Group business costs could rise in the future due to fuel expenses, financing costs, compliance with environmental regulations, or other factors. In this case, the group may need to engage in cost reduction measures related to indirect fixed costs and other costs to secure Group profits, passing such costs on to passengers in the form of fares and charges. However, because the group is in competition with other airlines and LCCs in Japan and overseas, as well as with alternative modes of transportation in Japan, such as the shinkansen, on domestic routes, our ability to pass on costs may be restricted, which could affect the group's performance.

(10) Risks Related to the Outbreak and Spread of Infectious Diseases

At present, the group is experiencing the severe impact of the global COVID-19 pandemic. Outbreaks and the spread of new infections in the future could result in significant decreases in demand due to various government regulations and voluntary restraints on travel, which could affect the group's performance. Furthermore, a large-scale outbreak of the disease among our employees and contractors could affect business continuity.

(11) Risks Related to Disasters

An earthquake, tsunami, flood, typhoon, snowfall, volcanic eruption, or other event that restricts airport operations or flight routes for an extended period of time, or which results in the loss of major functions related to the operation of Group flights, could affect the group's performance due to a significant decrease in air transportation demand and impact on Group flight operations. In particular, because the group's data center is located in the Tokyo metropolitan area, and because all operational control for domestic and international flights is managed from Haneda Airport, a major earthquake or typhoon in the Tokyo metropolitan area could cause Group operations to be suspended for an extended period of time, which could have a significant impact on the group's performance.

(12) Risks Related to the Group's Corporate Strategy

1. Risks Related to the Group's Fleet Strategy

In the Air Transportation Business, the group is pursuing a fleet strategy centered on introducing highly economical aircraft and better optimizing supply to demand. This strategy involves ordering aircraft from The Boeing Company, Airbus S.A.S., De Havilland Aircraft of Canada Ltd., and Mitsubishi Aircraft Corporation. Delays in delivery from any of those four companies for financial or other reasons could create obstacles to Group operations. In addition, elements of the fleet strategy could prove ineffective or their expected benefits could diminish significantly due to the factors given below.

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, which is currently under development by Mitsubishi Aircraft Corporation. However, Mitsubishi Aircraft Corporation announced that development activities were suspended, which could affect the group's operations depending on the future development policy related to the aircraft.

2. Risks to Business Structure

Our Air Transportation Business and Airline Related Business account for most of our consolidated operating revenues. In addition, the Air Transportation Business is closely interconnected with our Travel Services and Trade and Retail businesses. Accordingly, the ANA Group business structure is heavily dependent on the Air Transportation Business. It may not be possible for other operating segments to compensate for an event that affects the overall Air Transportation Business revenues, which could have a significant impact on Group performance.

3. Risks Related to Investments

The group may enter new businesses and invest in or acquire other companies in Japan or overseas to further expand business growth. These investments and other initiatives may not produce the intended effects. Moreover, if the interests of equity investors do not align, the business may not operate in the manner the group considers appropriate. If operations deteriorate in said business, the group may be exposed to an economic burden. In addition, equity investors other than the group may withdraw from said business.

(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 may diminish if the alliance is broken up by antitrust laws in various countries; an alliance partner withdraws from Star Alliance; bilateral alliances between individual 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 the group's performance.

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 air transportation 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 business operations 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 will issue a technical circular directive. In some cases, all aircraft of the same model may 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, in some cases when safety cannot be confirmed from a technical perspective, operation of the model in question may be voluntarily suspended and inspections and other maintenance activities may be performed. The occurrence of such a situation could affect the group's safety credibility or performance. Any major or medium- to long-term defects or technical problems in Group mainstay aircraft models, including the Boeing 777, Boeing 787, Boeing 767, Boeing 737, Airbus A320, and Airbus A321, etc., could have a serious impact on the group's performance.

(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 37.44 million members (as of the end of March 2021) 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, apprised 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 (System Failures)

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 telecommunications 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 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.

(18) Risk of Inability to Secure Required Personnel

Although demand is currently continuing to decline due to the impact of COVID-19, we expect demand for flight crew and other personnel to increase again in the future when demand recovers and we expand the scale of LCC operations. At the same time, 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 of 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 such as aircraft expenses, as well as 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 revenues 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.

In addition, the procurement of large amounts of interest-bearing debt may have an adverse effect on the securing of working capital and investment funds as a result of the interest burden and funds required for repayment.

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 impairment losses or loss on sales related to assets or investment securities.

3. Risks Related to Deferred Tax Assets

Declines in estimated future taxable income due to deterioration in business profits may lead to a reversal of deferred tax assets and the recording of a loss.

(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.

Consolidated Financial Statements

Consolidated Balance Sheet

ANA HOLDINGS INC. and its consolidated subsidiaries
As of March 31, 2021

As of March 31	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2021	2020	2021
ASSETS			
Current assets:			
Cash and deposits (Notes 16 and 21)	¥ 464,739	¥ 109,447	\$ 4,197,805
Marketable securities (Notes 5 and 16)	500,980	129,200	4,525,155
Notes and accounts receivable (Note 16)	107,573	98,944	971,664
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	3,763	2,851	33,989
Lease receivables and investments in leases (Note 8)	19,112	22,823	172,631
Inventories (Notes 6, 8 and 23)	38,855	67,312	350,961
Prepaid expenses and other	91,511	141,123	826,582
Allowance for doubtful accounts	(231)	(538)	(2,086)
Total current assets	1,226,302	571,162	11,076,704
Property and equipment:			
Land (Note 8)	48,748	53,886	440,321
Buildings and structures (Note 8)	301,266	306,084	2,721,217
Aircraft (Note 8)	1,943,795	2,120,347	17,557,537
Machinery and equipment	101,014	112,343	912,419
Vehicles	33,525	32,741	302,818
Furniture and fixtures	64,772	65,428	585,060
Lease assets (Note 13)	10,660	11,170	96,287
Construction in progress	198,389	180,005	1,791,970
Total	2,702,169	2,882,004	24,407,632
Accumulated depreciation	(1,255,862)	(1,301,678)	(11,343,708)
Net property and equipment	1,446,307	1,580,326	13,063,923
Investments and other assets:			
Investment securities (Notes 5 and 16)	129,930	108,156	1,173,606
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 7)	34,245	42,322	309,321
Lease and guaranty deposits	15,526	18,501	140,240
Deferred tax assets (Note 11)	219,618	99,824	1,983,723
Goodwill	22,346	24,461	201,842
Intangible assets	87,839	101,062	793,415
Other assets	25,770	14,339	232,770
Total investments and other assets	535,274	408,665	4,834,920
TOTAL (Note 18)	¥ 3,207,883	¥ 2,560,153	\$28,975,548

As of March 31	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2021	2020	2021
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term loans (Notes 8 and 16)	¥ 100,070	¥ 429	\$ 903,893
Current portion of long-term debt (Notes 8 and 16)	72,966	107,878	659,073
Accounts payable (Note 16)	182,241	196,391	1,646,111
Accounts payable to unconsolidated subsidiaries and affiliates	2,508	4,325	22,653
Advance ticket sales	44,718	111,827	403,920
Accrued expenses	39,286	36,974	354,855
Income taxes payable	10,696	8,441	96,612
Other current liabilities (Note 10)	50,920	64,281	459,940
Total current liabilities	503,405	530,546	4,547,059
Long-term liabilities:			
Long-term debt (Notes 8 and 16)	1,482,416	734,555	13,390,082
Liability for retirement benefits (Note 9)	160,885	163,384	1,453,211
Deferred tax liabilities (Note 11)	222	112	2,005
Asset retirement obligations (Note 10)	1,153	1,224	10,414
Other long-term liabilities	47,482	61,462	428,886
Total long-term liabilities	1,692,158	960,737	15,284,599
Contingent liabilities (Note 15)			
Equity (Note 14):			
Common stock:			
Authorized – 510,000,000 shares;			
Issued – 484,293,561 shares in 2021 and 348,498,361 shares in 2020	467,601	318,789	4,223,656
Capital surplus	407,329	258,470	3,679,243
Retained earnings	145,101	550,839	1,310,640
Treasury stock – 13,950,901 shares in 2021 and 13,978,652 shares in 2020	(59,335)	(59,435)	(535,949)
Accumulated other comprehensive income:			
Unrealized gain on securities	38,468	22,120	347,466
Deferred gain (loss) on derivatives under hedge accounting	21,652	(14,595)	195,574
Foreign currency translation adjustments	2,666	2,668	24,080
Defined retirement benefit plans	(16,249)	(17,828)	(146,770)
Total	1,007,233	1,061,028	9,097,940
Non-controlling interests	5,087	7,842	45,948
Total equity	1,012,320	1,068,870	9,143,889
TOTAL	¥3,207,883	¥2,560,153	\$28,975,548

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2021

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2021	2020	2021
Operating revenues (Note 18)	¥ 728,683	¥1,974,216	\$ 6,581,907
Cost of sales (Notes 9 and 23)	1,000,000	1,583,434	9,032,607
Gross (loss) profit	(271,317)	390,782	(2,450,700)
Selling, general and administrative expenses (Notes 9 and 19)	193,457	329,976	1,747,421
Operating (loss) income (Note 18)	(464,774)	60,806	(4,198,121)
Other income (expenses):			
Interest income	663	958	5,988
Dividend income	1,446	2,073	13,061
Equity in earnings of unconsolidated subsidiaries and affiliates	–	1,210	–
Foreign exchange gain, net	4,143	473	37,422
Gain on sales of assets	3,422	6,746	30,909
Gain on donation of non-current assets	2,405	3,553	21,723
Interest expenses	(16,689)	(6,291)	(150,745)
Equity in losses of unconsolidated subsidiaries and affiliates	(3,630)	–	(32,788)
Loss on sales of assets	(2,825)	(302)	(25,517)
Loss on disposal of assets	(5,609)	(7,133)	(50,663)
Commission fee (Note 23)	(7,742)	(20)	(69,930)
Loss on valuation of derivatives (Note 23)	(8,044)	(603)	(72,658)
Impairment loss (Note 22)	(4,231)	(25,159)	(38,216)
Business restructuring expense (Note 23)	(86,350)	–	(779,965)
Other, net (Note 23)	42,443	15,190	383,370
Other income (expenses), net	(80,598)	(9,305)	(728,010)
(Loss) income before income taxes	(545,372)	51,501	(4,926,131)
Income taxes (Note 11):			
Current	3,990	24,407	36,040
Deferred	(141,672)	1,175	(1,279,667)
Total income taxes	(137,682)	25,582	(1,243,627)
Net (loss) income	(407,690)	25,919	(3,682,503)
Net loss attributable to non-controlling interests	(3,066)	(1,736)	(27,693)
Net (loss) income attributable to owners of the parent	¥ (404,624)	¥ 27,655	\$(3,654,809)
	Yen		U.S. dollars (Note 2)
	2021	2020	2021
Per share of common stock (Notes 3, 14 and 20):			
Basic net (loss) income	¥(1,082.04)	¥82.66	\$(9.77)
Cash dividends applicable to the year	–	–	–

Net income per share assuming full dilution is not disclosed as the Company had no potentially dilutive shares outstanding during the years ended March 31, 2021 and 2020.
See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2021

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2021	2020	2021
Net (loss) income	¥(407,690)	¥ 25,919	\$(3,682,503)
Other comprehensive income (loss) (Note 12):			
Unrealized gain (loss) on securities	16,253	(15,369)	146,806
Deferred gain (loss) on derivatives under hedge accounting	36,242	(25,227)	327,359
Foreign currency translation adjustments	31	(221)	280
Defined retirement benefit plans	1,606	539	14,506
Share of other comprehensive income (loss) in affiliates	323	(383)	2,917
Total other comprehensive income (loss) (Note 12)	54,455	(40,661)	491,870
Comprehensive loss	¥(353,235)	¥(14,742)	\$(3,190,633)
Total comprehensive loss attributable to:			
Owners of the parent	¥(350,452)	¥(12,749)	\$(3,165,495)
Non-controlling interests	(2,783)	(1,993)	(25,137)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2021

	Thousands		Yen (Millions)										
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income						
							Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance at March 31, 2019	334,629	¥318,789	¥258,448	¥ 548,439	¥(59,032)	¥1,066,644	¥ 37,622	¥ 10,636	¥2,873	¥(18,362)	¥ 32,769	¥ 9,900	¥1,109,313
Net income attributable to owners of the parent				27,655		27,655							27,655
Cash dividends ¥75.00 per share (Note 14)				(25,105)		(25,105)							(25,105)
Purchase of treasury stock (Note 14)	(125)				(453)	(453)							(453)
Disposal of treasury stock (Note 14)	15				50	50							50
Change in the parent's ownership interest due to transactions with non-controlling interests			22			22							22
Changes in scope of consolidation				(150)		(150)							(150)
Net changes in the year						—	(15,502)	(25,231)	(205)	534	(40,404)	(2,058)	(42,462)
Total changes during the fiscal year		—	22	2,400	(403)	2,019	(15,502)	(25,231)	(205)	534	(40,404)	(2,058)	(40,443)
Balance at March 31, 2020	334,519	318,789	258,470	550,839	(59,435)	1,068,663	22,120	(14,595)	2,668	(17,828)	(7,635)	7,842	1,068,870
Issuance of new shares	135,795	148,812	148,812			297,624							297,624
Net loss attributable to owners of the parent				(404,624)		(404,624)							(404,624)
Purchase of treasury stock (Note 14)	(5)				(13)	(13)							(13)
Disposal of treasury stock (Note 14)	32		(1)		113	112							112
Change in the parent's ownership interest due to transactions with non-controlling interests			48			48							48
Changes in scope of consolidation				(660)		(660)							(660)
Changes in scope of equity method				(454)		(454)							(454)
Net changes in the year						—	16,348	36,247	(2)	1,579	54,172	(2,755)	51,417
Total changes during the fiscal year		148,812	148,859	(405,738)	100	(107,967)	16,348	36,247	(2)	1,579	54,172	(2,755)	(56,550)
Balance at March 31, 2021	470,342	¥467,601	¥407,329	¥ 145,101	¥(59,335)	¥ 960,696	¥ 38,468	¥ 21,652	¥2,666	¥(16,249)	¥ 46,537	¥ 5,087	¥1,012,320

	Thousands		U.S. dollars (Thousands) (Note 2)										
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income						
							Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance at March 31, 2020	334,519	\$2,879,495	\$2,334,658	\$ 4,975,512	\$(536,853)	\$ 9,652,813	\$199,801	\$(131,830)	\$24,098	\$(161,033)	\$ (68,963)	\$ 70,833	\$ 9,654,683
Issuance of new shares	135,795	1,344,160	1,344,160			2,688,320							2,688,320
Net loss attributable to owners of the parent				(3,654,809)		(3,654,809)							(3,654,809)
Purchase of treasury stock (Note 14)	(5)				(117)	(117)							(117)
Disposal of treasury stock (Note 14)	32		(9)		1,020	1,011							1,011
Change in the parent's ownership interest due to transactions with non-controlling interests			433			433							433
Changes in scope of consolidation				(5,961)		(5,961)							(5,961)
Changes in scope of equity method				(4,100)		(4,100)							(4,100)
Net changes in the year						—	147,665	327,404	(18)	14,262	489,314	(24,884)	464,429
Total changes during the fiscal year		1,344,160	1,344,584	(3,664,872)	903	(975,223)	147,665	327,404	(18)	14,262	489,314	(24,884)	(510,793)
Balance at March 31, 2021	470,342	\$4,223,656	\$3,679,243	\$ 1,310,640	\$(535,949)	\$ 8,677,590	\$347,466	\$ 195,574	\$24,080	\$(146,770)	\$420,350	\$ 45,948	\$ 9,143,889

