

Consolidated 11-Year Summary

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

Yen (Millions)												U.S. dollars (Thousands) (Note 3)
(FY) (Note 2)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2022
For the Year												
Operating revenues (Note 4)	1,707,484	1,020,324	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	12,787,268
Operating expenses	1,587,454	1,193,451	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	11,888,369
Operating income (loss)	120,030	(173,127)	(464,774)	60,806	165,019	164,516	145,539	136,463	91,541	65,986	103,827	898,899
Income (loss) before income taxes	114,342	(175,374)	(545,372)	51,501	154,023	196,641	139,462	131,064	77,983	36,391	70,876	856,301
Net income (loss) attributable to owners of the parent	89,477	(143,628)	(404,624)	27,655	110,777	143,887	98,827	78,169	39,239	18,886	43,140	670,089
Cash flows from operating activities	449,822	(76,413)	(270,441)	130,169	296,148	316,014	237,084	263,878	206,879	200,124	173,196	3,368,696
Cash flows from investing activities	(204,026)	230,019	(595,759)	(230,218)	(308,671)	(324,494)	(194,651)	(74,443)	(210,749)	(64,915)	(333,744)	(1,527,941)
Cash flows from financing activities	(142,909)	93,646	1,098,172	23,869	(46,480)	(29,989)	3,349	(133,257)	(30,424)	(85,569)	84,549	(1,070,238)
Free cash flow	245,796	153,606	(866,200)	(100,049)	(12,523)	(8,480)	42,433	189,435	(3,870)	135,209	(160,548)	1,840,754
Substantial free cash flow (Note 5)	373,104	(111,948)	(373,464)	(79,149)	(18,028)	61,410	39,655	88,035	(22,350)	38,929	54,256	2,794,158
Depreciation and amortization	144,313	147,328	176,352	175,739	159,541	150,408	140,354	138,830	131,329	136,180	123,916	1,080,753
EBITDA (Note 6)	264,343	(25,799)	(288,422)	236,545	324,560	314,924	285,893	275,293	222,870	202,166	227,743	1,979,652
Capital expenditures	116,892	133,364	156,710	351,361	375,864	304,707	254,425	281,416	274,702	183,739	162,752	875,398
At Year-End												
Total assets	3,366,724	3,218,433	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	25,213,240
Interest-bearing debt	1,607,918	1,750,108	1,655,452	842,862	788,649	798,393	729,877	703,886	819,831	834,768	897,134	12,041,623
Shareholders' equity (Note 7)	862,419	797,249	1,007,233	1,061,028	1,099,413	988,661	919,157	789,896	798,280	746,070	766,737	6,458,616
Per Share Data (Yen, U.S. dollars) (Note 8)												
Earnings (loss) per share	190.24	(305.37)	(1,082.04)	82.66	331.04	417.82	28.23	22.36	11.24	5.41	13.51	1.42
Book value per share	1,833.64	1,695.06	2,141.49	3,171.80	3,285.46	2,954.47	262.44	225.87	228.45	213.82	218.41	13.73
Cash dividends	—	—	—	—	75.00	60.00	6.00	5.00	4.00	3.00	4.00	—
Average number of shares during the year (Thousand shares)	470,334	470,339	373,945	334,559	334,632	344,372	3,500,205	3,496,561	3,492,380	3,493,860	3,192,482	
Management Indexes												
Operating income margin (%)	7.0	(17.0)	(63.8)	3.1	8.0	8.3	8.2	7.6	5.3	4.1	7.0	
Net income margin (%)	5.2	(14.1)	(55.5)	1.4	5.4	7.3	5.6	4.4	2.3	1.2	2.9	
ROA (%) (Note 9)	3.7	(5.3)	(16.0)	2.4	6.4	6.8	6.5	6.1	4.2	3.2	5.1	
ROE (%) (Note 10)	10.8	(15.9)	(39.1)	2.6	10.6	15.1	11.6	9.8	5.1	2.5	6.6	
Shareholders' equity ratio (%)	25.6	24.8	31.4	41.4	40.9	38.6	39.7	35.4	34.7	34.3	35.9	
Debt/equity ratio (Times) (Note 11)	1.9	2.2	1.6	0.8	0.7	0.8	0.8	0.9	1.0	1.1	1.2	
Asset turnover (Times) (Note 12)	0.5	0.3	0.3	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	
Payout ratio (%)	—	—	—	—	22.7	14.4	21.3	22.4	35.6	55.5	29.6	
Number of employees	40,507	42,196	46,580	45,849	43,466	41,930	39,243	36,273	34,919	33,719	32,634	
Operating Data												
International Passenger Operations												
Passenger revenues	433,470	70,151	44,726	613,908	651,587	597,446	516,789	515,696	468,321	395,340	348,319	3,246,236
Available seat-km (Millions)	35,875	20,524	14,465	68,885	65,976	64,376	60,148	54,710	49,487	41,451	37,947	
Revenue passenger-km (Millions)	26,408	5,550	2,840	50,219	50,776	49,132	45,602	40,635	35,639	30,613	28,545	
Number of passengers (Thousands)	4,212	825	427	9,416	10,093	9,740	9,119	8,167	7,208	6,336	6,276	
Load factor (%)	73.6	27.0	19.6	72.9	77.0	76.3	75.8	74.3	72.0	73.9	75.2	
Unit revenues (¥)	12.1	3.4	3.1	8.9	9.9	9.3	8.6	9.4	9.5	9.5	9.2	
Yield (¥)	16.4	12.6	15.7	12.2	12.8	12.2	11.3	12.7	13.1	12.9	12.2	
Domestic Passenger Operations												
Passenger revenues	529,593	279,877	203,119	679,962	696,617	689,760	678,326	685,638	683,369	675,153	665,968	3,966,097
Available seat-km (Millions)	49,901	34,288	26,896	58,552	58,475	58,426	59,080	59,421	60,213	61,046	58,508	
Revenue passenger-km (Millions)	32,201	16,382	11,567	39,502	40,704	40,271	38,990	38,470	38,582	37,861	36,333	
Number of passengers (Thousands)	34,534	17,959	12,660	42,916	44,325	44,150	42,967	42,664	43,203	42,668	41,089	
Load factor (%)	64.5	47.8	43.0	67.5	69.6	68.9	66.0	64.7	64.1	62.0	62.1	
Unit revenues (¥)	10.6	8.2	7.6	11.6	11.9	11.8	11.5	11.5	11.3	11.1	11.4	
Yield (¥)	16.4	17.1	17.6	17.2	17.1	17.1	17.4	17.8	17.7	17.8	18.3	
LCC Passenger Operations (Note 13)												
Revenues	90,265	37,813	22,071	81,953	93,611	87,555	—	—	—	—	—	675,990
Available seat-km (Millions)	12,232	7,863	4,932	11,076	12,052	11,832	—	—	—	—	—	
Revenue passenger-km (Millions)	8,991	4,846	2,403	9,202	10,394	10,212	—	—	—	—	—	
Number of passengers (Thousands)	7,775	4,267	2,080	7,288	8,153	7,797	—	—	—	—	—	
Load factor (%)	73.5	61.6	48.7	83.1	86.2	86.3	—	—	—	—	—	
Unit revenues (¥)	7.4	4.8	4.5	7.4	7.8	7.4	—	—	—	—	—	
Yield (¥)	10.0	7.8	9.2	8.9	9.0	8.6	—	—	—	—	—	
International Cargo Operations												
Cargo revenues	308,088	328,750	160,503	102,697	125,015	118,002	93,301	113,309	124,772	104,736	86,589	2,307,256
Cargo volume (Tons)	805,799	976,644	655,019	866,821	913,915	994,593	954,027	810,628	841,765	710,610	621,487	
Domestic Cargo Operations												
Cargo revenues	24,119	24,932	20,881	25,533	27,454	30,710	30,860	31,740	32,584	32,116	32,231	180,626
Cargo volume (Tons)	253,661	251,332	218,032	373,176	393,773	436,790	451,266	466,979	475,462	477,081	463,473	

Notes: 1. As of March 31, 2023, there were 54 consolidated subsidiaries and 13 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 ¥133.53 = US\$1, the approximate exchange rate as of March 31, 2023.
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 after excluding payments into and proceeds from withdrawals of time deposits and payments for purchases and proceeds from redemptions of marketable securities (time and negotiable deposits with maturities exceeding 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 beginning of fiscal 2017.
9. ROA = (Operating income + Interest and dividend income) / Simple average of total assets
10. ROE = Net income (loss) 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.
* We applied the Accounting Standard for Revenue Recognition as of the beginning of fiscal 2021.

Management’s Discussion and Analysis

Economic Conditions

General Economic Overview

During the fiscal year under review, the Japanese economy experienced a moderate recovery. While consumer spending and capital expenditures picked up gradually, imports and exports showed signs of weakening.

Looking to the future, the economy is expected to pick up, supported by easing of restrictions on movement and normalization of socioeconomic activities. At the same time, unstable international conditions, including soaring global energy prices and monetary tightening in the U.S. and European countries, could have a negative impact on any recovery. The airlines industry in Japan expects the recovery to continue in leisure demand for domestic routes and in inbound travel and business demand on international routes. However, developments in geopolitical risk and the situation in Ukraine warrant close monitoring.

Fuel Price Trends

Crude oil prices fluctuated widely throughout the year due to concerns about crude oil supply disruptions caused by the deteriorating situation in Ukraine. At the beginning of the year, crude oil prices rose sharply due to concern about supply shortages caused by the EU embargo on Russian crude oil. Crude oil prices began to trend downward in the third quarter in response to fears of a global recession caused by monetary tightening in various countries and the spread of COVID-19 in China. As a result, the average price of crude oil was \$92.5 per barrel for the fiscal year under review and \$76.8 per barrel on March 31, 2023.

The market price of Singapore kerosene tracked the price of crude oil. The average price for the fiscal year was \$123.4 per barrel, ending at \$94.8 per barrel on March 31, 2023.

Foreign Exchange Market

The U.S. dollar–yen exchange rate fluctuated widely throughout the fiscal year. The yen weakened to 150 yen to the dollar in October against the backdrop of a widening interest rate differential between Japan and the U.S., while appreciating rapidly in December in response to policy revisions by the Bank of Japan.

The Japanese yen averaged ¥135.48 per U.S. dollar for fiscal 2022, ending the year at ¥132.86 per U.S. dollar on March 31, 2023.

Air Transport Traffic Trends

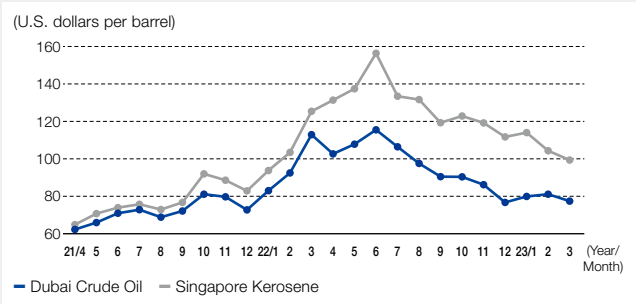
International Air Transportation Association (IATA) member airlines reported a 152.3% year-on-year increase in RPK for scheduled international flights in 2022. RPK for scheduled domestic flights rose 10.9% for the year. At the same time, RTK in connection with scheduled global air cargo increased 32.3%. (Source: IATA World Air Transport Statistics, 2023)

In Japan, passengers on trunk routes* increased 78.7% year on year to 39.42 million. The number of passengers on local routes* increased 85.4% to 51.24 million. In total, passengers on scheduled domestic flights increased 82.4% to 90.66 million. Cargo volume increased 14.5% to 0.54 million tons. The number of passengers carried by Japanese airlines on international flights increased 440.1% to 9.51 million, while the volume of international cargo handled by

Japanese airlines decreased 16.6% to 1.47 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Summary of Air Transportation Statistics)

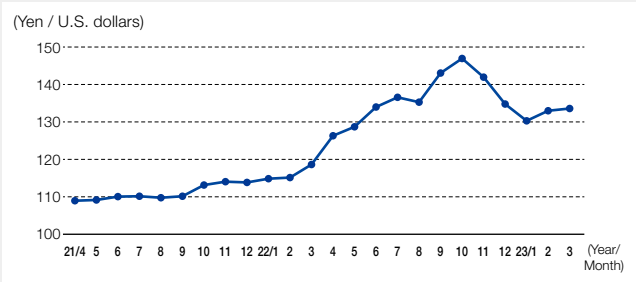
* Trunk routes refer to routes connecting Sapporo (New Chitose), Tokyo (Haneda), Tokyo (Narita), Osaka (Itami), Osaka (Kansai), Fukuoka, and Okinawa (Naha) airports with one another. Local routes refer to all other routes.

Monthly Prices for Dubai Crude Oil and Singapore Kerosene



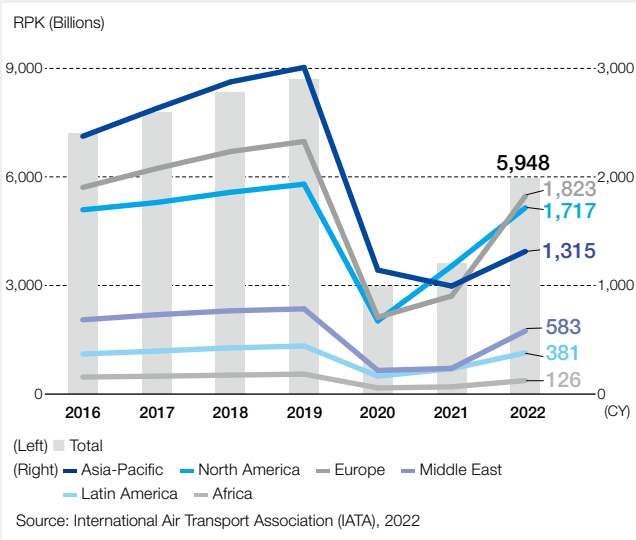
Source: Bloomberg

Monthly Yen-Dollar Exchange Rate



Source: Bloomberg

Global Air Transportation Passenger Volume by Region



Source: International Air Transport Association (IATA), 2022

Performance for Fiscal 2022

Overview of the ANA Group

The ANA Group (“the Group”), led by holding company ANA HOLDINGS INC., consists of 133 subsidiaries (including ALL NIPPON AIRWAYS CO., LTD.) and 37 affiliates. A total of 54 companies are treated as consolidated subsidiaries, with another 13 treated as equity-method subsidiaries and affiliates. Group employees numbered 40,507 individuals, a decrease of 1,689 compared to the previous fiscal year-end.

