

ANA HOLDINGS reports Consolidated Financial Results
for the Nine Months Ended December 31, 2023

1. Consolidated financial highlights for the nine months ended December 31, 2023

(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)	%
Nine months ended Dec 31, 2023	1,543,581	22.6	210,114	112.3	207,133	124.3	148,949	137.9
Nine months ended Dec 31, 2022	1,258,655	70.5	98,982	—	92,349	—	62,601	—

(Note) Comprehensive income for the period Apr 1 - Dec 31, 2023 ¥152,651 million [246.1%]
for the period Apr 1 - Dec 31, 2022 ¥44,100 million [—%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec 31, 2023	317.99	286.20
Nine months ended Dec 31, 2022	133.10	118.79

(2) Consolidated financial positions

	Total assets	Equity	Shareholder's equity ratio	Net assets per share
	Yen (Millions)	Yen (Millions)	%	Yen
As of Dec 31, 2023	3,485,095	1,021,464	29.1	2,156.25
As of Mar 31, 2023	3,366,724	870,391	25.6	1,833.64

(Reference) Shareholders' equity as of Dec 31, 2023 ¥1,013,679 million
as of Mar 31, 2023 ¥862,419 million

2. Dividends

	Yen				
Dividends per share	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Full fiscal year
FY2022	-	-	-	0.00	0.00
FY2023	-	-	-		
FY2023 (Forecast)				30.00	30.00

(Note) Revisions to the most recently disclosed dividends forecast: None

3. Consolidated earnings forecast for the fiscal year ending March 31, 2024

(%: 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
Entire FY2023	2,030,000	18.9	190,000	58.3	190,000	69.9	130,000	45.3	277.29

(Note) Revisions to the most recently disclosed earnings forecast: Yes

4. 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): Yes

(iii) Changes in accounting estimates: None

(iv) Restatement of corrections: None

(Note) For details, please refer to “2. Financial Statements and Operating Results (4) Notes to Consolidated Financial Statements, (Changes in accounting policies)” on page 15.

(4) Number of issued shares (Common stock)

	Number of shares			
	FY2023		FY2022	
Number of shares issued (including treasury stock)	As of Dec 31	484,293,561	As of Mar 31	484,293,561
Number of treasury stock	As of Dec 31	14,180,723	As of Mar 31	13,961,988
Average number of shares outstanding during the period	Nine months ended Dec 31	468,405,012	Nine months ended Dec 31	470,335,227

* This report is not subject to audit procedures.

* Explanation for appropriate use of forecasts and other notes

The earnings forecasts are forward-looking statements made on the basis of information available at the time forecasts are made and other certain assumptions deemed reasonable. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors.

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APPENDIX

Overview of consolidated financial results for the Nine Months Ended December 31, 2023

1. Qualitative Information / Financial Statements, etc.

(1) Explanation of Consolidated Operating Results

Consolidated Operating Results	Yen (Billions)		
	Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022	Year-on-Year (%)
Operating Revenues	1,543.5	1,258.6	22.6
Air Transportation	1,408.1	1,134.0	24.2
Airline Related	209.2	180.2	16.0
Travel Services	59.2	53.0	11.6
Trade and Retail	86.7	76.5	13.3
Others	28.7	27.2	5.6
Intersegment Transactions	(248.5)	(212.5)	—
Operating Income (loss)	210.1	98.9	112.3
Air Transportation	203.6	99.1	105.4
Airline Related	9.6	5.1	86.6
Travel Services	1.3	(0.6)	—
Trade and Retail	4.2	3.0	41.9
Others	0.7	0.3	78.7
Intersegment Transactions	(9.4)	(8.0)	—
Ordinary income	207.1	92.3	124.3
Net income attributable to owners of the parent	148.9	62.6	137.9

*See Notes 1 & 2 below.

In the first nine months of fiscal year 2023 (April 1, 2023, to December 31, 2023, hereinafter the "nine months ended December 31, 2023"), the Japanese economy gradually recovered, and we are seeing an upturn in consumer spending, as corporate earnings and employment environment continue to improve.

Despite concerns about geopolitical risks such as the situation in Ukraine and the Middle East, airline business continues to see a recovery in passenger demand.

Under these economic conditions, all business, including the airline business, achieved revenue growth, resulting in operating revenue of ¥1,543.5 billion, operating income of ¥210.1 billion, ordinary income of ¥207.1 billion and net income attributable to owners of the parent of ¥148.9 billion, a significant increase compared to the same period last year.

Furthermore, our company has been selected as the constituent of the Dow Jones Sustainability World Index, one of the world's leading indicators of social responsible investment, for the seventh consecutive years. ANA intend to continue to engaging in efforts to solve social issues, such as the climate crisis, through our business endeavors, and realize sustainable growth and increased corporate value.

