

Management's Discussion and Analysis

Economic Conditions

General Economic Overview

Despite some signs of a standstill, the Japanese economy experienced a gradual recovery during the fiscal year, as corporate earnings and the employment environment continued to improve.

Looking ahead, the Japanese economy should continue to recover gradually with an improving employment and income environment. Meanwhile, the global economy faces an expected downside risk reflecting international monetary tightening and concerns regarding the outlook for the Chinese economy, among other factors. The airline industry in Japan expects the recovery to continue in leisure demand for domestic routes and inbound travel and business demand on international routes. However, developments in geopolitical risk, including the situation in Ukraine and the Middle East, warrant close monitoring.

Fuel Price Trends

Crude oil prices fluctuated widely throughout the year due to production cuts by OPEC Plus member countries and escalating tensions in the Middle East. At the beginning of the fiscal year, prices declined temporarily due to the risk of a global economic slowdown caused by the collapse of U.S. financial institutions and other factors. Prices rose subsequently to nearly \$100 per barrel in September 2023 due to concerns over production cuts by Russia and Saudi Arabia, etc. The average crude oil price was \$82.45 per barrel for the fiscal year under review and \$86.8 per barrel on March 31, 2024.

The market price of Singapore kerosene tracked the price of crude oil. The average price for the fiscal year was \$104.0 per barrel, ending at \$100.7 per barrel on March 31, 2024.

Foreign Exchange Market

The yen weakened with respect to the U.S. dollar, falling to nearly ¥152 in November 2023 and March 2024 against a backdrop of widening interest rate differentials between Japan and the U.S. These interest rate gaps were mainly due to monetary tightening in the U.S. and ongoing monetary easing in Japan. As a result of weakness throughout the year, the Japanese yen averaged ¥144.59 per U.S. dollar over the fiscal year and ¥151.35 per U.S. dollar on March 31, 2024.

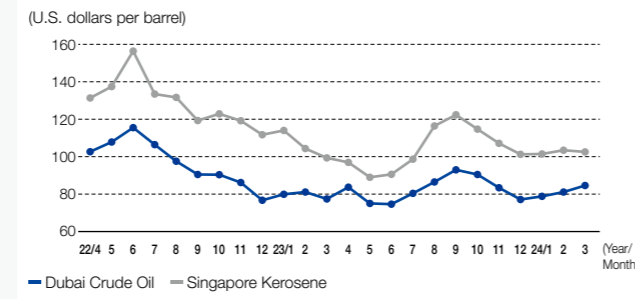
Air Transport Traffic Trends

International Air Transportation Association (IATA) member airlines reported a 41.4% year-on-year increase in RPK for scheduled international flights in 2023. RPK for scheduled domestic flights rose 30.2% for the year. At the same time, RTK in connection with scheduled global air cargo increased 25.0%. (Source: IATA World Air Transport Statistics, 2024)

In Japan, passengers on trunk routes* increased 13.8% year on year to 44.85 million. The number of passengers on local routes* increased 17.0% to 59.95 million. In total, passengers on scheduled domestic flights increased 15.6% to 104.81 million. Cargo volume increased 1.0% to 0.55 million tons. The number of passengers carried by Japanese airlines on international flights increased 85.7% to 17.66 million, while the volume of international cargo handled by Japanese airlines decreased 6.7% to 1.37 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism Annual Summary of Air Transportation Statistics)

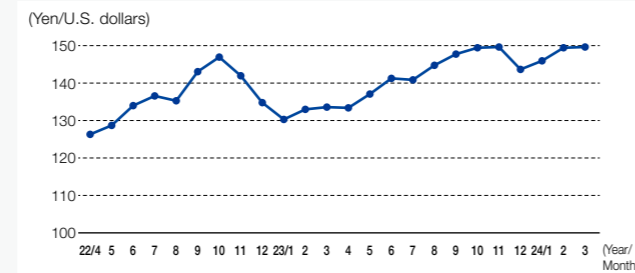
* Trunk routes refer to routes connecting Sapporo (New Chitose), Tokyo (Haneda), Tokyo (Narita), Osaka (Itami), Osaka (Kansai), Fukuoka, and Okinawa (Naha) airports with one another. Local routes refer to all other routes.

Monthly Prices for Dubai Crude Oil and Singapore Kerosene



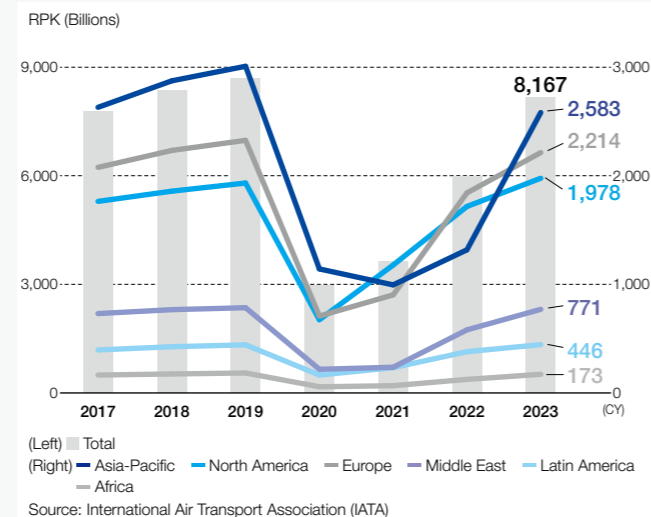
Source: Bloomberg

Monthly Yen-Dollar Exchange Rate



Source: Bloomberg

Global Air Transportation Passenger Volume by Region



Source: International Air Transport Association (IATA)

Performance for Fiscal 2023

Overview of the ANA Group

The ANA Group ("the group"), led by holding company ANA HOLDINGS INC., consists of 136 subsidiaries (including ALL NIPPON AIRWAYS CO., LTD.) and 36 affiliates. A total of 55 companies are treated as consolidated subsidiaries, with another 13 treated as equity-method subsidiaries and affiliates. Group employees numbered 41,225 individuals, an increase of 718 compared to the previous fiscal year-end.

The environment surrounding the airline industry was favorable for both international and domestic passenger operations. Strong inbound travel demand to Japan and domestic leisure demand reflected the reclassification of COVID-19 to a Category 5 infectious disease.

In terms of business performance, operating revenues rose significantly year on year, supported by performance gains in the Air Transportation Business amid the economic conditions described above. In addition to certain other costs, variable costs increased, mainly due to the growing scale of operations. However, we posted record profits due to ongoing strict cost management and other factors.

On the balance sheet, we swung to a positive balance in retained earnings, mainly due to the increase in operating revenues. Cash and deposits together with marketable securities amounted to ¥1,257.8 billion in liquidity on hand.

Expenses and Operating Income (Loss)

In fiscal 2023, we steadily captured inbound travel demand and domestic leisure demand, resulting in consolidated operating revenues of ¥2,055.9 billion, an increase of ¥348.4 billion (20.4%) year on year.

Operating income amounted to ¥207.9 billion compared with operating income of ¥120.0 billion in the previous fiscal year. Despite an increase in flight operation-linked expenses stemming from expanded flight operations, we continued with strict cost management measures to achieve this result.

Review by Segment

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

Segment Information

(Fiscal Year)	Operating Revenues			Operating Income (Loss)			EBITDA		
	2023	2022	Change	2023	2022	Change	2023	2022	Change
Air Transportation	¥1,869,552	¥1,539,443	¥330,109	¥207,975	¥124,158	¥83,817	¥344,583	¥262,611	¥81,972
Airline Related	298,820	247,129	51,691	6,769	2,332	4,437	10,820	6,685	4,135
Travel Services	78,541	73,815	4,726	1,371	(277)	1,648	1,880	(89)	1,969
Trade and Retail	117,919	103,252	14,667	4,574	3,511	1,063	5,556	4,442	1,114
Subtotal	2,364,832	1,963,639	401,193	220,689	129,724	90,965	362,839	273,649	89,190
Other	41,244	38,066	3,178	546	599	(53)	711	987	(276)
Adjustments	(350,148)	(294,221)	(55,927)	(13,324)	(10,293)	(3,031)	(13,324)	(10,293)	(3,031)
Total (Consolidated)	¥2,055,928	¥1,707,484	¥348,444	¥207,911	¥120,030	¥87,881	¥350,226	¥264,343	¥85,883

Notes: 1. "Other" represents all operating segments that are not included in reportable segments, including facility management, business support, and other operations
 2. Adjustments to segment operating income (loss) represent the elimination of intersegment transactions, group management expenses of ANA HOLDINGS INC., and other certain items.
 3. Segment operating income (loss) is reconciled with operating income (loss) in the consolidated financial statements.
 4. EBITDA = Operating income (loss) + Depreciation and amortization

Management's Discussion and Analysis

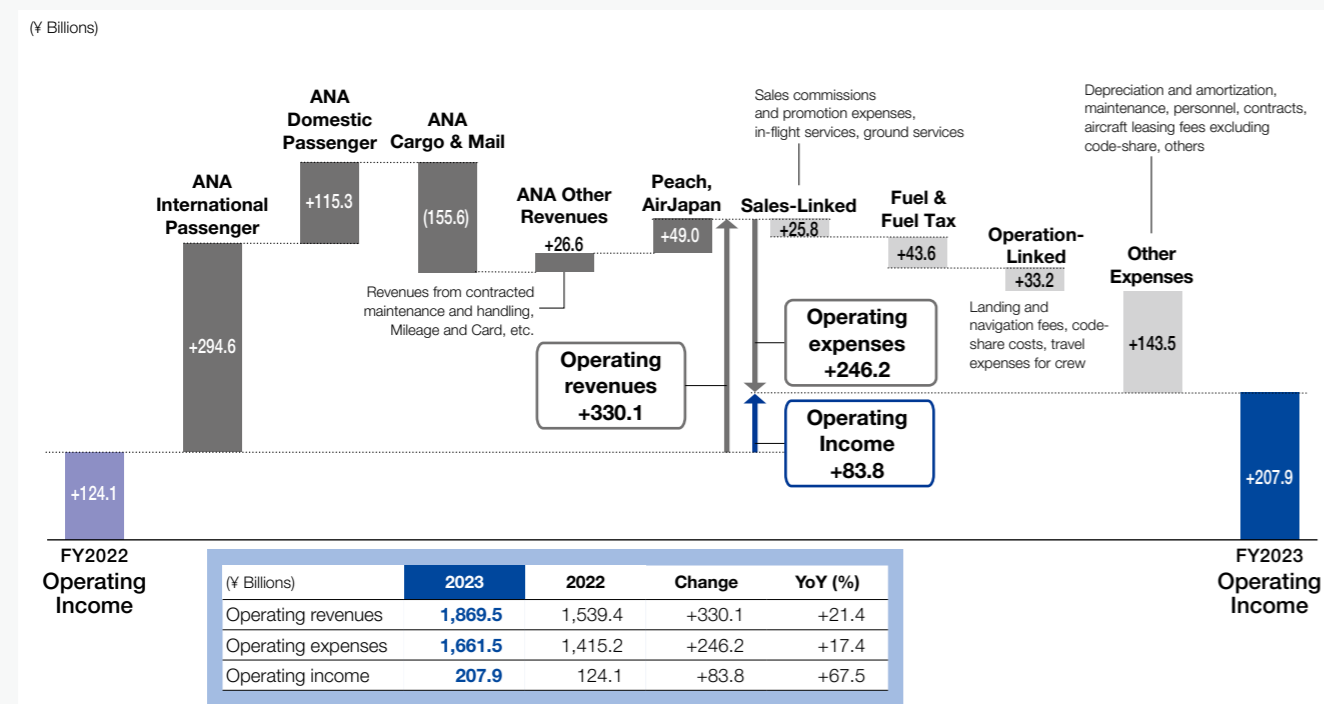
Air Transportation Business

Air Transportation Business operating revenues amounted to ¥1,869.5 billion, a year-on-year increase of 21.4%. This result was mainly due to strong international and domestic passenger demand, supported in part by the reclassification of COVID-19 to Category 5 under the Act on the Prevention of Infectious Diseases. Operating income amounted to ¥207.9 billion compared to operating income of ¥124.1 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 the expanding scale of our business.