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2021

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2021	2020	2021
Cash flows from operating activities:			
(Loss) income before income taxes	¥ (545,372)	¥ 51,501	\$(4,926,131)
Adjustments for:			
Depreciation and amortization (Note 18)	176,352	175,739	1,592,918
Impairment loss (Note 22)	75,575	25,159	682,639
Amortization of goodwill (Note 18)	2,115	4,006	19,103
Loss on disposal and sales of property and equipment	10,759	689	97,181
Loss (gain) on sales and valuation of investment securities	8,058	(269)	72,784
Loss on sales of shares of subsidiaries and affiliates	—	7	—
(Decrease) increase in allowance for doubtful accounts	(251)	419	(2,267)
(Decrease) increase in liability for retirement benefits	(44)	5,503	(397)
Interest and dividend income	(2,109)	(3,031)	(19,049)
Interest expenses	16,689	6,291	150,745
Subsidies for employment adjustment	(43,470)	—	(392,647)
Foreign exchange (gain) loss	(2,454)	273	(22,166)
(Increase) decrease in notes and accounts receivable	(5,107)	82,312	(46,129)
Decrease (increase) in other current assets	52,880	(9,284)	477,644
Decrease in notes and accounts payable	(25,160)	(38,045)	(227,260)
Decrease in advance ticket sales	(67,109)	(107,123)	(606,169)
Other, net	49,496	(14,510)	447,077
Subtotal	(299,152)	179,637	(2,702,122)
Interest and dividends received	2,427	3,831	21,922
Interest paid	(12,466)	(6,371)	(112,600)
Proceeds from subsidy income	38,001	—	343,248
Income taxes refunded (paid)	749	(46,928)	6,765
Net cash (used in) provided by operating activities	(270,441)	130,169	(2,442,787)
Cash flows from investing activities:			
Increase in time deposits	(372,626)	(55,819)	(3,365,784)
Proceeds from withdrawal of time deposits	162,300	50,789	1,465,992
Purchases of marketable securities	(437,280)	(175,070)	(3,949,778)
Proceeds from redemption of marketable securities	154,870	159,200	1,398,879
Purchases of property and equipment	(134,174)	(317,604)	(1,211,941)
Proceeds from sales of property and equipment	54,415	151,652	491,509
Purchases of intangible assets	(22,536)	(33,757)	(203,558)
Purchases of investment securities	(7,168)	(8,339)	(64,745)
Proceeds from sales of investment securities	746	1,309	6,738
Proceeds from withdrawal of investments in securities	2,527	—	22,825
Other, net	3,167	(2,579)	28,606
Net cash used in investing activities	(595,759)	(230,218)	(5,381,257)
Cash flows from financing activities:			
Increase in short-term loans, net	97,747	98	882,910
Proceeds from long-term loans	827,988	96,684	7,478,890
Repayment of long-term loans	(98,949)	(82,035)	(893,767)
Proceeds from issuance of bonds	—	69,586	—
Repayment of bonds	(20,000)	(30,000)	(180,652)
Repayment of finance lease obligations	(4,668)	(4,609)	(42,164)
Payment for purchases of investments in subsidiaries with no changes in scope of consolidation	—	(96)	—
Proceeds from issuance of shares	296,098	—	2,674,537
Proceeds from share issuance to non-controlling shareholders	318	—	2,872
Net decrease (increase) of treasury stock	99	(405)	894
Payment for dividends	—	(25,105)	—
Other, net	(461)	(249)	(4,164)
Net cash provided by financing activities	1,098,172	23,869	9,919,356
Effect of exchange rate changes on cash and cash equivalents	2,649	(274)	23,927
Net increase (decrease) in cash and cash equivalents	234,621	(76,454)	2,119,239
Cash and cash equivalents at beginning of year	135,937	211,838	1,227,865
Net (decrease) increase resulting from changes in scope of consolidation	(236)	553	(2,131)
Cash and cash equivalents at end of year (Note 21)	¥ 370,322	¥ 135,937	\$ 3,344,973

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2021

1. Basis of presenting 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 rearrangements 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.

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 ¥110.71 = US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2021. 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 sums of the individual amounts.

3. Summary of significant accounting policies

(a) Consolidation

The consolidated financial statements as of March 31, 2021 include the accounts of the Company and its 56 (62 in 2020) significant subsidiaries (collectively, the “Group”).

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 14 (16 in 2020) unconsolidated subsidiaries and significant affiliates are accounted for by the equity method.

The difference between the cost and the underlying net assets at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method is amortized using the straight-line method over a period of 10 to 15 years.

Investments in 97 (95 in 2020) subsidiaries and affiliates which are not consolidated or accounted for by the equity method are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

Certain subsidiaries have fiscal years ending on December 31 and February 28, and necessary adjustments for significant transactions, if any, are made in consolidation.

(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 operations.

The balance sheet accounts of consolidated foreign subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of equity excluding non-controlling interests which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments in equity.

(c) Marketable securities and investment securities

Marketable securities and investment securities are classified into three categories: trading, held-to-maturity or available-for-sale. Under the accounting standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as available-for-sale securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in equity. Non-marketable securities classified as available-for-sale securities are carried at cost, determined by the moving-average method. See Note 5 “Marketable securities and investment securities” for additional information.

(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 net realizable value is less than book value. See Note 6 “Inventories” and Note 23 “Supplementary information for the consolidated statement of operations” 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 method:

Buildings	Straight-line method
Aircraft	Straight-line method

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 circumstance 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 disposition. See Note 22 “Impairment loss” for additional information.

(g) Intangible assets and amortization (excluding leased assets)

Intangible assets are amortized principally by the straight-line method. Cost of software 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 trustee employee pension funds 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 equity (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 pretax income included in the consolidated statement of operations. 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 11 “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.

Notes to Consolidated Financial Statements

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 deferral 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.

(l) 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 21 “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 operations are dividends applicable to the respective fiscal years, including dividends to be paid after 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 equity. The book value was ¥717 million for the previous fiscal year and ¥608 million for the current fiscal year. The number of shares was 209 thousand shares for the previous fiscal year and 178 thousand shares 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)

(1) Overview

The International Accounting Standards Board (“IASB”) and Financial Accounting Standards Board (“FASB”) issued a new revenue standard, “Revenue from Contracts with Customers” (International Financial Reporting Standard 15 (“IFRS 15”) and Accounting Standard Codification 606 (“Topic 606”) issued by the IASB and FASB, respectively), on May 2014.

Against the background of the fact that IFRS 15 will be effective from periods beginning on or after January 1, 2018 and Topic 606 will be effective from periods beginning on or after December 15, 2017, the ASBJ issued ASBJ Statement No. 29, “Accounting Standard for Revenue Recognition,” and ASBJ Guidance No. 30, “Implementation Guidance on Accounting Standard for Revenue Recognition.” The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The ASBJ’s primary policy for developing its accounting standard for revenue recognition was to include the basic principles of IFRS 15 for the purpose of comparability between financial statements in accordance with Japanese GAAP and those in accordance with IFRS or accounting principles generally accepted in the United States of America. Also, for particular items for which industrial practice should be taken into consideration, alternative means are to be provided to the extent that comparability is maintained.

(2) Application date

The Company will apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and when the control of the promised good or service gives the customer, the Company will recognize the revenue in terms of the amount expected to be received in exchange for them. The main changes due to the application of “Accounting Standards for Revenue Recognition” are as follows.

The Company operates the ANA Mileage Club and the mileage granted in response to the use of passenger transportation services, etc. can be used to receive services provided by the Group and the partner companies in the future. In order to prepare for the use of the granted mileage, the estimated future expenditure was recorded as accounts payable, but the method has been changed to identify the granted mileage as a performance obligation and allocate the transaction price.

In addition, the Company will adopt the method of recognizing the cumulative effect on the application start date, which is accepted as a transitional measure. The impact of the application of this accounting standard on the consolidated financial statements is currently being evaluated.

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30 – July 4, 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 – July 4, 2019)

“Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9 – July 4, 2019)

“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10 – July 4, 2019)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19 – March 31, 2020)

(1) Overview

The IASB and FASB established almost the same detailed implementation guidance for Fair Value Measurement (IFRS 13 and Topic 820 issued by the IASB and FASB, respectively).

The ASBJ has since made efforts to align Japanese GAAP to International Accounting Standards, so as to incorporate the aforementioned implementation guidance for Fair Value Measurement and Disclosures. This resulted in the issuance of ASBJ Statement No. 30, “Accounting Standard for Fair Value Measurement.”

The ASBJ’s primary policy for developing its Accounting Standard for Fair Value Measurement was to include the basic principles of IFRS 13 for the purpose of comparability between financial statements in accordance with Japanese GAAP and those in accordance with IFRS or accounting principles generally accepted in the United States of America. Also, for particular items for which industrial practice should be taken into consideration, alternative means are to be provided to the extent that comparability is maintained.

(2) Application date

The Company will apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and the application of the accounting standard is not expected to have a significant impact on the consolidated financial statements for the next fiscal year.

(q) Changes in presentation method

(Accounting Standard for Disclosure of Accounting Estimates)

The Group has adopted the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), and has included notes to significant accounting estimates in the consolidated financial statements. However, it does not describe the details related to the previous fiscal year.

4. Significant Accounting Estimates

(1) Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements

	Yen (Millions)	U.S. dollars (Thousands)
	2021	2021
Deferred tax assets	¥219,618	\$1,983,723

(ii) Other information of accounting estimates

The Group recorded deferred tax assets of ¥219,618 million (\$1,983,723 thousand) related to tax loss carryforwards, etc. for the current consolidated fiscal year due to a significant decrease in demand for airline passengers associated with the spread of the novel coronavirus (COVID-19).

The Company and certain of its domestic subsidiaries apply the consolidated corporate-tax system, and the corporations subject to the consolidated corporate-tax system make judgments on the recoverability based on the future taxable income, etc. of the tax consolidated group with regard to corporate taxes (national taxes), and make judgments on the recoverability of deferred tax assets based on the future taxable income, etc. of each corporation with regard to local taxes. With respect to tax loss carryforwards, the Company estimates the expected year and amount to be deducted from the total of tax loss carryforwards based on the estimated future taxable income and record the amount expected to be recovered as deferred tax assets.

The future taxable income of ANA Holdings Inc. and All Nippon Airways Co., Ltd., which constitutes a significant portion of the future taxable income that provides a basis for scheduling the amount expected to be deducted, is estimated based on a future plan that assumes that the demand for domestic passengers and international passengers will recover to the pre-pandemic level of 2019 by the end of the fiscal years ending March 31, 2022 and March 31, 2024, respectively.

These assumptions are highly uncertain, and if the impact of COVID-19 is prolonged, it may have a significant impact on the consolidated financial statements for the following fiscal year or thereafter.

Notes to Consolidated Financial Statements

(2) Impairment of the assets to be sold

(i) Amounts recorded in the consolidated financial statements

	Yen (Millions)	U.S. dollars (Thousands)
	2021	2021
Aircraft to be sold	¥7,713	\$69,668
Land, buildings and structures, etc. to be sold	8,664	78,258

(ii) Other information of accounting estimates

During the current consolidated fiscal year, the Company decided to implement “Transformative Measures to a New Business Model” in order to respond to the significant decrease in air passenger demand due to the impact of COVID-19, and decided on the early retirement of certain aircraft and selling the training facilities to implement cost structure reform, which is one of the main response measures. As a result, the Company identified indicators of impairment for aircraft and training facilities to be sold, and recognized an impairment loss of ¥71,344 million (\$644,422 thousand) in business restructuring expense recorded during the current consolidated fiscal year, using net realizable value as the correctable amount. Of such amount, impairment loss related to the aircraft and training facilities for which the sale is not completed at the end of the current consolidated fiscal year is ¥59,743 million (\$539,635 thousand).

Considering the impact of the decrease in air passenger demand due to the spread of COVID-19, net realizable value of aircraft is not calculated based on the assumption of reuse as aircraft, but is calculated by deducting estimated disposal costs from the estimated realizable value reasonably calculated based on the Company’s most recent actual sales results. Net realizable value of training facilities is calculated based on the real estate appraisal value presented by outside experts using the sales comparison approach.

(3) Goodwill impairment related to the Air Transportation Business

(i) Amount recognized in the consolidated financial statements

	Yen (Millions)	U.S. dollars (Thousands)
	2021	2021
Goodwill related to the Air Transportation Business	¥22,002	\$198,735

(ii) Other information of accounting estimates

During the current consolidated fiscal year, due to the significant decline in air travel demand resulting from the impact of COVID-19, the Company identified indicators of impairment with respect to the goodwill that occurred when the Company made Peach Aviation Limited a consolidated subsidiary in April 2017. With respect to such goodwill, the Company determined that no impairment loss was recognized because the undiscounted future cash flows from Peach Aviation’s air transportation business exceeded the book values.

These undiscounted future cash flows were determined by the management’s best estimate and judgment, based on the business plan with the assumption that the negative impact of COVID-19 on the growth rate and the unit price of passenger revenue, etc. will gradually decrease after 2021.

This assumption may be affected by the changes in uncertain economic conditions in the future and, if review of such assumption becomes necessary, it may have a material effect on the consolidated financial statements for subsequent consolidated fiscal years.

