



July 10, 2023

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(Code number: 9202, TSE Prime Market)  
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### **Notice Regarding Making Nippon Cargo Airlines Co., Ltd. a Wholly Owned Subsidiary through Simplified Share Exchange**

As disclosed in “Notice of Execution of Basic Agreement for Acquisition of Shares in Nippon Cargo Airlines Co., Ltd.” dated March 7, 2023, ANA HOLDINGS INC. (the “**Company**”) entered into a basic agreement with Nippon Yusen Kabushiki Kaisha (“**NYK**”) concerning the acquisition by the Company of all shares held by NYK in Nippon Cargo Airlines Co., Ltd. (“**NCA**”), and subsequent discussions have been held regarding the specific method of acquisition. The Company hereby announces that at the meeting of its Board of Directors held today, it resolved to implement a share exchange (the “**Share Exchange**”) in which the Company will become a wholly owning parent company resulting from the Share Exchange and NCA will become a wholly owned subsidiary resulting from the Share Exchange, effective as of October 1, 2023, subject to the approvals of the relevant authorities, and that the Company has entered into an agreement for the Share Exchange (the “**Share Exchange Agreement**”) with NCA as of today, as follows. The Company plans to implement the Share Exchange through simplified share exchange procedures without obtaining approval by resolution at a general meeting of shareholders, pursuant to Article 796, Paragraph 2 of the Companies Act.

#### 1. Purposes of the Share Exchange

On February 15, 2023, the Company announced a new medium-term management strategy, “FY2023-2025 ANA Group Corporate Strategy,” which aims to establish a foothold for a return to growth and achieve sustainable growth going forward. In this corporate strategy, the Company aims to maximize profits in its core airline business, and the Company positioned the expansion of its cargo business as one of the important means to achieve this goal. In order to sustainably increase profits while strengthening its resistance to volatility, which is a challenge for the cargo business, the Company believes that it is necessary to allocate more management resources to this business than before and quickly establish its strength as a combination carrier.

On the other hand, NCA has been providing high-quality international cargo transportation services for nearly 40 years as Japan’s only airline specializing in international air cargo. In addition to the fact that the Company has participated in the management of NCA in the past, the Company and NCA have entered into a memorandum of understanding on strategic business cooperation, focusing on business cooperation in aircraft maintenance, joint operation (code sharing) on flights between the two companies, and interlining. As the special demand during the COVID-19 disaster subsided and NCA and NYK looked again at its future growth strategy, they recognized the difficulty of continuing to expand the scale of its business on its own while bearing the costs required to continuously introduce new aircraft and to secure personnel for flight operations and maintenance.

In order to seize the business opportunity of expanding demand for air cargo due to structural changes in international logistics, such as diversification of transportation methods and response to economic security, the Company believes that it is unavoidable to utilize large cargo aircraft that can transport large cargo and special goods, as well as increase transportation capacity, and it has continued discussions with NYK, the parent company of NCA, which owns 15 large cargo aircraft, for the acquisition of all shares of NCA. As a result, the Company has concluded that making NCA a wholly owned subsidiary through a share exchange is the best way to enhance profitability as a combination carrier that complements each other's strengths, and to accelerate ANA Group's growth strategy. The future integration and restructuring of ANA Group's cargo business, which utilizes Japan's largest international passenger flight network, and NCA's large cargo aircraft, will make it possible to provide high-quality and competitive air cargo transportation services that can respond to the increasing sophistication of the supply chain, and the Company will aim to contribute to society by providing value in the world of logistics, not least in air transportation.

## 2. Overview of the Share Exchange

### (1) Schedule of the Share Exchange

Approval of the Board of Directors (Company)	July 10, 2023
Approval of the Board of Directors (NCA)	July 10, 2023
Date of Execution of Share Exchange Agreement	July 10, 2023
Date of Extraordinary Meeting of Shareholders (NCA)	No later than the middle of September, 2023 (scheduled)
Effective Date of the Share Exchange	October 1, 2023 (scheduled)

(Note 1) The Company plans to implement the Share Exchange through simplified share exchange procedures without obtaining approval by resolution at a general meeting of shareholders, pursuant to the main clause of Article 796, Paragraph 2 of the Companies Act.

(Note 2) The above schedule may be changed by agreement between the parties if it becomes necessary for the progress of the procedures for the Share Exchange or other reasons.

### (2) Method of the Share Exchange

The Share Exchange is a share exchange in which the Company will become the wholly owning parent company and NCA will become the wholly owned subsidiary. The Company plans to implement the Share Exchange, which will take effect as of October 1, 2023, through simplified share exchange procedures without obtaining approval by resolution at a general meeting of shareholders, pursuant to the main clause of Article 796, Paragraph 2 of the Companies Act, and NCA plans to implement the same after obtaining the approval for the Share Exchange Agreement at the extraordinary meeting of shareholders to be held by middle of September, 2023.

