

ANA HOLDINGS reports Consolidated Financial Results
for the Six Months Ended September 30, 2020

1. Consolidated financial highlights for the six months ended September 30, 2020

(1) Consolidated financial and operating results (%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%
Six months ended Sep 30, 2020	291,834	(72.4)	(280,950)	—	(268,671)	—	(188,477)	—
Six months ended Sep 30, 2019	1,055,981	1.7	78,880	(25.0)	81,515	(20.8)	56,787	(23.0)

*Comprehensive income for the period Apr 1 - Sep 30, 2020 ¥ (177,389) million [(—%)]
for the period Apr 1 - Sep 30, 2019 ¥ 45,863 million [(61.0%)]

	Net income per share
	Yen
Six months ended Sep 30, 2020	(563.39)
Six months ended Sep 30, 2019	169.72

(2) Consolidated financial positions

	Total assets	Net assets	Shareholder's equity ratio	Net assets per Share
	Yen (Millions)	Yen (Millions)	%	Yen
As of Sep 30, 2020	2,744,604	890,205	32.3	2,645.90
As of Mar 31, 2020	2,560,153	1,068,870	41.4	3,171.80

(Reference) Shareholders' equity as of Sep 30, 2020 ¥ 885,185 million
as of Mar 31, 2020 ¥1,061,028 million

2. Consolidated operating results forecast for the fiscal year ending March 31, 2021

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen
FY2020	740,000	(62.5)	(505,000)	—	(500,000)	—	(510,000)	—	(1,524.46)

*Revisions to the most recently disclosed earnings forecasts: Yes

3. Other

- (1) Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

	Consolidated	Equity method
Newly added	-	-
Excluded	-	-

- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None

- (3) Changes in accounting policies, accounting estimates and restatement of corrections

- (i) Changes caused by revision of accounting standards: None
- (ii) Changes other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement of corrections: None

- (4) Number of issued shares (Common stock)

	Number of Shares			
	FY2020		FY2019	
Number of shares issued (including treasury stock)	As of Sep 30	348,498,361	As of Mar 31	348,498,361
Number of treasury stock	As of Sep 30	13,948,305	As of Mar 31	13,978,652
Average number of shares outstanding during the period	Six months ended Sep 30	334,540,226	Six months ended Sep 30	334,598,025

* This report is not subject to audit procedures

* Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to ANA HOLDINGS INC., hereinafter "the Company" and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons.

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APPENDIX

Overview of consolidated financial results for the Six Months Ended September 30, 2020

1. Qualitative Information / Financial Statements, etc.

(1) Explanation of Consolidated Operating Results

Yen (Billions)			
Consolidated Operating Results	Six months ended Sep 30, 2020	Six months ended Sep 30, 2019	Year-on-Year (%)
Operating Revenues	291.8	1,055.9	(72.4)
Air Transportation	236.7	930.0	(74.5)
Airline Related	119.8	149.0	(19.6)
Travel Services	13.8	82.3	(83.2)
Trade and Retail	38.2	75.9	(49.6)
Others	18.5	20.9	(11.6)
Intersegment Transactions	(135.3)	(202.2)	-
Operating Income (loss)	(280.9)	78.8	-
Air Transportation	(277.7)	73.5	-
Airline Related	8.7	7.4	17.6
Travel Services	(4.0)	1.3	-
Trade and Retail	(2.8)	1.9	-
Others	0.8	1.5	(43.5)
Intersegment Transactions	(5.9)	(6.8)	-
Ordinary income	(268.6)	81.5	-
Net income attributable to owners of the parent	(188.4)	56.7	-

*See Notes 1, 2, & 3 below.

In the first six months of fiscal year 2020 (April 1, 2020 - September 30, 2020; hereinafter the “six months ended September 30, 2020”), although the Japanese economy is naturally in a difficult position due to the effects of COVID-19 infections, including a sudden decrease in corporate earnings and a weakening trend in terms of employment, we are now seeing movement toward a recovery.

The airline industries have faced an unprecedented worldwide severe condition, because the passenger demand dramatically decreased by immigration restrictions and stay-at-home request.

Under these economic conditions, operating revenues decreased rapidly to ¥291.8 billion due to the severe impact on all segments. ANA Group implemented cost reduction measures of ¥333.0 billion by decreasing the fixed expenses (includes the employment adjustment subsidy ¥21.4 billion), in addition to reducing variable expenses due to curbing the scale of operations. However, due to the extremely large reduction in operating revenues, operating loss was ¥280.9 billion, ordinary loss was ¥268.6 billion and net loss attributable to owners of the parent was ¥188.4 billion due to the recording of deferred tax asset of about ¥76billion, etc.