The ANA Group was recognized by SKYTRAX of the U.K. as a 5-Star airline for the 11th consecutive year, the highest rating for customer satisfaction. We were also named the best airline in two categories, including overall airport services, for a second consecutive year in the 2024 World Airline Awards.

In February 2024, we commenced operations under the new AirJapan brand, offering Narita–Bangkok and Narita–Incheon routes. The ANA Group will continue maximizing the strengths of our three brands to improve customer convenience and increase Air Transportation Business profits.

Changes in Operating Income (Loss) (Fiscal 2023 vs. Fiscal 2022)



Results by business were as follows.

ANA International Passenger Business

Delivered Expanding Business Operations and Maximized Revenues as a Pillar of Medium-Term Profit Growth, Supported by Favorable Demand Trends

Fiscal 2023 in Review

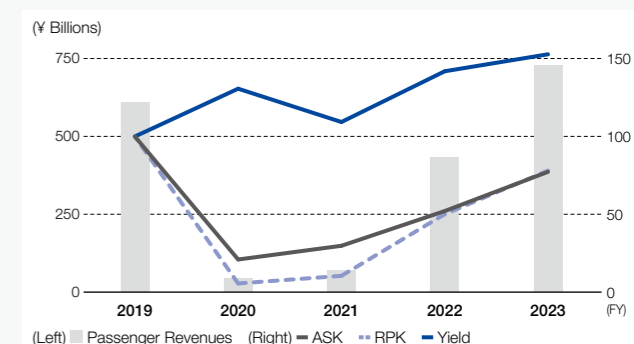
The ANA International Passenger Business saw strong inbound travel demand to Japan throughout the fiscal year, while leisure and business demand from Japan continued to recover. The supply–demand balance remained tight in all regions, particularly connection demand between North America and China. We took advantage of this environment to capture recovering demand by expanding operations throughout the year. In April 2023, we resumed the Haneda–Beijing and Haneda–Shanghai (Pudong and Hongqiao) routes and the Narita–Perth route in October, followed by other routes. Beginning in December, we operated twice-daily round-trip flights on the Narita–Honolulu route, featuring the Airbus A380 FLYING HONU.

Sales and service efforts reflected improved convenience for domestic and international connections after the July 2023 reopening of the international route facilities at Haneda Airport Terminal 2, which had been closed for the previous three years. In addition to reopening ANA lounges at Kansai Airport and the Haneda Airport Terminal 2 international facilities, we enhanced customer comfort through a redesigned collaboration menu for international in-flight meals, introduced in March 2024. As a result, available seat-kilometers (ASK) and revenue passenger-kilometers (RPK) increased 48.5% and 56.0%, respectively, while load factor increased 3.7 points to 77.3%. Passenger numbers increased 69.4% to 7.13 million, while unit price decreased 0.8% to ¥102,058. Operating revenues increased 68.0% to ¥728.1 billion. Both passenger volume and revenues were significantly higher year on year. International Passenger Business revenues exceeded Domestic Passenger Business revenues for the first time ever, becoming the ANA Group's largest source of revenue.

Fiscal 2024 Business Policies

We expect fiscal 2024 seat supply on routes to and from Japan to increase on all routes. We will continue to strengthen efforts to capture strong demand for inbound travel to Japan and steadily growing business demand originating from Japan, improving revenues and profitability. In July 2024, we added flights to the Haneda–Munich and Haneda–Paris routes while resuming the Haneda–Vienna route in August. We also plan to open Haneda–Milan, Haneda–Stockholm, and Haneda–Istanbul routes in the second half of fiscal 2024 as we expand capacity in the strong European routes and extend our international route network further.

ANA International Passenger Business Results



*1 Figures for ASK, RPK, and yield are indexed using the figures for fiscal 2019 as 100.
*2 Figures prior to fiscal 2020 are adjusted based on the Accounting Standard for Revenue Recognition (including award ticket passengers).

(Fiscal Year)	2023	2022	YoY (%)
ASK (Millions)	53,281	35,875	+48.5
RPK (Millions)	41,192	26,408	+56.0
Number of passengers (Thousands)	7,134	4,212	+69.4
Load factor (%)	77.3	73.6	+3.7pt*
Passenger revenues (¥ Billions)	728.1	433.4	+68.0
Unit revenues (¥)	13.7	12.1	+13.1
Yield (¥)	17.7	16.4	+7.7
Unit price (¥)	102,058	102,899	(0.8)

* Load factors are year-on-year differences.



Narita–Perth flights resumed



The third Airbus A380 FLYING HONU

Management's Discussion and Analysis

ANA Domestic Passenger Business

Pursuing Profitability through Aircraft and Network Supply-Demand Matching

Fiscal 2023 in Review

A slower-than-expected recovery in business travel demand and reduced flights in connection with inspections and maintenance on Pratt & Whitney engines were a drag on performance. However, leisure travel demand continued to be strong for a second consecutive year, supported in part by the reclassification of COVID-19 to a Category 5 infectious disease. We captured robust leisure travel demand in a steady manner by using wide-body aircraft on weekends and holidays. We also leveraged ANA SUPER VALUE SALES and other means to capture demand. Passenger numbers and revenues increased year on year as a result of improved unit price levels. This unit price improvement reflected efforts including setting fares in line with demand trends for each route and flight, even during the course of promotional campaigns.

In terms of sales and services, we endeavored to improve convenience and comfort by adding more seats and new soundproof private booths at the Haneda Airport ANA SUITE LOUNGE (domestic lounge) in July 2023 in conjunction with the lounge renovation. We also began regular operations of aircraft featuring the ANA Future Promise Prop livery in October 2023. Environmentally friendly initiatives we performed included the use of in-flight service items made from recycled materials and flight operations designed to reduce CO₂ emissions.

As a result, ASK and RPK increased 8.7% and 18.2%, respectively, while load factor increased 5.7 points to 70.2%. Passenger numbers increased 18.0% to 40.76 million, while unit price increased 3.2% to ¥15,820. Operating revenues increased 21.8% to ¥644.9 billion.

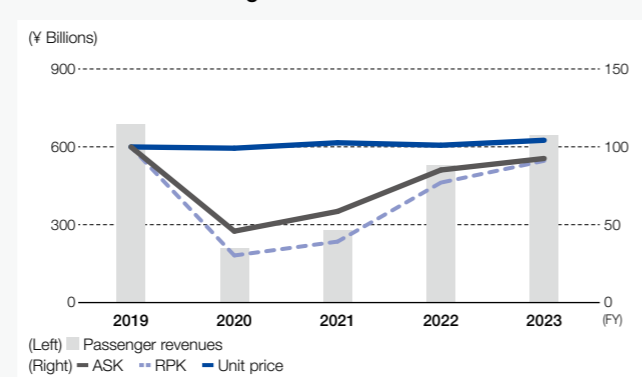
Fiscal 2024 Business Policies

In addition to continued strong leisure demand, we anticipate further increases in business travel and inbound travel demand. Meanwhile, we plan to improve profitability through a number of measures. We will continue efforts to improve customer convenience and business efficiencies through the use of ANA Smart Travel and other digital technologies. We also expect to introduce the new wide-body Boeing 787-10 aircraft on the Haneda–New Chitose and other routes to meet strong demand. Further sophistication in supply-demand matching for each route by leveraging a diverse fleet of aircraft and stronger coordination between ANA and Peach will also contribute to improved profitability.



Domestic-spec Boeing 787-10 aircraft

ANA Domestic Passenger Business Results



*1 Figures for ASK, RPK, and unit price are indexed using the figures for fiscal 2019 as 100.
*2 Figures prior to fiscal 2020 are adjusted based on the Accounting Standard for Revenue Recognition (including award ticket passengers).

(Fiscal Year)	2023	2022	YoY (%)
ASK (Millions)	54,225	49,901	+8.7
RPK (Millions)	38,060	32,201	+18.2
Number of passengers (Thousands)	40,763	34,534	+18.0
Load factor (%)	70.2	64.5	+5.7pt*
Passenger revenues (¥ Billions)	644.9	529.5	+21.8
Unit revenues (¥)	11.9	10.6	+12.1
Yield (¥)	16.9	16.4	+3.0
Unit price (¥)	15,820	15,335	+3.2

* Load factors are year-on-year differences



Renovated Haneda Airport ANA SUITE LOUNGE (domestic lounge)

ANA Cargo and Mail Business

Adjusting Supply Flexibly Based on Demand Trends and Continuing Efforts to Secure Profitability

Fiscal 2023 in Review

The International Cargo Business began to see normalization in air cargo supply-demand balance, which had been tight due to the COVID-19 pandemic. Demand continued to decline for major commodities such as semiconductors and electronic components, automobile-related parts, etc., while air cargo space increased with the recovery in passenger flights. In response to this environment, the business secured profitability and captured demand by adjusting freighter capacity according to market conditions. In the second half of the fiscal year, we began working to maximize earnings by steadily capturing robust demand for trilateral cargo from China to North America. In September 2023, we launched a service to issue CO₂ reduction certificates to cargo agents and shippers to encourage efforts toward achieving environmental targets. This initiative is part of the SAF Flight Initiative, a program supporting decarbonization among companies that use air transportation.

As a result, ANA International Cargo volume amounted to 679 thousand tons (down 15.6% year on year), while operating revenues amounted to ¥155.5 billion (down 49.5%). Available ton-kilometers (ATK) decreased 4.4% year on year and revenue ton-kilometers (RTK) decreased 16.5%.

ANA Domestic Cargo experienced a sluggish recovery in air transportation demand throughout the year. ATK was higher 19.4% year on year, while cargo volume was down 0.2% at 253 thousand tons. Operating revenues amounted to ¥22.4 billion, down 6.8% year on year.

As a result, the ANA Cargo and Mail Business recorded fiscal 2023 operating revenues of ¥185.7 billion, a year-on-year decrease of 45.6%.

Fiscal 2024 Business Policies

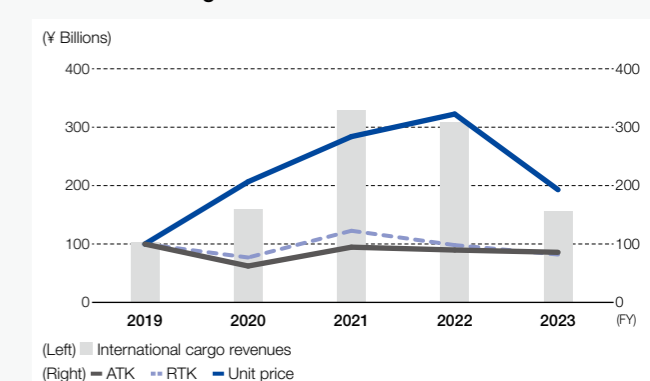
In ANA International Cargo, we expect a gradual recovery in demand for major commodities, particularly for automobile parts and semiconductors. We intend to maximize revenues by continuing to adjust capacity flexibly and opportunistically in response to demand. In addition, we intend to capture special cargo through the use of wide-body freighters and secure high-unit-price commercial goods through more competitive products. In Domestic Cargo, we intend to address the 2024 Problem facing the logistics industry through new daytime-only fares beginning in April 2024, making effective use of available cargo space on domestic passenger flights and expanding the use of air transportation.