5. Marketable securities and investment securities

Marketable and investment securities at March 31, 2021 and 2020 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Current:			
Negotiable certificates of deposits	¥500,980	¥129,200	\$4,525,155
Other	—	—	—
Total	¥500,980	¥129,200	\$4,525,155
Non-current:			
Marketable equity securities	¥106,657	¥ 84,141	\$ 963,390
Other	23,273	24,014	210,215
Total	¥129,930	¥108,156	\$1,173,606

The costs and aggregate fair values of marketable and investment securities at March 31, 2021 and 2020 were as follows:

As of March 31, 2021	Yen (Millions)			Fair value
	Cost	Unrealized gains	Unrealized losses	
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥500,980	¥ —	¥ —	¥500,980
Marketable equity securities	51,583	55,610	(536)	106,657
Held-to-maturity	1,855	3,061	—	4,916

As of March 31, 2020	Yen (Millions)			Fair value
	Cost	Unrealized gains	Unrealized losses	
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥129,200	¥ —	¥ —	¥129,200
Marketable equity securities	51,453	36,211	(3,523)	84,141
Held-to-maturity	938	1,632	—	2,570

As of March 31, 2021	U.S. dollars (Thousands)			Fair value
	Cost	Unrealized gains	Unrealized losses	
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	\$4,525,155	\$ —	\$ —	\$4,525,155
Marketable equity securities	465,929	502,303	(4,841)	963,390
Held-to-maturity	16,755	27,648	—	44,404

The proceeds, realized gains, and realized losses on the available-for-sale securities sold during the years ended March 31, 2021 and 2020 were as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Proceeds	¥746	¥1,309	\$6,738
Gain on sales	37	1,122	334
Loss on sales	—	—	—

The breakdown of securities for which fair value cannot be reliably determined at March 31, 2021 and 2020 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Available-for-sale	¥21,418	¥23,076	\$193,460

The redemption schedule of available-for-sale securities with maturities and held-to-maturity securities at March 31, 2021 and 2020 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Bonds:			
Within 1 year	¥ —	¥ —	\$ —
Over 1 year to 5 years	—	—	—
Over 5 years to 10 years	—	—	—
Over 10 years	—	—	—
Other securities with maturities:			
Within 1 year	500,980	129,200	4,525,155
Over 1 year to 5 years	2,837	5,299	25,625
Over 5 years to 10 years	2,222	2,025	20,070
Over 10 years	—	—	—
Total:			
Within 1 year	¥500,980	¥129,200	\$4,525,155
Over 1 year to 5 years	2,837	5,299	25,625
Over 5 years to 10 years	2,222	2,025	20,070
Over 10 years	—	—	—

Notes to Consolidated Financial Statements

6. Inventories

Inventories at March 31, 2021 and 2020 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Inventories (Merchandise)	¥11,625	¥13,490	\$105,004
Inventories (Supplies)	27,230	53,822	245,957
Total	¥38,855	¥67,312	\$350,961

7. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2021 and 2020 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Investments in capital stock	¥29,346	¥37,508	\$265,070
Advances	4,899	4,814	44,250
Total	¥34,245	¥42,322	\$309,321

8. Short-term loans and long-term debt

Short-term loans and current portion of long-term debt at March 31, 2021 and 2020 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Short-term loans	¥100,070	¥ 429	\$ 903,893
Current portion of long-term loans	69,443	84,057	627,251
Current portion of bonds	—	20,000	—
Current portion of finance lease obligations	3,523	3,821	31,821
Total	¥173,036	¥108,307	\$1,562,966

The average interest rates on the above short-term loans were 0.47% and 1.43% per annum in 2021 and 2020, respectively.

Long-term debt at March 31, 2021 and 2020 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Bonds:			
1.22% notes due 2024	¥ 30,000	¥ 30,000	\$ 270,978
1.20% notes due 2026	15,000	15,000	135,489
0.99% notes due 2036	20,000	20,000	180,652
0.26% notes due 2020	—	20,000	—
0.88% notes due 2037	10,000	10,000	90,326
Convertible bonds with stock acquisition rights due 2022	70,000	70,000	632,282
Convertible bonds with stock acquisition rights due 2024	70,000	70,000	632,282
0.82% notes due 2038	10,000	10,000	90,326
0.47% notes due 2028	10,000	10,000	90,326
0.27% notes due 2026	5,000	5,000	45,163
0.84% notes due 2039	15,000	15,000	135,489
0.27% notes due 2025	30,000	30,000	270,978
0.28% notes due 2029	10,000	10,000	90,326
0.69% notes due 2039	10,000	10,000	90,326
	305,000	325,000	2,754,945
Loans, principally from banks:			
Secured, bearing interest from 0.07% to 2.11% in 2021 and 0.07% to 2.11% in 2020, maturing in installments through 2057	668,770	287,827	6,040,737
Unsecured, bearing interest from 0.46% to 4.58% in 2021 and 0.46% to 2.23% in 2020, maturing in installments through 2031	568,925	213,130	5,138,876
	1,237,695	500,957	11,179,613
Finance lease obligations:			
Finance lease agreements expiring through 2031	12,687	16,476	114,596
	1,555,382	842,433	14,049,155
Less current portion	72,966	107,878	659,073
Total	¥1,482,416	¥734,555	\$13,390,082

The details of the convertible bonds with stock acquisition rights are as follows:

Zero coupon convertible bonds due 2022	
Class of shares to be issued	Common stock
Total issue price of stock acquisition rights	Zero
Initial conversion price	¥5,180 (\$46.78) per share
Total issue price	¥70,000 million (\$632,282 thousand)
Total issue price of shares issued upon the exercise of stock acquisition rights	—
Percentage of stock acquisition rights granted	100.0%
Exercise period	October 3, 2017 through September 2, 2022

If all of these outstanding warrants had been exercised at March 31, 2021, 13,757,050 shares of common stock would have been issued.

Zero coupon convertible bonds due 2024	
Class of shares to be issued	Common stock
Total issue price of stock acquisition rights	Zero
Initial conversion price	¥5,100 (\$46.06) per share
Total issue price	¥70,000 million (\$632,282 thousand)
Total issue price of shares issued upon the exercise of stock acquisition rights	—
Percentage of stock acquisition rights granted	100.0%
Exercise period	October 3, 2017 through September 5, 2024

If all of these outstanding warrants had been exercised at March 31, 2021, 13,972,892 shares of common stock would have been issued.

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.

The following assets were pledged as collateral for short-term and long-term debt at March 31, 2021 and 2020:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Assets at net book value:			
Aircraft (including aircraft spare parts included in inventories)	¥832,114	¥510,607	\$7,516,159
Land and buildings	2,588	2,956	23,376
Lease receivables and investments in leases	11,012	12,751	99,467
Others	11,875	11,135	107,262
Total	¥857,591	¥537,449	\$7,746,283

The aggregate annual maturities of long-term debt after March 31, 2021 are as follows:

Years ending March 31	Yen (Millions)	U.S. dollars (Thousands)
2022	¥ 72,966	\$ 659,073
2023	137,639	1,243,239
2024	118,036	1,066,172
2025	146,147	1,320,088
2026	96,525	871,872
Thereafter	984,069	8,888,709
Total	¥1,555,382	\$14,049,155

9. 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.

Notes to Consolidated Financial Statements

(a) The changes in the defined benefit obligation for the years ended March 31, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Balance at the beginning of the fiscal year	¥225,286	¥223,723	\$2,034,920
Service cost	10,628	10,216	95,998
Interest cost	1,702	1,687	15,373
Actuarial gains	4,467	2,119	40,348
Benefits paid	(18,474)	(12,958)	(166,868)
Other	571	499	5,157
Balance at the end of the fiscal year	¥224,180	¥225,286	\$2,024,929

(b) The changes in plan assets for the years ended March 31, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Balance at the beginning of the fiscal year	¥62,717	¥65,990	\$566,498
Expected return on plan assets	831	782	7,506
Actuarial gains (losses)	3,171	(1,510)	28,642
Employer contributions	2,619	2,611	23,656
Benefits paid	(5,272)	(5,156)	(47,619)
Other	(2)	–	(18)
Balance at the end of the fiscal year	¥64,064	¥62,717	\$578,664

(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, 2021 and 2020 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Funded defined benefit obligation	¥ 71,964	¥ 74,336	\$ 650,022
Plan assets at fair value	(64,064)	(62,717)	(578,664)
	7,900	11,619	71,357
Unfunded defined benefit obligation	152,216	150,950	1,374,907
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥160,116	¥162,569	\$1,446,265
Liability for retirement benefits	¥160,885	¥163,384	\$1,453,211
Asset for defined benefits	(769)	(815)	(6,946)
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥160,116	¥162,569	\$1,446,265

(d) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Service cost	¥10,628	¥10,216	\$ 95,998
Interest cost	1,702	1,687	15,373
Expected return on plan assets	(831)	(782)	(7,506)
Recognized actuarial losses	2,947	3,569	26,619
Amortization of past service cost	851	847	7,686
Net periodic benefit costs	¥15,297	¥15,537	\$138,171

Note: Additional severance for the voluntary retirement scheme is recorded as a part of special loss (business restructuring expense) besides the above 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, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Past service cost	¥ 851	¥847	\$ 7,686
Actuarial gains (losses)	1,651	(60)	14,912
Total	¥2,502	¥787	\$22,599

(f) Amounts recognized in accumulated other comprehensive income (before income tax effect) related to the defined retirement benefit plans at March 31, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Unrecognized actuarial losses	¥(15,730)	¥(17,378)	\$(142,082)
Unrecognized past service cost	(7,427)	(8,281)	(67,085)
Total	¥(23,157)	¥(25,659)	\$(209,168)

(g) Plan assets

(1) Components of plan assets

Plan assets at March 31, 2021 and 2020 consisted of the following:

	2021	2020
Bonds	45%	43%
General accounts	13	13
Stocks	11	10
Cash and deposits	4	4
Other	27	30
Total	100%	100%

(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, 2021 and 2020 are set forth as follows:

	2021	2020
Discount rates	0.1 – 1.2%	0.1 – 1.2%
Expected rates of return on plan assets	1.0 – 2.5%	1.0 – 2.5%

(i) Defined contribution pension plans

The contributions to the defined contribution pension plans of the Company and certain consolidated subsidiaries were ¥4,467 million (\$40,348 thousand) and ¥4,381 million for the years ended March 31, 2021 and 2020, respectively.

10. 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, 2021 and 2020:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Balance at the beginning of the fiscal year	¥1,255	¥ 3,853	\$11,335
Liabilities incurred due to the acquisition of property and equipment	42	57	379
Accretion expense	14	19	126
Liabilities settled	(104)	(513)	(939)
Other	1,556	(2,161)	14,054
Balance at the end of the fiscal year	¥2,763	¥ 1,255	\$24,957

Notes to Consolidated Financial Statements

(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 offices at airport facilities, including Tokyo International Airport, Narita International Airport, New Chitose Airport, Chubu Centrair International Airport, Osaka International Airport, Kansai International Airport, Fukuoka Airport, and Naha Airport, etc. 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.

11. 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, 2021 and 2020.

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, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Deferred tax assets:			
Tax loss carryforwards ^{(*)2, (*)3}	¥145,675	¥ 4,114	\$1,315,825
Liability for retirement benefits	49,763	50,286	449,489
Impairment loss ^{(*)3}	19,824	564	179,062
Prepaid expenses	10,242	9,901	92,511
Deferred loss on hedging instruments	—	8,723	—
Accrued bonuses to employees	1,311	6,608	11,841
Other provisions	8,429	6,537	76,135
Loss on investment in subsidiaries	5,879	6,091	53,102
Long-term unearned revenue	4,419	5,270	39,915
Loss on valuation of inventories	5,630	4,763	50,853
Unrealized gain on inventories and property and equipment	4,364	4,673	39,418
Other	27,743	24,149	250,591
Total gross deferred tax assets	283,279	131,679	2,558,748
Valuation allowance for tax loss carryforwards ^{(*)2, (*)3}	(17,312)	(2,883)	(156,372)
Valuation allowance for the sum of deductible temporary differences, etc. ^{(*)3}	(16,997)	(11,385)	(153,527)
Subtotal of valuation allowances ^{(*)1}	(34,309)	(14,268)	(309,899)
Total net deferred tax assets	248,970	117,411	2,248,848
Deferred tax liabilities:			
Unrealized gain on securities	(16,717)	(10,981)	(150,998)
Deferred gain on hedging instruments	(9,299)	(2,681)	(83,994)
Retained earnings of subsidiaries and affiliates	(1,809)	(2,388)	(16,339)
Other	(1,749)	(1,649)	(15,798)
Total gross deferred tax liabilities	(29,574)	(17,699)	(267,130)
Net deferred income taxes	¥219,396	¥ 99,712	\$1,981,718

(*)1 Valuation allowances increased by ¥20,041 million (\$181,022 thousand). The main reason for the increase in valuation allowances is an increase ¥14,429 million (\$130,331 thousand) in the valuation allowance for tax loss carryforwards.
(*)2 Tax loss carryforwards and associated deferred tax assets by deadline of carryforward:

Current fiscal year (As of March 31, 2021)

	Yen (Millions)						
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Tax loss carryforwards ^{(*)a}							
							¥ 201
Valuation allowance							(201)
Deferred tax assets ^{(*)b}							¥ —
							¥128,363
							¥128,363

	U.S. dollars (Thousands)						
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Tax loss carryforwards ^{(*)a}							
							\$ 1,815
Valuation allowance							(1,815)
Deferred tax assets ^{(*)b}							\$ —
							\$1,159,452
							\$1,159,452

(*)a Tax loss carryforwards reflect the amounts resulting from multiplying the statutory tax rate.

(*)b The Group recorded deferred tax assets of ¥128,363 million (\$1,159,452 thousand) related to tax loss carryforwards for the current consolidated fiscal year due to a significant decrease in demand for airline passengers associated with the spread of COVID-19.
The Company and certain of its domestic subsidiaries apply the consolidated corporate-tax system, and the corporations subject to the consolidated corporate-tax system make judgments on the recoverability based on the future taxable income, etc. of the tax consolidated group with regard to corporate taxes (national taxes), and make judgments on the recoverability of deferred tax assets based on the future taxable income, etc. of each corporation with regard to local taxes. With respect to tax loss carryforwards, based on the estimated future taxable income, we schedule the expected year and amount to be deducted from tax loss carryforwards, and record the amount expected to be recovered as deferred tax assets.
The future taxable income of ANA Holdings Inc. and All Nippon Airways Co., Ltd., which constitutes a significant portion of the future taxable income that provides a basis for scheduling the amount expected to be deducted, is estimated based on a future plan that assumes that the demand for domestic passengers and international passengers will recover to the pre-pandemic level of 2019 by the end of the fiscal years ending March 31, 2022 and March 31, 2024, respectively.
(*)3 Changes in presentation
"Tax loss carryforward" and "Impairment loss" which were included in "Other" in the past year have been presented as separate accounts in the current fiscal year due to their increased financial materiality.
Also, "Valuation allowance for tax loss carryforwards" and "Valuation allowance for the sum of deductible temporary differences, etc." have been presented as a separate accounts in the current fiscal year as the amounts are now material to warrant separate presentation.