Overview by Segment

◎ Air Transportation

Operating revenues: ¥236.7 billion, down 74.5% year-on-year

Operating loss: ¥277.7 billion (Operating income ¥73.5 billion same period a year ago)

Due to the effects of Coronavirus (COVID-19), customer demand decreased dramatically and operating revenues have significantly decreased year on year. Although passenger demand for domestic routes has recovered steadily since the emergency restrictions were lifted back in May, demand for international routes remains greatly diminished. In addition to reducing fuel costs and airport landing fees by constraining the scale of operations to match the decline in demand, the ANA Group also took steps to reduce personnel costs such as remuneration for directors, wages of managerial personnel and bonuses, but a large operating loss was recorded.

Furthermore, as the impact of COVID-19 continues, ANA has engaged in the creation of clean and sanitary environments in airports, lounges and aircraft cabins to enable customers to use aircraft safely and with reassuring comfort.

< International Passenger Service (ANA Brand) >

Category		Six months ended Sep 30, 2020	Six months ended Sep 30, 2019	Year-on-Year (%)
Passenger Revenues	(Billion yen)	19.6	338.5	(94.2)
Number of Passengers	(Passengers)	193,827	5,172,309	(96.3)
Available Seat Km	(Thousand km)	5,426,693	34,893,488	(84.4)
Revenue Passenger Km	(Thousand km)	1,311,847	26,805,065	(95.1)
Load Factor	(%)	24.2	76.8	(52.6)

*See Notes 3, 4, 8, 9, 13 & 14 below.

In international passenger services, both passenger numbers and revenue decreased significantly year on year. This was due to continuation of the substantial decline in passenger demand from April onward due to the continuation of immigration restrictions in countries worldwide caused by the effects of COVID-19.

In terms of the route networks, Large-scale operation suspensions and reduced flight numbers persist in route networks, and we have worked to ascertain the demand of personnel stationed overseas, personnel returning to Japan from overseas, etc., and to select which routes to continue operating and to set temporary flights. As a result, the scale of operations was 15.6% compared to the same period last year.

In terms of sales and services, we set temporal discounted fares for one-way trips flying out of Japan in order to draw in demand for personnel being stationed overseas and foreign exchange students from August. Furthermore, starting from September we began offering customers the option to search, reserve, and pay for flights on "Google Flights," a function offered by Google that compares airline tickets, without going to the official ANA website, making it even easier for customers to reserve and purchase tickets for international flights.

<Domestic Passenger Service (ANA Brand)>

Category		Six months ended Sep 30, 2020	Six months ended Sep 30, 2019	Year-on-Year (%)
Passenger Revenues	(Billion yen)	78.9	368.7	(78.6)
Number of Passengers	(Passengers)	4,673,405	23,102,388	(79.8)
Available Seat Km	(Thousand km)	11,789,904	30,251,132	(61.0)
Revenue Passenger Km	(Thousand km)	4,284,502	21,293,672	(79.9)
Load Factor	(%)	36.3	70.4	(34.0)

*See Notes 3, 4, 5, 8, 9, 13 & 14 below.

Domestic passenger services have been heavily affected by COVID-19, with passenger numbers and revenues decreasing significantly compared to the same period in the previous year. After the emergency restrictions were lifted in May, although passenger demand has steadily recovered, this demand may still be readily affected by trends in the number of people infected with COVID-19.

In terms of the route networks, the scale of operations for the first quarter was 26.7% year-on-year, but by increasing the number of flights in tandem with the recovery in demand, this number went up to 50.7% for the second quarter (July-September, 2020). We will continue our focus on the state of the spread of COVID-19 and demand trends, and work to flexibly optimize the scale of operations.

In terms of sales and services, although we had previously offered, in light of the effects of COVID-19, special measures to refund the tickets or change the boarding date without any additional fee until June, starting in July we began “Free and Easy Change Campaign” that would allow our customers to change flight dates and destinations without handling fees so that our customers could safely use fly with us without worry even as the future degree to which COVID-19 would spread remained uncertain. Furthermore, as the number of flights increased, in July we also reopened a portion of Terminal 2 of Haneda Airport that had been closed off, and introduced our self-service baggage drop machine, “ANA Baggage Drop” at Osaka(Itami) Airport, the fifth airport in Japan at which we have used these machines, in order to better improve our convenience as a full-service carrier.