Boeing 777F aircraft

Further, we changed the effective date of the share acquisition of Nippon Cargo Airlines to March 31, 2025.

International Cargo Business Results



* Figures for ASK, RTK, and unit price are indexed using the figures for fiscal 2019 as 100.

ANA Cargo and Mail Business Results

(Fiscal Year)	2023	2022	YoY (%)
Cargo and mail services revenues (¥ Billions)	185.7	341.3	(45.6)
International cargo			
ATK (Millions)	6,316	6,605	(4.4)
RTK (Millions)	3,464	4,147	(16.5)
Cargo volume (Thousand tons)	679	805	(15.6)
Cargo revenues (¥ Billions)	155.5	308.0	(49.5)
Unit price (¥/kg)	229	382	(40.2)
Mail revenues (¥ Billions)	5.0	6.2	(19.5)
Domestic cargo			
ATK (Millions)	1,687	1,413	+19.4
RTK (Millions)	280	281	(0.4)
Cargo volume (Thousand tons)	253	253	(0.2)
Cargo revenues (¥ Billions)	22.4	24.1	(6.8)
Unit price (¥/kg)	89	95	(6.6)
Mail revenues (¥ Billions)	2.7	2.8	(5.9)



SAF Flight Initiative Cargo Program launching a new service

Management's Discussion and Analysis

Peach / AirJapan

Optimizing Multi-brand to Increase Market Share and Revenues

Peach: Fiscal 2023 in Review

Peach resumed Kansai-Shanghai (Pudong) and Haneda-Shanghai (Pudong) routes in May 2023, and the Kansai-Kaohsiung route in August 2023, bringing back all international routes to and from Haneda Airport and Kansai Airport formerly suspended under the COVID-19 pandemic. Peach added the Kansai-Hong Kong route and the Kansai-Taipei route in September. Meanwhile, the Okinawa-Taipei route celebrated its 10th anniversary. By increasing international routes gradually over time, the brand tapped into robust demand for inbound travel to Japan. On domestic routes, the brand captured strong leisure demand, resulting in a full-year operating profit for the first time in five fiscal years.

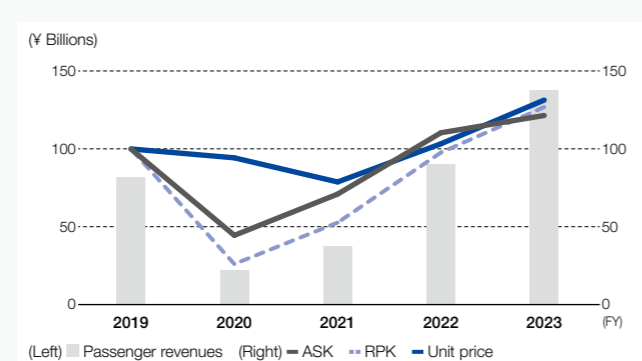
In terms of sales and services, Peach endeavored to stimulate leisure demand further and attract new customers through *Secret Sale* promotions (routes eligible for discounts change every month), the *Peach Point Present* campaign, conducted jointly with ANA, and other measures.

As a result, ASK and RPK increased 10.0% and 29.9%, respectively, while load factor increased 13.2 points to 86.7%. Passenger numbers increased 20.2% to 9.34 million, while unit price increased 27.2% to ¥14,772. Operating revenues increased 52.9% to ¥138.0 billion.

Peach: Fiscal 2024 Business Policies

Peach will continue to cultivate domestic leisure travel and other demand and improve profitability by increasing the number of flights on the Kansai-New Chitose and Narita-Naha routes, among other efforts. The brand intends to expand the ASK composition of international flights by opening new routes and increasing the number of flights, etc., while securing strong demand for inbound travel to Japan, contributing to ANA Group profits.

Peach Aviation Results



*1 Figures for ASK, RPK, and unit price are indexed using the figures for fiscal 2019 as 100.

*2 The graph above includes ancillary revenues.

*3 Fiscal 2019 includes Vanilla Air results.

(Fiscal Year)	2023	2022	YoY (%)
ASK (Millions)	13,461	12,232	+10.0
RPK (Millions)	11,677	8,991	+29.9
Number of passengers (Thousands)	9,343	7,775	+20.2
Load factor (%)	86.7	73.5	+13.2pt*
Passenger revenues (¥ Billions)	138.0	90.2	+52.9
Unit revenues (¥)	10.3	7.4	+39.0
Yield (¥)	11.8	10.0	+17.7
Unit price (¥)	14,772	11,610	+27.2

* Load factor figures are year-on-year differences.

AirJapan

AirJapan began as a new brand on February 9, 2024, with the launch of the Narita-Bangkok and Narita-Incheon routes. In April 2024, the brand introduced a second aircraft to expand business through a new Narita-Singapore route and by increasing the number of flights on the Narita-Bangkok and Narita-Incheon routes. As a *hybrid airline* that offers both comfort and reasonable fares, AirJapan continues to grow revenues and expand operations to capture demand for inbound travel to Japan and travel to other destinations.

Others

Air Transportation Business other operating revenues amounted to ¥172.6 billion, up 19.3% year on year. Operating revenues include incidental mileage members revenues, in-flight sales, contracted maintenance revenues, and revenues from the AirJapan brand, which began operations in February 2024.

Operating Expenses

Air Transportation Business operating expenses increased ¥246.2 billion year on year to ¥1,661.5 billion. Specific expense amounts and explanations of year-on-year changes are described below.

Breakdown of Operating Revenues and Expenses

(Fiscal Year)	2023	2022	Change
Segment operating revenues	¥1,869,552	¥1,539,443	¥ 330,109
International Passenger	728,168	433,470	294,698
Cargo	155,503	308,088	(152,585)
Mail	5,048	6,268	(1,220)
Domestic Passenger	644,902	529,593	115,309
Cargo	22,485	24,119	(1,634)
Mail	2,728	2,898	(170)
LCC revenues	138,030	90,265	47,765
Other revenues	172,688	144,742	27,946
Segment operating expenses	1,661,577	1,415,285	246,292
Fuel and fuel tax	391,382	347,729	43,653
Landing and navigation fees	86,593	60,540	26,053
Aircraft leasing fees	147,902	133,388	14,514
Depreciation and amortization	136,608	138,453	(1,845)
Aircraft maintenance	186,065	138,049	48,016
Personnel	216,308	193,416	22,892
Sales commissions and promotion	55,732	47,630	8,102
Contracts	257,142	207,023	50,119
Others	183,845	149,057	34,788
Segment operating income	¥ 207,975	¥ 124,158	¥ 83,817

<Fuel and Fuel Tax>

Fuel and fuel tax expenses amounted to ¥391.3 billion, a ¥43.6 billion (12.6%) increase year on year. This expense accounted for 23.6% of Air Transportation Business operating expenses, compared with 24.6% in the previous fiscal year.

This ¥43.6 billion increase was mainly due to an increase in ANA consumption volume factors of ¥51.0 billion, approximately ¥5.0 billion for LCC, and ANA unit price factors (including hedging effectiveness) of approximately ¥12.0 billion.

<Landing and Navigation Fees>

Domestic and international passenger flights increased 1.6% and 16.4%, respectively (excluding Peach Aviation flights). Freighter flights decreased 43.0%. Passenger route landing and navigation fees amounted to ¥86.5 billion, up ¥26.0 billion (43.0%) 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 amounted to ¥147.9 billion, up ¥14.5 billion (10.9%) year on year, mainly due to an increase in engine leases designed to minimize the impact of engine inspection and maintenance.

<Depreciation and Amortization>

Depreciation and amortization expenses decreased ¥1.8 billion (1.3%) to ¥136.6 billion. This result was mainly due to fully amortized aircraft and intangible assets.

<Aircraft Maintenance>

Aircraft maintenance expenses increased ¥48.0 billion (34.8%) to ¥186.0 billion. This increase was due to an increase in maintenance frequency stemming from the increase in aircraft flights, as well as the impact of engine inspection and maintenance.

<Personnel>

Personnel expenses increased ¥22.8 billion (11.8%) year on year to ¥216.3 billion, mainly due to monthly wage base increases, provision for bonuses, and crew travel expenses in connection with the recovery in ASK.

<Sales Commissions and Promotion>

Sales commissions and promotion expenses increased ¥8.1 billion (17.0%) year on year to ¥55.7 billion, stemming from an increase in sales commissions in connection with higher passenger revenues, particularly on international routes.

<Contracts>

Outsourcing expenses increased ¥50.1 billion (24.2%) to ¥257.1 billion due to an increase in the number of passenger flights and an increase in contract expenses resulting from contract renewals.

<Other Expenses>

Other expenses increased ¥34.7 billion year on year (23.3%) to ¥183.8 billion. The most significant factor behind this increase was an increase in in-flight service expenses due to higher passenger numbers, mainly on international routes.



Taipei-Okinawa flights celebrate 10th anniversary



Newly launched routes from Narita to Bangkok

Management's Discussion and Analysis

Airline Related Business

Airline Related Business operating revenues rose ¥51.6 billion (20.9%) year on year to ¥298.8 billion. Operating income amounted to ¥6.7 billion, compared with ¥2.3 billion in the previous fiscal year. The increase in operating revenues was mainly due to an increase in ground handling services in connection with boarding and baggage loading from foreign airlines, as well as an increase in in-flight meal production associated with the recovery in passenger demand.

Performance in the Airline Related Segment

(Fiscal Year)	2023	2022	Change
Segment operating revenues	¥298,820	¥247,129	¥51,691
Segment operating expenses	292,051	244,797	47,254
Segment operating income	¥ 6,769	¥ 2,332	¥ 4,437

(¥ Millions)

Travel Services

Domestic travel revenues were lower year on year, mainly due to a decrease in dynamic travel package sales compared to the previous fiscal year, when the Nationwide Travel Support program was in place.

Overseas travel revenues rose year on year, mainly due to active efforts to capture demand from individual travelers to our mainstay Hawaii and Asian destinations focused on South Korea and Taiwan.

As a result, Travel Services recorded operating revenues of ¥78.5 billion, up ¥4.7 billion (6.4%) year on year. Operating income amounted to ¥1.3 billion (operating loss of ¥0.2 billion in the previous fiscal year).

In November 2023, the Group launched ANA Moment Ads, a digital advertising distribution service that provides information tailored to customer behavior based on airline reservation data. In addition, we upgraded the ANA Pay mobile payment service to allow recharging beginning with just one mile in May 2023. We upgraded the app again in November 2023 to support code payments. We will continue to offer higher levels of convenience for our customers, seeking to create a world in which people live in a mileage-based ecosystem.

Performance in the Travel Services Segment

(Fiscal Year)	2023	2022	Change
Segment operating revenues	¥78,541	¥73,815	¥ 4,726
Domestic package products	44,888	45,954	(1,066)
International package products	3,947	1,512	2,435
Other revenues	29,706	26,349	3,357
Segment operating expenses	77,170	74,092	3,078
Segment operating income (loss)	¥ 1,371	¥ (277)	¥ 1,648

(¥ Millions)

Trade and Retail

In conjunction with higher passenger demand, operating income increased year on year with strong sales at ANA FESTA airport merchandise stores, ANA DUTY FREE SHOP locations, and the FUJISEY souvenir wholesale outlets. The food business saw higher sales volume for bananas, a core product.