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, 2021 and 2020 is as follows:

	2021	2020
Normal effective statutory tax rate	30.62%	30.62%
Reconciliation:		
Impairment loss	—	13.49
Amortization of goodwill	(0.12)	2.38
Expenses not deductible for income tax purposes	(0.02)	1.30
Inhabitants tax per capita levy	(0.04)	0.39
Income taxes for prior periods	0.02	(0.81)
Changes in valuation allowance	(3.87)	3.54
Other, net	(1.34)	(1.24)
Actual effective income tax rate	25.25%	49.67%

12. 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, 2021 and 2020:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Unrealized gain (loss) on securities:			
Amount arising during the fiscal year	¥ 13,936	¥(19,764)	\$ 125,878
Reclassification adjustments to profit or loss	8,058	(764)	72,784
Amount of unrealized gain (loss) on securities before tax effect	21,994	(20,528)	198,663
Tax effect	(5,741)	5,159	(51,856)
Total	16,253	(15,369)	146,806
Deferred gain (loss) on derivatives under hedge accounting:			
Amount arising during the fiscal year	57,286	(41,013)	517,441
Reclassification adjustments to profit or loss	(4,925)	4,424	(44,485)
Amount of deferred gain (loss) on derivatives under hedge accounting before tax effect	52,361	(36,589)	472,956
Tax effect	(16,119)	11,362	(145,596)
Total	36,242	(25,227)	327,359
Foreign currency translation adjustments:			
Amount arising during the fiscal year	31	(221)	280
Total	31	(221)	280
Defined retirement benefit plans:			
Amount arising during the fiscal year	(1,296)	(3,629)	(11,706)
Reclassification adjustments to profit or loss	3,798	4,416	34,305
Amount of defined retirement benefit plans before tax effect	2,502	787	22,599
Tax effect	(896)	(248)	(8,093)
Total	1,606	539	14,506
Share of other comprehensive income (loss) in affiliates:			
Amount arising during the fiscal year	227	(381)	2,050
Reclassification adjustments to profit or loss	96	(2)	867
Total	323	(383)	2,917
Total other comprehensive income (loss)	¥ 54,455	¥(40,661)	\$ 491,870

Notes to Consolidated Financial Statements

13. 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:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Current portion of operating lease obligations	¥ 65,907	¥ 62,649	\$ 595,312
Long-term operating lease obligations	295,600	318,817	2,670,038
Total	¥361,507	¥381,466	\$3,265,350

As lessor

(a) Operating leases

The amount of outstanding future lease receivables under non-cancelable operating leases are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Current portion of operating lease receivables	¥ 2,169	¥ 2,170	\$ 19,591
Long-term operating lease receivables	13,269	15,373	119,853
Total	¥15,438	¥17,543	\$139,445

14. Supplementary information for the consolidated statement of changes in equity

Supplementary information for the consolidated statement of changes in equity for the year ended March 31, 2021 consisted of the following:

(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

There are no applicable items.

(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

As of March 31, 2021 Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock ⁽¹⁾	348,498	135,795	–	484,293
Total	348,498	135,795	–	484,293
Treasury stock:				
Common stock ^(2, 3, 4)	13,978	5	32	13,950
Total	13,978	5	32	13,950

(1) The increase of 135,795 thousand shares of common stock is the total of 126,310 thousand shares issued through a public offering with the subscription payment date on December 14, 2020, and 9,485 thousand shares issued through a third-party allotment with the subscription payment date on January 13, 2021, as the allotment to be taken in relation to the offering due to over-allotment.

(2) The increase of 5 thousand shares of treasury stock is that the Company purchased from holders of fractional shares.

(3) The decrease of 32 thousand shares of treasury stock is the total of 1 thousand shares that the Company sold to the holders of fractional shares at their request, and 31 thousand shares in the Company that were sold by the Trust for Delivery of Shares to Directors.

(4) Treasury stock includes 178 thousand shares held by the Trust for Delivery of Shares to Directors.

As of March 31, 2020 Type of shares	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	348,498	–	–	348,498
Total	348,498	–	–	348,498
Treasury stock:				
Common stock ^(1, 2, 3)	13,868	125	15	13,978
Total	13,868	125	15	13,978

(1) The increase of 125 thousand shares of treasury stock is the total of 8 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 0 thousand shares that the Company sold to the holders of fractional shares at their request, and 14 thousand shares in the Company that were sold by the Trust for Delivery of Shares to Directors.

(3) Treasury stock includes 209 thousand shares held by the Trust for Delivery of Shares to Directors.

15. Contingencies

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥982 million (\$8,870 thousand) at March 31, 2021.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million (\$55,198 thousand) at March 31, 2021.

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥2,080 million at March 31, 2020.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million at March 31, 2020.

16. 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. Those 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.

Notes to Consolidated Financial Statements

1) Management of credit risks (risks such as breach of contract 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 each 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 principally utilizes forward foreign exchange contracts for receivables and payables denominated in foreign currencies. In order to mitigate the interest rate fluctuation risks 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. When 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. In addition, the notional amounts of derivatives presented in Note 17 "Derivatives and hedging activities" are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated fair value of financial instruments

The carrying values of financial instruments on the consolidated balance sheet at March 31, 2021 and 2020, 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).

As of March 31, 2021	Yen (Millions)		
	Carrying value	Fair value	Differences
Assets:			
Cash and deposits	¥ 464,739	¥ 464,739	¥ -
Notes and accounts receivable	107,573	107,573	-
Marketable securities and investment securities	609,492	612,553	3,061
Total assets	¥1,181,804	¥1,184,865	¥ 3,061
Liabilities:			
Accounts payable	¥ 182,241	¥ 182,241	¥ -
Short-term loans	100,070	100,070	-
Bonds	165,000	153,833	11,167
Convertible bonds with stock acquisition rights	140,000	135,520	4,480
Long-term loans	1,237,695	1,890,992	(653,297)
Total liabilities	¥1,825,006	¥2,462,656	¥(637,650)
Derivatives*	¥ 31,177	¥ 31,177	¥ -

As of March 31, 2020	Yen (Millions)		
	Carrying value	Fair value	Differences
Assets:			
Cash and deposits	¥ 109,447	¥ 109,447	¥ -
Notes and accounts receivable	98,944	98,944	-
Marketable securities and investment securities	214,279	216,849	2,570
Total assets	¥ 422,670	¥ 425,240	¥2,570
Liabilities:			
Accounts payable	¥ 196,391	¥ 196,391	¥ -
Short-term loans	429	429	-
Bonds	185,000	183,874	1,126
Convertible bonds with stock acquisition rights	140,000	135,415	4,585
Long-term loans	500,957	501,213	(256)
Total liabilities	¥1,022,777	¥1,017,322	¥5,455
Derivatives*	¥ (20,664)	¥ (20,664)	¥ -

As of March 31, 2021	U.S. dollars (Thousands)		
	Carrying value	Fair value	Differences
Assets:			
Cash and deposits	\$ 4,197,805	\$ 4,197,805	\$ -
Notes and accounts receivable	971,664	971,664	-
Marketable securities and investment securities	5,505,302	5,532,950	(27,648)
Total assets	\$10,674,771	\$10,702,420	\$ (27,648)
Liabilities:			
Accounts payable	\$ 1,646,111	\$ 1,646,111	\$ -
Short-term loans	903,893	903,893	-
Bonds	1,490,380	1,389,513	100,867
Convertible bonds with stock acquisition rights	1,264,565	1,224,098	40,466
Long-term loans	11,179,613	17,080,588	(5,900,975)
Total liabilities	\$16,484,563	\$22,244,205	\$(5,759,642)
Derivatives*	\$ 281,609	\$ 281,609	\$ -

* 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.

(c) Marketable securities and investment securities

The fair values of marketable 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 5 "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

As of March 31, 2021	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Unlisted stocks	¥21,418	¥23,076	\$193,463

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, 2021 and 2020 is summarized as follows:

As of March 31, 2021	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥ 464,010	¥ -	¥ -	¥ -
Notes and accounts receivable	107,573	-	-	-
Held-to-maturity bonds	-	-	-	1,855
Other securities with maturities	500,980	2,837	2,222	-
Total	¥1,072,563	¥2,837	¥2,222	¥1,855

Notes to Consolidated Financial Statements

As of March 31, 2020	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥108,572	¥ –	¥ –	¥–
Notes and accounts receivable	98,944	–	–	–
Held-to-maturity bonds	–	–	–	–
Other securities with maturities	129,200	5,299	2,025	–
Total	¥336,716	¥5,299	¥2,025	¥–

As of March 31, 2021	U.S. dollars (Thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	\$4,191,220	\$ –	\$ –	\$ –
Notes and accounts receivable	971,664	–	–	–
Held-to-maturity bonds	–	–	–	16,755
Other securities with maturities	4,525,155	25,625	20,070	–
Total	\$9,688,040	\$25,625	\$20,070	\$16,755

4. The redemption schedule for bonds, loans, and other interest-bearing liabilities at March 31, 2021 and 2020 is summarized as follows:

As of March 31, 2021	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term loans	¥100,070	¥ –	¥ –	¥ –
Bonds	–	60,000	40,000	65,000
Convertible bonds with stock acquisition rights	–	140,000	–	–
Long-term loans	69,443	290,219	272,127	605,906
Total	¥169,513	¥490,219	¥312,127	¥670,906

As of March 31, 2020	Yen (Millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term loans	¥ 429	¥ –	¥ –	¥ –
Bonds	20,000	30,000	70,000	65,000
Convertible bonds with stock acquisition rights	–	140,000	–	–
Long-term loans	84,057	228,056	138,900	49,944
Total	¥104,486	¥398,056	¥208,900	¥114,944

As of March 31, 2021	U.S. dollars (Thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term loans	\$ 903,893	\$ –	\$ –	\$ –
Bonds	–	541,956	361,304	587,119
Convertible bonds with stock acquisition rights	–	1,264,565	–	–
Long-term loans	627,251	2,621,434	2,458,016	5,472,911
Total	\$1,531,144	\$4,427,955	\$2,819,320	\$6,060,030

17. 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 measures and ratios, 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, 2021 and 2020 for which hedged accounting has been applied.

(a) Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions

As of March 31, 2021		Yen (Millions)		
		Notional amount		Fair value
		Total	Maturing after one year	
Forward foreign exchange contracts:				
Sell:	USD	¥-	¥-	¥-
	EUR	-	-	-
	Other	-	-	-
Buy:	USD	-	-	-
	EUR	-	-	-
	Other	-	-	-
Total		¥-	¥-	¥-

		Yen (Millions)		
		Notional amount		
As of March 31, 2020		Total	Maturing after one year	Fair value
Forward foreign exchange contracts:				
Sell:	USD	¥ –	¥ –	¥–
	EUR	–	–	–
	Other	–	–	–
Buy:	USD	102	102	0
	EUR	–	–	–
	Other	–	–	–
Total		¥102	¥102	¥0

As of March 31, 2021		U.S. dollars (Thousands)		
		Notional amount		Fair value
		Total	Maturing after one year	
Forward foreign exchange contracts:				
Sell:	USD	\$—	\$—	\$—
	EUR	—	—	—
	Other	—	—	—
Buy:	USD	—	—	—
	EUR	—	—	—
	Other	—	—	—
Total		\$—	\$—	\$—

(2) Commodity-related transactions

As of March 31, 2021			Yen (Millions)		
			Notional amount		Fair value
			Total	Maturing after one year	
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method:					
Receive/floating and pay/fixed			¥-	¥-	¥-
Commodity (crude oil) option contracts, accounted for by the deferral method:			-	-	-
Sell:	Crude oil (Put)		-	-	-
Buy:	Crude oil (Call)		-	-	-
Total			¥-	¥-	¥-

As of March 31, 2020		Yen (Millions)		
		Notional amount		Fair value
		Total	Maturing after one year	
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method:				
Receive/floating and pay/fixed		¥1,002	¥—	¥(423)
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	430	—	(98)
Buy:	Crude oil (Call)	555	—	(53)
Total		¥1,988	¥—	¥(576)

Notes to Consolidated Financial Statements

		U.S. dollars (Thousands)		
		Notional amount		Fair value
		Total	Maturing after one year	
As of March 31, 2021				
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method:				
Receive/floating and pay/fixed		\$-	\$-	\$-
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	-	-	-
Buy:	Crude oil (Call)	-	-	-
Total		\$-	\$-	\$-

(b) Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

		Yen (Millions)		
		Notional amount		
		Total	Maturing after one year	Fair value
As of March 31, 2021				
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	¥ 56	¥ -	¥ (1)
	EUR	30	-	0
	Other	-	-	-
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	364,685	195,023	22,562
	EUR	103	-	8
	Other	0	-	0
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	48,186	31,039	(421)
Buy:	USD (Call)	53,145	34,181	2,667
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	82	-	(*)
	EUR	10	-	(*)
	Other	-	-	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	7,279	-	(*)
	EUR	2,772	-	(*)
	Other	0	-	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY		-	-	(*)
Total		¥476,352	¥260,244	¥24,815

		Yen (Millions)		
		Notional amount		Fair value
		Total	Maturing after one year	
As of March 31, 2020				
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	¥ 418	¥ -	¥ (1)
	EUR	-	-	-
	Other	-	-	-
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	359,747	143,267	11,983
	EUR	500	-	(4)
	Other	16	-	(1)
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	46,402	30,696	(978)
Buy:	USD (Call)	51,225	33,896	2,163
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	217	-	(*)
	EUR	-	-	(*)
	Other	6	-	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	9,469	-	(*)
	EUR	110	-	(*)
	Other	1	-	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY		-	-	(*)
Total		¥468,115	¥207,861	¥13,162

		U.S. dollars (Thousands)		
		Notional amount		Fair value
		Total	Maturing after one year	
As of March 31, 2021				
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	\$ 505	\$ -	\$ (9)
	EUR	270	-	(1)
	Other	-	-	-
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	3,294,056	1,761,566	203,793
	EUR	930	-	72
	Other	0	-	0
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	435,245	280,363	(3,802)
Buy:	USD (Call)	480,037	308,743	24,089
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	740	-	(*)
	EUR	90	-	(*)
	Other	-	-	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	65,748	-	(*)
	EUR	25,038	-	(*)
	Other	2	-	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY		-	-	(*)
Total		\$4,302,700	\$2,350,681	\$224,144

Note: Calculation of 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 accounted for as part of accounts receivable and payable are aggregated with the receivables and payables denominated in foreign currencies that are subject to hedge accounting. See Note 16 "Financial instruments and related disclosures" for additional information.

Notes to Consolidated Financial Statements

(2) Interest-related transactions

As of March 31, 2021	Yen (Millions)		
	Notional amount		Fair value
	Total	Maturing after one year	
Interest rate swap hedging long-term loans: Receive/floating and pay/fixed	¥53,413	¥35,608	(*)

As of March 31, 2020	Yen (Millions)		
	Notional amount		Fair value
	Total	Maturing after one year	
Interest rate swap hedging long-term loans: Receive/floating and pay/fixed	¥82,333	¥53,413	(*)

As of March 31, 2021	U.S. dollars (Thousands)		
	Notional amount		Fair value
	Total	Maturing after one year	
Interest rate swap hedging long-term loans: Receive/floating and pay/fixed	\$482,458	\$321,633	(*)

(*) Interest rate swap contracts are used as hedges and meet specific matching criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted 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.