The environment surrounding the airline industry has been improving rapidly, as restrictions on behavior have eased with respect to domestic flights and entry restrictions have eased in many countries with respect to international flights.

In terms of business performance, operating revenues rose significantly year on year, supported by a recovery in travel amid the economic conditions described above. We posted a profit for the first time in three fiscal years. Even as we expanded the scale of flight operations, we continued with strict cost management measures that curbed increases in operating expenses.

On the balance sheet, retained earnings increased mainly due to an increase in operating revenues. Cash and deposits together with marketable securities amounted to ¥1,183.7 billion in liquidity on hand.

Segment Information

(Fiscal Year)	Operating Revenues			Operating Income (Loss)			EBITDA		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
Air Transportation	¥1,539,443	¥ 885,096	¥654,347	¥124,158	¥(162,932)	¥287,090	¥262,611	¥(22,379)	¥284,990
Airline Related	247,129	206,806	40,323	2,332	(660)	2,992	6,685	4,390	2,295
Travel Services	73,815	46,282	27,533	(277)	(2,105)	1,828	(89)	(1,971)	1,882
Trade and Retail	103,252	81,694	21,558	3,511	549	2,962	4,442	1,642	2,800
Subtotal	1,963,639	1,219,878	743,761	129,724	(165,148)	294,872	273,649	(18,318)	291,967
Others	38,066	38,130	(64)	599	1,388	(789)	987	1,886	(899)
Adjustments	(294,221)	(237,684)	(56,537)	(10,293)	(9,367)	(926)	(10,293)	(9,367)	(926)
Total (Consolidated)	¥1,707,484	¥1,020,324	¥687,160	¥120,030	¥(173,127)	¥293,157	¥264,343	¥(25,799)	¥290,142

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 nancial statements.
4. EBITDA = Operating income + Depreciation and amortization

Air Transportation Business

Air Transportation Business operating revenues amounted to ¥1,539.4 billion, a year-on-year increase of 73.9%. This result was mainly due to the capture of recovering passenger demand as consumers in Japan began to travel outside the home, the government eased restrictions on movement, and various other countries began to relax border restrictions. Continued strong cargo unit prices also contributed to this result, despite weakening cargo demand. Operating income amounted to ¥124.1 billion compared to an operating loss of ¥162.9 billion in the previous fiscal year. This result was mainly due to efforts to control expenses through cost management and other measures, despite an increase in flight operation-linked expenses associated with re-scaling our business.

Expenses, and Operating Income (Loss)

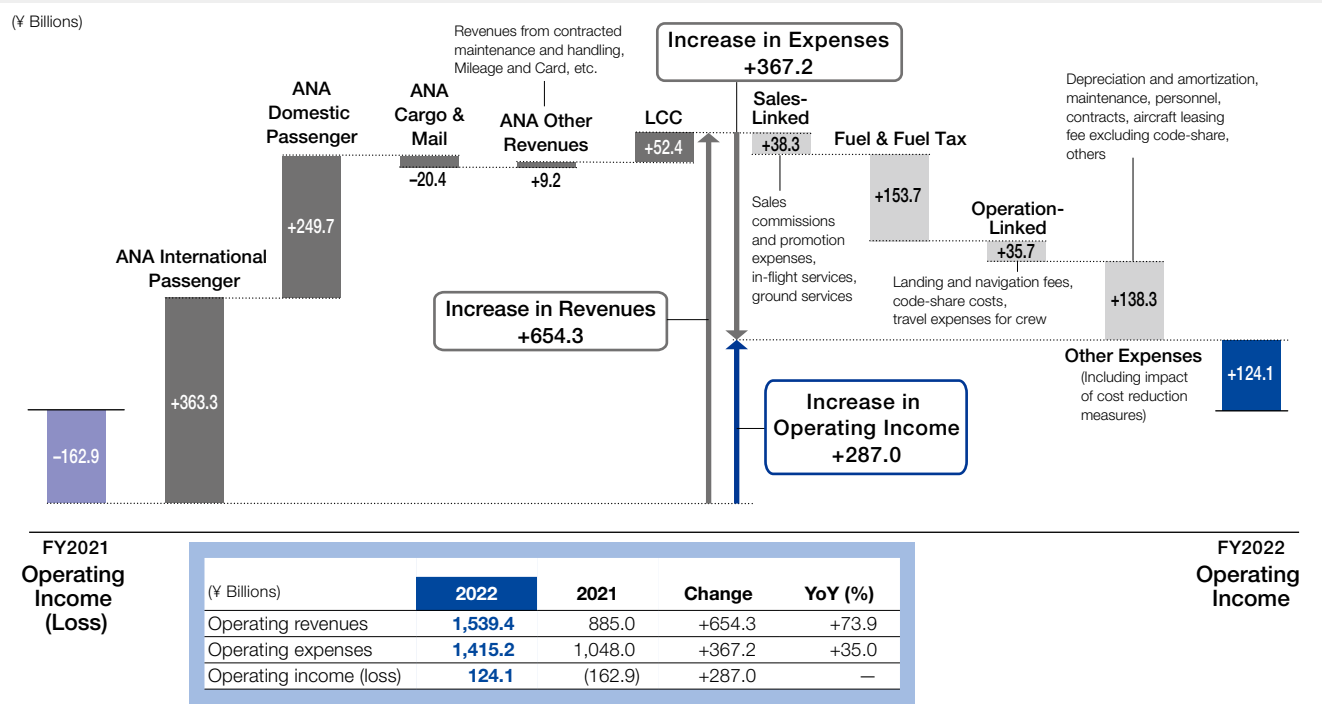
In fiscal 2022, we captured passenger demand as it recovered in stages, recording consolidated operating revenues of ¥1,707.4 billion, an increase of ¥687.1 billion (67.3%) year on year.

Operating income amounted to ¥120.0 billion compared with an operating loss of ¥173.1 billion in the previous fiscal year, despite an increase in flight operation-linked expenses stemming from expanded flight operations, as we continued with strict cost management measures.

Review by Segment

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

Changes in Operating Income (Loss) (FY2022 vs FY2021)



Results by business are as follows.

ANA International Passenger Business

The international passenger business captured demand for connections between North America and Asia, border restrictions were eased and travel demand recovered earlier than in other regions. Business demand from Japan and demand for inbound travel to Japan began recovering in September 2022 in response to relaxing border restrictions in Japan. As a result of our efforts to capture this demand, we recorded significantly higher passenger volume and revenues than the previous fiscal year, with international passenger volume recovering to 40% pre-COVID-19 levels.

Our route network increased flights on North American and Asian routes to and from Narita Airport in the first half of the year to capture demand for connections between North America and Asia. We also increased flights on the Haneda–Delhi and Haneda–Sydney routes beginning in January 2023 to respond to recovering demand from Japan and inbound travel demand to visit Japan.

ANA International Passenger Business Results

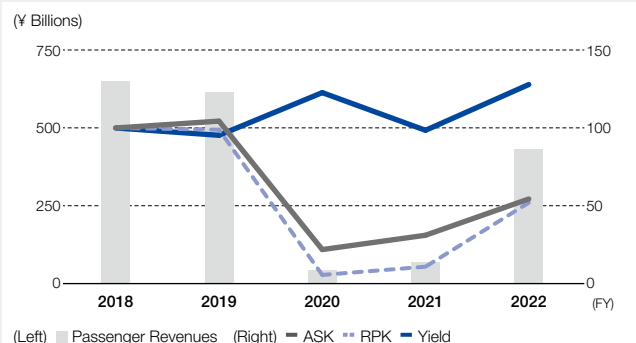
(Fiscal Year)	2022	2021	YoY (%)
ASK (Millions)	35,875	20,524	+74.8
RPK (Millions)	26,408	5,550	+375.8
Number of passengers (Thousands)	4,212	825	+410.3
Load factor (%)	73.6	27.0	+46.6*
Passenger revenues (¥ Billions)	433.4	70.1	+517.9
Unit revenues (¥)	12.1	3.4	+253.5
Yield (¥)	16.4	12.6	+29.9
Unit price (¥)	102,899	84,978	+21.1

* Difference

Sales and service efforts included the March 2023 *Let's Go Overseas With ANA* campaign commemorating ANA's 70th anniversary. Under this campaign, we sold special fares to Asia, Europe, and the United States to stimulate leisure demand.

We added a *Quick & Light Meal* and a *No Thank You Option* (decline of in-flight meal) to our international in-flight meal pre-order service beginning with flights departing on March 31, 2023. These options provide passengers with more freedom and comfort during their in-flight time while contributing to less food loss on board.

As a result, available seat-kilometers (ASK) and revenue passenger-kilometers (RPK) increased 74.8% and 375.8%, respectively, while load factor increased 46.6 points to 73.6%. Passenger numbers increased 410.3% to 4.21 million, while unit price increased 21.1% to ¥102,899. Operating revenues increased 517.9% to ¥433.4 billion.



* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2018 as 100.

ANA Domestic Passenger Business

Amid policies to balance the prevention of COVID-19 with socio-economic activities, leisure demand in ANA domestic passenger operations recovered significantly beginning in the second half of the year, assisted by Nationwide Travel Support and other measures. Amid the impact of an 8th wave of COVID-19 infections, we launched a ¥7,000 one-way flight to any domestic destination, a program to commemorate the ANA 70th anniversary. We also endeavored in other ways to attract new customers and stimulate demand, resulting in higher passenger volume and revenue year on year, with domestic passenger volume recovering to 70% of pre-COVID-19 levels.

By the third quarter, all Boeing 777 aircraft with refurbished engines were in service in our route network. We shifted to wide-body aircraft and added extra flights, mainly on weekends, during the year-end and New Year holidays, and spring break, working to capture the recovery in demand.

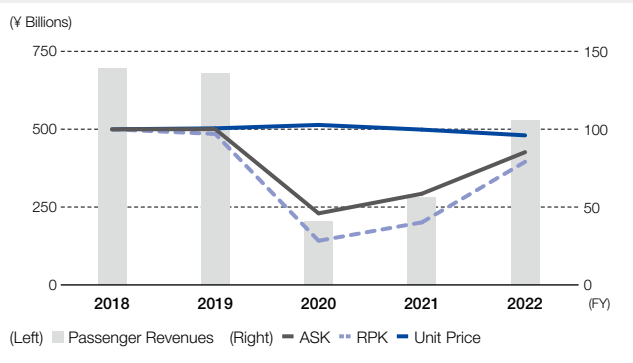
ANA Domestic Passenger Business Results

(Fiscal Year)	2022	2021	YoY (%)
ASK (Millions)	49,901	34,288	+45.5
RPK (Millions)	32,201	16,382	+96.6
Number of passengers (Thousands)	34,534	17,959	+92.3
Load factor (%)	64.5	47.8	+16.8*
Passenger revenues (¥ Billions)	529.5	279.8	+89.2
Unit revenues (¥)	10.6	8.2	+30.0
Yield (¥)	16.4	17.1	−3.7
Unit price (¥)	15,335	15,584	−1.6

* Difference

Sales and service efforts included the updated ANA VALUE TRANSIT, a transit fare for specific segments, beginning with reservations in January 2023. This update improved customer convenience by offering expanding options for transit flights to a maximum of three flights. In December 2022, ANA launched a new concept called *The Premium Kitchen* for in-flight meals in premium class on domestic flights. ANA updated menu choices based on customer feedback, and disposable plastic containers used for in-flight meals were replaced with paper containers, etc., to promote ESG initiatives further.

As a result, ASK and RPK increased 45.5% and 96.6%, respectively, while load factor increased 16.8 points to 64.5%. Passenger numbers increased 92.3% to 34.53 million, while unit price decreased 1.6% to ¥15,335. Passenger revenues increased 89.2% to ¥529.5 billion.



* Figures for ASK, RPK, and Unit Price are indexed using the figures for fiscal 2018 as 100.

ANA Cargo and Mail Business

International cargo operations experienced the negative impact of declining demand for automotive components and fewer flights operated using passenger aircraft as we worked to capture passenger demand. As a result, cargo weight was lower year on year. However, we maintained high unit prices by capturing cargo with higher unit prices, including large special commercial products.

As a result, international cargo volume for fiscal 2022 amounted to 800 thousand tons (down 17.5% year on year), while operating revenues amounted to ¥308.0 billion (down 6.3%). Available ton-kilometers (ATK) decreased 5.2% year on year and revenue ton-kilometers (RTK) decreased 20.0%.

Domestic cargo operations saw a 47.6% increase in ATK compared with the previous fiscal year, while RTK decreased 0.2%. Although demand for inter-company transport was sluggish, home delivery demand remained strong throughout the year. Cargo volume increased 0.9% to 0.25 million tons, and cargo revenues decreased 3.3% to ¥24.1 billion.

Operating revenues for international and domestic mail business amounted to ¥6.2 billion and ¥2.8 billion, year-on-year increases of 15.1% and 8.7%, respectively.

As a result, the ANA Cargo and Mail Business recorded fiscal 2022 operating revenues of ¥341.3 billion, a year-on-year decrease of 5.6%.

Management's Discussion and Analysis

ANA Cargo and Mail Business Results

(Fiscal Year)	2022	2021	YoY (%)
Cargo and mail services revenues (¥ Billions)	341.3	361.7	-5.6
International cargo			
ATK (Millions)	6,605	6,966	-5.2
RTK (Millions)	4,147	5,186	-20.0
Cargo volume (Thousand tons)	805	976	-17.5
Cargo revenues (¥ Billions)	308.0	328.7	-6.3
Unit price (¥/kg)	382	337	+13.6
Mail revenues (¥ Billions)	6.2	5.4	+15.1
Domestic cargo			
ATK (Millions)	1,413	957	+47.6
RTK (Millions)	281	281	-0.2
Cargo volume (Thousand tons)	253	251	+0.9
Cargo revenues (¥ Billions)	24.1	24.9	-3.3
Unit price (¥/kg)	95	99	-4.1
Mail revenues (¥ Billions)	2.8	2.6	+8.7

LCC (Peach)

With the easing of restrictions on domestic travel and border control measures in various countries, Peach expanded the scale of domestic flight operations and resumed previously suspended international flights to capture leisure and inbound travel demand. As a result, both passenger numbers and revenues outperformed the previous fiscal year.