As a result, Trade and Retail business operating revenues rose ¥14.6 billion (14.2%) year on year to ¥117.9 billion. Operating income increased ¥1.0 billion (30.3%) to ¥4.5 billion.

Performance in the Trade and Retail Segment

(Fiscal Year)	2023	2022	Change
Segment operating revenues	¥117,919	¥103,252	¥14,667
Segment operating expenses	113,345	99,741	13,604
Segment operating income	¥ 4,574	¥ 3,511	¥ 1,063

(¥ Millions)

Others

Although operating revenues increased year on year due to an increase in transaction volume in the real estate business and the airport facilities maintenance and management business, operating income decreased due to an increase in personnel expenses.

As a result, Others operating revenues rose ¥3.1 billion (8.3%) year on year to ¥41.2 billion. Operating income was essentially level at ¥0.5 billion (8.8% decrease).

Performance in the Others Segment

(Fiscal Year)	2023	2022	Change
Segment operating revenues	¥41,244	¥38,066	¥3,178
Segment operating expenses	40,698	37,467	3,231
Segment operating income	¥ 546	¥ 599	¥ (53)

(¥ Millions)

Non-Operating Income / Expenses, Special Income / Expenses

Non-operating income and special income amounted to a loss of ¥3.0 billion. Impairment losses on marketable securities contributed somewhat to this result.

Non-Operating Income / Expenses, Special Income / Expenses

(Fiscal Year)	2023	2022	Change
Non-Operating Income	¥ 30,774	¥ 28,589	¥ 2,185
Interest income	1,294	838	456
Dividend income	1,311	1,092	219
Equity in earnings of unconsolidated subsidiaries and affiliates	1,060	801	259
Foreign exchange gain, net	4,459	2,306	2,153
Gain on sales of assets	2,265	7,854	(5,589)
Gain on donation of non-current assets	367	1,060	(693)
Subsidies for employment adjustment	—	5,043	(5,043)
Compensation payments	14,404	—	14,404
Other, net	5,614	9,595	(3,981)
Non-Operating Expenses	(31,029)	(36,809)	5,780
Interest expenses	(23,324)	(24,845)	1,521
Loss on sales of assets	50	(85)	135
Loss on disposal of assets	(4,866)	(3,233)	(1,633)
Grounded aircraft expenses	—	(4,638)	4,638
Other, net	(2,789)	(4,008)	1,219
Special Income	0	3,574	(3,574)
Gain on sales of property and equipment	—	1,587	(1,587)
Gain on reversal of foreign currency translation adjustments	—	1,987	(1,987)
Special Expenses	(2,818)	(1,042)	(1,776)
Loss on valuation of investment securities	(2,818)	(1,042)	(1,776)
Total	¥ (3,073)	¥ (5,688)	¥ 2,615

(¥ Millions)

Net Income Attributable to Owners of the Parent

As a result of the preceding, income before income taxes amounted to ¥204.8 billion, compared with ¥114.3 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 ¥157.0 billion, compared with ¥89.4 billion in the previous fiscal year. Income per share was ¥335.09, compared with ¥190.24 in the previous fiscal year.

Comprehensive income amounted to ¥183.8 billion, compared with ¥63.2 billion in the previous fiscal year, mainly due to the recording of net income attributable to owners of the parent.

Management's Discussion and Analysis

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, 2024, 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 2023

Free cash flow amounted to ¥21.0 billion (sum of cash flows from operating activities and investing activities). Net cash used in financing activities totaled ¥136.0 billion. As a result, cash and cash equivalents decreased ¥110.9 billion from the beginning of the fiscal year, amounting to ¥1,002.5 billion at the end of the fiscal year.

Cash Flows from Operating Activities

After adjusting the ¥204.8 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 ¥420.6 billion, compared with ¥449.8 billion in the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in financing activities was ¥399.5 billion, compared with ¥78.3 billion in the previous fiscal year. This result was mainly due to capital investments in aircraft, etc. Substantial cash flows from investing activities after excluding net outlays of ¥185.0 billion from payments into and proceeds from withdrawals of time deposits and payments for purchases and proceeds from redemptions of marketable securities (including negotiable deposits with maturities exceeding three months) amounted to ¥214.4 billion.

Free Cash Flow

Net cash provided by operating activities totaled ¥420.6 billion. Since net cash used in investing activities was ¥399.5 billion, free cash flow for fiscal 2023 amounted to ¥21.0 billion, a decrease of ¥350.4 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 (including negotiable deposits with maturities exceeding three months) amounted to ¥206.1 billion, compared with ¥373.1 billion in the previous fiscal year.

Cash Flows from Financing Activities

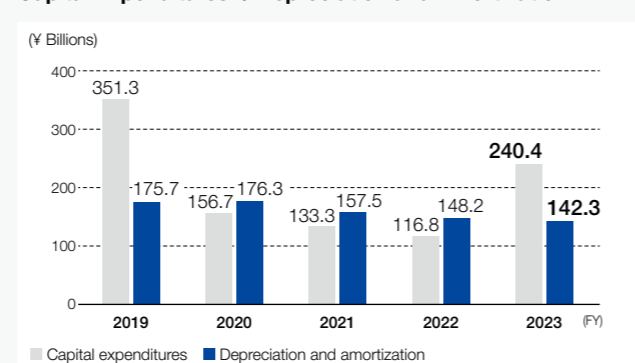
Net cash used in financing activities was ¥136.0 billion, compared with ¥142.9 billion in the previous fiscal year. This result was mainly due to redemptions of convertible bonds with stock acquisition rights and repayments of loans.

Capital Expenditures and Aircraft Procurement

Capital Expenditures

In fiscal 2020, the ANA Group began temporary restraints on the scale of investment, particularly in aircraft, and has reviewed the timing of investment as appropriate.

Capital Expenditures* / Depreciation and Amortization



* Capital expenditures contains only fixed assets.

Capital expenditures for fiscal 2023 amounted to ¥240.4 billion, an increase of 105.7% year on year.

By segment, Air Transportation Business capital expenditures increased 103.5% year on year to ¥234.3 billion. Airline Related expenditures increased 34.5% to ¥2.8 billion, while Travel Services expenditures increased 75.7% to ¥2.5 billion. Trade and Retail capital expenditures increased 66.5% to ¥1.9 billion, and Others increased 5.0% to ¥0.1 billion.

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) Allocating resources to growth areas, as represented by the international business.

Fundamentally, the group purchases and owns 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 2023

Based on our fleet strategy, aircraft totaled 278 as of the end of fiscal 2023, an increase of two compared to the end of 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 ten aircraft, consisting of two Boeing 787-10s, three Boeing 787-9s, and five Airbus A320-200neos. Meanwhile, we retired eight Airbus A320-200 aircraft.

Changes in the Number of Aircraft in Fiscal 2023

Aircraft	Number of Aircraft	Owned	Leased	() changes
Airbus A380-800	3	3	0	
Boeing 777-300	18	9	9	
Boeing 777-200	10	10 (+1)	0 (-1)	
Boeing 777F	2	2	0	
Boeing 787-10	5 (+2)	4 (+2)	1	
Boeing 787-9	43 (+3)	37 (+3)	6	
Boeing 787-8	36	31	5	
Boeing 767-300	15	15	0	
Boeing 767-300F	9	6	3	
Airbus A321-200neoLR	3	0	3	
Airbus A321-200neo	22	0	22	
Airbus A321-200	4	0	4	
Airbus A320-200neo	26 (+5)	11	15 (+5)	
Airbus A320-200	19 (-8)	0	19 (-8)	
Boeing 737-800	39	26 (+2)	13 (-2)	
De Havilland Canada DASH 8-400 aircraft	24	24	0	
Total	278 (+2)	178 (+8)	100 (-6)	

Aircraft Procurement Plan for Fiscal 2024

We plan to add a total of 8 aircraft during fiscal 2024. These aircraft consist of five Boeing 787-10s, one Boeing 787-9, and two Airbus A320-200neos.

Meanwhile, the group retired six aircraft, consisting of three Boeing 767-300Fs and three Airbus A320-200s.

Management's Discussion and Analysis

Financial Position

Assets

Total assets as of March 31, 2024 amounted to ¥3,569.5 billion, an increase of ¥202.8 billion compared to March 31, 2023.

Total current assets amounted to ¥1,701.1 billion, up ¥150.3 billion from the end of the previous fiscal year. Cash and deposits amounted to ¥600.8 billion, a decrease of ¥2.7 billion compared to the end of the previous fiscal year. Marketable securities increased ¥76.8 billion to ¥656.9 billion. As a result, liquidity on hand amounted to ¥1,257.8 billion, up ¥74.0 billion year on year. Total non-current assets at the end of the fiscal year stood at ¥1,867.8 billion, up ¥52.9 billion year on year.

We plan to reduce total assets over the medium term and shift to more efficient financial management.

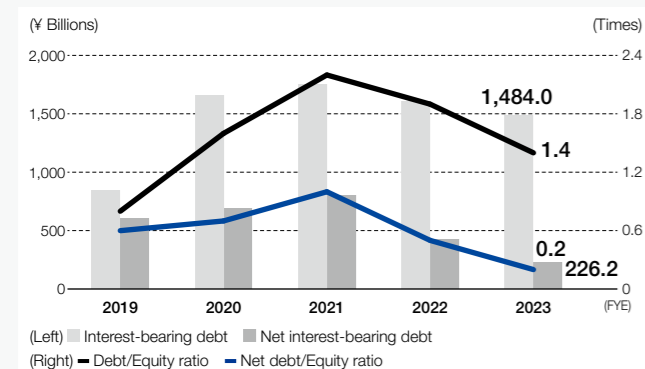
Liabilities

Total liabilities as of March 31, 2024 amounted to ¥2,516.9 billion, up ¥20.5 billion year on year.

Current liabilities increased ¥152.0 billion year on year to ¥1,035.4 billion, mainly due to an increase in contract liabilities resulting from increased airline ticket bookings. Total long-term liabilities amounted to ¥1,481.4 billion, a decrease of ¥131.4 billion.

Interest-bearing debt, including finance lease obligations, decreased ¥123.8 billion to ¥1,484.0 billion, mainly due to repayments of loans. Our debt/equity ratio amounted to 1.4 times, a decrease of 0.4 points compared with the end of the previous fiscal year. Net debt/equity ratio on a net interest-bearing debt basis was 0.2 times.

Interest-Bearing Debt / Debt/Equity Ratio*



* Excluding off-balanced lease obligations

Interest-Bearing Debt

(End of Fiscal Year)	2023	2022	Change
Short-term debt:	¥ 229,998	¥ 209,850	¥ 20,148
Short-term loans	84,170	92,170	(8,000)
Current portion of long-term loans	73,777	84,633	(10,856)
Current portion of bonds with stock acquisition rights	70,000	30,000	40,000
Finance lease obligations	2,051	3,047	(996)
Long-term debt*:	1,254,038	1,398,068	(144,030)
Bonds	155,000	155,000	0
Convertible bonds with stock acquisition rights	150,000	220,000	(70,000)
Long-term loans	943,808	1,017,585	(73,777)
Finance lease obligations	5,230	5,483	(253)
Total interest-bearing debt	¥1,484,036	¥1,607,918	¥(123,882)

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

Net Assets

Net assets as of March 31, 2024 amounted to ¥1,052.6 billion, an increase of ¥182.2 billion compared to the end of the previous fiscal year.