### (3) Allotment of Shares in the Share Exchange

	Company (Wholly Owning Parent Company Resulting from the Share Exchange)	NCA (Wholly Owned Subsidiary Resulting from the Share Exchange)
Allotment Ratio in the Share Exchange	1	0.009815
Number of Shares to Be Delivered in the Share Exchange	3,926,000 shares of common stock of the Company (scheduled)	

(Note 1) Allotment Ratio of Shares:  
0.009815 shares of common stock of the Company will be allotted to 1 share of Class II stock of NCA (provided, however, that if all Class II stock are changed into common stock by the day

immediately preceding the effective date of the Share Exchange, 1 share of common stock of NCA will be allotted).

(Note 2) Number of Shares of the Company to Be Delivered in the Share Exchange:

The Company will allot and deliver 3,926,000 shares of common stock of the Company in the Share Exchange. With respect to the shares to be delivered, the Company plans to appropriate 3,926,000 shares of treasury stock held by it, and does not plan to issue new shares.

(Note 3) Number of Outstanding Shares of NCA:

Outstanding shares of NCA consist of 400,000,000 shares of Class II stock and 790,973,000 shares of class stock that are all subject to call option (all class stock subject to call option are treasury stock). NCA plans to cancel all of its treasury stock by resolution of a meeting of the Board of Directors to be held by the day immediately preceding the effective date of the Share Exchange.

(4) Treatment of Share Options and Bonds with Share Options in Connection with the Share Exchange

Not applicable, because NCA has not issued any Share Options (*shinkabu yoyakuken*) or Bonds with Share Options (*shinkabu yoyakuken-tsuki shasai*).

3. Grounds for Allotment in Connection with the Share Exchange

(1) Grounds and Reasons for Allotment

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio to be used in the Share Exchange, the Company decided to request KPMG FAS Co., Ltd. (“KPMG”), a third-party valuator independent of the Company and NCA, to calculate the share value of the Company and NCA and the exchange ratio. With reference to the results of the calculations of the share value and share exchange ratio (the “**Share Exchange Ratio**”) submitted by the third-party valuator, and after comprehensively considering factors such as NCA’s financial conditions, asset conditions, and future prospects, the Company determined that the valuation amount of NCA was appropriate. The Company and NCA have repeatedly discussed and examined the share exchange ratio between them after comprehensively considering factors such as their respective financial condition, asset condition, and future prospects, with reference to the calculation results of the share value and the share exchange ratio submitted by the third-party valuator. Since the Share Exchange Ratio is within the range of share exchange ratio as calculated by KPMG, it has been determined that the Share Exchange Ratio is appropriate for each shareholder and will not harm the interests of shareholders. Therefore, the Company decided to implement the Share Exchange at the Share Exchange Ratio. The Share Exchange Ratio may be changed by discussions between the parties in the event of any circumstances that significantly hinder or make difficult the implementation of the Share Exchange.

(2) Matters Concerning Calculation

(i) Name of Valuator and Its Relationship with the Listed Company and the Counterparty

KPMG, a third-party valuator of the Company, is not a related party of the Company or NCA, and does not have any material interest in the Company or NCA.

(ii) Overview of Calculation

KPMG calculated the share value of the Company using the market share price analysis since the Company is listed on the Prime Market of the Tokyo Stock Exchange and its market share price is available. Under the market share price analysis, where the reference date was set at July 7, 2023, the following prices were adopted to calculate the share value of the Company: the closing price on the reference date; the simple average of the closing prices for one month (from June 8, 2023 to July 7, 2023); the simple average of the closing prices for three months (from April 10, 2023 to July 7, 2023);

and the simple average of the closing prices for six months (from January 10, 2023 to July 7, 2023), all on the Prime Market of the Tokyo Stock Exchange.

Under the method above, the per-share value of common stock of the Company was calculated to range as follows:

Calculation Method	Calculation Results
Market Share Price Analysis	2,958 yen - 3,427 yen

In order to calculate the share value of NCA, in addition to the discounted cash flow analysis (the “**DCF Analysis**”) to reflect the status of NCA’s future business activities in the calculation, KPMG adopted, as the main calculation method, the adjusted book value analysis as NCA owns aircraft that are its important assets because of the nature of its business.

Under the DCF Analysis, based on the business plan disclosed by NCA to KPMG, KPMG calculated the share value of NCA by discounting the free cash flow that was expected to be generated by NCA on and after March 31, 2023 which was the reference date at a certain discount rate to the present value.