< Cargo Service (ANA Brand) >

Category		Six months ended Sep 30, 2020	Six months ended Sep 30, 2019	Year-on-Year (%)
International Cargo Revenues	(Billion yen)	50.8	51.1	(0.6)
Available Cargo Capacity	(Thousand ton-km)	1,559,963	3,595,987	(56.6)
Cargo Volume	(Tons)	227,825	433,146	(47.4)
Cargo Traffic Volume	(Thousand ton-km)	1,047,337	2,082,492	(49.7)
Mail Revenues	(Billion yen)	1.0	2.3	(57.0)
Mail Volume	(Tons)	4,761	10,943	(56.5)
Mail Traffic Volume	(Thousand ton-km)	26,323	58,112	(54.7)
Cargo and Mail Load Factor	(%)	68.8	59.5	9.3
Domestic Cargo Revenues	(Billion yen)	8.6	12.6	(31.6)
Available Cargo Capacity	(Thousand ton-km)	294,122	896,110	(67.2)
Cargo Volume	(Tons)	93,079	185,577	(49.8)
Cargo Traffic Volume	(Thousand ton-km)	103,959	191,988	(45.9)
Mail Revenues	(Billion yen)	1.1	1.5	(27.4)
Mail Volume	(Tons)	9,851	14,161	(30.4)
Mail Traffic Volume	(Thousand ton-km)	9,718	14,048	(30.8)
Cargo and Mail Load Factor	(%)	38.6	23.0	15.7

*See Notes 3, 4, 6, 7, 10, 11, 12, 13 & 15 below.

With respect to international cargo, even as the effects of COVID-19 caused suspensions and reductions of passenger flights at a global scale, and the amount of supplied cargo space trended low, an increase in demand for emergency cargo such as masks combined with a steady recovery in demand for completed vehicles and vehicle components, as well as semiconductors and other electronic equipment has prolonged the tightness of demand from August. In these conditions, the ANA Group has worked to draw in this demand by setting non-scheduled flights and charter flights using cargo aircraft, and assertively promoting the operation of temporary cargo flights using passenger aircraft. As a result, although transportation loads have decreased significantly compared to the same period last year due to the effects of large scale operation suspensions and flight reductions of passenger flights, we were able to ensure revenues at levels comparable to the previous year.

Category		Six months ended Sep 30, 2020	Six months ended Sep 30, 2019	Year-on-Year (%)
Passenger Revenues	(Billion yen)	8.4	46.1	(81.7)
Number of Passengers	(Passengers)	817,344	3,995,761	(79.5)
Available Seat Km	(Thousand km)	2,090,734	5,858,901	(64.3)
Revenue Passenger Km	(Thousand km)	922,047	5,090,045	(81.9)
Load Factor	(%)	44.1	86.9	(42.8)

*See Notes 3, 8, 9, 13 & 16 below.

Both passenger numbers and revenue decreased significantly year on year due to the suspension and reduction of flights in tandem with the decline in demand caused by the effects of COVID-19. Although passenger demand for domestic routes has been recovering steadily since the emergency restrictions were lifted in May, demand is still lower when compared to the same period for the previous year.

In terms of the route networks, although the scale of operations for domestic routes in the first quarter were 42.0% year-on-year, we restarted routes and expanded on our routes, such as our newly established Narita to Kushiro and Narita to Miyazaki routes, in our network to coincide with increases in passenger demand, thereby resulting in the scale of operations for the second quarter (July - September, 2020) that was 112.4% year-on-year. With respect to international routes, flights on all routes have been suspended since the middle of March due to immigration restrictions imposed by each nation, but as these restrictions ease, and other changes take hold, we will flexibly adapt to changes in our environment by, for example, restarting the following flights in October on a 3 round-trips per week schedule: Haneda-Taipei (Taoyuan), Narita-Taipei (Taoyuan), and Kansai-Taipei (Taoyuan).

< Others in Air Transportation >

Other revenue in Air Transportation was ¥68.1 billion (¥108.8 billion, down 37.5% year-on-year). Other revenue in Air Transportation includes revenue from the mileage program, in-flight sales revenue, and revenue from maintenance contracts, etc.

◎ Airline Related

Operating revenues: ¥119.8 billion, down 19.6% year-on-year

Operating income: ¥8.7 billion, up 17.6% year-on-year

As a result of a decrease in contracts for ground handling services such as passenger check-in and baggage handling at all airports and the decrease in contracts related to in-flight meals due to the impact of suspension and reduction of flights of various airlines in response to the spread of COVID-19, operating revenues decreased by 19.6% year on year. Meanwhile, operating income increased by 17.6% year on year due to the reduction of personnel expense.

◎ Travel Services

Operating revenues: ¥13.8 billion, down 83.2% year-on-year

Operating loss: ¥4.0 billion (Operating income ¥1.3 billion same period a year ago)

Travel services have been heavily affected by the spread of COVID-19 with respect to both domestic travel services and overseas travel services. Due to the effects of travel restrictions on overseas travel services, all tours operated by the ANA Group have been suspended. Furthermore, although domestic travel services are steadily recovering through various factors such as the support of our “Go To Travel” campaign, domestic travel services remain significantly below the levels seen during the same period of time last year. As a result of the foregoing, operating revenues have decreased 83.2% year-on-year, and an operating loss was recorded.