Shareholders' equity amounted to ¥951.1 billion, an increase of ¥156.6 billion compared to the end of the previous fiscal year. This increase was mainly due to the recording of net income and the increase in retained earnings.

Total accumulated other comprehensive income amounted to ¥93.3 billion, an increase of ¥25.4 billion compared to the end of the previous fiscal year. This increase was mainly due to an increase in deferred gain on derivatives under hedge accounting.

As a result, total shareholders' equity increased ¥182.0 billion from the end of the previous fiscal year, amounting to ¥1,044.5 billion. Shareholders' equity ratio increased 3.6 points to 29.3%.

Book value per share (BPS) at the end of the fiscal year was ¥2,222.03, compared to ¥1,833.64 as of the end of the previous fiscal year.

Bond Ratings

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

Bond ratings as of March 31, 2024 were as follows:

Bond Ratings	JCR	R&I
Issuer rating	A-	A-
Outlook	Positive	Stable

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 Obligations and Related Expenses

(Fiscal Year/End of Fiscal Year)	2023	2022
Retirement benefit obligation	¥(215,433)	¥(217,079)
Plan assets at fair value	58,604	57,568
Net liability arising from defined benefit obligation in the consolidated balance sheet	(156,829)	(159,511)
Liabilities for retirement benefits	(160,027)	(161,129)
Assets for retirement benefits	3,198	1,618
Net liability arising from defined benefit obligation in the consolidated balance sheet	(156,829)	(159,511)
Net periodic benefit costs	14,279	14,765
Main basis for actuarial calculations		
Discount rates	0.1–1.6%	0.1–1.5%
Expected rates of return on plan assets	1.0–2.5%	1.0–2.5%
Contribution to defined contribution pension plans	¥4,825	¥4,587

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 2023 and Plans for Fiscal 2024

During the fiscal year under review, operating income, ordinary income, and net income attributable to owners of the parent increased as a result of higher revenues, mainly in the Air Transportation Business, stemming from International Passenger and Domestic Passenger operations, supported by strong demand for inbound travel to Japan and strong leisure demand. We have decided to pay a dividend of ¥50 per share for the current fiscal year. This dividend is an increase of ¥20 per share compared with our previous forecast, announced on October 31, 2023. We plan to pay a dividend of ¥50 per share in the next fiscal year, having addressed the issues described in the FY2023-25 ANA Group Corporate Strategy.

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. Any event that damages or impedes safety 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 is an organization dedicated to the promotion of safety. This team conducts safety quality audits and has built a sustainable mechanism to ensure safety. We engage in safety risk management that prevents recurrence while incorporating preventive and predictive measures. We pursue further safety improvements through risk management focusing on factors that include best practices and case studies from outside the group and fatigue risk management for flight crew and flight attendants. Further, we provide visibility to safety through safety performance indicators 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 of active safety and security. 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 replacing aircraft with newer, more fuel-efficient types, we also take proactive measures in the use of negative emissions technologies (NETs) to capture, absorb, store, and immobilize atmospheric CO₂. We are also establishing 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 situations in Ukraine and the Middle East, 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 and cyberattacks is increasing with the rising number and sophistication of cyberattacks related to the increasing use of cloud systems, business supply chain interconnectivity and linkage, and even geopolitical considerations. We believe there is a growing social demand to prevent and reduce this risk.

Response

Last year, we established the Group IT Department and the ANA Group Computer Security Incident Response Team (CSIRT) as specialized organizations in charge of systems operation and management for the ANA Group. We have made advancements in strengthening overall cybersecurity governance and resistance to cyberattacks, building a comprehensive and multifaceted structure for systems operations and to deal with cyberattacks.

The group is also bolstering our response to intangible aspects through a function to oversee overall system architecture, improved education, and system failure-response training.

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 acts that violate 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. Certain countries and regions overseas are enacting legislation related to the protection of human rights in the supply chain. Any acts that violate human rights, including acts committed by contractors or other parties outside the group, may result in penalties levied on the group under the jurisdiction of these countries and regions. Further, any problem resulting in a shutdown of a supplier or other subcontractor could lead to restrictions or limitations on group business operations.

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 that reflects 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 or the worker themselves directly through dialogue, etc. 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 large-scale pandemics, 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 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 human capital. These investments will include appropriate assignments and expanded education and training opportunities. At the same time, we pursue mechanization, labor savings, and unattended operations, etc., for greater productivity.

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.

Operating Risks

(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.

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 credit-worthiness 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 2024, 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, 2024

As of March 31	2024	Yen (Millions) 2023	U.S. dollars (Thousands) 2024
ASSETS			
Current assets:			
Cash and deposits	¥ 600,893	¥ 603,686	\$ 3,968,648
Marketable securities	656,913	580,037	4,338,636
Notes and accounts receivable	218,208	186,052	1,441,172
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	2,350	2,741	15,520
Lease receivables and investments in leases	12,219	14,724	80,701
Inventories	53,961	44,655	356,389
Prepaid expenses and other	156,931	119,183	1,036,463
Allowance for doubtful accounts	(285)	(258)	(1,882)
Total current assets	1,701,190	1,550,820	11,235,651
Property and equipment:			
Land	44,069	44,045	291,057
Buildings and structures	258,669	257,665	1,708,401
Aircraft	1,898,878	1,781,646	12,541,298
Machinery and equipment	100,406	99,411	663,139
Vehicles	36,330	33,137	239,944
Furniture and fixtures	60,326	60,748	398,428
Lease assets	9,295	9,849	61,389
Construction in progress	224,173	186,967	1,480,569
Total	2,632,146	2,473,468	17,384,228
Accumulated depreciation	(1,301,393)	(1,202,156)	(8,595,158)
Net property and equipment	1,330,753	1,271,312	8,789,069
Investments and other assets:			
Investment securities	129,700	122,820	856,614
Investments in and advances to unconsolidated subsidiaries and affiliates	31,167	31,667	205,845
Lease and guaranty deposits	18,452	16,362	121,867
Deferred tax assets	213,374	263,303	1,409,246
Goodwill	15,999	18,115	105,666
Intangible assets	87,908	69,705	580,595
Other assets	40,987	22,620	270,702
Total investments and other assets	537,587	544,592	3,550,538
TOTAL	¥3,569,530	¥3,366,724	\$23,575,259

As of March 31	2024	Yen (Millions) 2023	U.S. dollars (Thousands) 2024
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term loans	¥ 84,170	¥ 92,170	\$ 555,907
Current portion of long-term debt	145,828	117,680	963,133
Accounts payable	236,297	167,303	1,560,643
Accounts payable to unconsolidated subsidiaries and affiliates	1,113	1,225	7,350
Contract liabilities	444,982	393,545	2,938,920
Accrued expenses	80,417	53,198	531,120
Income taxes payable	8,015	6,910	52,935
Other current liabilities	34,606	51,370	228,558
Total current liabilities	1,035,428	883,401	6,838,570
Long-term liabilities:			
Long-term debt	1,254,038	1,398,068	8,282,398
Liability for retirement benefits	160,027	161,129	1,056,911
Deferred tax liabilities	505	206	3,335
Asset retirement obligations	1,312	1,537	8,665
Other long-term liabilities	65,593	51,992	433,214
Total long-term liabilities	1,481,475	1,612,932	9,784,525
Contingent liabilities			
Equity:			
Common stock:			
Authorized – 1,020,000,000 shares;			
Issued – 484,293,561 shares in 2024 and 484,293,561 shares in 2023	467,601	467,601	3,088,309
Capital surplus	404,065	407,328	2,668,681
Retained earnings (Accumulated deficit)	135,971	(21,126)	898,031
Treasury stock – 14,224,644 shares in 2024 and 13,961,988 shares in 2023	(56,512)	(59,365)	(373,238)
Accumulated other comprehensive income:			
Unrealized gain on securities	41,360	36,824	273,165
Deferred gain on derivatives under hedge accounting	59,782	42,496	394,835
Foreign currency translation adjustments	3,677	2,481	24,285
Defined retirement benefit plans	(11,436)	(13,820)	(75,530)
Total	1,044,508	862,419	6,898,540
Non-controlling interests	8,119	7,972	53,622
Total equity	1,052,627	870,391	6,952,163
TOTAL	¥3,569,530	¥3,366,724	\$23,575,259

Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Operating revenues	¥2,055,928	¥1,707,484	\$13,578,548
Cost of sales	1,642,263	1,403,567	10,846,463
Gross income	413,665	303,917	2,732,085
Selling, general and administrative expenses	205,754	183,887	1,358,919
Operating income	207,911	120,030	1,373,165
Other income (expenses):			
Interest income	1,294	838	8,546
Dividend income	1,311	1,092	8,658
Equity in earnings of unconsolidated subsidiaries and affiliates	1,060	801	7,000
Foreign exchange gain, net	4,459	2,306	29,449
Gain on sales of assets	2,265	7,854	14,959
Gain on donation of non-current assets	367	1,060	2,423
Compensation income	14,404	–	95,132
Interest expenses	(23,324)	(24,845)	(154,045)
Loss on sales of assets	(50)	(85)	(330)
Loss on disposal of assets	(4,866)	(3,233)	(32,137)
Grounded aircraft expense	–	(4,638)	–
Gain on reversal of foreign currency translation adjustments	–	1,987	–
Other, net	7	11,175	46
Other income (expenses), net	(3,073)	(5,688)	(20,295)
Income before income taxes	204,838	114,342	1,352,869
Income taxes:			
Current	5,971	4,578	39,435
Deferred	40,540	19,666	267,749
Total income taxes	46,511	24,244	307,185
Net income	158,327	90,098	1,045,683
Net income attributable to non-controlling interests	1,230	621	8,123
Net income attributable to owners of the parent	¥ 157,097	¥ 89,477	\$ 1,037,560

Year Ended March 31	Yen		U.S. dollars
	2024	2023	2024
Per share of common stock:			
Basic net income	¥335.09	¥190.24	\$2.21
After adjusting for diluted shares net income per share	301.62	170.16	1.99
Cash dividends applicable to the year	50.00	–	0.33

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

Year Ended March 31	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Net income	¥158,327	¥ 90,098	\$1,045,683
Other comprehensive income (loss):			
Unrealized gain on securities	4,472	4,466	29,535
Deferred gain (loss) on derivatives under hedge accounting	17,279	(29,641)	114,120
Foreign currency translation adjustments	1,277	(1,139)	8,434
Defined retirement benefit plans	2,406	(554)	15,890
Share of other comprehensive income in affiliates	59	6	389
Total other comprehensive income (loss)	25,493	(26,862)	168,370
Comprehensive income	¥183,820	¥ 63,236	\$1,214,054
Total comprehensive income attributable to:			
Owners of the parent	¥182,499	¥ 62,560	\$1,205,329
Non-controlling interests	1,321	676	8,724

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

	Thousands											Yen (Millions)	
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' 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	Total equity
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
Net income attributable to owners of the parent				157,097		157,097							157,097
Purchase of treasury stock	(263)				(9,510)	(9,510)							(9,510)
Disposal of treasury stock			(3,282)		12,362	9,080							9,080
Changes in the parent's ownership interest due to transactions with non-controlling interests			19			19							19
Change in treasury shares arising from change in equity in entities accounted for using equity method					1	1							1
Net changes in the year					-	-	4,536	17,286	1,196	2,384	25,402	147	25,549
Total changes during the fiscal year	(263)	-	(3,263)	157,097	2,853	156,687	4,536	17,286	1,196	2,384	25,402	147	182,236
Balance at March 31, 2024	470,068	¥467,601	¥404,065	¥ 135,971	¥(56,512)	¥951,125	¥41,360	¥ 59,782	¥ 3,677	¥(11,436)	¥ 93,383	¥8,119	¥1,052,627