In our route network, we responded to increasing domestic route demand by expanding flight operations, including increasing the number of flights on the Narita–Sapporo (New Chitose) and Narita–Fukuoka routes. On international routes, we resumed the Kansai–Incheon route in August 2022, followed by Kansai–Taipei, Kansai–Hong Kong, and others. In March 2023, we launched the new Nagoya (Chubu)–Taipei route.

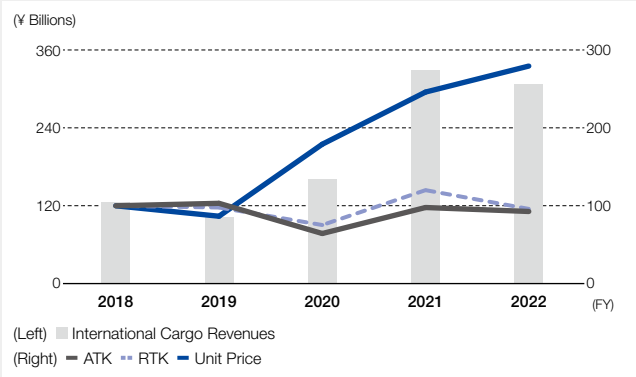
Sales and service efforts included the new *Yadotsuki Tabi Kuji* package, launched in February 2023 on the heels of *Tabi Kuji* (random-destination tickets) in the previous fiscal year. In this initiative, we created demand through a unique travel experience that leaves the travel destination completely to chance.

As a result, ASK and RPK increased 55.6% and 85.5%, respectively, while load factor increased 11.9 points to 73.5%. Passenger numbers increased 82.2% to 7.77 million, while unit price increased 31.0% to ¥11,610. Operating revenues increased 138.7% to ¥90.2 billion.

Others

Other operating revenues in the Air Transportation Business amounted to ¥144.7 billion, a 6.9% increase year on year. Results

International Cargo Business Results

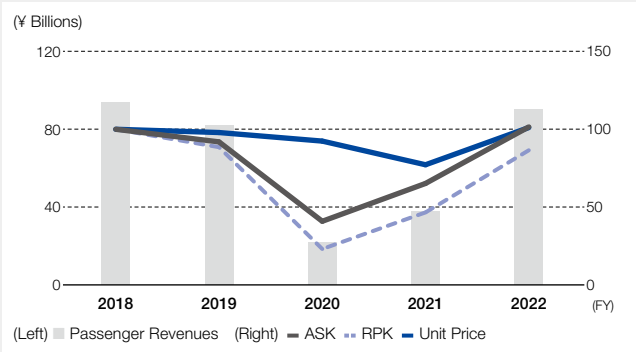


* Figures for ATK, RTK, and Unit Price are indexed using the figures for fiscal 2018 as 100.

LCC Business Performance (Peach Aviation Limited)

(Fiscal Year)	2022	2021	YoY (%)
ASK (Millions)	12,232	7,863	+55.6
RPK (Millions)	8,991	4,846	+85.5
Number of passengers (Thousands)	7,775	4,267	+82.2
Load factor (%)	73.5	61.6	+11.9*
Passenger revenues (¥ Billions)	90.2	37.8	+138.7
Unit revenues (¥)	7.4	4.8	+53.5
Yield (¥)	10.0	7.8	+28.7
Unit price (¥)	11,610	8,862	+31.0

* Difference



* Figures for ASK, RPK, and Unit Price are indexed using the figures for fiscal 2018 as 100.

include incidental revenues from mileage memberships, in-flight sales, contracted maintenance, etc.

Operating Expenses

Air Transportation Business operating expenses increased ¥367.2 billion year on year to ¥1,415.2 billion. Specific expense amounts and explanations of year-on-year changes are described below.

Breakdown of Operating Revenues and Expenses

(Fiscal Year)	2022	2021	Change
Segment operating revenues	¥1,539,443	¥ 885,096	¥654,347
International Passenger	433,470	70,151	363,319
Cargo	308,088	328,750	(20,662)
Mail	6,268	5,448	820
Domestic Passenger	529,593	279,877	249,716
Cargo	24,119	24,932	(813)
Mail	2,898	2,666	232
LCC revenues	90,265	37,813	52,452
Other revenues	144,742	135,459	9,283
Segment operating expenses	1,415,285	1,048,028	367,257
Fuel and fuel tax	347,729	193,966	153,763
Landing and navigation fees	60,540	42,981	17,559
Aircraft leasing fees	133,388	113,054	20,334
Depreciation and amortization	138,453	140,553	(2,100)
Aircraft maintenance	138,049	96,181	41,868
Personnel	193,416	158,505	34,911
Sales commissions and promotion	47,630	27,618	20,012
Contracts	207,023	168,836	38,187
Other expenses	149,057	106,334	42,723
Segment operating income (loss)	¥ 124,158	¥(162,932)	¥287,090

<Fuel and Fuel Tax>

Fuel and fuel tax expenses amounted to ¥347.7 billion, a ¥153.7 billion (79.3%) increase year on year. This expense accounted for 24.6% of Air Transportation Business operating expenses, compared with 18.5% in the previous fiscal year.

This ¥153.7 billion increase was mainly due to an increase in ANA unit price factors (including hedging effectiveness) of approximately ¥96.0 billion, and increases in consumption volume factors of approximately ¥45.0 billion for ANA and approximately ¥13.0 billion for the LCC.

<Landing and Navigation Fees>

Domestic and international passenger flights increased 32.2% and 7.8%, respectively (excluding Peach Aviation flights). Freightier flights decreased 17.7%. Passenger route landing and navigation fees amounted to ¥60.5 billion, up ¥17.5 billion (40.9%) year on year due to measures to reduce landing fees and other costs, despite the increased number of flights.

<Aircraft Leasing Fees>

Aircraft leasing fees increased ¥20.3 billion (18.0%) to ¥133.3 billion, mainly due to increases in domestic code-share flights operated by other airlines along with a recovery in passenger demand.

<Depreciation and Amortization>

Depreciation and amortization expenses decreased ¥2.1 billion (1.5%) to ¥138.4 billion. This result was mainly due to an increase in fully amortized intangible assets and the sale of certain assets.

<Aircraft Maintenance>

Aircraft maintenance expenses increased ¥41.8 billion (43.5%) to ¥138.0 billion. This increase was due to an increase in maintenance frequency stemming from the increase in aircraft flights.

<Personnel>

Personnel expenses increased ¥34.9 billion (22.0%) year on year to ¥193.4 billion, mainly due to the termination of monthly wage reductions and an increase in bonuses.

<Sales Commissions and Promotion>

Sales commissions and promotion expenses increased ¥20.0 billion (72.5%) year on year to ¥47.6 billion stemming from an increase in sales commissions in line with higher passenger revenues.

<Contracts>

Contract expenses increased ¥38.1 billion (22.6%) year on year to ¥207.0 billion. Ground handling contracts and other contracted operations increased due to an increase in the number of passenger flights.

<Other Expenses>

Other expenses increased ¥42.7 billion year on year (40.2%) to ¥149.0 billion. The main factor behind this increase was an increase in in-flight service expenses due to an increase in the number of passengers.

Management's Discussion and Analysis

Airline Related Business

Airline related business operating revenues rose ¥40.3 billion (19.5%) year on year to ¥247.1 billion with the easing of Japan's border control measures and a recovery in passenger demand driving growth in ground handling services, including boarding and baggage loading, and in-flight meal production. Operating income amounted to ¥2.3 billion compared with an operating loss of ¥0.6 billion in the previous fiscal year.

Performance in the Airline Related Segment

(Fiscal Year)	2022	2021	Change
Segment operating revenues	¥247,129	¥206,806	¥40,323
Segment operating expenses	244,797	207,466	37,331
Segment operating income (loss)	¥ 2,332	¥ (660)	¥ 2,992

Travel Services

Passenger demand recovered steadily for domestic travel. The Nationwide Travel Support program introduced in the second half of the year led to an increase in dynamic travel package sales, while *ANA Traveler's Hotel* products, eligible for purchase using miles points, also performed well. In addition, the business endeavored to expand new services, including the launch of *ANA Traveler's Golf*, an online tee-time reservation service, in September 2022. In April 2022, the business resumed tours to Hawaii for the first time in nearly two years, expanding the number of overseas travel destinations gradually since.

As a result of the preceding, fiscal 2022 Travel Services operating revenues amounted to ¥73.8 billion, a ¥27.5 billion (59.5%) increase year on year. Operating loss narrowed compared with the previous fiscal year, amounting to ¥0.2 billion (¥2.1 billion operating loss in the previous fiscal year).

In October 2022, the Group updated the ANA Mileage Club app to serve as a gateway to various Group services useful in everyday lives. In January 2023, the Group opened the ANA Mall, a new online shopping mall where consumers can earn and use miles. We will continue to offer higher levels of convenience for our customers and seek to create a world in which people live in a mileage-based ecosystem.

Performance in the Travel Services Segment

(Fiscal Year)	2022	2021	Change
Segment operating revenues	¥73,815	¥46,282	¥27,533
Domestic package products	45,954	26,243	19,711
International package products	1,512	171	1,341
Other revenues	26,349	19,868	6,481
Segment operating expenses	74,092	48,387	25,705
Segment operating loss	¥ (277)	¥ (2,105)	¥ 1,828

Trade and Retail

Operating revenues increased year on year due to higher sales at airport merchandise store ANA FESTA and the duty-free ANA DUTY FREE SHOP as airline demand recovered. Strong demand in the semiconductor market led to increased transaction volume in the electronics business, which also contributed to this result.

As a result of the preceding, fiscal 2022 Trade and Retail business operating revenues rose ¥21.5 billion (26.4%) year on year to ¥103.2 billion. Operating income increased ¥2.9 billion (539.5%) to ¥3.5 billion.

Performance in the Trade and Retail Segment

(Fiscal Year)	2022	2021	Change
Segment operating revenues	¥103,252	¥81,694	¥21,558
Segment operating expenses	99,741	81,145	18,596
Segment operating income	¥ 3,511	¥ 549	¥ 2,962

Others

Despite an increase in lounge operations, quarantine-related screening operations, and other contract services, operating revenues declined year on year due to lower sales in the real estate business as a result of the sale of a major property in the previous fiscal year, among other factors.

As a result, this business recorded operating revenues of ¥38.0 billion (0.2% decrease), essential level with the previous fiscal year. Operating income amounted to ¥0.5 billion, a decrease of ¥0.7 billion (56.8%).

Performance in the Others Segment

(Fiscal Year)	2022	2021	Change
Segment operating revenues	¥38,066	¥38,130	¥ (64)
Segment operating expenses	37,467	36,742	725
Segment operating income	¥ 599	¥ 1,388	¥(789)

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

Fiscal 2022 non-operating and special income and expenses amounted to a loss of ¥5.6 billion. Depreciation and amortization expenses on inactive aircraft was transferred to non-operating expenses, which resulted in the recording of grounded aircraft expenses.

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

(Fiscal Year)	2022	2021	Change
Non-Operating (Loss) Income	¥ 28,589	¥40,551	¥(11,962)
Interest income	838	297	541
Dividend income	1,092	988	104
Equity in earnings of unconsolidated subsidiaries and affiliates	801	—	801
Foreign exchange gain, net	2,306	2,540	(234)
Gain on sales of assets	7,854	4,256	3,598
Gain on donation of non-current assets	1,060	653	407
Subsidies for employment adjustment	5,043	23,955	(18,912)
Other, net	9,595	7,862	1,733
Non-Operating Expenses	(36,809)	(52,359)	15,550
Interest expenses	(24,845)	(25,343)	498
Equity in losses of unconsolidated subsidiaries and affiliates	—	(2,031)	2,031
Loss on sales of assets	(85)	(677)	592
Loss on disposal of assets	(3,233)	(7,974)	4,741
Grounded aircraft expenses	(4,638)	(12,697)	8,059
Other, net	(4,008)	(3,637)	(371)
Special Income (Loss)	3,574	28,310	(24,736)
Gain on sales of investment securities	—	8,278	(8,278)
Gain on sales of property and equipment	1,587	20,032	(18,445)
Gain on reversal of foreign currency translation adjustments	1,987	—	1,987
Special Expenses	(1,042)	(18,749)	17,707
Loss on valuation of investment securities	(1,042)	(5,337)	4,295
Impairment loss	—	(9,357)	9,357
Loss on cancellation of contracts	—	(4,055)	4,055
Total	¥ (5,688)	¥ (2,247)	¥ (3,441)

Net Income (Loss) Attributable to Owners of the Parent

As a result of the preceding, income before income taxes amounted to ¥114.3 billion compared with a loss of ¥175.2 billion in the previous fiscal year. After income taxes, municipal taxes, business taxes, and other adjustments, net income attributable to owners of the parent amounted to ¥89.4 billion compared with a net loss of ¥143.6 billion in the previous fiscal year. Income per share was ¥190.24 (compared to loss of ¥305.37 in the previous fiscal year).

Comprehensive income amounted to ¥63.2 billion compared with a comprehensive loss of ¥93.7 billion in the previous fiscal year, mainly due to the recording of 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, 2023, we have secured commitment line agreements totaling ¥100.0 billion with several financial institutions.

The group has access to the Japan Bank for International Cooperation (JBIC)'s guarantee system for investments in aircraft, our primary assets.

Overview of Fiscal 2022

Free cash flow amounted to ¥245.7 billion (sum of cash flows from operating activities and investing activities). Net cash used in financing activities totaled ¥142.9 billion. As a result, cash and cash equivalents increased ¥105.4 billion from the beginning of the fiscal year, amounting to ¥726.4 billion at the end of the fiscal year.