In order to allow customers to travel with peace of mind, ANA has published the “Care Promise protocols

for ANA Traveler's" on the website, introducing measures to prevent infection specifically in travel, and will continue to provide information to customers of the domestic travel service,

◎ Trade and Retail

Operating revenues: ¥38.2 billion, down 49.6% year-on-year

Operating loss: ¥2.8 billion (Operating income ¥1.9 billion same period a year ago)

The spread of COVID-19 has significantly impacted our retail division, primarily centered around ANA DUTY FREE SHOP airport tax-free store, and ANA FESTA shops in airports. Although ANA FESTA is seeing a steady recovery in tandem with the recovery in domestic passenger service numbers, revenue losses are still significant when compared to the same period last year. Furthermore, in the lifestyle-industries business, trade in items such as in-flight food, beverages and amenities also decreased significantly. The result is a decrease in operating revenues of 49.6% year-on-year, and an operating loss was recorded.

◎ Others

Operating revenues: ¥18.5 billion, down 11.6% year-on-year

Operating income: ¥0.8 billion, down 43.5% year-on-year

The revenue in the airline security business and the facility management business decreased due to closures of airport facilities and a decrease in construction projects caused by COVID-19. As a result, operating revenues decreased by 11.6% year on year.

Notes:

1. The breakdowns within segments are the categories used for internal management.
2. The revenues for each segment include internal inter-segment revenues; operating income/loss is the income/loss for the segment.
3. The above figures do not include consumption tax, etc.
4. Non scheduled flights have been excluded from both domestic and international routes.
5. The results for passenger travel on domestic routes include results from code share flights with IBEX Airlines Co., Ltd., AIRDO Co., Ltd., Solaseed Air Inc., and Star Flyer Inc. and some of code share flights with ORIENTAL AIR BRIDGE CO., LTD.
6. The results for international cargo and mail include the results for code share flights, results for airline charter flights, flights with block space agreements, and land transport results.
7. Domestic cargo and mail results include results for code share flights with AIRDO Co., Ltd., Solaseed Air Inc., ORIENTAL AIR BRIDGE CO., LTD and Star Flyer Inc., results for airline charter flights, and land transport results.
8. Available Seat-Kilometers represent the total figure calculated by multiplying the available number of seats on each segment of each route (seats) by the distance for each segment (km).
9. Revenue Passenger-Kilometers represent the total figure calculated by multiplying the number of passengers (people) on each segment of each route by the distance for each segment (km).
10. Available Cargo Capacity is the total calculated by multiplying the available cargo space (tons) on each segment of each route by the distance for each segment (km). Please note that for passenger aircraft, the available cargo space in the hold (belly) of the aircraft is multiplied by the distance traveled for each segment. Moreover, the available cargo space in the belly includes the available space for checked luggage of passengers on the flight in addition to cargo, mail, etc.
11. Cargo Traffic Volume and Mail Traffic Volume is the total calculated by multiplying the volume of cargo transported on each segment of each route (tons) by the distance for each segment (km).
12. The Cargo and Mail Load Factor is the figure arrived at by dividing the sum of the cargo traffic volume and the mail traffic volume by the available cargo capacity.
13. Percentage point difference for Passenger load factor and cargo and mail load factor between previous year and FY2020 is indicated in field of year-on-year.

14. The results for Peach Aviation Limited and Vanilla Air Inc. are not included.
15. Peach Aviation Limited and Vanilla Air Inc. do not handle cargo or mail.
16. The results for LCC include the results for Peach Aviation Limited and Vanilla Air Inc. Please note that the results of Vanilla Air Inc. are included only in previous same period due to the integration of Peach Aviation Limited. and Vanilla Air Inc.

(2) Information Regarding Consolidated Financial Conditions

(a) Financial conditions as of September 30, 2020

Assets: Due to temporary increase in liquidity on hand, total assets increased by ¥184.4 billion compared to the balance as of the end of FY2019 to ¥2,744.6 billion.

Liabilities: Due to funding through borrowings, total liabilities increased by ¥363.1 billion compared to the balance as of the end of FY2019, to ¥1,854.3 billion. Interest-bearing debt increased by ¥472.6 billion compared to the balance as of the end of FY2019, to ¥1,315.5 billion.

Net assets: Due to a decrease in retained earnings, resulting in a net assets decreased by ¥178.6 billion compared to the balance as of the end of FY2019, to ¥890.2 billion.