	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	Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance at March 31, 2023	470,331	\$3,088,309	\$2,690,231	\$ (139,528)	\$(392,081)	\$5,246,932	\$243,207	\$280,668	\$16,385	\$(91,275)	\$448,986	\$52,651	\$5,748,570
Net income attributable to owners of the parent				1,037,560		1,037,560							1,037,560
Purchase of treasury stock	(263)				(62,809)	(62,809)							(62,809)
Disposal of treasury stock			(21,676)		81,645	59,969							59,969
Changes in the parent's ownership interest due to transactions with non-controlling interests			125			125							125
Change in treasury shares arising from change in equity in entities accounted for using equity method					6	6							6
Net changes in the year					-	-	29,958	114,166	7,899	15,745	167,769	970	168,740
Total changes during the fiscal year	(263)	-	(21,550)	1,037,560	18,842	1,034,852	29,958	114,166	7,899	15,745	167,769	970	1,203,592
Balance at March 31, 2024	470,068	\$3,088,309	\$2,668,681	\$ 898,031	\$(373,238)	\$6,281,784	\$273,165	\$394,835	\$24,285	\$(75,530)	\$616,755	\$53,622	\$6,952,163

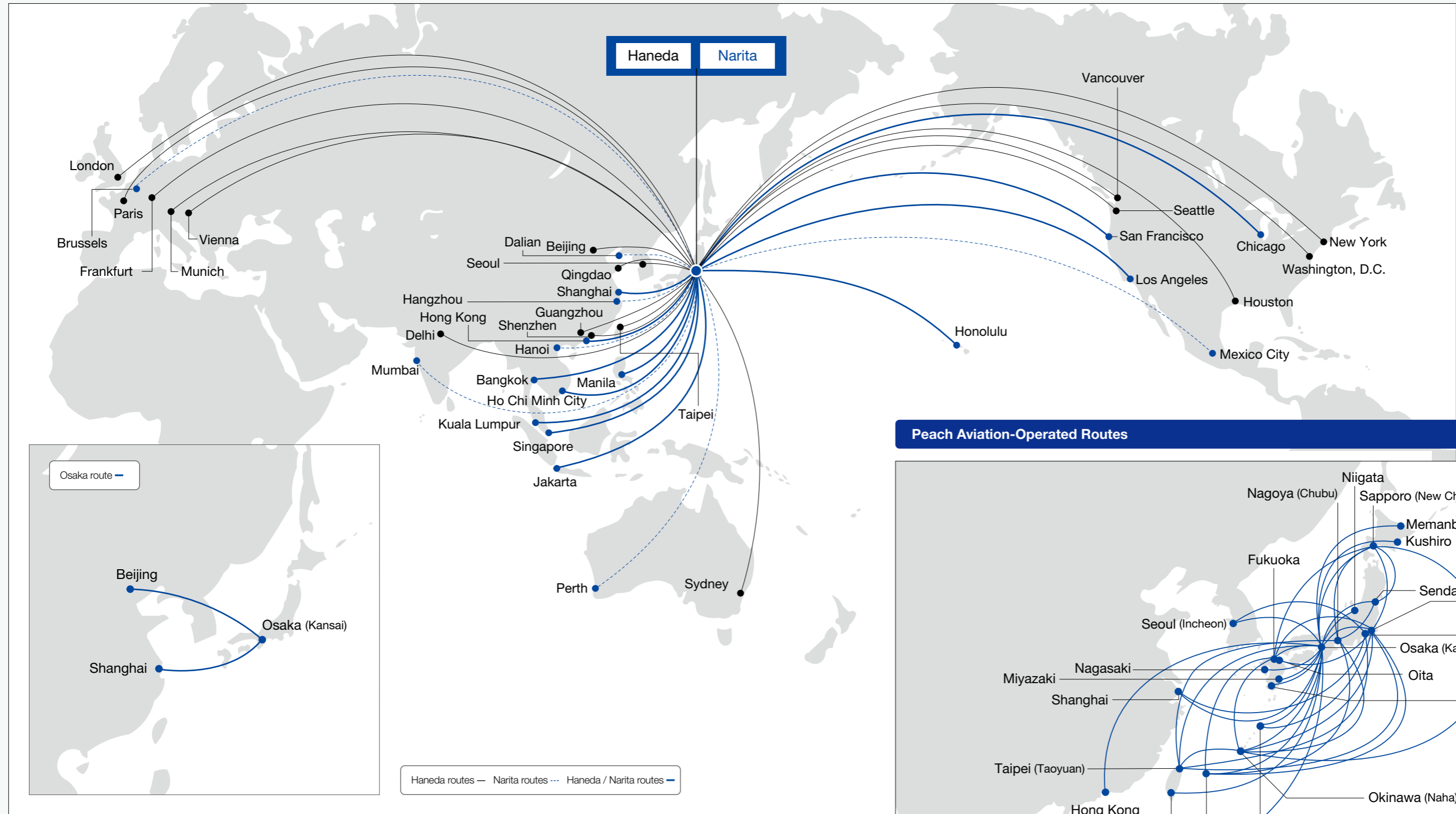
Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	
Cash flows from operating activities:			
Income before income taxes	¥ 204,838	¥ 114,342	\$ 1,352,869
Adjustments for:			
Depreciation and amortization	142,315	148,270	939,931
Amortization of goodwill	2,116	2,115	13,975
Loss (gain) on disposal and sales of property and equipment	2,651	(6,123)	17,508
Loss on sales and valuation of investment securities	2,818	841	18,611
Reversal of foreign currency translation of investment securities	-	(1,987)	-
Decrease (increase) in allowance for doubtful accounts	(111)	506	(72)
Increase in liability for retirement benefits	1,554	2,906	10,263
Interest and dividend income	(2,605)	(1,930)	(17,204)
Interest expenses	23,324	24,845	154,045
Subsidies for employment adjustment	-	(5,043)	-
Foreign exchange gain	(4,268)	(2,348)	(28,188)
Increase in notes and accounts receivable	(33,419)	(36,523)	(220,718)
(Increase) decrease in other current assets	(25,279)	5,758	(166,957)
Increase in notes and accounts payable	62,539	35,612	413,044
Increase in contract liabilities	51,437	137,522	339,719
Other, net	14,111	50,230	93,197
Subtotal	442,121	468,993	2,920,025
Interest and dividends received	3,563	2,202	23,532
Interest paid	(23,419)	(24,990)	(154,672)
Proceeds from subsidy income	15	7,300	99
Income taxes paid	(1,658)	(3,683)	(10,950)
Net cash provided by operating activities	420,622	449,822	2,778,033
Cash flows from investing activities:			
Purchases of marketable securities	(528,209)	(154,321)	(3,488,600)
Proceeds from redemption of marketable securities	343,158	152,739	2,266,415
Purchases of property and equipment	(202,066)	(93,450)	(1,334,561)
Proceeds from sales of property and equipment	29,171	42,717	192,662
Purchases of intangible assets	(38,403)	(23,442)	(253,635)
Purchases of investment securities	(2,534)	(674)	(16,736)
Proceeds from sales of investment securities	-	277	-
Proceeds from withdrawal of investments in securities	1,153	-	7,615
Other, net	(1,795)	(2,146)	(11,855)
Net cash used in investing activities	(399,525)	(78,300)	(2,638,696)
Cash flows from financing activities:			
Decrease in short-term loans, net	(8,000)	(7,900)	(52,836)
Repayment of long-term loans	(84,633)	(62,775)	(558,965)
Redemption of bonds	(30,000)	(70,000)	(198,137)
Repayment of finance lease obligations	(2,947)	(3,764)	(19,463)
Proceeds from share issuance to non-controlling shareholders	-	2,000	-
Net increase of treasury stock	(9,339)	(15)	(61,680)
Other, net	(1,126)	(455)	(7,436)
Net cash used in financing activities	(136,045)	(142,909)	(898,520)
Effect of exchange rate changes on cash and cash equivalents	3,979	2,539	26,279
Net (decrease) increase in cash and cash equivalents	(110,969)	231,152	(732,904)
Cash and cash equivalents at beginning of year	1,113,481	882,329	7,354,078
Cash and cash equivalents at end of year	¥1,002,512	¥1,113,481	\$ 6,621,174

Does not include routes not in service
 Narita-Perth service to be resumed from October 2024
 Compilation by ANA HOLDINGS INC. (As of August 1, 2024)

ANA-Operated International Routes



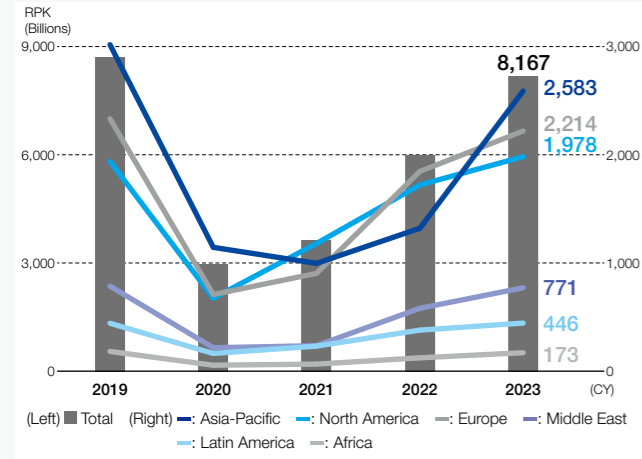
Peach Aviation-Operated Routes



Market Data

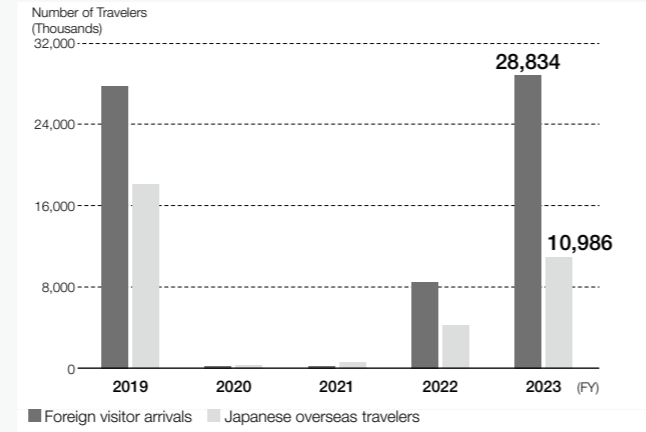
International Passenger Market

Global Air Transportation Passenger Volume by Region



Source: International Air Transport Association (IATA)

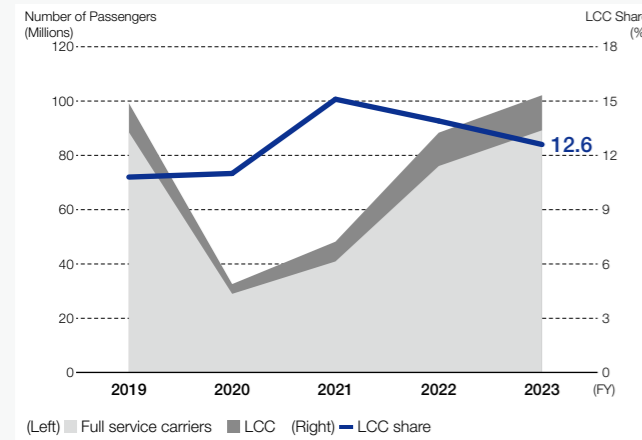
Foreign Visitor Arrivals / Number of Japanese Overseas Travelers