(3) Commodity-related transactions

As of March 31, 2021	Yen (Millions)		
	Notional amount		Fair value
	Total	Maturing after one year	
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method: Receive/floating and pay/fixed	¥ 50,519	¥23,618	¥5,063
Commodity (crude oil) option contracts, accounted for by the deferral method: Sell: Crude oil (Put)	26,806	12,045	(281)
Buy: Crude oil (Call)	35,258	16,211	1,579
Total	¥112,584	¥51,875	¥6,362

As of March 31, 2020	Yen (Millions)		
	Notional amount		Fair value
	Total	Maturing after one year	
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method: Receive/floating and pay/fixed	¥ 69,132	¥27,452	¥(24,304)
Commodity (crude oil) option contracts, accounted for by the deferral method: Sell: Crude oil (Put)	33,120	15,468	(7,229)
Buy: Crude oil (Call)	42,798	20,103	(1,717)
Total	¥145,051	¥63,025	¥(33,250)

As of March 31, 2021	U.S. dollars (Thousands)		
	Notional amount		Fair value
	Total	Maturing after one year	
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method: Receive/floating and pay/fixed	\$ 456,318	\$213,332	\$45,732
Commodity (crude oil) option contracts, accounted for by the deferral method: Sell: Crude oil (Put)	242,128	108,797	(2,538)
Buy: Crude oil (Call)	318,471	146,427	14,262
Total	\$1,016,927	\$468,566	\$57,465

Note: The calculation of fair value is based on the data obtained from financial institutions.

18. 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 to 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

As of and for the year ended March 31, 2021	Yen (Millions)				
	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	¥ 571,709	¥ 36,162	¥39,453	¥68,883	¥ 716,207
Intersegment revenues or transfers	32,305	185,977	5,597	11,075	234,954
Total	¥ 604,014	¥222,139	¥45,050	¥79,958	¥ 951,161
Segment profit (loss)	¥ (447,894)	¥ 3,691	¥ (5,084)	¥ (4,282)	¥ (453,569)
Segment assets	2,935,753	141,530	31,681	52,548	3,161,512
Other items:					
Depreciation and amortization	168,952	5,073	516	1,367	175,908
Amortization of goodwill	2,001	–	–	114	2,115
Increase in property and equipment and intangible assets	151,196	1,564	134	1,202	154,096

As of and for the year ended March 31, 2021	Yen (Millions)			
	Reportable Segments			
	Other	Total	Adjustments	Consolidated
Operating revenues:				
Operating revenues from external customers	¥12,476	¥ 728,683	¥ –	¥ 728,683
Intersegment revenues or transfers	24,167	259,121	(259,121)	–
Total	¥36,643	¥ 987,804	¥(259,121)	¥ 728,683
Segment profit (loss)	¥ (34)	¥ (453,603)	¥ (11,171)	¥ (464,774)
Segment assets	24,930	3,186,442	21,441	3,207,883
Other items:				
Depreciation and amortization	444	176,352	–	176,352
Amortization of goodwill	–	2,115	–	2,115
Increase in property and equipment and intangible assets	974	155,070	1,640	156,710

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 or loss consist of corporate expenses.
- (b) Adjustments to segment assets consist of long-term investments (investment securities and stocks of subsidiaries and affiliates) in consolidated subsidiaries of ¥175,565 million and eliminations of intersegment transactions of ¥(154,124) million.
- (c) Adjustments to increase in property and equipment and intangible assets mainly consist of the elimination of intersegment transactions.
3. Segment profit or loss is reconciled to operating loss on the consolidated statement of operations.

As of and for the year ended March 31, 2020	Yen (Millions)				
	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	¥1,658,763	¥ 49,804	¥134,759	¥115,269	¥1,958,595
Intersegment revenues or transfers	78,974	249,629	9,237	29,481	367,321
Total	¥1,737,737	¥299,433	¥143,996	¥144,750	¥2,325,916
Segment profit	¥ 49,550	¥ 18,144	¥ 1,393	¥ 2,909	¥ 71,996
Segment assets	2,305,293	147,275	42,405	57,219	2,552,192
Other items:					
Depreciation and amortization	168,296	5,323	553	1,305	175,477
Amortization of goodwill	3,889	3	–	114	4,006
Increase in property and equipment and intangible assets	343,476	6,200	258	2,250	352,184

Notes to Consolidated Financial Statements

As of and for the year ended March 31, 2020	Yen (Millions)			
	Reportable Segments Other	Total	Adjustments	Consolidated
Operating revenues:				
Operating revenues from external customers	¥15,621	¥1,974,216	¥ –	¥1,974,216
Intersegment revenues or transfers	28,602	395,923	¥(395,923)	–
Total	¥44,223	¥2,370,139	¥(395,923)	¥1,974,216
Segment profit	¥ 3,526	¥ 75,522	¥ (14,716)	¥ 60,806
Segment assets	25,276	2,577,468	(17,315)	2,560,153
Other items:				
Depreciation and amortization	262	175,739	–	175,739
Amortization of goodwill	–	4,006	–	4,006
Increase in property and equipment and intangible assets	141	352,325	(964)	351,361

- 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 ¥(9,979) million and corporate expenses of ¥(4,734) million.
- (b) Adjustments to segment assets consist of long-term investments (investment securities and stocks of subsidiaries and affiliates) in consolidated subsidiaries of ¥157,553 million and eliminations of intersegment transactions of ¥(174,868) 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 operations.

As of and for the year ended March 31, 2021	U.S. dollars (Thousands)				
	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	\$ 5,164,023	\$ 326,637	\$356,363	\$622,193	\$ 6,469,216
Intersegment revenues or transfers	291,798	1,679,857	50,555	100,036	2,122,247
Total	\$ 5,455,821	\$2,006,494	\$406,918	\$722,229	\$ 8,591,464
Segment profit (loss)	\$(4,045,650)	\$ 33,339	\$ (45,921)	\$ (38,677)	\$ (4,096,910)
Segment assets	26,517,505	1,278,384	286,162	474,645	28,556,697
Other items:					
Depreciation and amortization	1,526,077	45,822	4,660	12,347	1,588,907
Amortization of goodwill	18,074	–	–	1,029	19,103
Increase in property and equipment and intangible assets	1,365,694	14,126	1,210	10,857	1,391,888

As of and for the year ended March 31, 2021	U.S. dollars (Thousands)			
	Reportable Segments Other	Total	Adjustments	Consolidated
Operating revenues:				
Operating revenues from external customers	\$112,690	\$ 6,581,907	\$ –	\$ 6,581,907
Intersegment revenues or transfers	218,291	2,340,538	(2,340,538)	–
Total	\$330,981	\$ 8,922,446	\$(2,340,538)	\$ 6,581,907
Segment profit (loss)	\$ (307)	\$ (4,097,217)	\$ (100,903)	\$ (4,198,121)
Segment assets	225,182	28,781,880	193,668	28,975,548
Other items:				
Depreciation and amortization	4,010	1,592,918	–	1,592,918
Amortization of goodwill	–	19,103	–	19,103
Increase in property and equipment and intangible assets	8,797	1,400,686	14,813	1,415,499

- 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 or loss consist of corporate expenses.
- (b) Adjustments to segment assets consist of long-term investments (investment securities and stocks of subsidiaries and affiliates) in consolidated subsidiaries of \$1,585,809 thousand and eliminations of intersegment transactions of \$(1,392,141) thousand.
- (c) Adjustments to increase in property and equipment and intangible assets mainly consist of the elimination of intersegment transactions.
3. Segment profit or loss is reconciled to operating loss on the consolidated statement of operations.

(d) Information about geographical areas

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2021 and 2020 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Japan	¥546,616	¥1,631,052	\$4,937,367
Overseas	182,067	343,164	1,644,539
Total	¥728,683	¥1,974,216	\$6,581,907

- Notes:
1. "Overseas" consists substantially of the Americas, Europe, China, and Asia.
2. Net sales of "Overseas" represents sales made in countries or areas other than Japan.

(e) Information about impairment loss on long-lived assets

As of and for the year ended March 31, 2021	Yen (Millions)					
	Reportable Segments					
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments Total
Impairment loss	¥73,742	¥–	¥1,172	¥661	¥–	¥– ¥75,575

As of and for the year ended March 31, 2020	Yen (Millions)					
	Reportable Segments					
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments Total
Impairment loss	¥22,665	¥2,494	¥–	¥–	¥–	¥– ¥25,159

As of and for the year ended March 31, 2021	U.S. dollars (Thousands)					
	Reportable Segments					
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments Total
Impairment loss	\$666,082	\$–	\$10,586	\$5,970	\$–	\$– \$682,639

(f) Information about amortization and the remaining balance of goodwill

As of and for the year ended March 31, 2021	Yen (Millions)					
	Reportable Segments					
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments Total
Amortization of goodwill	¥ 2,001	¥–	¥–	¥114	¥–	¥– ¥ 2,115
Balance at the end of the fiscal year	¥22,002	¥–	¥–	¥344	¥–	¥– ¥22,346

As of and for the year ended March 31, 2020	Yen (Millions)					
	Reportable Segments					
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments Total
Amortization of goodwill	¥ 3,889	¥3	¥–	¥114	¥–	¥– ¥ 4,006
Balance at the end of the fiscal year	¥24,003	¥–	¥–	¥458	¥–	¥– ¥24,461

As of and for the year ended March 31, 2021	U.S. dollars (Thousands)					
	Reportable Segments					
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments Total
Amortization of goodwill	\$ 18,074	\$–	\$–	\$1,029	\$–	\$– \$ 19,103
Balance at the end of the fiscal year	\$198,735	\$–	\$–	\$3,107	\$–	\$– \$201,842

19. Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2021 and 2020 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Commissions	¥39,125	¥103,495	\$353,400
Advertising	5,943	11,830	53,680
Employees' salaries and bonuses	31,299	39,446	282,711
Provision of allowance for doubtful accounts	47	46	424
Provision for accrued bonuses to employees	1,098	3,879	9,917
Retirement benefit expenses	2,866	3,329	25,887
Depreciation	26,968	27,616	243,591
Outsourcing expenses	28,580	30,227	258,151

Notes to Consolidated Financial Statements

20. Amounts per share

Amounts per share at and for the years ended March 31, 2021 and 2020 are as follows:

	Yen		U.S. dollars
	2021	2020	2021
Net assets per share	¥ 2,141.49	¥3,171.80	\$19.34
Net (loss) income per share	(1,082.04)	82.66	(9.77)

Notes: 1. Net income per share assuming full dilution is not disclosed as the Company had no potentially dilutive shares outstanding during the years ended March 31, 2021 and 2020.
2. The basis for calculating net income per share is as follows:

Year ended March 31	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Net (loss) income attributable to common shareholders	¥(404,624)	¥ 27,655	\$(3,654,809)
Amount not attributable to common shareholders	—	—	—
Net (loss) income attributable to common stock	(404,624)	27,655	(3,654,809)
Weighted-average number of shares outstanding during the fiscal year (in thousands)	373,945	334,559	373,945

3. The basis for calculating net assets per share is as follows:

As of March 31	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Net assets	¥1,012,320	¥1,068,870	\$9,143,889
Amounts deducted from total net assets:			
Non-controlling interests	(5,087)	(7,842)	(45,948)
Net assets attributable to common stock at the end of the fiscal year	¥1,007,233	¥1,061,028	\$9,097,940
Number of shares of common stock at the end of the fiscal year used to determine net assets per share (in thousands)	470,342	334,519	470,342

The average number of shares of the Company held by the Trust for Delivery of Shares to Directors for the years ended March 31, 2021 and 2020 were 183 thousand and 173 thousand, respectively. The shares held by the trust were deducted from the weighted-average number of shares outstanding during each of the years ended March 31, 2021 and 2020.

The number of shares of the Company held by the Trust for Delivery of Shares to Directors at March 31, 2021 and 2020 were 178 thousand and 209 thousand, respectively. The shares held by the trust were deducted from the number of shares of common stock at the end of each of the years ended March 31, 2021 and 2020, which were used to determine net assets per share.

21. Supplementary cash flow information

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheet at March 31, 2021 and 2020 and cash and cash equivalents in the consolidated statement of cash flows is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Cash and deposits	¥ 464,739	¥109,447	\$ 4,197,805
Time deposits with maturities of more than three months	(241,397)	(31,120)	(2,180,444)
Marketable securities	500,980	129,200	4,525,155
Marketable securities with maturities of more than three months	(354,000)	(71,590)	(3,197,543)
Cash and cash equivalents	¥ 370,322	¥135,937	\$ 3,344,973

22. Impairment loss

The Group reviewed its long-lived assets for impairment for the years ended March 31, 2021 and 2020. As a result, the Group recognized impairment losses of ¥75,575 million (\$682,639 thousand) and ¥25,159 million, included in other expenses, for the years ended March 31, 2021 and 2020, respectively. The details are as follows:

For the year ended March 31, 2021			Yen (Millions)	U.S. dollars (Thousands)
Application	Location	Category	Impairment loss	
Assets expected to be sold	Tokyo	Aircrafts, buildings, and other assets	¥71,344	\$644,422
Dormitory/company housing	Tokyo, Chiba	Land, buildings, and other assets	2,159	19,501
Business assets	Tokyo, Chiba, other	Software, buildings, furniture and fixtures, and other assets	2,072	18,715
Total			¥75,575	\$682,639

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.

Regarding the assets expected to be sold, in order to deal with the drastic decrease in air passenger demand due to COVID-19, we have decided to implement the "Changes to the ANA Group's New Business Model". Based on this model, we have retired some of the aircrafts and sold some of the training facilities to achieve the conversion of the cost structure. For this reason, the book value was reduced to the recoverable amount in the current consolidated fiscal year, and the reduced amount was recorded as an impairment loss of ¥71,344 million (\$644,422 thousand) as an extraordinary loss (Business restructuring expense). Details are as follows: ¥66,524 million (\$600,885 thousand) for aircrafts, ¥4,619 million (\$41,721 thousand) for buildings, and ¥201 million (\$1,815 thousand) for other assets.

The net selling price of the aircrafts is reasonably calculated based on our latest sales record, not the price assuming reuse as an aircraft, considering the impact of decrease in air passenger demand due to COVID-19. It is calculated by deducting the estimated processing cost from the estimated selling price. In addition, the net selling price of the training facility is calculated based on the real estate appraisal value using the sales comparison approach by an outside expert.

Regarding the dormitory/company housing which are scheduled to be sold, the book value was reduced to the recoverable amount in the current consolidated fiscal year, and the reduced amount was recorded as an impairment loss of ¥2,159 million (\$19,501 thousand) as an extraordinary loss. Details are as follows: ¥1,082 million (\$9,773 thousand) for land, ¥1,064 million (\$9,610 thousand) for buildings, and ¥13 million (\$117 thousand) for other assets.

Regarding business assets, the book value was reduced to the recoverable amount in the current consolidated fiscal year due to the decline in profitability, and the reduced amount was recorded as an extraordinary loss as an impairment loss of ¥2,072 million (\$18,715 thousand). Details are as follows: ¥731 million (\$6,602 thousand) for software, ¥627 million (\$5,663 thousand) for buildings, ¥177 million (\$1,598 thousand) for furniture and fixtures, and ¥537 million (\$4,850 thousand) for other assets.

The recoverable value of the assets expected to be sold is measured by the net selling price and calculated based on the estimated selling price. For business assets, among asset groups in which profit and loss resulting from operating activities continues to be negative, the book value is reduced to the recoverable value for assets for which the total amount of future cash flows before discount is less than the book value, and the amount is recorded as an extraordinary loss as an impairment loss.