Cash Flows from Operating Activities

After adjusting the ¥114.3 billion in income before income taxes for depreciation and amortization, notes and accounts payable, notes and accounts receivable, and other non-cash items, net cash provided by operating activities amounted to ¥449.8 billion, compared to net cash used of ¥76.4 billion in the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in Investing activities was ¥204.0 billion, compared to net cash provided by financing activities of ¥230.0 billion in the previous fiscal year. This result was mainly due to cash outlays for capital expenditures and payments into time deposits. Substantial cash flows from investing activities after excluding net outlays of ¥127.3 billion from payments into and proceeds from withdrawals of time deposits and payments for purchases and proceeds from redemptions of marketable securities (time and negotiable deposits with maturities exceeding three months) amounted to ¥76.7 billion.

Free Cash Flow

Net cash provided by operating activities totaled ¥449.8 billion. Since net cash used in investing activities was ¥204.0 billion, free cash flow for fiscal 2022 amounted ¥245.7 billion, an increase of ¥92.1 billion compared with the previous fiscal year. Substantial free cash flow after excluding payments into and proceeds from withdrawals of time deposits and payments for purchases and proceeds from redemptions of marketable securities (time and negotiable deposits with maturities exceeding three months) amounted to ¥373.1 billion, compared with a net expenditure of ¥111.9 billion in the previous fiscal year.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥142.9 billion, compared to net cash provided by financing activities of ¥93.6 billion in the previous fiscal year. This result was mainly due to redemption of convertible bonds with stock acquisition rights and repayments of loans.

Capital Expenditures and Aircraft Procurement

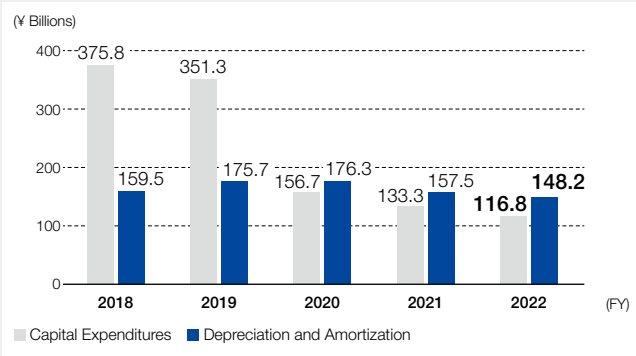
Capital Expenditures

From fiscal 2020, the ANA Group has been temporarily restraining the scale of investment, particularly in aircraft, and reviews the timing of investment as appropriate.

Capital expenditures for fiscal 2022 amounted to ¥116.8 billion, a decrease of 12.4% year on year.

By segment, Air Transportation Business capital expenditures decreased 11.8% year on year to ¥115.1 billion. Airline Related Business expenditures increased 1,316.0% to ¥2.1 billion, while Travel Services Business expenditures increased 260.9% to ¥1.4 billion. Trade and Retail Business expenditures increased 154.9% to ¥1.1 billion, and Others decreased 69.4% to ¥0.1 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 2022

Based on the fleet strategy described previously, our total number of aircraft was 276 as of the end of fiscal 2022, level with the previous fiscal year.

The table below shows changes in the number of aircraft by type for the fiscal year under review. The ANA Group added seven aircraft,

consisting of one Boeing 787-10, one Boeing 787-9, two Airbus A321-200neoLRs, and three Airbus A320-200neos.

Meanwhile, the group retired seven aircraft, consisting of two Boeing 777-300s, three Boeing 767-300s, and two Airbus A320-200s.

Changes in the Number of Aircraft in Fiscal 2022

				() changes	
Aircraft	Number of Aircraft		Owned	Leased	
Airbus A380	3		3	0	
Boeing 777-300	18	(-2)	9	(-2)	9
Boeing 777-200	10		9	(+1)	1 (-1)
Boeing 777F	2		2	0	
Boeing 787-10	3	(+1)	2	1 (+1)	
Boeing 787-9	40	(+1)	34	(+1)	6
Boeing 787-8	36		31	5	
Boeing 767-300	15	(-3)	15	(-3)	0
Boeing 767-300F (Freighter)	9		6	3	
Airbus A321-200neoLR	3	(+2)	0	3 (+2)	
Airbus A321-200neo	22		0	22	
Airbus A321-200	4		0	4	
Airbus A320-200neo	21	(+3)	11	10 (+3)	
Airbus A320-200	27	(-2)	0	27 (-2)	
Boeing 737-800	39		24	15	
De Havilland Canada DASH 8-400	24		24	0	
Total	276	(±0)	170	(-3)	106 (+3)

Aircraft Procurement Plan for Fiscal 2023

We plan to add a total of 13 aircraft during fiscal 2023. These 13 aircraft consist of four Boeing 787-10s, four Boeing 787-9s, and five Airbus A320-200neos.

We also plan to retire eight Airbus A320-200s.

Financial Position

Assets

Total assets as of March 31, 2023 amounted to ¥3,366.7 billion, an increase of ¥148.2 billion compared to March 31, 2022.

Total current assets amounted to ¥1550.8 billion, up ¥256.8 billion from the end of the previous fiscal year, mainly due to an increase in cash and deposits. Cash and deposits amounted to ¥603.6 billion, an increase of ¥151.0 billion compared to the end of the previous fiscal year. Marketable securities increased ¥81.7 billion to ¥580.0 billion. As a result, liquidity on hand amounted to ¥1,183.7 billion, up ¥232.7 billion year on year. Total non-current assets at the end of the fiscal year stood at ¥1,814.9 billion, down ¥107.9 billion from one year earlier.

Liabilities

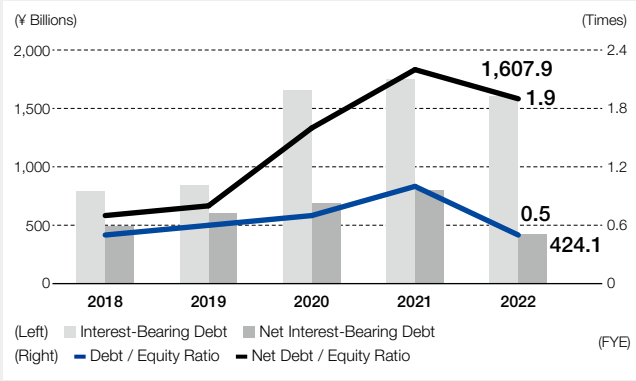
Total liabilities as of March 31, 2023 amounted to ¥2,496.3 billion, up ¥81.3 billion from one year earlier.

Current liabilities increased ¥195.5 billion year on year to ¥883.4 billion, mainly due to an increase in contract liabilities resulting from expanded airline ticket bookings. Total long-term liabilities amounted to ¥1,612.9 billion, a decrease of ¥114.1 billion.

Interest-bearing debt, including finance lease obligations, decreased ¥142.1 billion to ¥1,607.9 billion, mainly due to redemptions of convertible bonds with stock acquisition rights and repayments of loans. Our debt/equity ratio amounted to 1.9 times, a decrease of 0.3 point compared with the end of the previous fiscal year. Net debt/equity ratio on a net interest-bearing debt basis was 0.5 times.

Given the current external environment, we intend to maintain the current level of cash on hand for the time being. However, we plan to reduce total assets over the medium term and shift to more efficient financial management.

Interest-Bearing Debt / Debt/Equity Ratio*



* Excluding off-balanced lease obligations

Interest-Bearing Debt

(End of Fiscal Year)	2022	2021	Change
(¥ Millions)			
Short-term debt:	¥ 209,850	¥ 236,902	¥ (27,052)
Short-term loans	92,170	100,070	(7,900)
Current portion of long-term loans	84,633	62,775	21,858
Current portion of bonds	30,000	—	30,000
Current portion of bonds with stock acquisition rights	—	70,000	(70,000)
Finance lease obligations	3,047	4,057	(1,010)
Long-term debt*:	1,398,068	1,513,206	(115,138)
Bonds	155,000	185,000	(30,000)
Convertible bonds with stock acquisition rights	220,000	220,000	—
Long-term loans	1,017,585	1,102,218	(84,633)
Finance lease obligations	5,483	5,988	(505)
Total interest-bearing debt	¥1,607,918	¥1,750,108	¥(142,190)

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

Net Assets

Net assets as of March 31, 2023 amounted to ¥870.3 billion, an increase of ¥66.9 billion compared to the end of the previous fiscal year.

Shareholder's equity as of March 31, 2023 amounted to ¥794.4 billion, an increase of ¥92.0 billion compared to the end of the previous fiscal year.

Total accumulated other comprehensive income amounted to ¥67.9 billion, a decrease of ¥26.9 billion compared to the end of the previous fiscal year. This was mainly due to a decrease in deferred gain on derivatives under hedge accounting.

As a result, total shareholders' equity increased ¥65.1 billion from the end of the previous fiscal year, amounting to ¥862.4 billion. Shareholders' equity ratio increased 0.8 point to 25.6%.

Book value per share (BPS) at the end of the fiscal year was ¥1,833.64, compared to ¥1,695.06 as of the end of the previous fiscal year.

Bond Ratings

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

Bond ratings as of March 31, 2023 were as follows:

Bond Ratings

	JCR	R&I
Issuer rating	A-	BBB+
Outlook	Stable	Stable

* Shifted to positive on April 14, 2023

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.

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)	2022	2021
(¥ Millions)		
Retirement benefit obligation	¥(217,079)	¥(217,959)
Plan assets at fair value	57,568	61,524
Net liability arising from defined benefit obligation in the consolidated balance sheet	(159,511)	(156,435)
Liability for retirement benefits	(161,129)	(157,395)
Asset for retirement benefits	1,618	960
Net liability arising from defined benefit obligation in the consolidated balance sheet	(159,511)	(156,435)
Net periodic benefit costs	14,765	14,364
Main basis for actuarial calculations		
Discount rates	0.1-1.5%	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	¥4,587	¥3,884

Fuel and Exchange Rate Hedging

The ANA Group pursues and conducts optimal hedge transactions that reduce the impact of volatility in fuel prices and foreign exchange rates to control the risk of fluctuations in earnings. The objective of this hedging is to both stabilize profitability and equalize expenses in response to rising fuel surcharges and foreign currency revenues associated with growth in ANA's international business.

The Group conducts fuel hedging (for ANA) three years in advance of the applicable period after considering fuel surcharge revenues.

The Group hedges U.S. dollar payments for ANA HOLDINGS and ANA 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 2022 and Plans for Fiscal 2023

Although passenger demand has been recovering during the year under review, the impact of COVID-19 on Group performance to date has been significant. Our immediate task is to restore and strengthen the Group financial base. Therefore, it is with regret to announce that we have decided to not pay a dividend for the year under review. Dividends for the next fiscal year remain undecided at this stage. We intend to resume dividend payments as quickly as possible by achieving our profit targets.

Operating Risks

As a corporate group whose core business is air transportation, we consider safety to be our most important social mission and consider any damage or impediment to this mission to be the most important risk we face. In addition to the severe impact of the COVID-19 pandemic over the past several years, we face a variety of other risks, including risks related to climate change, which has increased in importance and urgency, and risks related to international affairs, which are becoming increasingly uncertain.

The following is a summary of the risks as of the end of the current fiscal year that the ANA Group believes may have a significant impact on investor decisions. The following includes forward-looking statements, which may not be consistent with actual conditions, and may omit other risks that affect the group.

(1) Most Important Risk

The most important risk to the ANA Group is the risk of damage or impairment to safety.

Summary

Safety is the foundation of our business and our promise to the public. In case of any event that damages or impedes safety, it will have a major negative impact on the group. In particular, any human casualties could shake the foundations of the group's social credibility and trust. In the event of an airline accident or other incident that results in personal or property damage, we may be held liable for compensation for such damages. If safety is impaired or compromised, the impact could be far-reaching, even leading to a decline in group revenues over the medium term as customers become hesitant to fly with the group or choose to fly with another airline.

In the event that a manufacturing defect or other issue is discovered in an aircraft, we may be forced to suspend the operation of said aircraft as a precautionary measure to ensure safety. In such cases, however, ANA Group business operations could be affected by flight cancellations or reductions due to a shortage of available aircraft.

Changes and Outlook

We believe this risk to be the most important risk for the ANA Group.

Response

The ANA Group has an organization dedicated to the promotion of safety. This team conducts safety quality audits and has built a sustainable mechanism to ensure safety. Beyond reactive safety risk management, we engage in safety risk management that incorporates preventive and predictive measures. We pursue further safety improvements through risk management focusing factors that include the Three Task Categories (First Time Task, Procedure Changes, and Task After Extended Time Gap) and fatigue risk management for flight crew and flight attendants. Further, we provide visibility to safety through safety performance indicators (SPI) and engage in numerous other means to improve safety further. At the same time, we conduct ongoing and recurring education and training for flight crew, flight attendants, and other employees involved directly in aircraft operations. We also provide constant safety awareness activities for all employees in the ANA Group. In these ways, and through the ANA Group Safety Education Center, we strive to foster and strengthen a corporate group culture committed to safety. We also work closely with aircraft manufacturers and other parties to exchange information and opinions that support safety and high-quality operations.

(2) Major Risks

1. Addressing climate change issues is becoming more important and urgent.

Summary

Aircraft operations emit CO₂ and other greenhouse gases. Reducing these emissions is a pressing matter for the group. The ANA Group is working to achieve net-zero CO₂ emissions by 2050. To this end, we aim to replace aircraft with more fuel-efficient models and utilize sustainable aviation fuel (SAF). SAF is jet fuel with significantly lower CO₂ emissions than conventional fuels throughout the life cycle, from raw material production and collection to combustion. At this point in time, there are no technical prospects indicating that SAF will be in sufficient supply on a stable basis at a reasonable price.

If SAF is not in stable or sufficient supply, the group may be forced to purchase CO₂ emission credits or allowances from outside carbon reduction programs, which may increase operating expenses. If SAF prices remain high, the operating cost of aircraft may increase, affecting group profitability. High operating costs could also affect competitiveness against other modes of transportation, such as railway and ocean transportation, as we must pass on costs in the form of higher fares.

In the event that group plans to reduce CO₂ emissions do not progress as targeted, customers may prefer other modes of transportation, such as rail, which emit relatively lower levels of CO₂. If an adequate supply of SAF cannot be sourced in Japan, group aircraft may encounter restrictions or limitations in access among certain countries or regions that have adopted strict environmental standards.

Changes and Outlook

We believe that issues related to climate change represent urgent worldwide matters, and that addressing this risk is of extremely high importance and priority. We also believe that the aviation industry in general and the ANA Group, in particular, may be required to take more stringent and sophisticated measures to address this risk more quickly in the future.