The terminal value was calculated by discounting the cash flow disclosed by NCA to KPMG as a level of cash flow that was expected to be continuously generated by NCA in and after the fiscal year ending March 2028 at a certain discount rate to the present value. The weighted average cost of capital (“**WACC**”) was used as the discount rate.

The business plan of NCA which was used by KPMG as a basis for the calculation by the DCF Analysis includes a fiscal year in which a significant increase and decrease in profits is expected. Such decrease is due to a decline in air freight rates as the impact of the COVID-19 pandemic is further mitigated, as well as a combination of higher labor costs. Operating profits in NCA's business plan are expected to decrease significantly by more than 30% compared with the previous quarter in the fiscal year ending March 2026, when air cargo demand is expected to temporarily decline, and increase by more than 30% compared with the previous quarter in the fiscal year ending March 2027, given the strong possibility of recovery in the following year. Synergy effects expected to be realized as a result of implementation of the Share Exchange are not considered in the business plan of NCA as it is difficult to specifically estimate their impact on profits at this time. Please note that the business plan does not assume the implementation of the Share Exchange.

The per-share value of Class II stock of NCA (or the per-share value of common stock of NCA if all shares of Class II stock are changed into shares of common stock by the day immediately preceding the effective date of the Share Exchange) was calculated to range as follows:

Calculation Method	Calculation Results
DCF Analysis	10 yen - 38 yen
Adjusted Book Value Analysis	26 yen - 40 yen

The ranges of the Share Exchange Ratio calculated under each calculation method assuming that the per-share value of the Company is 1 are as follows:

Adopted Calculation Method		Range of Share Exchange Ratio (Note)
Company	NCA	
Market Share Price Analysis	DCF Analysis	0.003 - 0.013
	Adjusted Book Value Analysis	0.008 - 0.014

(Note) Rounded to the nearest three decimal places.

When calculating the Share Exchange Ratio, KPMG used, in principle, public information and information provided to KPMG in its original format, on the assumption that all such information used was totally accurate and complete and there were no undisclosed facts to KPMG that might materially affect the calculation of share value of each company, and KPMG did not independently verify the accuracy and completeness thereof. In addition, KPMG did not independently conduct valuation, appraisal, or assessment, including analysis and valuation of assets and liabilities of each company or its affiliates, nor did it request any third-party valuator to conduct valuation, appraisal, or assessment. Calculations of share value of each company by KPMG reflect the information, economic conditions, etc. up to July 7, 2023 which is the reference date, and KPMG assumed that the business plan of NCA used in the DCF Analysis had been reasonably prepared by NCA's management based on its best estimate and judgment as of the relevant reference date.

The calculation results of KPMG were provided to the Company solely for the purpose of providing its board of directors with reference information in determining the Share Exchange Ratio, and they do not represent KPMG's opinion as to the appropriateness of the Share Exchange Ratio.

(3) Possibility of Delisting and Reason Therefor

Not applicable, because the Company will become the wholly owning parent company resulting from the Share Exchange in the Share Exchange, and NCA, which will become the wholly owned subsidiary, is not a listed company.

(4) Measures to Ensure Fairness

The Company has appointed Anderson Mōri & Tomotsune as its legal advisor, and has received legal advice regarding the method and process of decision-making at a meeting of the Board of Directors, including procedures for the Share Exchange. The Company selected KPMG, a third-party valuator, and obtained a share valuation report on the Share Exchange Ratio. For an overview of the calculation, please see (2) "(ii) Overview of Calculation" above. The Company and NCA have not obtained any written opinion (so-called fairness opinion) from a third-party valuator to the effect that the agreed Share Exchange Ratio is appropriate for their respective shareholders from their financial viewpoint.

4. Overview of the Parties to the Share Exchange

	Wholly Owning Parent Company Resulting from the Share Exchange	Wholly Owned Subsidiary Resulting from the Share Exchange
(1) Name	ANA HOLDINGS INC.	Nippon Cargo Airlines Co., Ltd.
(2) Location	1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo	1-18-16 Hamamatsucho, Minato-ku, Tokyo
(3) Name and Title of Representative	Koji Shibata, President & Chief Executive Officer	Hitoshi Oshika, President & Chief Executive Officer