For the year ended March 31, 2020			Yen (Millions)
Application	Location	Category	Impairment loss
Assets expected to be sold	Miami, Florida	Machinery, intangible assets, lease assets, and other assets	¥ 2,494
Others	Peach Aviation Limited	Goodwill	22,665
Total			¥25,159

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 was recognized. Details are as follows: ¥1,767 million for machinery, ¥693 million for lease assets, and ¥32 million for other assets. Also, goodwill for Peach Aviation Limited, a consolidated subsidiary of the Company, were written-down to recoverable amounts, based on their value in use. As a result, an impairment loss of ¥22,665 million was recognized. The recoverable amount of these assets was measured at its net selling price or their value in use. The net selling price is determined by estimates of selling cost and selling price. The value in use is calculated by discounting the future cash flows at discount rates of 11.5%.

23. Supplementary information for the consolidated statement of operations

(a) 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:

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
	¥4,172	¥1,181	\$37,684

Note: Figures in parentheses represent gains from the reversal of write-downs.

(b) Other income (expenses), net

	Yen (Millions)		U.S. dollars (Thousands)
	2021	2020	2021
Employment adjustment subsidy	¥43,470	¥ —	\$392,647
Compensation payments received	1,770	17,897	15,987
Gain on sales of investment securities	31	1,122	280
Valuation loss on investments in securities	(8,384)	(853)	(75,729)
Other (*)	5,556	(2,976)	50,185
Other, net (*)	¥42,443	¥15,190	\$383,370

(*) "Commission fee" and "Loss on valuation of derivatives" included in "Other, net" under "Other income (expenses)" in the previous fiscal year have been presented separately in the current fiscal year, as the amounts are now material. To reflect this change in the presentation method, consolidated financial statements for the previous fiscal year have been reclassified. As a result, ¥14,567 million presented in "Other, net" under "Other income (expenses)" in the consolidated statement of operations for the previous fiscal year has been reclassified into ¥(20) million of "Commission fee" and ¥(603) million of "Loss on valuation of derivatives" and ¥15,190 million of "Other, net."

(c) Business restructuring expense

The Group recorded business restructuring expense of ¥86,350 million (\$779,965 thousand) for the current consolidated fiscal year.

The main components include an impairment loss of ¥71,344 million (\$644,422 thousand) related to the early retirement of aircraft implemented as part of the business restructuring, a loss on sales and disposal of fixed assets of ¥8,578 million (\$77,481 thousand), and other items such as early retirement buyout payment.

Independent Auditor’s Report



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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, 2021, and the consolidated statement of operations, 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, 2021, 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 to 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 as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

	Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
1	<p><u>Revenue recognition in the air transportation business</u></p> <p>As disclosed in Note 18(c), Segment information—Information about sales, profit, assets and other items, the Group recorded operating revenues of 604,014 million yen in the Air Transportation segment for the year ended March 31, 2021, which accounted for 61.1% of total operating revenues of all combined reportable segments. The operating revenues in the Air Transportation segment mainly consisted of revenues from the domestic and international passenger operations, which were core businesses for the Group and amounted to 203,119 million yen and 44,726 million yen, or 20.6% and 4.5% of total segment revenues, respectively. In addition, the majority of advance ticket sales in the amount of 44,718 million yen, which were included in current liabilities on the consolidated balance sheet, represented considerations received for services that had not yet been rendered. Operating revenue is an important metric to management, and revenues from the domestic and international passenger operations comprise an important portion of this metric. On a daily basis there is a large volume of reservations, ticketing, boarding, billing and other transactions related to these operations, and these transactions depend on automated processing or system interfaces using multiple Information Technology ("IT") systems, including systems outsourced to service organizations. Proper processing of these revenues in accordance with the Group's accounting policy requires evaluating that the IT systems consistently function in an effective manner and that the information involved is appropriately secured. Moreover, a large portion of data processing for these transactions is input from websites by customers and devices at travel agencies, or linked from boarding gates, so the only physical evidence of these transactions is limited to financial institutions' transaction records.</p> <p>Therefore, our performance of audit procedures is highly dependent on information generated through the automated processing or system interfaces using the IT systems.</p> <p>For these reasons, we identified the consistent effectiveness of automated processing by the IT systems related to the domestic and international passenger operations and the reliability of information generated by those systems as a key audit matter.</p>	<p>Our audit procedures performed to test the revenue recognition related to the domestic and international passenger operations based on the involvement of our IT specialists included the following, among others:</p> <ul style="list-style-type: none">• We identified and evaluated the design and operating effectiveness of automated controls over revenue recognition related to processes such as the creation of sales data, the matching of the sales data with boarding data and the creation of revenue data transferred into the accounting system by inspecting system design and other documents and reperforming controls using data extracted from the systems to determine whether the IT systems are functioning effectively.• We evaluated the design and operating effectiveness of general IT controls, which supported the consistent operation of automated controls throughout the audit period, by inspecting test results for program changes made to the relevant IT systems and evidence of approval for granting access rights to data and other information resources.• We evaluated whether general IT controls that exist at service organizations over the IT systems, and that were outsourced could be relied upon by obtaining relevant service auditor's reports on controls over the outsourced operations and reading descriptions of the scope, period and procedures to test general IT controls.• We compared revenue data generated from the application systems with the amounts recorded in the accounting system. We also compared revenue data or underlying sales data with financial institutions' transaction records.• We tested the accuracy and completeness of information and data, such as the number of travelers, sales data and revenue data, generated from the application systems used in our audit procedures by inspection of system design and other documents and by reperformance procedures using data extracted from the systems.

Independent Auditor's Report

2	<p><u>Accounting estimates affected by the COVID-19 pandemic</u></p> <p>Primarily in response to the huge reduction in passenger air travel demand due to the COVID-19 pandemic, the Group recorded a decrease in operating revenues of 1,245,533 million yen or 63.1% from the previous year and operating losses of 464,774 million yen in the consolidated statement of operations for the year ended March 31, 2021, and reported net cash used in operating activities in the amount of 270,441 million yen in the consolidated statement of cash flows for the year then ended. Under such circumstances, management concluded that a material uncertainty did not exist over the Group's ability to continue as a going concern since the Group had procured funds necessary to secure liquidity on hand. The Group also recorded deferred tax assets in the amount of 219,618 million yen on the consolidated balance sheet as of March 31, 2021, which were determined based on the estimate of future taxable income. As disclosed in Note 11, Income taxes, a material portion of that amount related to deferred tax assets recognized for tax losses carried forward in the amount of 128,363 million yen.</p> <p>Management's assessment over the going concern assumption and judgment on the recoverability of deferred tax assets were based on the Group's future plans that included the COVID-19 pandemic's impact on demand for passenger air travel. Specifically, assumptions used in the future plans below involve high estimation uncertainty and rely on management's judgment, and will have a significant impact on cash flows and estimates of future taxable income. Therefore, we identified these accounting estimates as a key audit matter.</p>	<p>Our audit procedures performed to test significant assumptions used in the future plans, which are the basis for the assessment of whether a material uncertainty existed in the going concern assumption and the valuation of deferred tax assets, included the following, among others:</p> <ul style="list-style-type: none"> • We compared the Group's assumptions regarding the duration of the COVID-19 pandemic, the speed of air travel demand recovery and the market growth rate in the post-COVID-19 environment with those in market outlook publications and other related industry reports from external institutions. We obtained an understanding of and considered assumptions used in the external market outlooks and other reports, and we compared them to each other. We also assessed the historical relationships of the seat occupancy rate and revenue per passenger with passenger carrying capacity and air travel demand. Then, we evaluated whether the assumptions reflecting the changes expected to occur in the post-COVID-19 environment fell within a reasonable range. • We tested the aircraft investment plans to determine whether they reflected early retirement of aircraft that had already occurred, and we compared them with the financing plans and plans for new routes. We also inspected the documents related to advance payments for aircraft that had an existing contract. In addition, we tested the feasibility of the headcount plans by determining whether they were consistent with passenger carrying capacity in the future plans and comparing them with the historical number of employees hired.
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<ul style="list-style-type: none"> • Management estimates of the severity and duration of the impact of the COVID-19 pandemic on demand for passenger air travel involve a high level of uncertainty. As disclosed in Note 4(1), Significant Accounting Estimates—Recoverability of deferred tax assets, the recoverability of deferred tax assets is determined based on the business plans of ANA HOLDINGS INC. and ALL Nippon Airways Co., Ltd.; these business plans were developed using assumptions that the international and domestic air travel demand would recover to the 2019 level at the end of the years ended March 31, 2024 and 2022, respectively. • The assumptions related to the market growth rate, seat occupancy rate and revenue per passenger in the post-COVID-19 environment used in the development of the future plans involve a high degree of difficulty in the estimate because the Group may not use previous experience as a basis for these estimates. • Passenger carrying capacity in the future plans, which is determined based on aircraft investment plans and headcount plans, involves uncertainty because it is a future event and the Group plans or has already proceeded with early retirements of aircraft and employees. • The Group has developed various expense reduction measures responding to a drastically changing business environment and included them in the future plans in conjunction with a decrease in expenses due to lower passenger air travel demand. These expense reduction measures are dependent on management decisions and the Group's ability to execute the measures. The feasibility of those measures also has a significant impact on financing plans and estimates of future taxable income. • Fuel comprises a material portion of the Group's expenses or cost of sales and has significant price fluctuation risks due to a characteristic of its airline business, and greater-than-expected fuel price fluctuations would have a significant impact on the financing plans and estimates of future taxable income. 	<ul style="list-style-type: none"> • We obtained an understanding of specific expense reduction measures by inspecting decision-making documents by the Board of Directors and performing inquiries of relevant responsible company personnel. For measures that had been already implemented, we tested whether assumptions used in the future plans were consistent with actual results of such measures. • For the fuel price outlook, which is another significant assumption, we compared the Group's outlook with market predictions, available external data and historical data.
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Independent Auditor’s Report

3	<p><u>Recording business restructuring expenses</u></p> <p>The Group recorded business restructuring expenses of 86,350 million yen in the consolidated statement of operations for the year ended March 31, 2021.</p> <p>Business restructuring expenses were losses incurred from those measures which management had implemented to reform the Group's cost structure primarily in response to the huge decrease in passenger air travel demand due to the COVID-19 pandemic. These expenses mainly consisted of a loss on sale of aircraft and an impairment loss resulting from early retirement of 28 large passenger aircrafts in addition to initial plan of the retirement. As described in Note 4(2), Significant Accounting Estimates—Impairment of the assets to be sold, and Note 22, Impairment loss, and Note 23, Supplementary information for the consolidated statement of operations: the breakdown of business restructuring expenses—impairment losses, the Group recorded impairment losses on property and equipment held for sale of 71,344 million yen, a large portion of which was impairment losses related to the early retirement of aircraft in the amount of 66,524 million yen.</p> <p>For the purpose of an impairment testing, those assets expected to be sold are grouped on an individual basis separately from other assets or asset groups as the decision to dispose of them have been made. The recoverable amount is then calculated from the net selling price at disposal, which is determined by the market value less estimated cost to sell. Normally, the market value of an aircraft is calculated based on a price that assumes the aircraft will be reused. However, as the actual prices significantly differ from estimated selling prices that are based on the assumption that the aircraft will be reused because of the decreased passenger air travel demand due to COVID-19, the Group determines the market value of its aircraft that has yet to be sold by using the estimated sales price based on recent sales transactions of comparable assets to assess the impairment loss.</p> <p>As the calculation of the market value involves estimates and judgments made by management and significantly affects the measurement of an impairment loss, we identified this matter above as a key audit matter.</p>	<p>Our audit procedures performed to test impairment losses related to the early retirement of aircraft, a key element of business restructuring expenses, included the following, among others:</p> <ul style="list-style-type: none">• We examined the reasonableness of the Group's judgment that these assets should be separated from other assets or asset groups and grouped individually for the purpose of impairment testing given the Group's decision to sell aircraft designated for early retirement. We inspected decision-making documents by the Board of Directors and performed inquiries of relevant responsible company personnel.• With the assistance of our fair value specialists, we evaluated the reasonableness of management judgment to use the estimated sales price instead of the market value calculated based on a price that assumes the aircraft will be reused, and tested the estimated sales price.• We compared the estimated sales prices to the Group's most recent sales history for the same aircraft model and obtained information about the status of sales negotiations.• We performed retrospective reviews to evaluate the reasonableness of estimates by comparing the estimated sales price with actual sales prices for the aircraft which had been sold or whose sales contracts had been fixed subsequent to the recognition of impairment losses.
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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, misrepresentations, 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 and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as 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.

Independent Auditor’s Report

- 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 audit 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.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 28, 2021

Glossary

Passenger Business Terms

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 passen- gers aboard aircraft. Revenue-paying passengers 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.

VFR (Visiting Friends and Relatives)
Refers to travel for the purpose of visiting friends and relatives.

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-paying 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.

Belly
The space below the cabin on passenger aircraft that is used to transport cargo.

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 290 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 develop- ment 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 2021, 26 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 air 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 compet- itiveness against other alliances (or joint ventures).