An overview of the nine months ended December 31, 2023 by segment follows.

(Revenues for each business segment include inter-segment sales, and operating income corresponds to segment profit.)

Overview by Segment

◎ Air Transportation

Operating revenues: ¥1,408.1 billion, up 24.2% year-on-year

Operating income: ¥203.6 billion, up 105.4% year-on-year

Due to strong demand from inbound tourists and leisure travelers, both international and domestic passenger numbers performed well, leading to significantly higher sales compared to the same period last year. In terms of expenses, variable costs mainly increased due to factors such as an expansion in the scale of the operations, however profit-and-loss improved greatly compared to the same period last year due to cost management initiatives.

Furthermore, ANA was awarded as a 5-stars rating for customer satisfaction (the highest rating available) for the eleventh consecutive year by SKYTRAX in the UK.

<International Passenger Service (ANA Brand)>

Category		Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022	Year-on-Year (%)
Passenger Revenues	(Billion yen)	551.5	290.3	89.9
Number of Passengers	(Passengers)	5,310,320	2,817,436	88.5
Available Seat Km	(Thousand km)	39,512,196	24,804,147	59.3
Revenue Passenger Km	(Thousand km)	30,844,416	17,994,505	71.4
Load Factor	(%)	78.1	72.5	5.5

*See Notes 3, 7, 8 & 12 below.

In international passenger service, both passenger numbers and revenues exceeded the figures of the previous year's same period due to solid business demand from Japan and actively capturing inbound tourism and leisure demand originating from Japan.

In terms of the route network, to accommodate the recovering passenger demand, ANA expanded our operations by resuming the Narita-Perth route and Chinese routes from October. Additionally, from December, ANA operated two daily round-trip flights between Narita and Honolulu using Airbus A380 aircraft "FLYING HONU" resulting in the highest offered seating capacity per day on the Honolulu route.

In sales and marketing services, the Haneda Airport Terminal 2 international facility reopened in July after a three-year closure, and from October, ANA expanded the flights operating from that facility, improving the convenience of transfers between domestic and international flights.

<Domestic Passenger Service (ANA Brand)>

Category		Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022	Year-on-Year (%)
Passenger Revenues	(Billion yen)	496.5	392.1	26.6
Number of Passengers	(Passengers)	31,091,298	24,870,074	25.0
Available Seat Km	(Thousand km)	41,244,108	37,136,960	11.1
Revenue Passenger Km	(Thousand km)	28,958,097	23,144,340	25.1
Load Factor	(%)	70.2	62.3	7.9

*See Notes 3, 4, 7, 8 & 12 below.

In domestic passenger services, despite of the delayed recovery in business demand, ANA exceeded the previous year's figures for both passenger numbers and revenue in our domestic passenger service segment by implementing initiatives such as the "ANA SUPER VALUE SALE" to stimulate leisure travel demand.

In terms of the route network, ANA focused on upsizing the aircraft during weekends and holidays to actively capture leisure demand.

As for sales and marketing services, ANA started regular operations of the special livery aircraft, "ANA Future Promise Prop," from October. We will continue to promote environmentally friendly, such as utilizing recycled materials for in-flight service items and conducting operation that contribute to CO₂ emission reduction.

<Cargo Service (ANA Brand)>

Category		Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022	Year-on-Year (%)
International Cargo Revenues	(Billion yen)	119.1	256.1	(53.5)
Available Cargo Capacity	(Thousand ton-km)	4,768,106	4,980,745	(4.3)
Cargo Volume	(Tons)	517,857	622,429	(16.8)
Cargo Traffic Volume	(Thousand ton-km)	2,620,660	3,205,131	(18.2)
Mail Revenues	(Billion yen)	3.7	4.8	(22.2)
Mail Volume	(Tons)	9,967	12,196	(18.3)
Mail Traffic Volume	(Thousand ton-km)	53,573	59,634	(10.2)
Cargo and Mail Load Factor	(%)	56.1	65.5	(9.5)
Domestic Cargo Revenues	(Billion yen)	17.2	18.6	(7.6)
Available Cargo Capacity	(Thousand ton-km)	1,261,014	1,044,040	20.8
Cargo Volume	(Tons)	193,331	194,398	(0.5)
Cargo Traffic Volume	(Thousand ton-km)	214,782	216,666	(0.9)
Mail Revenues	(Billion yen)	2.0	2.1	(6.1)
Mail Volume	(Tons)	17,705	18,920	(6.4)
Mail Traffic Volume	(Thousand ton-km)	17,788	18,775	(5.3)
Cargo and Mail Load Factor	(%)	18.4	22.6	(4.1)

*See Notes 3, 5, 6, 9, 10, 11 & 12 below.