For details, please refer to page 12 “2. Financial Statements and Operating Results (1) Consolidated Balance Sheet.”

(b) Cash Flows for six months ended September 30, 2020

Operating activities: Loss before income taxes and non-controlling interests for the current period was ¥267.9 billion. After adjustments on non-cash items such as depreciation and amortization and addition and subtraction of accounts receivable and payable for operating activities, cash flows from operating activities (outflow) was ¥190.9 billion.

Investment activities: Due to capital expenditures and proceeds from the redemption of marketable securities, cash flows from investing activities (inflow) was ¥37.2 billion. As a result, free cash flow (outflow) was ¥153.7 billion.

Financial activities: Due to the fundraising, cash flow from financing activities (inflow) was ¥ 469.4 billion.

As a result of the above, cash and cash equivalents at the end of the current period increased by ¥ 315.1billion compared to the balance from the beginning at the period, to ¥451.0billion.

For details, please refer to page 16 “2. Financial Statements and Operating Results (3) Consolidated Statement of Cash Flows.”

(3) Explanation of Forecast of Consolidated Financial Results

The Company is to announce its earnings forecast based on decisions made in line with information available at the present time; a forecast that has not been confirmed to date due to difficulties in making proper and rational calculations as a result of the effects of Coronavirus (COVID-19), which has led to extreme uncertainty on income trends, etc.

There has been a significant decline in passenger demand, which has been severely affected by the immigration restrictions around the world and the voluntary restraints on movement within Japan that have accompanied the spread of COVID-19. While demand is gradually recovering in the second half, it is not expected to return to the level of the previous year and operating revenues for the year ending March 31, 2021 are predicted to be down about 60% on those for the year ended March 31, 2020. Meanwhile, operating revenues have suffered a significant downturn and profits of the year are significantly lower than those for the year ended March 31, 2020 despite efforts to cut variable costs by curtailing the scale of flights and to also make savings on fixed costs such as personnel and aircraft expenses. Consequently, as mentioned above, ANA expects to record an operating loss, an ordinary loss and a net loss attributable to owners of the parent for the year ending March 31, 2021.

Furthermore, it is expected that a special Loss of ¥73.0 billion will be recorded in impairment losses incurred as a result of the large-scale retirement of aircraft, which is being made to improve earnings as reported in "ANA Group's Transformation to a New Business Model" announced today; note that these impairment losses include those on facilities and equipment. The Company will report details of the Special Loss as soon as it is finalized.

At present, the forecast for consolidated results for the fiscal year ending March 31, 2021 is as follows: operating revenues ¥740.0 billion (down 62.5% year-on-year); operating loss ¥505.0 billion (from an operating income of ¥60.8 billion in the previous fiscal year); ordinary loss ¥500.0 billion (from an ordinary income of ¥59.3 billion in the previous fiscal year); and net loss attributable to owners of the parent was ¥510.0 billion (from a net income of ¥27.6 billion in the previous fiscal year).

These calculations were made based on the assumptions that the exchange rate is ¥110 to one US dollar, and indices for fuel costs as follows; the market price for crude oil on the Dubai market is US\$40 per barrel, while Singapore kerosene costs are US\$50 per barrel.

Consolidated Operating Results and Forecast (April 1, 2020~March 31, 2021)

	Operating Revenues	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income per Share
Previous Forecast (A)	(Billion yen) —	(Billion yen) —	(Billion yen) —	(Billion yen) —	(Yen) —
New forecast (B)	740.0	(505.0)	(500.0)	(510.0)	(1,524.46)
Change (B – A)	—	—	—	—	—
% Change	—	—	—	—	—
Ref.FY2019 (Apr 1, 2019 - Mar 31, 2020)	1,974.2	60.8	59.3	27.6	82.66

(4) Explanation of Dividend for the current Fiscal Period

While no decision had been made on distributions due to the difficulties in forecasting earnings, the company now regrets that unfortunately it is not in a position to offer a dividend due to the significant downturn in the Group's business performance caused by the impact of the spread of COVID-19. The company would like to apologize most sincerely to shareholders and ask for their continued support as the Group steadily carries out structural business reforms to improve earnings, so that dividend payouts can be resumed as soon as possible.