Response

In addition to taking proactive measures, including replacing aircraft with newer, more fuel-efficient types, we will work to establish an SAF development and supply system through public-private partnerships (including other companies in the industry), SAF manufacturers, and the government.

The ANA Group discloses information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on our corporate website.
(<https://www.ana.co.jp/group/en/csr/environment/goal/>)

2. Increased risks due to instability in the international situation

Summary

The ANA Group has expanded our international business in search of further growth opportunities. However, international affairs have become increasingly uncertain due to U.S.-Chinese frictions, the Russia-Ukraine situation, the emergence of third-party powers, etc. Other uncertainties regarding future events have also emerged.

International air transportation has grown against the backdrop of economic globalization. However, if this trend stagnates or reverses, or if peace fails due to war or conflict, etc., ANA Group revenues could be affected negatively due to slow demand for business travel or a decrease in demand for tourism.

Instabilities in international affairs could affect not only our international business but also our domestic business, caused by lower inbound demand (foreign tourists visiting Japan), etc. In addition, instabilities could force aircraft to stop flying over or reroute around war or conflict zones. The impact of these costs could be far-reaching.

Changes and Outlook

Uncertainty about the direction of international affairs and the globalization of economic activities is increasing. We believe there is a growing need to manage and address these matters as risks.

Response

In developing our international business, we focus not only on short-term profitability when building an airline network, but also on the risks associated with the global situation. We will continue to focus on this risk in the future. The ANA Group will also take care that we do not rely overly on passenger acquisition in certain countries or regions overseas, but rather strive for a balanced approach.

In the event that an emergency response is required to an escalation in the global situation, we will be flexible in altering flight plans and routes to mitigate the impact.

3. Outbreaks of large-scale infectious diseases have a tremendous impact on the ANA Group.

Summary

The ANA Group was impacted severely by the COVID-19 pandemic. If a large-scale outbreak of infectious disease were to occur again in the future, demand for our services could decline drastically due to restrictions or prohibitions on travel, having a significant impact on ANA Group business performance. Controlling Air Transportation Business expenditures in the short term will not be easy, since aircraft expenses, personnel expenses, and other fixed costs account for a large portion of our business. In addition, measures to curb business expenditures could affect group business performance, even during the phase of recovery in demand, as a certain amount of time would be required to rebuild business structures.

Changes and Outlook

In general, climate change (global warming) is said to increase the risk of infectious disease, and we believe this risk will be increasingly important to address in the future.

Response

The ANA Group secured passenger aircraft and freighters as resources allowing for a proactive response to the movement of goods, even when personal travel has declined. At the same time, we are able to serve personal travel to limited demand in the most appropriate approach through our three brands: ANA, Peach, and AirJapan. We are also diversifying our business structure, expanding revenue domains not linked to the Air Transportation Business and expanding the *ANA Economic Zone* for the sustainable growth of the ANA Group.

4. The impact of a system failure is significant.

Summary

The ANA Group seeks to systematize business operations to provide air transportation services of ever-higher quality and efficiency. The potential impact of system failures on our business continues to increase, regardless of whether the failure is caused by internal or external factors, such as a cyberattack. In the event of a systems failure related to aircraft operations, it may become difficult to operate aircraft. And in the event of a failure in related systems such as reservations, payments settlements, and boarding management, it may become impossible to accept and settle reservations or manage boarding at airports. In effect, the group would not be able to provide air transportation services.

Changes and Outlook

We believe the risk of system failures increases with increases in systems sophistication, interconnectivity, and access. Further, we are seeing an increasing number and sophistication of cyberattacks in society in general. We believe there is a growing social demand to prevent and reduce this risk.

Response

We established the Group IT Management Department as a specialized organization with responsibility for systems operations and management for the ANA Group. This department is also responsible for preventing systems failures and building a comprehensive and multifaceted operating system to reduce the impact of system failures and to restore systems as soon as possible. The group is also bolstering our response to intangible aspects through improved education and system failure-response training for our employees.

5. Dealing with the risk of information leakage is increasingly important.

Summary

The ANA Group retains a great deal of information, which includes the personal data of ANA Mileage Club members. In the event of an unauthorized leakage of such information, the ANA Group may be sued for damages, ordered to pay fines and penalties by governments, etc., and lose the trust of our customers and society, thereby experiencing a competitive disadvantage.

Changes and Outlook

We believe the need to address this risk appropriately is only rising in light of heightened social awareness and norms regarding information handling, based on increasingly strict laws and regulations.

Operating Risks

Response

We engage in appropriate information management in accordance with the laws and regulations of each country. We also implement computer virus countermeasures, email security checks, monitoring for unauthorized operations, restrictions on employee access to information, and information management education and training for all employees. In addition, we take measures to prevent cyberattacks and information leaks, engaging in ongoing inspections of group systems to detect and respond to aging systems and vulnerabilities as early as possible.

6. Human rights risk involves expanding factors demanding greater attention.

Summary

Any violation of human rights will bring social criticism or boycotts, whether the violation occurs within our group or within the business chain related to our business, including contractors, suppliers, and business partners.

Changes and Outlook

As we respond to the shrinking labor force in Japan and expand our businesses overseas, our base of human resources becomes more diverse, and we believe in the need to address this risk from multiple perspectives.

Response

The ANA Group established a human rights due diligence mechanism under the ANA Group Policy on Human Rights and reflecting the procedures detailed in the United Nations Guiding Principles on Business and Human Rights. We strive to manage this risk appropriately by conducting human rights risk assessments across our supply chain. When necessary, we confirm and investigate human rights risks with external parties directly. Within the ANA Group, we conduct employee education on human rights and perform periodic monitoring at management-level meetings.

7. The risk of severe natural disasters is increasing.

Summary

Air transportation has the advantage of being relatively more resilient to natural disasters compared to most transportation systems, as this means of travel connects points by air. Even if certain airports fail to function, alternative flights can be provided using nearby airports. However, the ANA Group business is based and concentrated in the Tokyo metropolitan area. Therefore, major restrictions or disruptions to ANA Group flight operations could occur if the Haneda or Narita airports are impacted by a natural disaster.

Changes and Outlook

Climate change (global warming) is said to lead to more frequent and severe natural disasters, and we believe this risk will be one of several increasingly important risks to address in the future.

Response

We formulated a business continuity plan (BCP) and regularly review the plan to ensure we restore operational functions quickly and fulfill our mission as a public transportation service in the event of a large-scale natural disaster, such as an earthquake directly under the Tokyo metropolitan area. We have backup systems in place for the various core functions essential to our flight operations. These systems include satellite phones, emergency provisions, employee safety confirmation systems, etc. In addition, we conduct regular disaster drills in cooperation with related parties, including airport companies, etc.

8. The ANA Group business is affected significantly by market fluctuations, including foreign exchange rates, crude oil prices, and interest rates.

Summary

a. Foreign exchange rates

Since the aircraft used by the ANA Group are manufactured by overseas manufacturers, a significant depreciation of the yen will increase the cost of aircraft procurement. Aircraft fuel, which accounts for a major portion of our operating expenses, relies on the import of crude oil, which is used as a raw material. Here as well, operating expenses will increase if the yen depreciates significantly. A weakening of the yen boosts yen-equivalent revenues earned in foreign currencies overseas by the ANA Group. However, the group has more foreign currency-denominated expenses than foreign currency-denominated revenues, and the effect does not offset the entire increase in expenses.

The group also takes measures to mitigate the impact of exchange rate fluctuations through hedging transactions, etc. And while these measures may mitigate or equalize the impact, they do not completely eliminate the impact. Nor can these measures be expected to be effective in controlling costs in all cases.

b. Crude oil prices

The price of jet fuel is linked to the price of crude oil. A sharp rise in crude oil prices inevitably leads to an increase in aircraft fuel costs. In certain of our businesses, the ANA Group adopts measures that include assessing and collecting fuel surcharges based on fuel prices. However, these revenues do not always offset the entire increase in fuel costs.

The group also takes measures to mitigate the impact of crude oil prices through hedging transactions, etc. And while these measures may mitigate or equalize the impact, they do not completely eliminate the impact. Nor can these measures be expected to be effective in controlling costs in all cases.

c. Interest rates

The ANA Group business operations leverage aircraft financing and other external funds. A significant rise in interest rates could affect the group in the form of increased financing costs.

Changes and Outlook

Although market fluctuations are always a possibility, we believe the potential of this risk has increased recently in light of growing uncertainties regarding international and economic conditions.

Response

We take measures to reduce, mitigate, and equalize risks through the use of hedging transactions, etc. As a group, we strive to enhance resilience to market fluctuations. To this end, we engage in more fundamental measures that include increasing foreign currency-denominated revenues to build a revenue structure that is resilient to the effects of exchange rates, replacing our fleet with new aircraft having superior fuel efficiency, diversifying our business portfolio to develop businesses less susceptible to market fluctuations, and procuring funds under appropriate financial discipline.

9. Investments designed to strengthen competitiveness and achieve new growth also entail risks.

Summary

The ANA Group considers and executes investments to achieve growth for the future. However, these investments also entail risks.

Our Air Transportation Business introduces new aircraft to maintain and improve competitiveness against other companies, as well as to reduce greenhouse gas emissions. However, these investments may not be as effective as expected in the event of prolonged and diverse effects related to COVID-19, the rapid and dramatic development of technologies, associated changes in social behavior, or the fragmentation of global economic activities due to political circumstances.

In addition, we strive to increase the risk tolerance of the group through the consideration and execution of investments in related businesses that we expect to have synergies with the Air Transportation Business and similar businesses. These businesses may utilize expertise from the Air Transportation Business, namely, regional revitalization businesses, various air mobility businesses, Metaverse avatar businesses, *ANA Economic Zone* businesses, etc. While we expect these investments to be highly impactful when they produce the expected results, these investments may not produce the expected results in all cases.

Changes and Outlook

We continue to believe risk management related to investments is important.

Response

When considering and executing investments, we strive to manage risk appropriately, not only through discussions and deliberations at board of directors' meetings and other management-level meetings but also through our investment management committee, which oversees investments for the group. In this way, we ensure a hierarchical and multilayered management system that incorporates pre-investment evaluation and post-investment withdrawal standards.

10. A declining population may cause markets to contract or make it more difficult to secure a workforce.

Summary

The most significant business foundation of the ANA Group exists in Japan. But as Japan's population continues to decline, the size of this market may contract in the future.

Population declines may also have an impact on the ability to secure the labor force necessary for ANA Group business operations. In this event, unit labor costs may increase or business operations may be limited due to labor shortages.

Changes and Outlook

We believe this risk has a high probability of emerging in the future.

Response

We take into account and reflect assumptions of social change (declining populations, etc.) when forming corporate strategies. We also strive to revitalize the market as a whole by utilizing our LCC brand. Over the medium to long term, we will continue to expand our international business, which addresses a market likely to grow over the medium to long term.

To secure a sufficient workforce, we will improve our ability to compete in recruitment via proactive investments in people. These investments will include allocating and expanding education and training opportunities appropriately. At the same time, we pursue mechanization, labor savings, and unattended operations, which we understand may not represent a source of differentiation from other companies.

11. Expansion of high-speed rail networks may intensify competition between air and land transportation.

Summary

Further expansion of the high-speed rail network in Japan is scheduled in the future, and competition with the shinkansen bullet train and other railways may become more intense. The extension of bullet train lines and the acceleration of existing lines may impact the ANA Group's domestic operations. This impact could include a decline in market share or a drop in unit price due to intensified price competition.

Changes and Outlook

We believe this risk is likely to emerge over the medium to long term.

Response

We take into account and reflect assumptions of changes in the competitive environment, such as an extension of high-speed rail networks, etc., when forming corporate strategies. We also strive to revitalize the market as a whole by utilizing our LCC brand. Over the medium to long term, we will continue to expand our international business, which addresses a market likely to grow over the medium to long term.

(3) Other Risks

a. Risks related to transportation and aviation policies

Certain key airports, such as Haneda, have already reached a maximum number of slots for departures and arrivals. Given that the throughput capacity is essentially up to national policy, such airports may limit the future business development of the group. Further, future policies could result in the reduction or recovery of slots at these airports currently in use by the group.

b. Risks related to taxation and taxes and public dues

Our Air Transportation Business is subject to taxes and public dues that include airport landing fees, parking fees, and navigation and facility usage fees. These fees run in addition to fuel tax and other taxes. Any raises to existing taxes or new taxes and public dues could have a negative impact on the group.

Operating Risks

c. Risks related to economic fluctuations

Medium- to long-distance air transportation is more susceptible to economic fluctuations than regular short-distance transportation.

d. Risks related to profit structure, financial platform, and funds procurement

The Air Transportation Business uses costly aircraft and incurs many expenses (fuel, maintenance, etc.) linked to flight operations, regardless of the volume of passengers and cargo carried. A significant decline in demand could cause a major reduction in profitability.

In addition, the ANA Group has recorded deferred tax assets. However, these assets may be reversed in the event of a decrease in expected future taxable income.

The group may procure funds necessary for capital investment, etc., from financial institutions and the market. However, if the group is constrained in its ability to procure funds due to changes in creditworthiness or market turmoil, such events may have a negative impact on the group.

e. Risks related to business portfolio

In addition to the Air Transportation Business, which accounts for a large percentage of the ANA Group revenues and earnings, many of the group's other businesses, including Airline Related, Travel Services, and Trade and Retail businesses, are related to the Air Transportation Business. Any significant negative impact on the Air Transportation Business could affect these other businesses materially.

f. Risks related to lawsuits

Lawsuits filed in Japan or overseas related to the ANA Group business activities could have a negative impact on the group.

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 passengers 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 300 airlines are IATA members.

ICAO

The International Civil Aviation Organization. A specialized agency of the United Nations created in 1944 to promote the safe and orderly development of international civil aviation. More than 190 countries are ICAO members.

Star Alliance

Established in 1997, Star Alliance was the first and is the world's largest airline alliance. ANA became a member in October 1999. As of July 2023, 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 competitiveness against other alliances (or joint ventures).

Full Service Carrier (FSC)

An airline company that serves a wide range of markets based on a route network that includes code-sharing connecting demand. FSCs offer multiple classes of seats and provide in-flight food and beverages that are included in advance in the fare paid. FSCs are also called network carriers or legacy carriers when compared with low cost carriers (LCCs).