Source: Japan National Tourism Organization (JNTO)

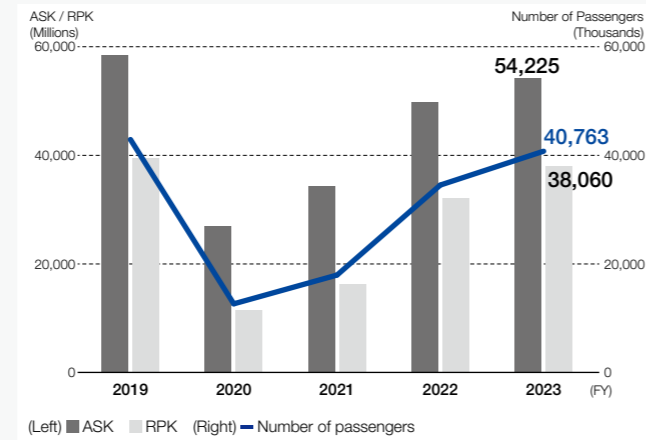
Domestic Passenger Market

Number of Domestic Passengers and LCC Share



Source: Ministry of Land, Infrastructure, Transport and Tourism

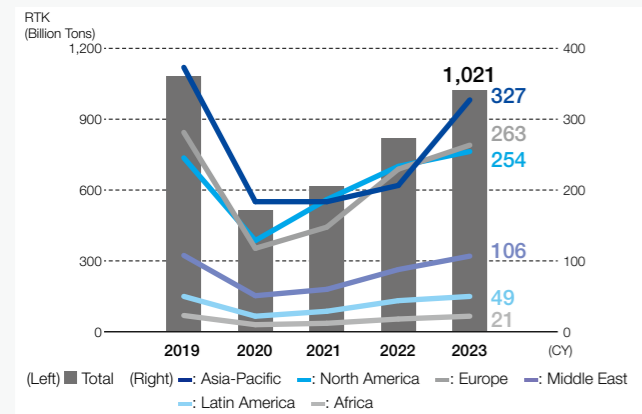
ANA Domestic Passenger Business: ASK, RPK, and Number of Passengers



Note: We applied the Accounting Standard for Revenue Recognition in fiscal 2021.

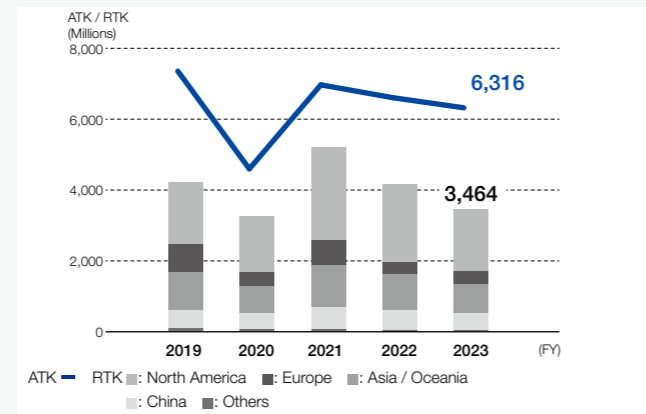
International Cargo Market

Global Freight Ton Carried by Region



Source: International Air Transport Association (IATA)

ANA International Cargo Operations: ATK and RTK



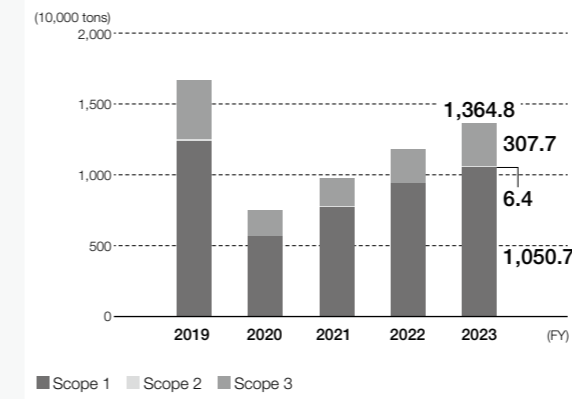
Notes: 1. Figures for China include the Hong Kong routes.
2. Figures for Asia / Oceania include the Vladivostok routes.
3. Figures for Others include RFS (Road Feeder Service).

Environmental and Social Data

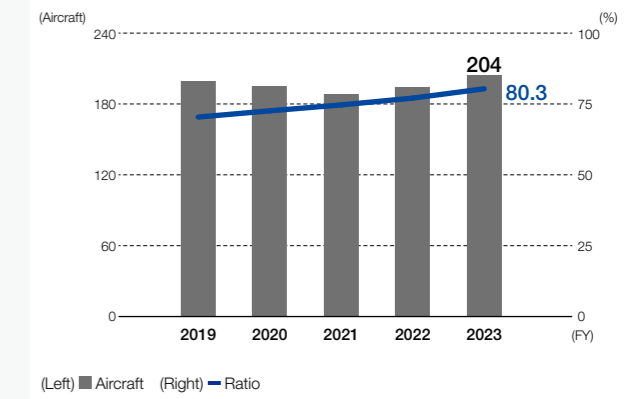
For further information, Fact Book 2024 can be downloaded from the ANA Group corporate website in PDF format.
<https://www.ana.co.jp/group/en/investors/rddata/annual/>

Environmental

CO₂ Emissions



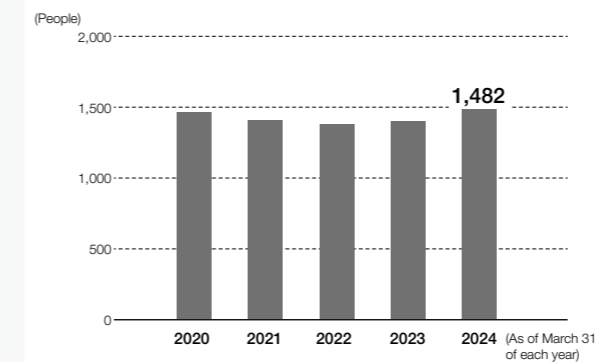
Fuel-Efficient Aircraft (No. / Ratio)



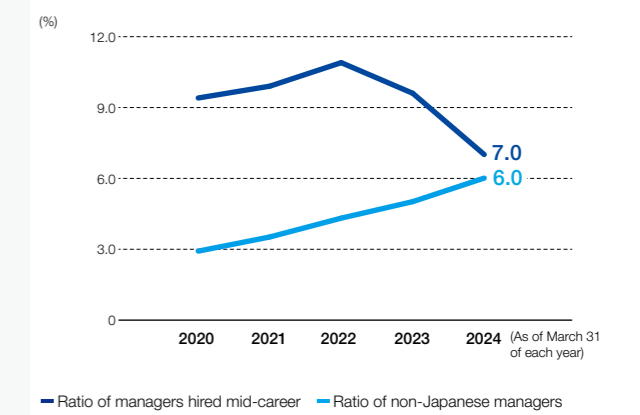
* ANA Group aircraft (jets)
* Fuel-efficient aircraft: Boeing 777, 787, 737-700 and -800; Airbus A320neo and A321neo

Social

Number of Employees Hired Overseas (ANA)

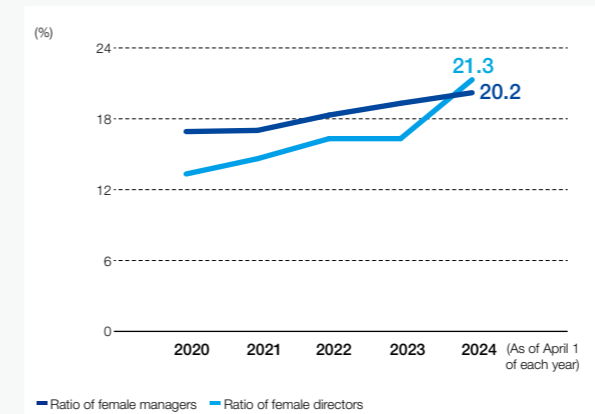


Ratio of Managers Hired Mid-Career / Ratio of Non-Japanese Managers* (ANA)

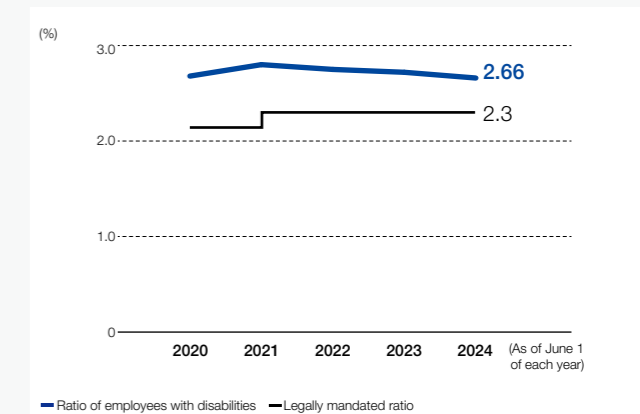


* Ratio of non-Japanese managers is calculated excluding TC1 (Americas region) as defined by the International Air Transport Association (IATA).

Ratio of Female Managers / Ratio of Female Directors (ANA)




Ratio of Employees with Disabilities (ANA)



ESG-Related Data

The following data is the environmental results related to the ANA Group. (Aggregate figures for fiscal 2023 are preliminary.)

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

Climate Change Countermeasures (E)

(FY)	Unit	2019	2020	2021	2022	2023
Carbon dioxide (CO₂) emissions*						
Total (Aircraft, ground equipment and vehicles)	10,000 tons	1,245.8	548.0	776.0	941.9	1,057.1
Aircraft		1,233.2	538.7	766.9	932.5	1,047.4
Passenger		1,195.8	470.9	678.0	846.8	933.3
Cargo		37.4	67.8	89.0	85.7	114.1
Ground equipment and vehicles		12.6	9.3	9.1	9.4	9.7
A** Total (Scope 1, 2, and 3)	10,000 tons	1,682.2	723.3	976.0	1,179.6	1,364.8
Scope 1		1,237.3	541.4	769.5	935.4	1,050.7
Scope 2		8.4	7.0	6.6	6.5	6.4
Scope 3		436.4	174.9	199.9	237.6	307.7
[Breakdown by Category]**						
	1,000 tons					
1 Purchased goods and services		986.6	624.9	548.8	753.0	971.4
2 Capital goods		788.6	361.3	327.2	250.9	560.4
3 Fuel- and energy-related activities (not included in Scope 1 or 2)		1,664.1	734.2	1,038.1	1,258.6	1,413.2
4 Upstream transportation and distribution		1.7	0.6	1.1	0.7	1.6
5 Waste generated in operations		30.8	17.5	17.3	33.0	39.4
6 Business travel		1.6	0.3	2.3	4.0	6.4
7 Employee commuting		9.4	9.9	8.9	8.5	8.4
11 Use of sold products		881.7	0.0	0.0	0.0	0.0
13 Downstream leased assets		*3	*3	55.6	67.6	75.9
Aircraft CO ₂ emissions per RTK	kg-CO ₂	1.01	1.21	1.09	1.00	0.99
Total sustainable aviation fuel (SAF) emissions	1,000 tons	—	—	4.03*4	6.32*4	0.03*4
Total energy consumption						
	Crude oil equivalent: 10,000 kl					
Total		480	212	300	364	407
Aircraft energy		474	207	295	359	403
Ground energy (non-aircraft operations)		6.3	4.8	4.7	4.9	4.8
Ozone depletion						
Fluorocarbon	kg					
Aircraft (ANA brand only)		2.7	2.9	0.0	0.0	0.0
Ground (non-aircraft operations)		—	254*5	169	80	120
Halon Aircraft (ANA brand only)		31.7	20.5	12.8	12.8	44.3
B** Fuel-efficient aircraft (Fiscal year-end)**						
Number of aircraft ANA Group (jet aircraft)	Aircraft	199	195	188	194	204
Ratio	%	70.3	72.5	74.6	77.0	80.3