2. Financial Statements and Operating Results

(1) Consolidated Balance Sheet

	Yen (Millions)	
Assets	FY2020 as of Sep 30, 2020	FY2019 as of Mar 31, 2020
Current assets:		
Cash and deposits	432,970	109,447
Notes and accounts receivable	84,417	98,845
Lease receivables	20,903	22,823
Marketable securities	19,250	129,200
Inventories (Merchandise)	14,047	13,490
Inventories (Supplies)	50,655	53,822
Other current assets	97,860	144,073
Allowance for doubtful accounts	(327)	(538)
Total current assets	719,775	571,162
Fixed assets		
Property and equipment:		
Buildings and structures	125,937	127,983
Aircraft	1,126,680	1,157,585
Machinery, equipment and vehicles	34,350	33,219
Furniture and fixtures	20,352	21,751
Land	49,944	53,886
Lease assets	5,174	5,897
Construction in progress	184,202	180,005
Total property and equipment	1,546,639	1,580,326
Intangible assets:		
Goodwill	23,404	24,461
Other intangible assets	93,905	101,062
Total intangible assets	117,309	125,523
Investments and other assets:		
Investments securities	151,942	145,664
Long-term receivables	5,633	5,269
Deferred income taxes	178,164	99,824
Other assets	26,700	33,614
Allowance for doubtful accounts	(2,302)	(2,029)
Total investments and other assets	360,137	282,342
Total fixed assets	2,024,085	1,988,191
Deferred assets	744	800
TOTAL	2,744,604	2,560,153

	Yen (Millions)	
Liabilities and Net assets	FY2020 as of Sep 30, 2020	FY2019 as of Mar 31, 2020
Liabilities		
Current liabilities:		
Accounts payable	152,802	185,897
Short-term loans	102,234	429
Current portion of long-term debt	87,017	84,057
Current portion of bonds	-	20,000
Finance lease obligations	3,726	3,821
Income taxes payable	13,056	8,441
Advance ticket sales	56,116	111,827
Accrued bonuses to employees	5,219	21,158
Other provisions	9,491	5,958
Other current liabilities	84,707	88,958
Total current liabilities	514,368	530,546
Long-term liabilities:		
Bonds	165,000	165,000
Convertible bonds with stock acquisition rights	140,000	140,000
Long-term debt	806,996	416,900
Finance lease obligations	10,574	12,655
Deferred income taxes	169	112
Accrued corporate executive officers' retirement benefits	910	959
Net defined benefit liabilities	163,315	163,384
Other provisions	14,396	15,765
Asset retirement obligations	1,223	1,224
Other long-term liabilities	37,448	44,738
Total long-term liabilities	1,340,031	960,737
Total liabilities	1,854,399	1,491,283
Net assets		
Shareholders' equity:		
Common stock	318,789	318,789
Capital surplus	258,469	258,470
Retained earnings	361,248	550,839
Treasury stock	(59,329)	(59,435)
Total shareholders' equity	879,177	1,068,663
Accumulated other comprehensive income:		
Unrealized gain on securities	26,706	22,120
Deferred (loss) on derivatives under hedge accounting	(6,553)	(14,595)
Foreign currency translation adjustments	2,442	2,668
Defined retirement benefit plans	(16,587)	(17,828)
Total	6,008	(7,635)
Non-controlling interests	5,020	7,842
Total net assets	890,205	1,068,870
TOTAL	2,744,604	2,560,153

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Yen (Millions)	
	Six months ended Sep 30, 2020	Six months ended Sep 30, 2019
Operating revenues	291,834	1,055,981
Cost of sales	481,708	803,331
Gross (loss) profit	(189,874)	252,650
Selling, general and administrative expenses		
Commissions	15,310	55,211
Advertising	3,875	6,506
Employees' salaries and bonuses	15,400	18,469
Provision of allowance for doubtful accounts	1	4
Provision for accrued bonuses to employees	1,112	4,934
Retirement benefit expenses	1,580	1,684
Depreciation	13,556	13,463
Other	40,242	73,499
Total selling, general and administrative expenses	91,076	173,770
Operating (loss) income	(280,950)	78,880
Other income:		
Interest income	389	379
Dividend income	973	1,437
Equity in earnings of unconsolidated subsidiaries and affiliates	-	721
Foreign exchange gain, net	991	-
Gain on sales of assets	2,466	3,953
Gain on donation of non-current assets	1,730	1,842
Subsidies for employment adjustment	21,411	-
Other	2,764	1,861
Total other income	30,724	10,193
Other expenses:		
Interest expenses	4,577	3,202
Equity in loss of unconsolidated subsidiaries	2,175	-
Foreign exchange loss, net	-	401
Loss on sales of assets	274	144
Loss on disposal of assets	2,524	2,035
Loss on valuation of derivatives	7,639	-
Other	1,256	1,776
Total other expenses	18,445	7,558
Ordinary (loss) income	(268,671)	81,515
Special gain		
Gain on sales of investment securities	-	359
Compensation payments received	-	2,286
Gain on sales of property and equipment	1,862	-
Other	379	28
Total special gain	2,241	2,673
Special loss		
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	1,482	19
Other	-	3
Total special loss	1,482	22
(Loss) income before income taxes	(267,912)	84,166
Income taxes	(76,755)	26,837
Net (loss) income	(191,157)	57,329
Net (loss) attributable to non-controlling interests	(2,680)	542
Net (loss) income attributable to owners of the parent	(188,477)	56,787