(4)	Description of business	Formulation of business strategies and business management of the Group including the air cargo transportation business, and other incidental operations	1. Scheduled air cargo transportation business 2. Nonscheduled air cargo transportation business and aircraft utilizing business 3. Other related businesses
(5)	Amount of Share Capital	¥467,601 million (as of March 31, 2023)	¥10,000 million (as of March 31, 2023)
(6)	Date of Incorporation	December 27, 1952	September 27, 1978
(7)	Number of Issued and Outstanding Shares	484,293,561 shares (as of March 31, 2023)	400,000,000 shares of Class II stock 790,973,000 shares of class stock that are all subject to call option
(8)	Fiscal Year-End	March 31	March 31
(9)	Number of Employees	40,507 (consolidated basis) (as of March 31, 2023)	944 (non-consolidated basis) (as of April 1, 2023)
(10)	Major Trading Partners	ALL NIPPON AIRWAYS CO., LTD. Peach Aviation Limited IBEX Airlines Co., Ltd.	NIPPON EXPRESS CO., LTD. Kintetsu World Express, Inc. YUSEN LOGISTICS CO., LTD.
(11)	Main Banks	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. Development Bank of Japan Inc.	Mizuho Bank, Ltd. MUFG Bank, Ltd. Development Bank of Japan Inc. Citigroup Global Markets Japan Inc. Macquarie Bank Limited
(12)	Major Shareholders and Shareholding Ratio (as of March 31, 2023)	The Master Trust Bank of Japan, Ltd. (trust account): 13.21% Custody Bank of Japan, Ltd. (trust account): 3.06% Nagoya Railroad Co., Ltd.: 1.66% ANA Employee Shareholding Association: 0.85% Tokio Marine & Nichido Fire Insurance Co., Ltd.: 0.69% STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Mizuho Bank, Ltd.): 0.65% Nippon Life Insurance Company: 0.62% Aioi Nissay Dowa Insurance Co., Ltd.: 0.47% JP MORGAN CHASE BANK: 386781 (standing proxy: Mizuho Bank, Ltd.): 0.44%	Nippon Yusen Kabushiki Kaisha: 100.00%

	Mitsui Sumitomo Insurance Company, Limited: 0.43%					
(13) Relationships between the Parties						
Capital Relationship	Not applicable.					
Personal Relationship	Not applicable.					
Business Relationship	Entered into a memorandum of understanding on strategic business cooperation.					
Status as Related Party	Not applicable.					
(14) Operating Results and Financial Position for the Past 3 Years (in millions of yen, except as otherwise specified)						
Fiscal Year	ANA HOLDINGS INC. (consolidated basis)			Nippon Cargo Airlines Co., Ltd. (non-consolidated basis)		
	FY Ended March 2021	FY Ended March 2022	FY Ended March 2023	FY Ended March 2021	FY Ended March 2022	FY Ended March 2023
Net Assets	1,012,320	803,415	870,391	(121,047)	(59,602)	(12,954)
Total Assets	3,207,883	3,218,433	3,366,724	64,592	141,556	133,878
Net Assets Per Share (in yen)	2,141.49	1,695.06	1,833.64	(302.62)	(149.01)	(32.39)
Operating Revenues	728,683	1,020,324	1,707,484	122,566	188,850	218,213
Operating Income	(464,774)	(173,127)	120,030	33,049	73,941	61,892
Ordinary Income	(451,355)	(184,935)	111,810	33,093	74,000	62,165
Net Income Attributable to Owners of the Parent	(404,624)	(143,628)	89,477	25,063	65,954	48,245
Net Income Per Share (in yen)	(1,082.04)	(305.37)	190.24	62.66	152.19	120.61
Dividend Per Share (in yen)	0.00	0.00	0.00	0.00	0.00	0.00

#### 5. Circumstances after the Share Exchange

There will be no changes to the name, location, name and title of the representative, business description, amount of share capital, or fiscal year-end due to the Share Exchange. In addition, the amounts of net assets and total assets have not yet been determined.

#### 6. Overview of Accounting

The Share Exchange is expected to be accounted for as an acquisition under the accounting standards for business combinations, and the purchase method is expected to be applied to the Share Exchange, in which the Company is the acquirer and NCA is the acquiree. In addition, the amount of goodwill (or negative goodwill) arising from the Share Exchange has not yet been determined.

#### 7. Future Outlook

As a result of making NCA the wholly-owned subsidiary through the Share Exchange, the balance sheet and the income statement will be consolidated from the third quarter in the fiscal year ending March 2024. The impact of the Share Exchange on the business results for the fiscal year ending March 2024 and thereafter is under review, and the

Company will disclose any matters that should be disclosed in the future.

(Reference) Consolidated Earnings Forecast for the Current Fiscal Year (as announced on April 27, 2023) and Consolidated Results for the Previous Fiscal Year

(in millions of yen)

	Sales	Operating Profit	Ordinary Profit	Net Income Attributable to Owners of the Parent
Consolidated Earnings Forecast for the Current Fiscal Year (FY Ending March 2024)	1,970,000	140,000	115,000	80,000
Consolidated Results for the Previous Fiscal Year (FY Ended March 2023)	1,707,484	120,030	111,810	89,477

[End]