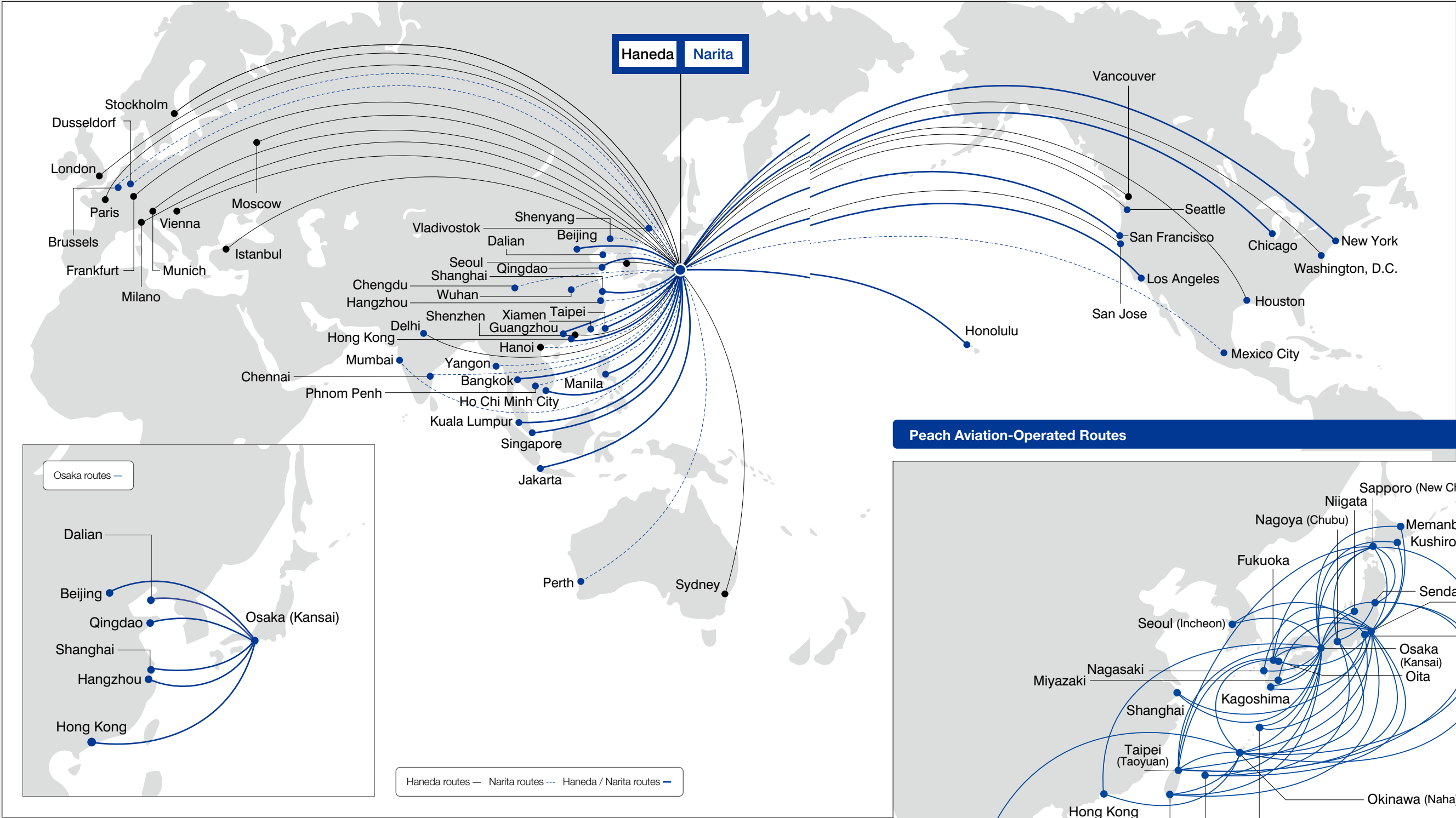
Full Service Carrier (FSC)
An airline company that serves a wide range of markets based on a route network that includes code-sharing connecting demand. FSCs offer multiple classes of seats and provide in-flight food and beverages that are included in advance in the fare paid. FSCs are also called network 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 crew and other personnel, along with dedicated facilities. Services include the maintenance, repair, and overhaul of aircraft and other equipment owned by airlines.

Note: Including routes suspended due to COVID-19
Compilation by ANA HOLDINGS INC. (As of August 1, 2021)

ANA-Operated International Routes



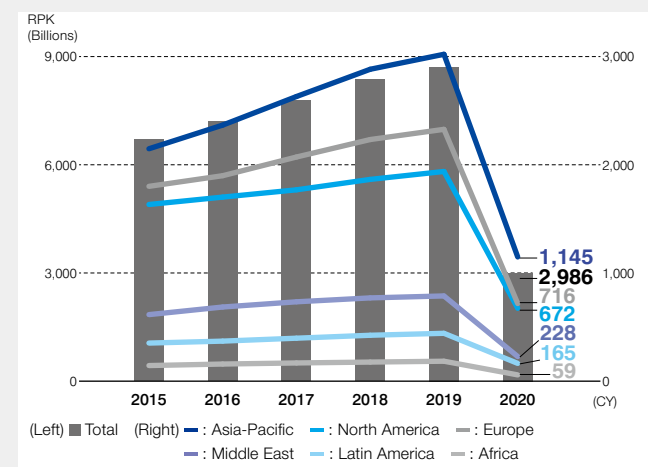
Peach Aviation-Operated Routes



Market Data

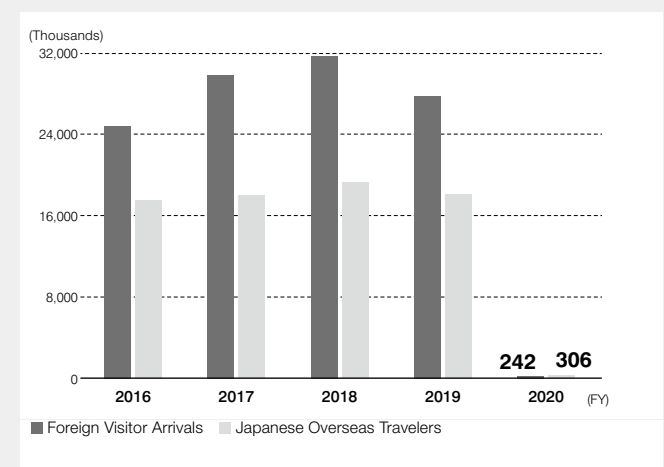
International Passenger Market

Global Air Transportation Passenger Volume by Region



Source: International Air Transport Association (IATA), 2021

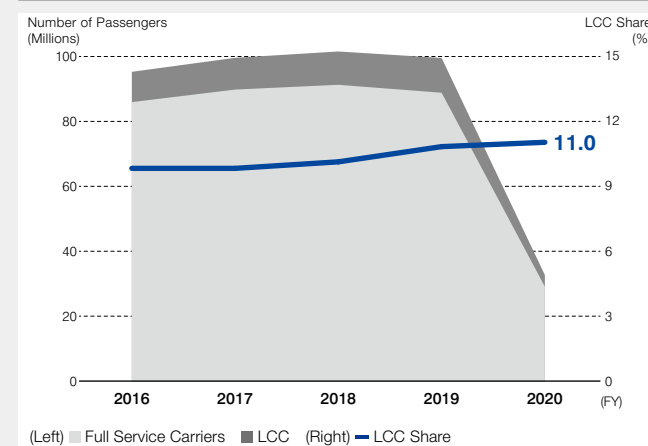
Foreign Visitor Arrivals / Number of Japanese Overseas Travelers



Source: Japan National Tourism Organization (JNTO), 2021

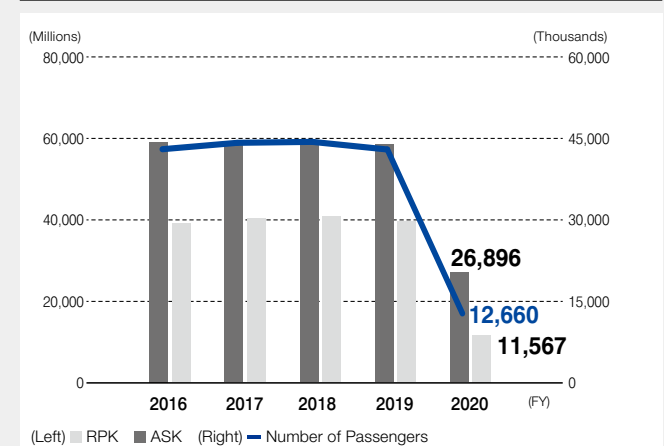
Domestic Passenger Market

Number of Domestic Passengers and LCC Share



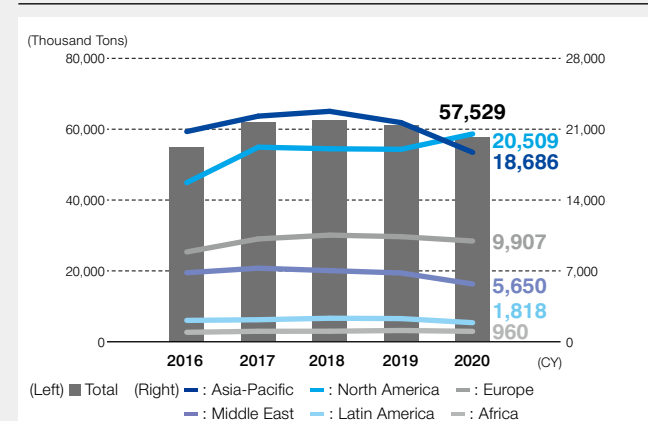
Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal 2020

ANA Domestic Passenger Business: ASK, RPK, and Number of Passengers



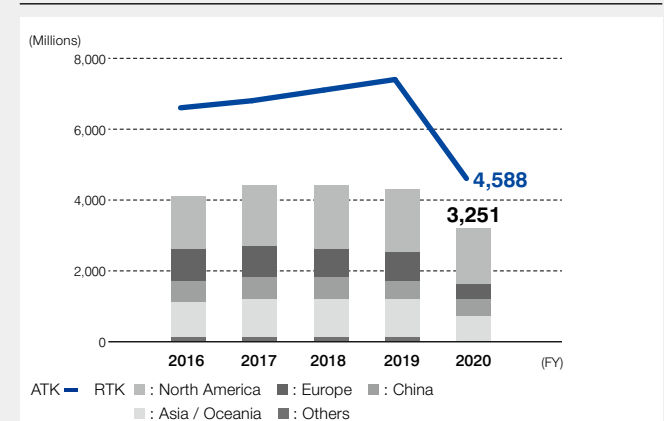
International Cargo Market

Global Freight Ton Carried by Region



Source: International Air Transport Association (IATA), 2021

ANA International Cargo Operations: ATK and RTK

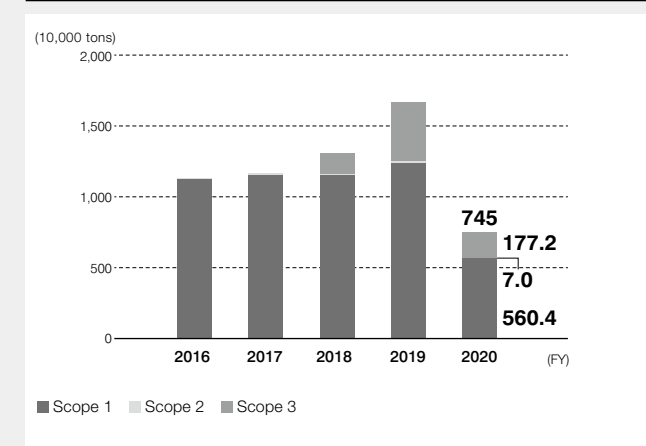


Notes: 1. Figures for China include the Hong Kong routes.
 2. Figures for Asia / Oceania include the Vladivostok routes.
 3. Figures for Others include RFS (Road Feeder Service).

Environmental and Social Data

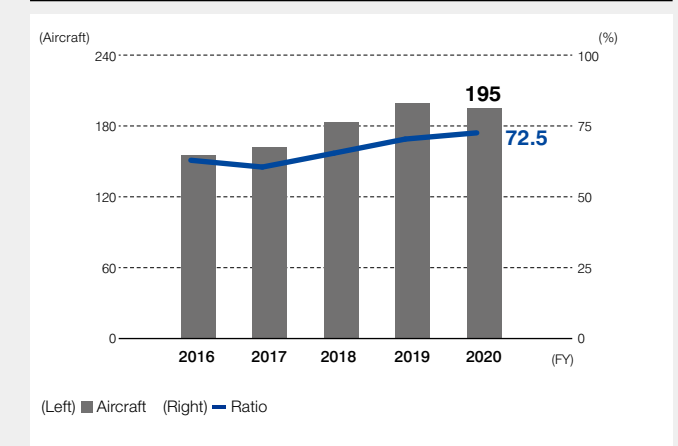
For further information, Fact Book 2021 can be downloaded from the ANA Group corporate website in PDF format.
<https://www.ana.co.jp/group/en/investors/irdata/annual/>

Environmental

CO₂ Emissions

* Fiscal 2016-fiscal 2017: Scope 3, categories 6 and 7 calculated / Fiscal 2018: Scope 3, categories 2-4, 6, and 7, calculated / Fiscal 2019- : Scope 3, all categories calculated

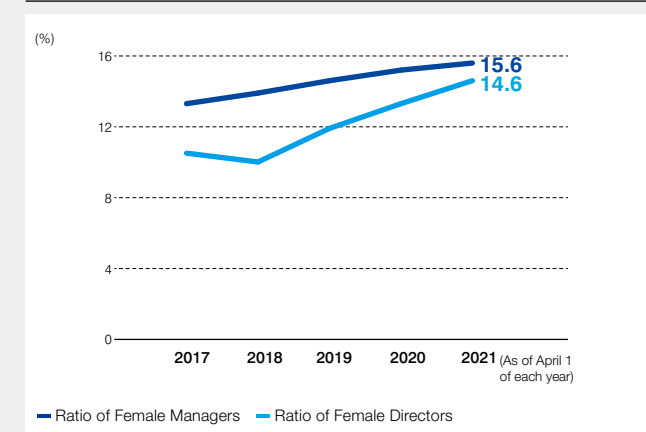
Fuel-Efficient Aircraft (No. / Ratio)



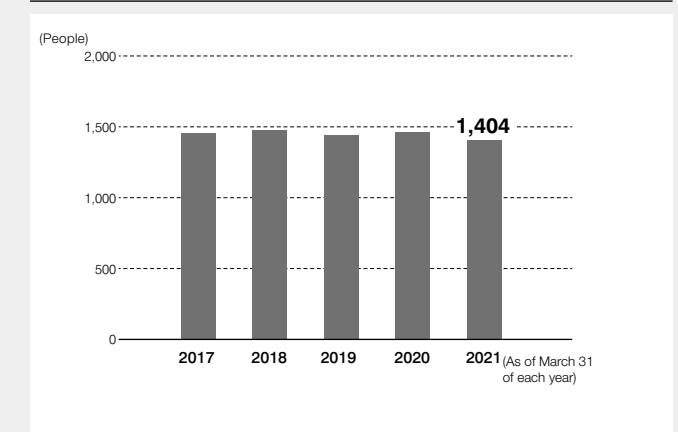
* ANA brand aircraft (jets) until fiscal 2018; ANA Group aircraft (jets) in fiscal 2019 and onward
 * Fuel-efficient aircraft: Boeing 777, 787, 737-700 and -800; Airbus A320neo and A321neo

Social

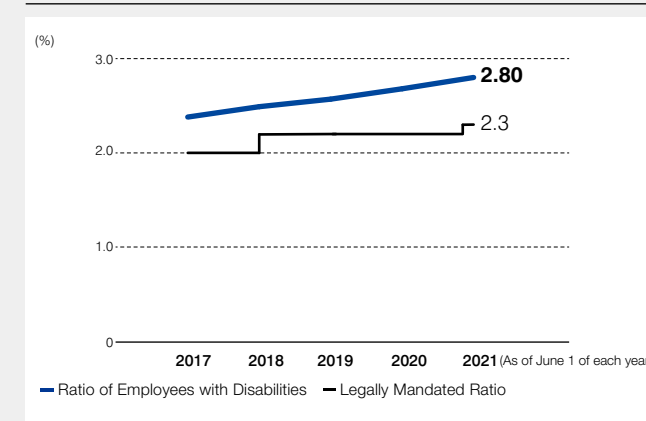
Ratio of Female Managers / Ratio of Female Directors (ANA)