Consolidated Statement of Comprehensive Income

Yen (Millions)

	Six months ended Sep 30, 2020	Six months ended Sep 30, 2019
Net (loss) income	(191,157)	57,329
Other comprehensive income (loss):		
Unrealized gain on securities	4,585	310
Deferred gain (loss) on derivatives under hedge accounting	8,120	(12,794)
Foreign currency translation adjustments	(256)	(302)
Defined retirement benefit plans	1,241	1,374
Share of other comprehensive income (loss) income in affiliates	78	(54)
Total other comprehensive income (loss)	13,768	(11,466)
Comprehensive income (loss)	(177,389)	45,863
Total comprehensive income (loss) attributable to:		
Owners of the parent	(174,834)	45,455
Non-controlling interests	(2,555)	408

(3) Consolidated Statement of Cash Flows

Yen (Millions)

	Six months ended Sep 30, 2020	Six months ended Sep 30, 2019
I. Cash flows from operating activities		
(Loss) income before income taxes	(267,912)	84,166
Depreciation and amortization	90,149	85,880
Amortization of goodwill	1,057	2,004
(Gain) on disposal and sales of property and equipment	(1,530)	(1,774)
Loss (gain) on sales and valuation of investment securities	1,187	(337)
Increase in allowance for doubtful accounts	62	93
Increase in liability for retirement benefits	1,591	3,708
Interest and dividend income	(1,362)	(1,816)
Interest expenses	4,577	3,202
Subsidies for employment adjustment	(21,411)	-
Foreign exchange loss (gain)	678	762
Decrease in notes and accounts receivable	14,415	6,993
Decrease in other current assets	39,456	11,239
Decrease in notes and accounts payable	(33,085)	(21,146)
Increase (decrease) in advance ticket sales	(55,711)	6,276
Other, net	14,941	(10,958)
Subtotal	(212,898)	168,292
Interest and dividends received	1,626	2,416
Interest paid	(3,100)	(3,246)
Proceeds from subsidy income	16,206	-
Income taxes paid	7,256	(27,128)
Net cash (used in) provided by operating activities	(190,910)	140,334
II. Cash flows from investing activities		
Increase in time deposits	(28,735)	(25,539)
Proceeds from withdrawal of time deposits	58,700	25,523
Purchase of marketable securities	-	(53,060)
Proceeds from redemption of marketable securities	71,590	61,240
Purchase of property and equipment	(68,423)	(167,399)
Proceeds from sales of property and equipment	17,224	63,018
Purchase of intangible assets	(12,349)	(13,694)
Purchase of investments securities	(3,795)	(844)
Proceeds from sales of investments securities	474	473
Proceeds from withdrawal of investments in securities	1,012	-
Other, net	1,504	(2,230)
Net cash provided by (used in) investing activities	37,202	(112,512)

	Yen (Millions)	
	Six months ended Sep 30, 2020	Six months ended Sep 30, 2019
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	99,908	370
Proceeds from long-term loans	435,687	78,823
Repayment of long-term loans	(42,631)	(40,517)
Proceeds from issuance of bonds	-	19,875
Repayment of bonds	(20,000)	(30,000)
Repayment of finance lease obligations	(3,071)	(2,383)
Proceeds from share issuance to non-controlling shareholders	2	-
Increase of treasury stock	107	(393)
Payment for dividends	-	(25,105)
Other, net	(543)	(299)
Net cash provided by financing activities	469,459	371
IV. Effect of exchange rate changes on cash and cash equivalents	(369)	(725)
V. Net increase in cash and cash equivalents	315,382	27,468
VI. Cash and cash equivalents at beginning of period	135,937	211,838
VII. Net (decrease) increase resulting from changes in scope of consolidation	(236)	553
VIII. Cash and cash equivalents at end of period	451,083	239,859

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

None

(Notes in the Event of Significant Changes in Shareholders' Capital)

None

(Additional Information)

Accounting estimates associated with the spread of COVID-19

Accounting estimates in the current fiscal year, such as the recoverability of deferred tax assets, are based on the certain assumption that the declining demand for air transportation due to the spread of COVID-19 will continue for an indeterminate part of the fiscal year ending March 31, 2021 and the demand will pick up gradually afterwards.