Low Cost Carrier (LCC)

An airline that provides air transportation services at low fares based on a low-cost system that includes using a single type of aircraft, charging for in-flight services, and simplifying sales. Fundamentally, LCCs operate frequent short- and medium-haul point-to-point flights (flights between two locations).

Consolidated Financial Statements

Consolidated Balance Sheet

ANA HOLDINGS INC. and its consolidated subsidiaries
As of March 31, 2023

As of March 31	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
ASSETS			
Current assets:			
Cash and deposits	¥ 603,686	¥ 452,679	\$ 4,520,976
Marketable securities	580,037	498,310	4,343,870
Notes and accounts receivable	186,052	149,437	1,393,334
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	2,741	3,787	20,527
Lease receivables and investments in leases	14,724	17,628	110,267
Inventories	44,655	44,074	334,419
Prepaid expenses and other	119,183	128,251	892,555
Allowance for doubtful accounts	(258)	(245)	(1,932)
Total current assets	1,550,820	1,293,921	11,614,019
Property and equipment:			
Land	44,045	44,385	329,850
Buildings and structures	257,665	260,000	1,929,641
Aircraft	1,781,646	1,783,736	13,342,664
Machinery and equipment	99,411	99,234	744,484
Vehicles	33,137	33,353	248,161
Furniture and fixtures	60,748	60,933	454,938
Lease assets	9,849	10,612	73,758
Construction in progress	186,967	176,446	1,400,187
Total	2,473,468	2,468,699	18,523,687
Accumulated depreciation	(1,202,156)	(1,118,362)	(9,002,890)
Net property and equipment	1,271,312	1,350,337	9,520,796
Investments and other assets:			
Investment securities	122,820	113,968	919,793
Investments in and advances to unconsolidated subsidiaries and affiliates	31,667	31,632	237,152
Lease and guaranty deposits	16,362	15,003	122,534
Deferred tax assets	263,303	273,452	1,971,864
Goodwill	18,115	20,230	135,662
Intangible assets	69,705	73,050	522,017
Other assets	22,620	46,840	169,400
Total investments and other assets	544,592	574,175	4,078,424
TOTAL	¥3,366,724	¥3,218,433	\$25,213,240

As of March 31	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term loans	¥ 92,170	¥ 100,070	\$ 690,256
Current portion of long-term debt	117,680	136,832	881,300
Accounts payable	167,303	126,273	1,252,924
Accounts payable to unconsolidated subsidiaries and affiliates	1,225	3,322	9,173
Contract liabilities	393,545	256,023	2,947,240
Accrued expenses	53,198	25,174	398,397
Income taxes payable	6,910	2,908	51,748
Other current liabilities	51,370	37,287	384,707
Total current liabilities	883,401	687,889	6,615,749
Long-term liabilities:			
Long-term debt	1,398,068	1,513,206	10,470,066
Liability for retirement benefits	161,129	157,395	1,206,687
Deferred tax liabilities	206	1,498	1,542
Asset retirement obligations	1,537	1,550	11,510
Other long-term liabilities	51,992	53,480	389,365
Total long-term liabilities	1,612,932	1,727,129	12,079,173
Contingent liabilities			
Equity:			
Common stock:			
Authorized – 1,020,000,000 shares;			
Issued – 484,293,561 shares in 2023 and 484,293,561 shares in 2022	467,601	467,601	3,501,842
Capital surplus	407,328	407,328	3,050,460
Retained earnings (Accumulated deficit)	(21,126)	(113,228)	(158,211)
Treasury stock – 13,961,988 shares in 2023 and 13,956,694 shares in 2022	(59,365)	(59,350)	(444,581)
Accumulated other comprehensive income:			
Unrealized gain on securities	36,824	32,311	275,773
Deferred gain (loss) on derivatives under hedge accounting	42,496	72,167	318,250
Foreign currency translation adjustments	2,481	3,688	18,580
Defined retirement benefit plans	(13,820)	(13,268)	(103,497)
Total	862,419	797,249	6,458,616
Non-controlling interests	7,972	6,166	59,701
Total equity	870,391	803,415	6,518,317
TOTAL	¥3,366,724	¥3,218,433	\$25,213,240

Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Operating revenues	¥1,707,484	¥1,020,324	\$12,787,268
Cost of sales	1,403,567	1,049,414	10,511,248
Gross income (loss)	303,917	(29,090)	2,276,020
Selling, general and administrative expenses	183,887	144,037	1,377,121
Operating income (loss)	120,030	(173,127)	898,899
Other income (expenses):			
Interest income	838	297	6,275
Dividend income	1,092	988	8,177
Equity in earnings of unconsolidated subsidiaries and affiliates	801	–	5,998
Foreign exchange gain, net	2,306	2,540	17,269
Gain on sales of assets	7,854	4,256	58,818
Gain on donation of non-current assets	1,060	653	7,938
Interest expenses	(24,845)	(25,343)	(186,063)
Equity in losses of unconsolidated subsidiaries and affiliates	–	(2,031)	–
Loss on sales of assets	(85)	(677)	(636)
Loss on disposal of assets	(3,233)	(7,974)	(24,211)
Grounded aircraft expense	(4,638)	(12,697)	(34,733)
Gain on reversal of foreign currency translation adjustments	1,987	–	14,880
Impairment loss	–	(9,357)	–
Loss on cancellation of contracts	–	(4,055)	–
Other, net	11,175	51,153	83,689
Other income (expenses), net	(5,688)	(2,247)	(42,597)
Income (loss) before income taxes	114,342	(175,374)	856,301
Income taxes:			
Current	4,578	2,682	34,284
Deferred	19,666	(35,817)	147,277
Total income taxes	24,244	(33,135)	181,562
Net income (loss)	90,098	(142,239)	674,739
Net income attributable to non-controlling interests	621	1,389	4,650
Net income (loss) attributable to owners of the parent	¥ 89,477	¥ (143,628)	\$ 670,089

Year Ended March 31	Yen		U.S. dollars
	2023	2022	2023
Per share of common stock:			
Basic net income (loss)	¥190.24	¥(305.37)	\$1.42
After adjusting for diluted shares net income per share	170.16	–	1.27
Cash dividends applicable to the year	–	–	–

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Net income (loss)	¥ 90,098	¥(142,239)	\$ 674,739
Other comprehensive income (loss):			
Unrealized gain on securities	4,466	(6,104)	33,445
Deferred (loss) gain on derivatives under hedge accounting	(29,641)	50,438	(221,980)
Foreign currency translation adjustments	(1,139)	1,142	(8,529)
Defined retirement benefit plans	(554)	2,954	(4,148)
Share of other comprehensive income in affiliates	6	45	44
Total other comprehensive (loss) income	(26,862)	48,475	(201,168)
Comprehensive income (loss)	¥ 63,236	¥ (93,764)	\$ 473,571
Total comprehensive income (loss) attributable to:			
Owners of the parent	¥ 62,560	¥ (95,267)	\$ 468,508
Non-controlling interests	676	1,503	5,062

Consolidated Statement of Changes in Equity

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

	Thousands	Yen (Millions)											
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income						Total equity
							Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	
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
Cumulative effects of changes in accounting policies				(114,656)		(114,656)							(114,656)
Restated balance		467,601	407,329	30,445	(59,335)	846,040	38,468	21,652	2,666	(16,249)	46,537	5,087	897,664
Issuance of new shares													-
Net loss attributable to owners of the parent				(143,628)		(143,628)							(143,628)
Purchase of treasury stock	(6)				(16)	(16)							(16)
Disposal of treasury stock			(1)		1	0							0
Changes in scope of consolidation				(45)		(45)							(45)
Changes in scope of equity method													-
Net changes in the year							(6,157)	50,515	1,022	2,981	48,361	1,079	49,440
Total changes during the fiscal year	(6)	-	(1)	(143,673)	(15)	(143,689)	(6,157)	50,515	1,022	2,981	48,361	1,079	(94,249)
Balance at March 31, 2022	470,336	467,601	407,328	(113,228)	(59,350)	702,351	32,311	72,167	3,688	(13,268)	94,898	6,166	803,415
Net income attributable to owners of the parent				89,477		89,477							89,477
Purchase of treasury stock	(5)				(15)	(15)							(15)
Disposal of treasury stock			(0)		0	0							0
Changes in scope of consolidation													-
Changes in scope of equity method				2,625		2,625							2,625
Net changes in the year							4,513	(29,671)	(1,207)	(552)	(26,917)	1,806	(25,111)
Total changes during the fiscal year	(5)	-	(0)	92,102	(15)	92,087	4,513	(29,671)	(1,207)	(552)	(26,917)	1,806	66,976
Balance at March 31, 2023	470,331	¥467,601	¥407,328	¥ (21,126)	¥(59,365)	¥ 794,438	¥36,824	¥ 42,496	¥ 2,481	¥(13,820)	¥ 67,981	¥7,972	¥ 870,391

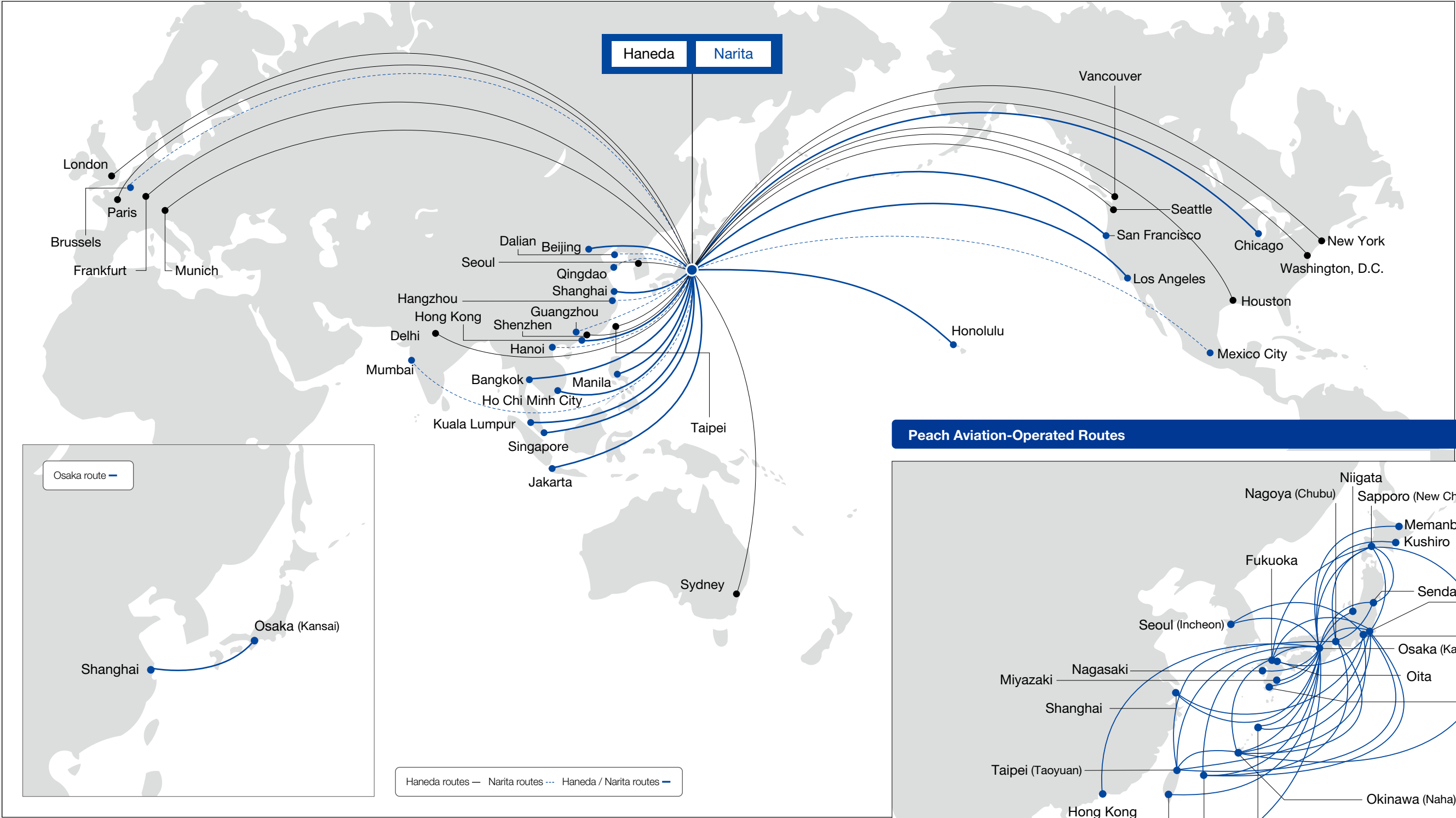
	Thousands	U.S. dollars (Thousands)											
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' equity	Accumulated other comprehensive income						Total equity
							Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	
Balance at March 31, 2022	470,336	\$3,501,842	\$3,050,460	\$(847,959)	\$(444,469)	\$5,259,874	\$241,975	\$ 540,455	\$27,619	\$ (99,363)	\$ 710,686	\$46,176	\$6,016,737
Net income attributable to owners of the parent				670,089		670,089							670,089
Purchase of treasury stock	(5)				(112)	(112)							(112)
Disposal of treasury stock			(0)										0
Changes in scope of consolidation													-
Changes in scope of equity method				19,658		19,658							19,658
Net changes in the year							33,797	(222,204)	(9,039)	(4,133)	(201,580)	13,525	(188,055)
Total changes during the fiscal year	(5)	-	(0)	689,747	(112)	689,633	33,797	(222,204)	(9,039)	(4,133)	(201,580)	13,525	501,578
Balance at March 31, 2023	470,331	\$3,501,842	\$3,050,460	\$(158,211)	\$(444,581)	\$5,949,509	\$275,773	\$ 318,250	\$18,580	\$(103,497)	\$ 509,106	\$59,701	\$6,518,317

Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Cash flows from operating activities:			
Income (loss) before income taxes	¥ 114,342	¥(175,374)	\$ 856,301
Adjustments for:			
Depreciation and amortization	148,270	157,505	1,110,387
Impairment loss	-	9,357	-
Amortization of goodwill	2,115	2,116	15,839
Gain on disposal and sales of property and equipment	(6,123)	(15,637)	(45,854)
Loss on cancellation of contracts	-	4,055	-
Loss (gain) on sales and valuation of investment securities	841	(2,941)	6,298
Reversal of foreign currency translation of investment securities	(1,987)	-	(14,880)
Increase in allowance for doubtful accounts	506	770	3,789
Increase in liability for retirement benefits	2,906	664	21,762
Interest and dividend income	(1,930)	(1,285)	(14,453)
Interest expenses	24,845	25,343	186,063
Subsidies for employment adjustment	(5,043)	(23,955)	(37,766)
Foreign exchange gain	(2,348)	(3,404)	(17,584)
Increase in notes and accounts receivable	(36,523)	(44,964)	(273,519)
Decrease in other current assets	5,758	20,687	43,121
Increase in notes and accounts payable	35,612	2,473	266,696
Increase in contract liabilities	137,522	15,445	1,029,895
Other, net	50,230	(43,432)	376,170
Subtotal	468,993	(72,577)	3,512,266
Interest and dividends received	2,202	1,682	16,490
Interest paid	(24,990)	(26,081)	(187,148)
Proceeds from subsidy income	7,300	26,046	54,669
Income taxes paid	(3,683)	(5,483)	(27,581)
Net cash provided by (used in) operating activities	449,822	(76,413)	3,368,696
Cash flows from investing activities:			
Increase in time deposits	(861,080)	(655,500)	(6,448,588)
Proceeds from withdrawal of time deposits	735,354	635,713	5,507,032
Purchases of marketable securities	(154,321)	(253,889)	(1,155,702)
Proceeds from redemption of marketable securities	152,739	539,230	1,143,855
Purchases of property and equipment	(93,450)	(120,591)	(699,842)
Proceeds from sales of property and equipment	42,717	87,055	319,905
Purchases of intangible assets	(23,442)	(12,773)	(175,556)
Purchases of investment securities	(674)	(2,975)	(5,047)
Proceeds from sales of investment securities	277	12,806	2,074
Proceeds from withdrawal of investments in securities	-	1,670	-
Other, net	(2,146)	(727)	(16,071)
Net cash (used in) provided by investing activities	(204,026)	230,019	(1,527,941)
Cash flows from financing activities:			
Decrease in short-term loans, net	(7,900)	-	(59,162)
Repayment of long-term loans	(62,775)	(72,702)	(470,119)
Proceeds from issuance of bonds	-	169,799	-
Redemption of bonds	(70,000)	-	(524,226)
Repayment of finance lease obligations	(3,764)	(3,011)	(28,188)
Proceeds from share issuance to non-controlling shareholders	2,000	-	14,977
Net increase of treasury stock	(15)	(16)	(112)
Other, net	(455)	(424)	(3,407)
Net cash (used in) provided by financing activities	(142,909)	93,646	(1,070,238)
Effect of exchange rate changes on cash and cash equivalents	2,527	3,626	18,924
Net increase in cash and cash equivalents	105,414	250,878	789,440
Cash and cash equivalents at beginning of year	621,037	370,322	4,650,917
Net decrease resulting from changes in scope of consolidation	-	(163)	-
Cash and cash equivalents at end of year	¥ 726,451	¥ 621,037	\$ 5,440,357

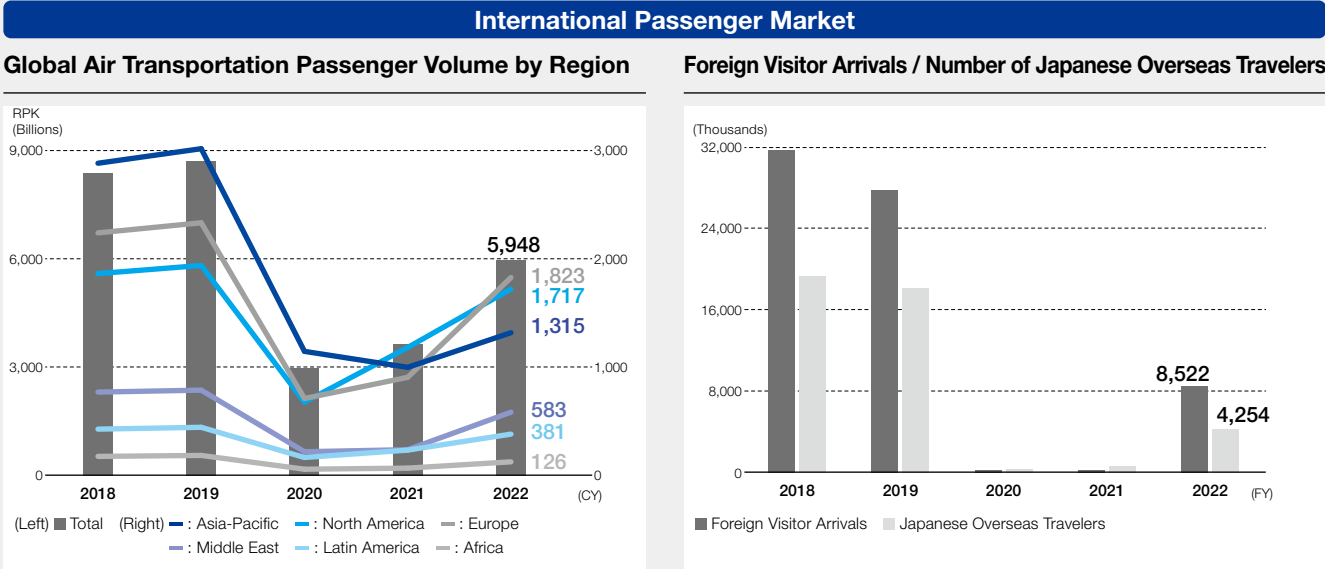
ANA-Operated International Routes



Peach Aviation-Operated Routes

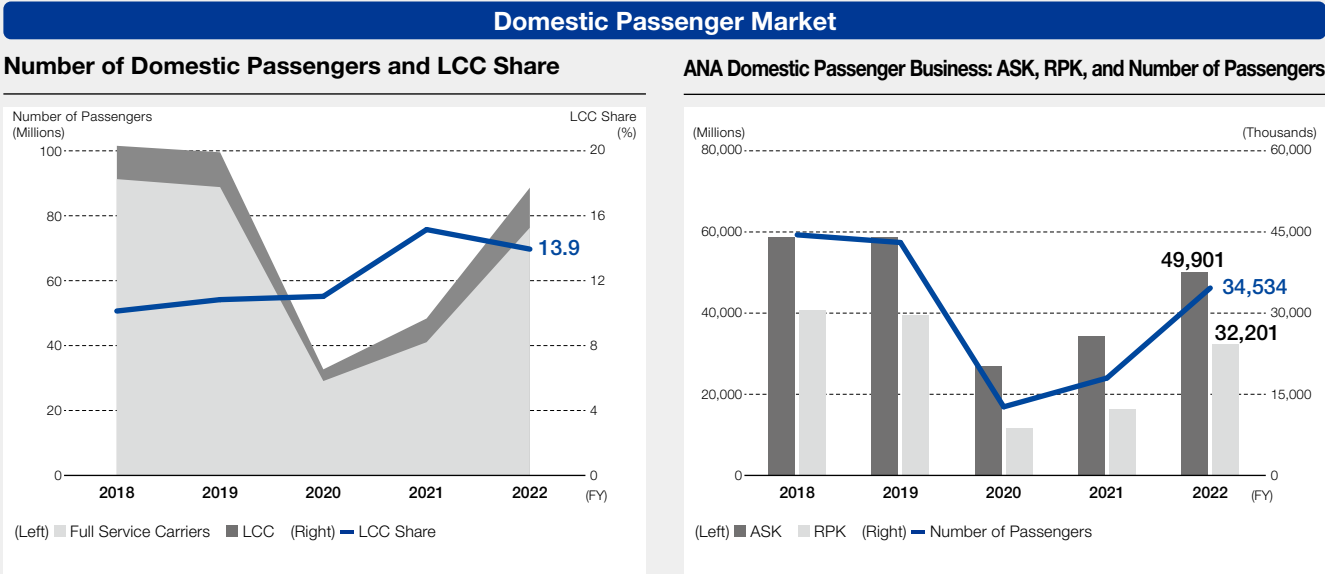


Market Data

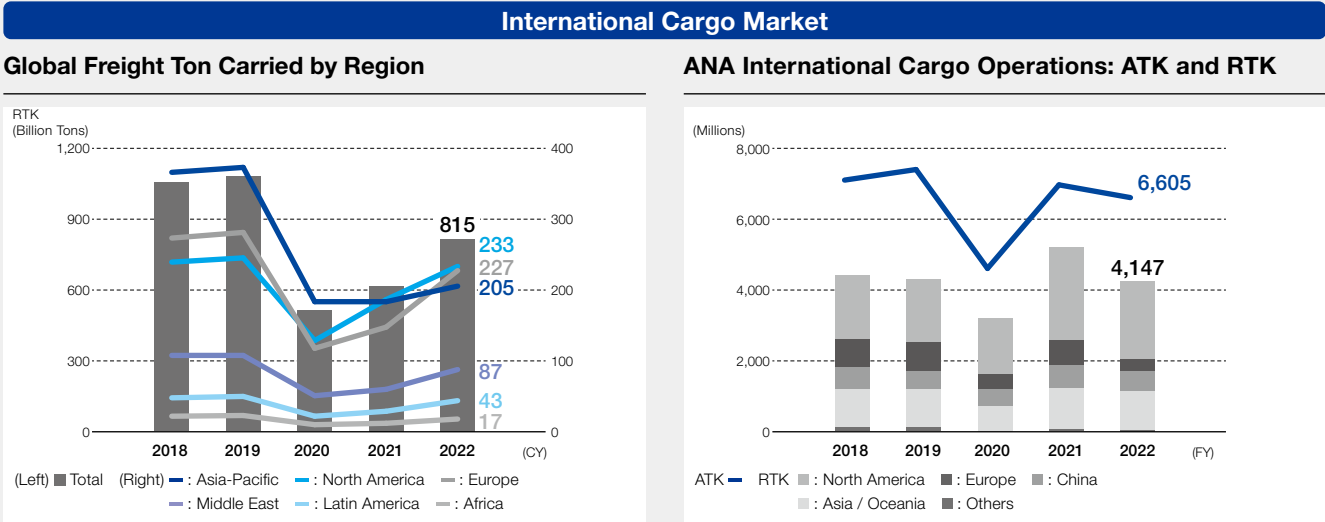


Source: International Air Transport Association (IATA), 2023

Source: Japan National Tourism Organization (JNTO), 2023



Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal 2022

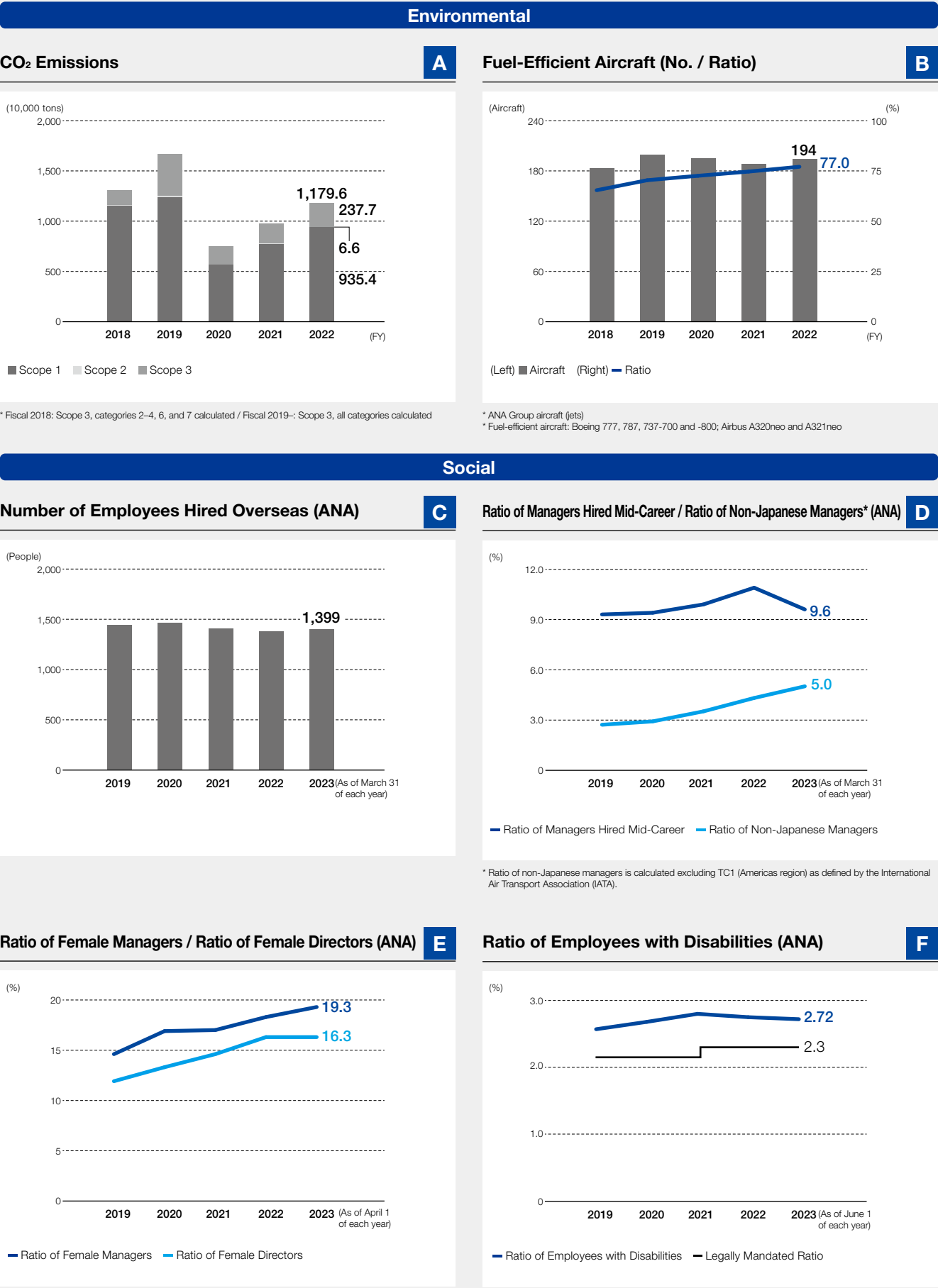


Source: International Air Transport Association (IATA), 2023

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 2023 can be downloaded from the ANA Group corporate website in PDF format.
<https://www.ana.co.jp/group/en/investors/irdata/annual/>



ESG-Related Data

The following data is the environmental results related to the ANA Group. (Aggregate figures for fiscal 2022 are preliminary)
From fiscal 2019, we have also added the results of Peach Aviation.