*1 We have not yet reflected the impact of sustainable aviation fuel (SAF) on CO₂ emissions from fiscal 2019 to fiscal 2020
 *2 Scope 3, categories 8, 9, 10, 12, 14, and 15 are not applicable
 *3 Not applicable
 *4 Direct CO₂ emissions from the combustion of the SAF that ANA purchased are not included in Scope 1. 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
 *5 Calculated beginning fiscal 2020
 *6 Boeing 777, 787, 737-700, -800, Airbus A320neo, and A321neo
 *7 **A** to **B**: See graphs on P.143

Resource Savings

(FY)	Unit	2019	2020	2021	2022	2023
Waste produced						
Total	1,000 tons	22.9	12.7	16.0	27.3	30.1
General waste (cabin waste and sewage included)		15.3	7.8	4.8	16.1	21.2
General waste (ground waste included)		2.9	1.0	2.8	1.6	1.5
Industrial waste		4.7	3.8	8.4	9.6	7.5
Water consumption						
Total	10,000 kl	68.4	35.1	31.6	40.9	50.1
Clean water		60.7	30.6	27.1	35.8	43.9
Non-potable water		7.8	4.5	4.4	5.1	6.1

Human Resources Data (ANA) (S)

(FY)	Unit	2020	2021	2022	2023	2024
People						
Number of employees (As of March 31 of each year)*1	People	14,830	15,114	13,689	12,803	12,854
C** Number of employees hired overseas (As of March 31)	People	1,464	1,404	1,375	1,399	1,482
Number of overseas managers hired locally (As of March 31 of each year)	People	157	173	198	207	248
D** Ratio of managers hired mid-career (As of March 31 of each year)	%	9.4	9.9	10.9	9.6	7.0
Ratio of non-Japanese managers**2 (As of March 31 of each year)	%	2.9	3.5	4.3	5.0	6.0
E** Ratio of female managers (As of April 1 of each year, excluding individuals 60 years old and over)	%	16.9	17.0	18.3	19.3	20.3
F** Ratio of employees with disabilities**3 (As of June 1 of each year)	%	2.68	2.80	2.75	2.72	2.66
Average age of employees (As of March 31 of each year)	Years	38.0	37.9	38.9	39.2	41.0
Years worked						
Average years worked (As of March 31 of each year)	Years	13.6	12.5	13.4	14.2	16.9
Job turnover rates						
Job turnover rates of employees (FY)	%	4.0	4.2	3.5	3.6	—
Average annual salary						
Gender wage gap (FY)**4	%	—	—	38.6	42.8	—
Diverse work styles						
Number of employees on pregnancy or childcare leave / Male (As of March 31 of each year)	People	645 / 29	643 / 27	727 / 61	856 / 194	790 / 140
Number of employees on nursing care leave (As of March 31 of each year)	People	10	11	17	13	22
Health management						
Ratio of employees with healthy BMI (Male / Female, As of March 31 of each year)**5	%	72.5 / 73.0	67.7 / 70.1	74.3 / 69.1	73.7 / 68.4	73.4 / 70.8
Ratio of employees that smoke (Male / Female, As of March 31 of each year)	%	16.7 / 3.1	14.5 / 2.6	14.1 / 2.3	13.6 / 2.4	13.7 / 2.2
Employee obesity rate (Male / Female, As of March 31 of each year)	%	12.9 / 1.0	8.2 / 1.7	11.2 / 1.3	11.1 / 1.0	9.5 / 0.9

*1 Figures for fiscal 2023 was revised.
 *2 Excluding TC1 (Americas region) as defined by the International Air Transport Association (IATA)
 *3 Total of ANA HOLDINGS INC., ANA, and qualified ANA Group companies (total of 11 companies including 1 special subsidiary)
 *4 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.
 *5 Ratio of employees with BMI of 18.5%–25.0%
 *6 **C** to **F**: See graphs on P.143

Governance-Related Data (G)

* ANA only	Unit	2020	2021	2022	2023	2024
Corporate governance						
E** Ratio of female directors (As of April 1 of each year)	%	12.5	14.6	16.3	16.3	21.3
Risk management						
Work-related accidents (As of March 31 of each year)		69	25	26	65	83

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

(FY)	Unit	2019	2020	2021	2022	2023
In-service rate	%	97.4	43.5	59.3	95.0	97.7
On-time departure rate*7	%	88.7	97.3	94.5	88.1	83.9
On-time arrival rate*7	%	87.5	96.8	93.6	88.1	82.0

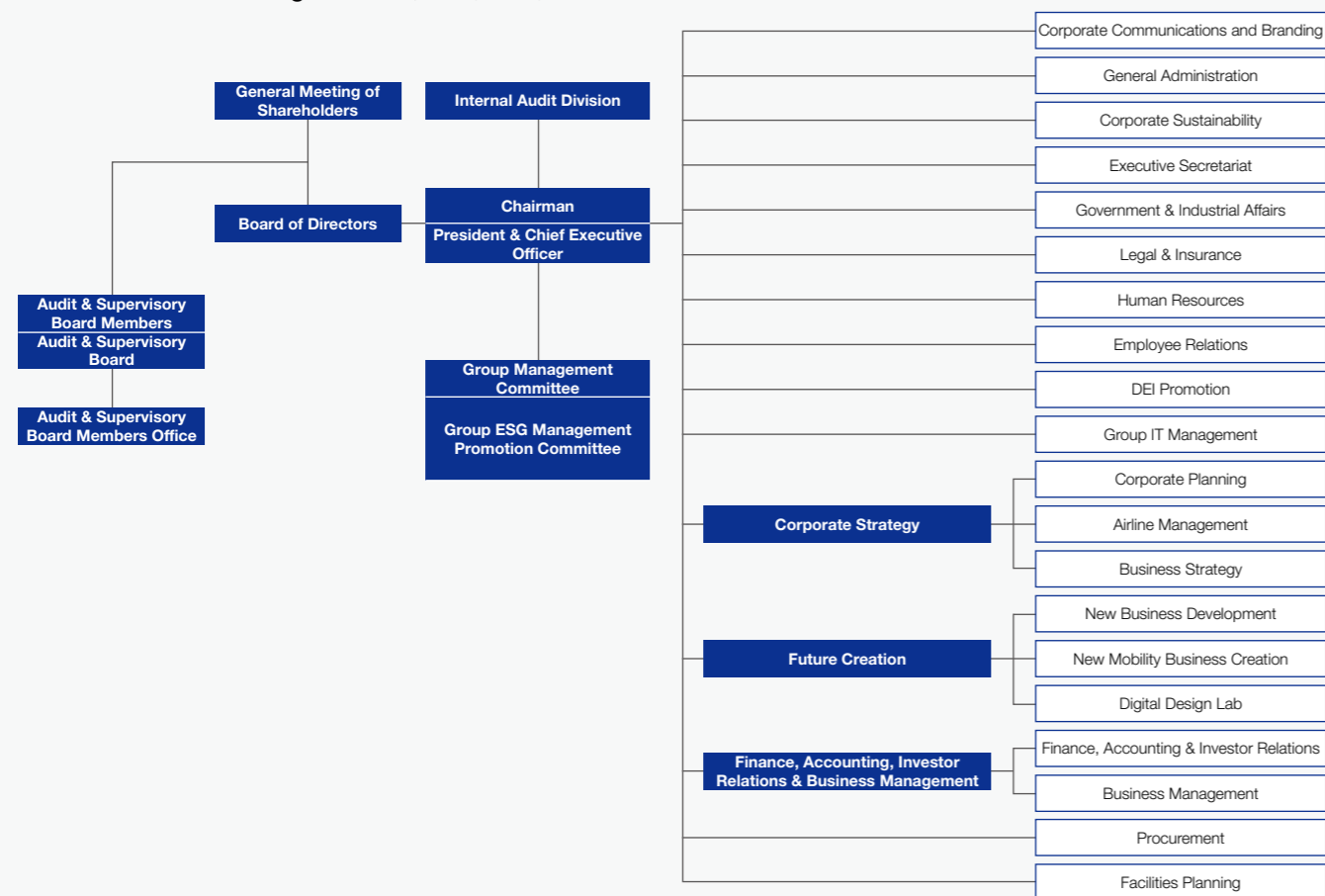
*7 Delays of 15 minutes or less, excluding canceled flights

Customer-Related Data

(FY)	Unit	2019	2020	2021	2022	2023
Number of customer feedback reports						
[Breakdown by route type]						
Domestic	%	59.5	54.6	65.6	58.65	54.43
International	%	37.9	11.7	11.2	23.99	30.79
Other	%	2.7	33.7	23.2	17.36	14.77
[Breakdown by report type]						
Complaint	%	42.3	30.1	29.1	38.30	40.80
Compliment	%	21.1	20.8	28.3	25.27	23.96
Comment / Request	%	16.6	28.8	21.9	19.62	17.39
Other	%	20.1	21.3	20.7	16.82	17.85

The ANA Group Profile

ANA HOLDINGS INC. Organization (As of July 1, 2024)



Number of Subsidiaries and Affiliates (As of March 31, 2024)

Operating segment	Total of subsidiaries		Total of affiliates	
	of which, consolidated	of which, equity method	of which, equity method	of which, equity method
Air Transportation	5	4	1	—
Airline Related	41	29	4	2
Travel Services	6	5	3	1
Trade and Retail	72	8	1	—
Others	12	9	27	9
Total	136	55	36	12

Major Subsidiaries (As of March 31, 2024)

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	91.6	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, 2024)

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	41,225 (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	761,448
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

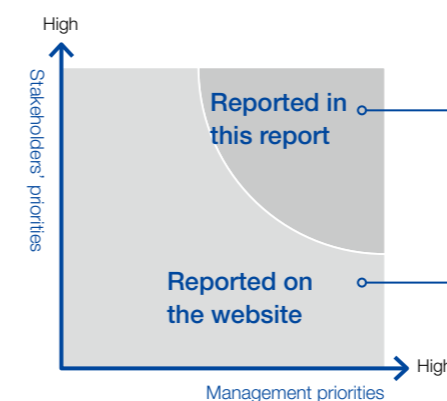
Deloitte Touche Tohmatsu LLC

American Depository

Receipts Ratio (ADR:ORD): 5:1
Exchange: OTC (Over-the-Counter)
Symbol: ALNPY
CUSIP: 032350100

Depository:
The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286, U.S.A.
Tel: 1-201-680-6825
U.S. Toll Free: 1-888-269-2377 (888-BNY-ADRS)
URL: <https://www.adrbnymellon.com>

Scope of This Report



Annual Report (PDF)

<https://www.ana.co.jp/group/en/investors/irdata/annual/>

For Further Information (Website)

Corporate Profile <https://www.ana.co.jp/group/en/about-us/>
Investor Relations <https://www.ana.co.jp/group/en/investors/>
Sustainability <https://www.ana.co.jp/group/en/csr/>

Fact Book 2024

Fact Book 2024 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

ANA HOLDINGS INC.

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