(Segment Information)

I. Six months ended Sep 30, 2020

1. Information on amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment

	Yen (Millions)				
	Reportable Segments				
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues from external customers	224,654	18,002	10,440	32,896	285,992
Intersegment revenues or transfers	12,096	101,800	3,363	5,388	122,647
Total	236,750	119,802	13,803	38,284	408,639
Segment profit (loss)	(277,757)	8,723	(4,001)	(2,851)	(275,886)

	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues from external customers	5,842	291,834	-	291,834
Intersegment revenues or transfers	12,693	135,340	(135,340)	-
Total	18,535	427,174	(135,340)	291,834
Segment profit (loss)	873	(275,013)	(5,937)	(280,950)

*1. "Others" refers to all business segments that are not included in reportable segments, such as facility management, business support and other operations.

*2. "Adjustments" of "Segment profit (loss)" are mainly the elimination of intersegment transactions and general corporate expenses.

*3. "Segment profit (loss)" is reconciled to operating income on the consolidated statement of income for the current period.

2. Information regarding impairment loss on fixed assets or goodwill by reportable segment: None

II. Six months ended Sep 30, 2019

1. Information on amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment

	Reportable Segments					Yen (Millions)
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal	
Operating revenues from external customers	885,503	24,710	77,525	60,807	1,048,545	
Intersegment revenues or transfers	44,531	124,301	4,809	15,118	188,759	
Total	930,034	149,011	82,334	75,925	1,237,304	
Segment profit (loss)	73,502	7,415	1,352	1,911	84,180	
	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)		
Operating revenues from external customers	7,436	1,055,981	-	1,055,981		
Intersegment revenues or transfers	13,520	202,279	(202,279)	-		
Total	20,956	1,258,260	(202,279)	1,055,981		
Segment profit (loss)	1,544	85,724	(6,844)	78,880		

*1. "Others" refers to all business segments that are not included in reportable segments, such as facility management, business support and other operations.

*2. "Adjustments" of "Segment profit" are mainly the elimination of intersegment transactions and general corporate expenses.

*3. "Segment profit" is reconciled to operating income on the consolidated statement of income for the current period.

2. Information regarding impairment loss on fixed assets or goodwill by reportable segment: None

(Subsequent event)

1. Borrowing of Funds

On October 27, 2020, the board of directors has approved to enter into a subordinated syndicated loan ("the subordinated loan") agreement.

(1) Counterparty	Main domestic financial institution
(2) Loan amount	¥400,000 million (Tranche A: ¥200,000 million, Tranche B: ¥200,000 million)
(3) Execution date	October 30, 2020
(4) Maturity date	Tranche A: October 29, 2055 Tranche B: October 31, 2057
(5) First early repayment date	Tranche A: October 31, 2025 Tranche B: October 29, 2027
(6) Interest rate	Base interest rate plus margin (floating rate)
(7) Use of proceeds	General corporate purpose, repayment of debt, and capital expenditure
(8) Replacement restrictions	In case of the early repayment, the Company intends to replace the subordinated loan with financial products, whose equity credit is no less than that of the principal to be repaid approved by the credit agencies (Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd.), within 12 months prior to the early repayment.
(9) Optional interest payment deferral	The Company may, at its discretion, defer all or part of the payment of interest on any interest payment date.
(10) Subordination	Creditors of the subordinated loan have subordinated claim rights in the event of the Company entering into liquidation, bankruptcy, company reorganization, civil rehabilitation or similar proceedings under applicable law other than Japanese law.

2. On October 27, 2020, the board of directors has approved Transformative Measures to a New Business Model ("the measures").

The purpose of the measures is to carry out structural business reforms to build resilience toward any future global risks.

As a part of the measures, the company plans to downsize airline operations temporarily and forecasts approximately ¥73.0 billion impairment losses incurred as a result of the early retirement of aircrafts.

3. Other

Important factors related to going concern status

The ANA group has been heavily affected by the impact of the spread of COVID-19, and these extremely difficult economic conditions are expected to continue into the future.

Under these unprecedented conditions, the ANA group is not only reducing the scale of its operations in the aviation business to reduce aviation-related expenses such as fuel, but is also reducing personnel costs such as by reducing executive compensation packages and management-level salaries and furloughing employees, in addition to carefully scrutinizing and limiting capital investment such as in aircraft, and reviewing the timing of implementation. Furthermore, in the 3 months from April to June this year, we not only secured total loans of 535.0 billion JPY from commercial banks and the Development Bank of Japan, but we also newly signed 350.0 billion JPY of commitment line contracts in addition to the existing 150.0 billion JPY credit line. Since we are continuing to work to secure liquidity on hand in each of the group companies by procuring funding including appropriately sized loans as needed, we have judged that there are no important uncertainties in the company's status as a going concern.