Climate Change Countermeasures (E)

(FY)	Unit	2018	2019	2020	2021	2022
Carbon dioxide (CO ₂) emissions*						
Total (Aircraft, ground equipment and vehicles)	10,000 tons	1,156.0	1,245.8	548.0	776.0	941.9
Aircraft		1,142.8	1,233.2	538.7	766.9	932.5
Passenger		1,098.0	1,196.8	470.9	678.0	846.8
Cargo		44.9	37.4	67.8	89.0	85.7
Ground equipment and vehicles		13.2	12.6	9.3	9.1	9.4
A**9 Total (Scope 1, 2, and 3)	10,000 tons	1,306.3	1,682.2	723.3	976.0	1,179.6
Scope 1		1,147.0	1,237.3	541.4	769.5	935.4
Scope 2		8.9	8.4	7.0	6.6	6.6
Scope 3		150.4*3	436.4*2	174.9	199.9	237.7
[Breakdown by Category]*4						
	1,000 tons					
1 Purchased goods and services		—	986.6	624.9	548.8	753.0
2 Capital goods		926.4	788.6	361.3	327.2	250.9
3 Fuel- and energy-related activities (not included in Scope 1 or 2)		572.6	1,664.1	734.2	1,038.1	1,259.7
4 Upstream transportation and distribution		1.4	1.7	0.6	1.1	0.7
5 Waste generated in operations		—	30.8	17.5	17.3	32.2
6 Business travel		1.4	1.6	0.3	2.3	4.0
7 Employee commuting		2.0	9.4	9.9	8.9	8.5
11 Use of sold products		—	881.7	0.0	0.0	0.0
13 Downstream leased assets		—	*5	*5	55.6	67.6
Aircraft CO ₂ emissions per RTK	kg-CO ₂	0.97	1.01	1.21	1.09	1.00
Total Sustainable Aviation Fuel (SAF) emissions	1,000 tons	—	—	—	4.03*6	6.32*6
Total energy consumption						
	Crude oil equivalent: 10,000 kl					
Total		446	480	212	300	364
Aircraft energy		439	474	207	295	359
Ground energy (non-aircraft operations)		6.4	6.3	4.8	4.7	4.9
Ozone depletion (ANA only)						
Fluorocarbon	kg					
Aircraft		9.4	2.7	2.9	0.0	0.0
Ground (non-aircraft operations)		—	—	254*7	169	80
Halon Aircraft		28.8	31.7	20.5	12.8	12.8
B**9 Fuel-efficient aircraft (Fiscal year-end)*8						
Number of aircraft ANA Group (jet aircraft)	Aircraft	183	199	195	188	194
Ratio	%	65.3	70.3	72.5	74.6	77.0

*1 We have not yet reflected the impact of Sustainable Aviation Fuel (SAF) on CO₂ emissions from fiscal 2018 to fiscal 2020
*2 All categories under Scope 3 have been calculated beginning in fiscal 2019
*3 Scope 3, categories 2-4, 6, and 7 for fiscal 2018 were calculated
*4 Scope 3, categories 8, 9, 10, 12, 14, and 15 are not applicable
*5 Not applicable
*6 Direct CO₂ emissions from the combustion of the SAF which ANA purchased in fiscal 2021 are not included in the Scope1, 2 and 3. SAF is made from animal fat and has an approximate 90% CO₂ reduction compared to the life cycle of conventional aviation fuel. Calculated beginning fiscal 2021
*7 Calculated beginning fiscal 2020
*8 Boeing 777, 787, 737-700, -800, Airbus A320neo, and A321neo
*9 **A** to **B**: See graphs on P.143

Resource Savings

(FY)	Unit	2018	2019	2020	2021	2022
Waste produced						
Total	1,000 tons	34.3	22.9	12.7	16.0	26.7
General waste (Cabin waste and sewage included)		28.4	15.3	7.8	4.8	15.5
General waste (Ground waste included)		2.7	2.9	1.0	2.8	1.6
Industrial waste		3.2	4.7	3.8	8.4	9.6
Water consumption						
Total	10,000 kl	69.7	68.4	35.1	31.6	41.3
Clean water		61.1	60.7	30.6	27.1	35.8
Non-potable water		8.6	7.8	4.5	4.4	5.5

Human Resources Data (ANA) (S)

	Unit	2019	2020	2021	2022	2023
People						
Number of employees (As of March 31 of each year)	People	14,242	14,830	15,114	13,689	14,566
C*5 Number of employees hired overseas (As of March 31)	People	1,442	1,464	1,404	1,375	1,399
Number of overseas managers hired locally (As of March 31 of each year)	People	161	157	173	198	207
D*5 Ratio of managers hired mid-career (As of March 31 of each year)	%	9.3	9.4	9.9	10.9	9.6
Ratio of non-Japanese managers*1 (As of March 31 of each year)	%	2.7	2.9	3.5	4.3	5.0
E*5 Ratio of female managers (As of April 1 of each year, excluding individuals 60 years old and over)	%	14.6	16.9	17.0	18.3	19.3
F*5 Ratio of employees with disabilities*2 (As of June 1 of each year)	%	2.57	2.68	2.80	2.75	2.72
Average age of employees (As of March 31 of each year)	Years	37.5	38.0	37.9	38.9	39.2
Years worked						
Average years worked (As of March 31 of each year)	Years	14.2	13.6	12.5	13.4	14.2
Job turnover rates						
Job turnover rates of employees (FY)	%	3.1	4.0	4.2	3.5	—
Average annual salary						
Gender wage gap (FY)*3	%	—	—	—	38.6	—
Diverse work styles						
Number of employees on pregnancy or childcare leave / Male (As of March 31 of each year)	People	629 / 20	645 / 29	643 / 27	727 / 61	856 / 194
Number of employees on nursing care leave (As of March 31 of each year)	People	16	10	11	17	13
Health management						
Ratio of employees with healthy BMI (Male / Female, As of March 31 of each year)	%	72.9 / 72.6	72.5 / 73.0	67.7 / 70.1	74.3 / 69.1	73.7 / 68.4
Ratio of employees that smoke (Male / Female, As of March 31 of each year)	%	17.2 / 3.7	16.7 / 3.1	14.5 / 2.6	14.1 / 2.3	13.6 / 2.4
Employee obesity rate*4 (Male / Female, As of March 31 of each year)	%	11.1 / 1.4	12.9 / 1.0	8.2 / 1.7	11.2 / 1.3	11.1 / 1.0

*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 The significant difference in wages between men and women is due to factors that include the higher average age of men compared to women and the higher percentage of men in flight crew positions, where wages are relatively high.
*4 Ratio of employees with BMI of 18.5%–25.0%
*5 **C** to **F**: See graphs on P.143

Governance-Related Data (G)

	Unit	2019	2020	2021	2022	2023
Corporate governance						
E*5 Ratio of female directors (As of April 1 of each year)	%	11.1	12.5	14.6	16.3	16.3
Risk management						
Work-related accidents (As of March 31 of each year)		111	69	25	26	65

Flight-Related Data (All Passenger Flights on ANA International and Domestic Services)

(FY)	Unit	2018	2019	2020	2021	2022
In-service rate	%	98.2	97.4	43.5	59.3	95.0
On-time departure rate*6	%	88.4	88.7	97.3	94.5	88.1
On-time arrival rate*6	%	86.5	87.5	96.8	93.6	88.1

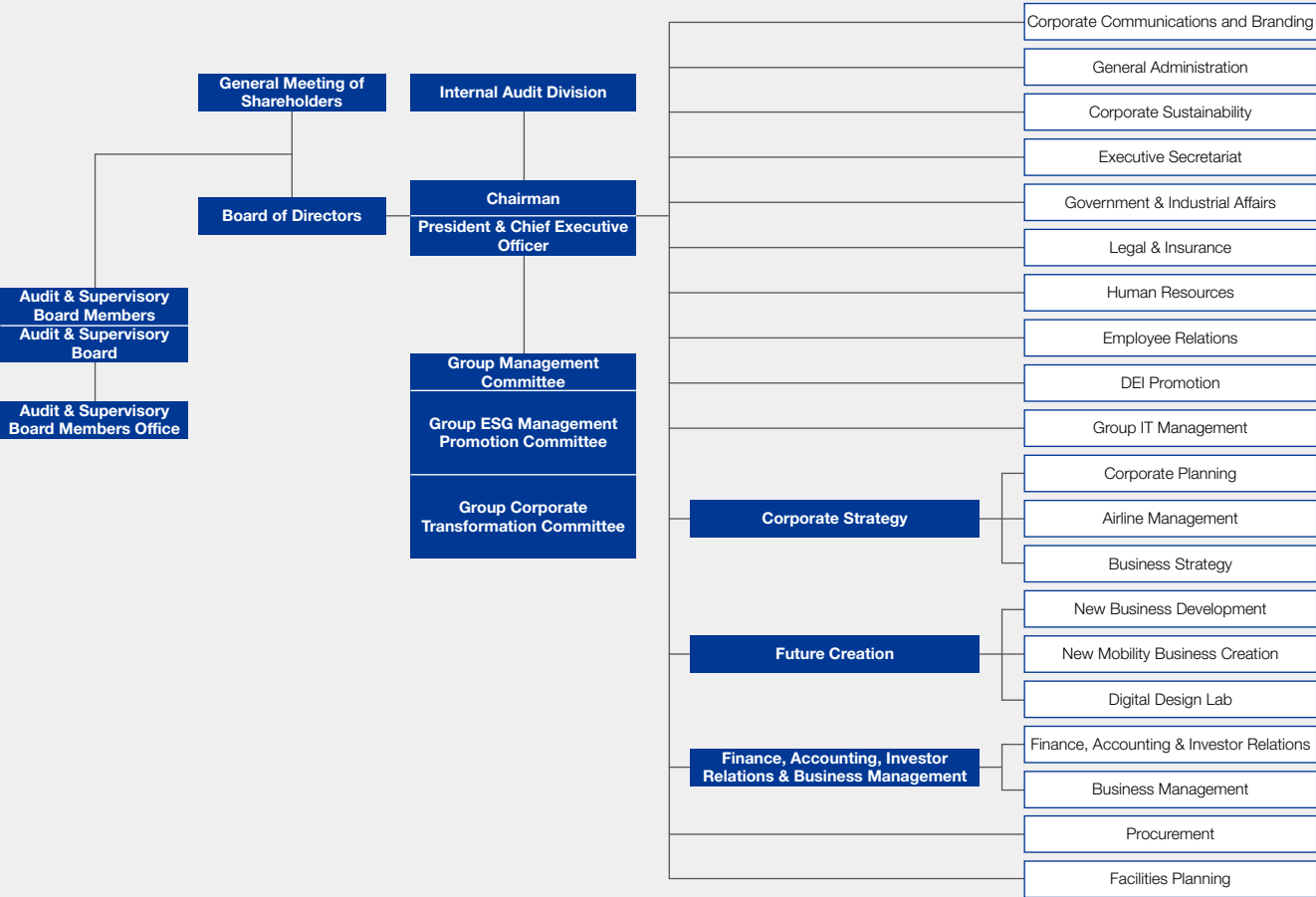
*6 Delays of 15 minutes or less, excluding canceled flights

Customer-Related Data

(FY)	Unit	2018	2019	2020	2021	2022
Number of customer feedback reports						
[Breakdown by route type]						
Domestic	%	62.4	59.5	54.6	65.6	58.65
International	%	34.8	37.9	11.7	11.2	23.99
Other	%	2.7	2.7	33.7	23.2	17.36
[Breakdown by report type]						
Complaint	%	45.8	42.3	30.1	29.1	38.30
Compliment	%	19.8	21.1	20.8	28.3	25.27
Comment / Request	%	16.5	16.6	28.8	21.9	19.62
Other	%	17.8	20.1	21.3	20.7	16.82

The ANA Group Profile

ANA HOLDINGS INC. Organization (As of July 1, 2023)



Number of Subsidiaries and Affiliates (As of March 31, 2023)

Operating segment	Total of subsidiaries	of which, consolidated	of which, equity method	Total of affiliates	of which, equity method
Air Transportation	5	4	—	2	—
Airline Related	40	29	—	4	2
Travel Services	6	5	—	3	1
Trade and Retail	72	8	—	1	—
Others	10	8	1	27	9
Total	133	54	1	37	12

Major Subsidiaries (As of March 31, 2023)

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	100	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 X Inc.	25	100.0	Planning and sales of travel products, and other customer-related businesses
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, 2023)

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	40,507 (Consolidated)
Paid-In Capital	¥467,601 million
Fiscal Year-End	March 31
Number of Shares of Common Stock	Authorized: 1,020,000,000 shares Issued: 484,293,561 shares
Number of Shareholders	771,327
Stock Listing	Tokyo
Ticker Code	9202

Administrator of Register of Shareholders

Sumitomo Mitsui Trust Bank, Limited
(Stock Transfer Agency Department)
1-4-1, Marunouchi, Chiyoda-ku, Tokyo

Independent Auditor

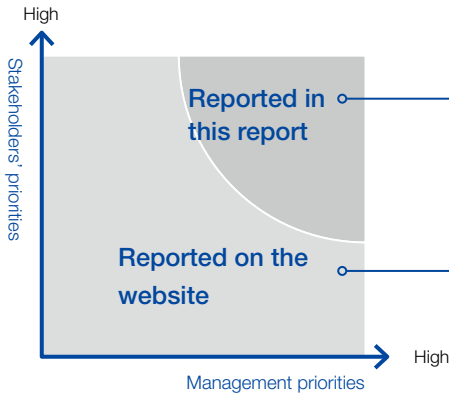
Deloitte Touche Tohmatsu LLC

American Depositary

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 2023

Fact Book 2023 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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