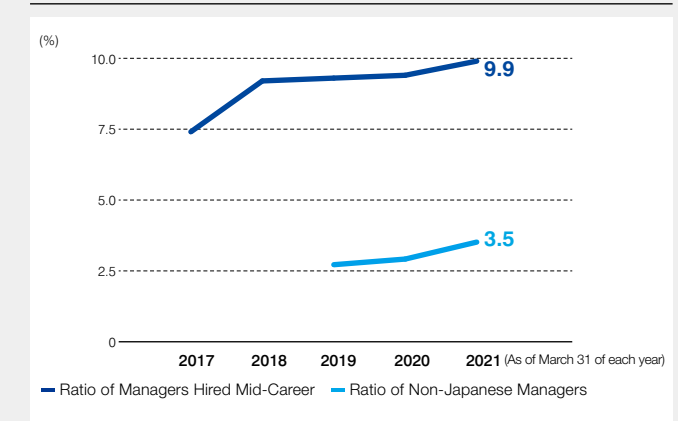
Number of Employees Hired Overseas (ANA)



Ratio of Employees with Disabilities (ANA)



Ratio of Managers Hired Mid-Career / Ratio of Non-Japanese Managers* (ANA)



* Ratio of non-Japanese managers is calculated excluding TC1 (Americas region) as defined by the International Air Transport Association (IATA)

Social Data

Human Resources Data (ANA)

	Unit	2017	2018	2019	2020	2021
Number of employees (As of March 31 of each year)	People	13,518	13,982	14,242	14,830	15,114
Number of employees hired overseas (as of March 31)	People	1,454	1,475	1,442	1,464	1,404
Number of overseas managers hired locally (As of March 31 of each year)	People	127	135	161	157	173
Average age of employees (As of March 31 of each year)	Years	37.4	37.4	37.5	38.0	37.9
Average years worked (As of March 31 of each year)	Years	13.3	13.8	14.2	13.6	12.5
Ratio of managers hired mid-career (as of March 31)	%	7.4	9.2	9.3	9.4	9.9
Ratio of non-Japanese managers*1 (as of March 31)	%	—	—	2.7	2.9	3.5
Ratio of female managers (As of April 1 of each year, excluding individuals 60 years old and over)	%	13.3	13.9	14.6	15.2	15.6
Ratio of female directors (As of April 1 of each year)	%	10.5	10.0	11.9	13.3	14.6
Number of employees on pregnancy or childcare leave / Male (As of March 31 of each year)	People	545/13	587/19	629/20	645/29	643/27
Number of employees on nursing care leave (As of March 31 of each year)	People	14	15	16	10	11
Ratio of employees with disabilities*2 (As of June 1 of each year)	%	2.38	2.49	2.57	2.68	2.80
Work-related accidents (As of March 31 of each year)		109	82	111	69	25
Ratio of employees with healthy BMI*3 (As of March 31 of each year)						
Male	%	69.1	70.2	72.9	72.5	67.7
Female	%	69.8	72.0	72.6	73.0	70.1
Ratio of employees that smoke (As of March 31 of each year)						
Male	%	19.4	19.1	17.2	16.7	14.5
Female	%	4.0	3.9	3.7	3.1	2.6
Employee obesity rate*4 (As of March 31 of each year)						
Male	%	14.9	15.7	11.1	12.9	8.2
Female	%	1.2	1.3	1.4	1.0	1.7

*1 Excluding TC1 (Americas region) as defined by the International Air Transport Association (IATA)
*2 Total of ANA HOLDINGS INC., ANA, and qualified ANA Group companies (total of 11 companies including 1 special subsidiary)
*3 Ratio of employees with BMI of 18.5%–25.0%
*4 Changing calculation standards from 2018 Before 2017: Ratio of employees receiving guidance from designated healthcare professionals
2018 and later: Ratio of employees meeting criteria for metabolic syndrome

See the following website for more details about the 37th Yen-Based Bond (Social Bond), issued in May 2019:
<https://www.anahd.co.jp/group/en/pr/201904/20190417.html>


Flight-Related Data (All Passenger Flights on ANA International and Domestic Services)

(FY)	Unit	2016	2017	2018	2019	2020
In-service rate	%	98.9	98.8	98.2	97.4	43.5
On-time departure rate*5	%	87.6	86.1	88.4	88.7	97.3
On-time arrival rate*5	%	85.4	84.0	86.5	87.5	96.8

*5 Delays of 15 minutes or less, excluding canceled flights

Customer-Related Data

(FY)	Unit	2016	2017	2018	2019	2020
Number of customer feedback reports		73,892	114,273	105,723	117,628	59,862
[Breakdown by route type]						
Domestic	%	48.3	56.0	62.4	59.5	54.6
International	%	37.4	40.1	34.8	37.9	11.7
Other	%	14.3	3.9	2.7	2.7	33.7
[Breakdown by report type]						
Complaint	%	43.4	41.1	45.8	42.3	30.1
Compliment	%	16.8	18.5	19.8	21.1	20.8
Comment / Request	%	21.5	20.8	16.5	16.6	28.8
Other	%	18.3	19.5	17.8	20.1	21.3

→  See the ANA Group corporate website for more:
<https://www.ana.co.jp/group/en/csr/data/>

Environmental Data

The following data is the environmental results related to the ANA Group. From fiscal 2019, we have also added the results of Peach Aviation.

Climate Change Countermeasures

(FY)	Unit	2016	2017	2018	2019	2020
Carbon dioxide (CO ₂) emissions						
Total	10,000 tons	1,126	1,161	1,156	1,246	567
[Breakdown]						
Aircraft		1,114	1,148	1,143	1,233	558
Passenger		1,058	1,097	1,098	1,196	490
Cargo		56	50	45	37	68
Ground equipment and vehicles		11.8	13.5	13.2	12.6	9.3
Total	10,000 tons	1,127	1,162	1,306	1,682	745
[Breakdown by Scope]						
Scope 1		1,118	1,152	1,147	1,237.3	560.4
Scope 2		8.3	9.2	8.9	8.4	7.0
Scope 3		0.4*1	0.4*1	150.4*2	436.4*3	177.2
Aircraft CO ₂ emissions per RTK	kg-CO ₂	1.00	0.96	0.97	1.01	1.25
Total energy consumption						
Total	Crude oil equipment: 10,000 kl	434	448	446	480	219
[Breakdown] Aircraft energy		428	441	439	474	214
Ground energy (non-aircraft operations)		5.5	6.5	6.4	6.3	4.8
Ozone depletion (ANA only)	kg					
Fluorocarbon						
[Breakdown] Aircraft		8.8	5.3	9.4	2.7	2.9
Ground (non-aircraft operations)		—	—	—	—	254*4
Halon						
[Breakdown] Aircraft		29.4	5.0	28.8	31.7	20.5
Fuel-efficient aircraft*5						
ANA Group (jet aircraft)						
Number of aircraft	Aircraft	155	162	183	199	195
Ratio	%	62.8	60.4	65.3	70.3	72.5
ANA Brand (jet aircraft)						
Number of aircraft	Aircraft	155	162	183	199	192
Ratio	%	66.0	69.5	75.9	81.2	83.1

*1 Fiscal 2016–fiscal 2017 Scope 3, categories 6 and 7 calculated, third-party certified.
*2 Scope 3 data for fiscal 2018 is calculated in categories 2–4, 6, 7, and assured.
*3 Scope 3 data for fiscal 2019 is calculated in all categories.
*4 Calculated beginning fiscal 2020
*5 Boeing 777, 787, 737-700, -800, Airbus A320neo, and A321neo

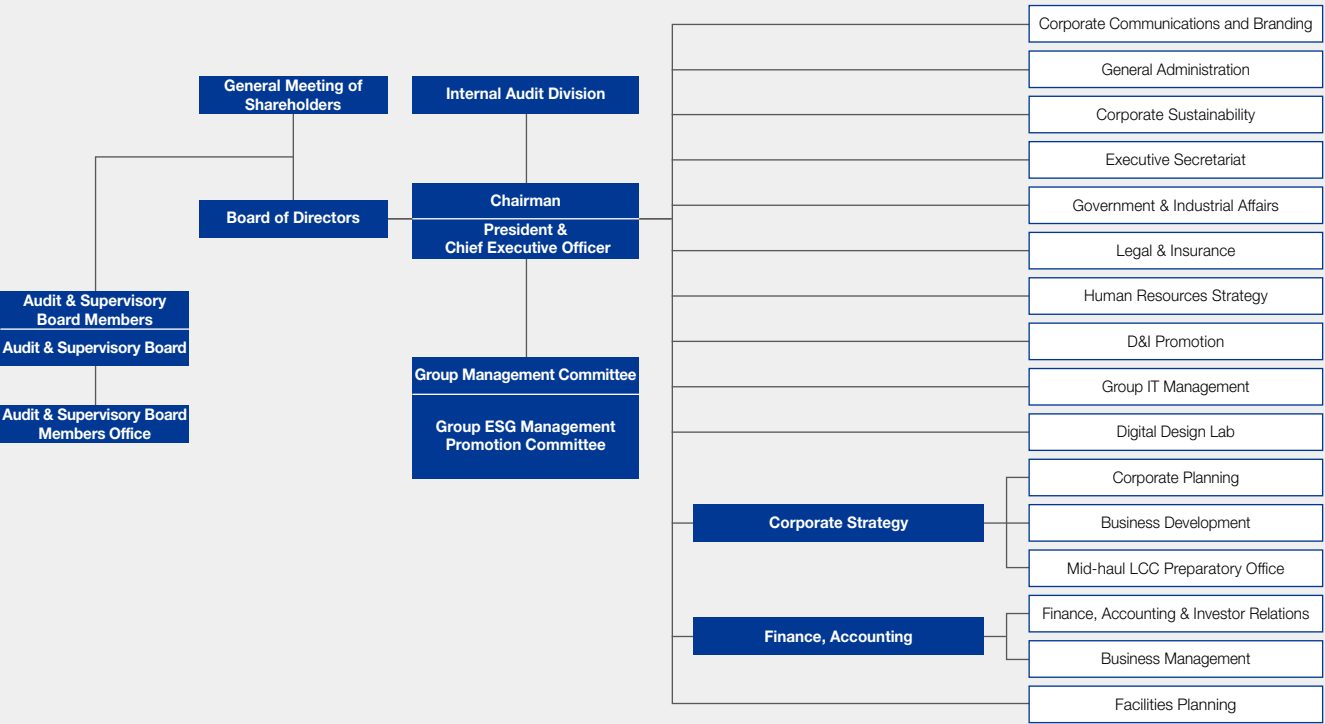
See the following website for more details about the 36th Yen-Based Bond (Green Bond), issued in October 2018:
<https://www.anahd.co.jp/group/en/pr/201809/20180928.html>

Resource Savings

(FY)	Unit	2016	2017	2018	2019	2020
Waste produced						
Total	1,000 tons	36.8	37.5	34.3	22.9	11.1
[Breakdown]						
General waste (Cabin waste and sewage included)		28.7	31.5	28.4	15.3	6.4
General waste (Ground waste included)		3.0	2.6	2.7	2.9	1.0
Industrial waste		5.1	3.4	3.2	4.7	3.7
Total paper consumption	1,000 tons	4.6	4.0	3.2	3.1	1.4
Total water consumption	10,000 kl					
[Breakdown]						
Clean water		57.8	61.4	61.1	60.7	30.7
Non-potable water		7.2	9.4	8.6	7.8	4.5

The ANA Group Profile

ANA HOLDINGS INC. Organization (As of July 1, 2021)



Number of Subsidiaries and Affiliates (As of March 31, 2021)

Operating segment	Total of subsidiaries	of which, consolidated		Total of affiliates	of which, equity method	
Air Transportation	5	4	—	3	1	
Airline Related	42	31	—	5	2	
Travel Services	5	5	—	3	1	
Trade and Retail	63	8	—	2	—	
Others	10	8	1	29	9	
Total	125	56	1	42	13	

Major Subsidiaries (As of March 31, 2021)

Company name	Amount of capital (¥ Millions)	Ratio of voting rights holding (%)	Principal business
Air Transportation			
ALL NIPPON AIRWAYS CO., LTD.	25,000	100.0	Air transportation
Air Japan Co., Ltd.	50	100.0	Air transportation
ANA WINGS CO., LTD.	50	100.0	Air transportation
Peach Aviation Limited	7,515	77.9	Air transportation
Airline Related			
ANA Cargo Inc.	100	100.0	Cargo operations
Overseas Courier Service Co., Ltd.	100	91.5	Express shipping business
ANA Systems Co., Ltd.	80	100.0	Innovation and operation of IT systems
Travel Services			
ANA Sales Co., Ltd.	100	100.0	Planning and sales of travel packages, etc.
Trade and Retail			
ALL NIPPON AIRWAYS TRADING Co., Ltd.	1,000	100.0	Trading and retailing

Note: No specified wholly owned subsidiaries as of the end of the fiscal year under review

Corporate Data (As of March 31, 2021)

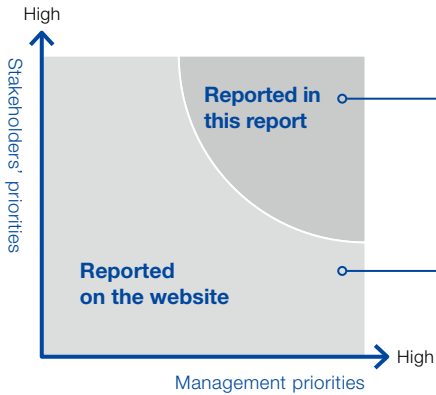
Corporate Profile

Trade Name	ANA HOLDINGS INC.
Date of Foundation	December 27, 1952
Head Office	Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7140, Japan
Number of Employees	46,580 (Consolidated)
Paid-In Capital	¥467,601 million
Fiscal Year-End	March 31
Number of Shares of Common Stock	Authorized: 510,000,000 shares* Issued: 484,293,561 shares
Number of Shareholders	672,978
Stock Listing	Tokyo
Ticker Code	9202

* Amendments to the Articles of Incorporation were approved at the 76th Ordinary General Meeting of Shareholders held June 29, 2021, and the number of authorized shares was changed to 1,020,000,000.

Administrator of Register of Shareholders	Sumitomo Mitsui Trust Bank, Limited (Stock Transfer Agency Department) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Independent Auditor	Deloitte Touche Tohmatsu LLC
American Depository	Receipts Ratio (ADR:ORD): 5:1 Exchange: OTC (Over-the-Counter) Symbol: ALNPY CUSIP: 032350100 Depository: 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

Scope of This Report



Annual Report (PDF)
<https://www.ana.co.jp/group/en/investors/irdata/annual/>

For Further Information (Website)
Corporate Profile <https://www.ana.co.jp/group/en/about-us/>
Investor Relations <https://www.ana.co.jp/group/en/investors/>
Sustainability <https://www.ana.co.jp/group/en/csr/>

Fact Book 2021
Fact Book 2021 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. Factors that could affect actual results include, but are not limited to, economic trends, sharp changes in exchange rates, fluctuations in the price of crude oil, and disasters.
Due to these risks and uncertainties, the group's future performance may differ significantly from the contents of this report. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.

Contact

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