In international cargo services, although there was an increase in demand for China to North America routes during October to December 2023, both freight volume and revenues has declined year-on-year due to factors such as the downturn in market demand in key industries including semiconductors, electronic devices, and vehicles and vehicle components.

In terms of route network, ANA has worked to ensure profitability by reviewing trends and demand for each route and each day of the week and then adjusting the supply of cargo-only aircraft as required.

Furthermore, our company decided to enter into a share exchange agreement to make Nippon Cargo Airlines Co., Ltd. a wholly owned subsidiary in July. The effective date of the share exchange is scheduled for April 1, 2024.

<LCC>

Category		Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022	Year-on-Year (%)
Passenger Revenues	(Billion yen)	101.0	62.0	62.9
Number of Passengers	(Passengers)	7,042,857	5,613,864	25.5
Available Seat Km	(Thousand km)	10,156,268	9,050,762	12.2
Revenue Passenger Km	(Thousand km)	8,758,913	6,414,372	36.6
Load Factor	(%)	86.2	70.9	15.4

*See Notes 7, 8, 12 & 13 below.

ANA's Group LCC Peach, the leisure demand for domestic flights performed well, and in international flights captured the demand for visiting Japan, resulting in an increase in passenger numbers and revenue compared to the same period last year.

In terms of the route network, to capture the strong demand for visiting Japan, Peach implemented increased flights on the Kansai-Incheon route and Kansai-Hong Kong route from October, expanding their operational scale following the first half of the year.

In sales and marketing services, Peach conducted initiatives such as the domestic "Christmas Sale" and the "Peach Point Giveaway Campaign" in partnership with ANA, aiming to stimulate leisure demand and attract new passengers.

<Others in Air Transportation>

Other revenue in Air Transportation was ¥116.8 billion (¥107.6 billion same period a year ago, up 8.5% 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: ¥209.2 billion, up 16.0% year-on-year

Operating income: ¥9.6 billion, up 86.6% year-on-year

Operating revenues and income have increased year-on-year due to an increase in airport ground support services such as passenger check-in and baggage handling, etc., outsourced to us by foreign airlines, as well as an increase in the in-flight meal business that has accompanied by the recovery in passenger travel demand, resulting in operating profitability.

◎ Travel Services

Operating revenues: ¥59.2 billion, up 11.6% year-on-year

Operating income: ¥1.3 billion (Operating loss ¥0.6 billion same period a year ago)

In terms of domestic travel, dynamic package products focusing on the Kanto and Hokkaido regions, as well as products such as "ANA Traveler's Hotel" performed well. Regarding international travel, we actively captured the demand for individual trips to mainly to Hawaii and Asia such as Korea and Taiwan. As a result, both operating revenue and operating income exceeded the previous year's figures, leading to a shift to operating profitability.

Additionally, starting from November, we introduced a code payment function in addition to the existing touch payment feature in the mobile payment service "ANA Pay", aiming to expand the number of participating stores and improve convenience for customers.

◎ Trade and Retail

Operating revenues: ¥86.7 billion, up 13.3% year-on-year

Operating income: ¥4.2 billion, up 41.9% year-on-year

Year-on-year operating revenues and income have increased due to increased sales from the airport retail outlet "ANA FESTA", airport outlet "ANA DUTY FREE SHOP", and the tourist souvenir wholesaler "FUJISEY" that have accompanied by the recovery in passenger demand. Additionally, in the food business, there was an increase in the business volume of the main product, bananas, leading to both an increase in revenue and operating profit compared to the same period of the previous year.

◎ Others

Operating revenues: ¥28.7 billion, up 5.6% year-on-year

Operating income: ¥0.7 billion, up 78.7% year-on-year

Due to an increase in business volume such as real estate-related business and the airport facilities maintenance and management business, both operating revenues and operating income exceeded the same period last 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. Non-scheduled flights have been excluded from both domestic and international routes.
4. 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., Star Flyer Inc. and some of code share flights with ORIENTAL AIR BRIDGE CO., LTD. Also includes code share flights with Peach Aviation Limited from August 27, 2021 to October 29, 2022. From October 30, 2022 includes some code share flights with Amakusa Airline Co., Ltd and JAPAN AIR COMMUTER CO., LTD.
5. 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.
6. Domestic cargo and mail results include results for code share flights with Peach Aviation Limited, AIRDO Co., Ltd., Solaseed Air Inc., ORIENTAL AIR BRIDGE CO., LTD, and Star Flyer Inc., results for airline charter flights, and land transport results.
7. 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).
8. 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).
9. 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.
10. 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).
11. 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.
12. Percentage point difference for Passenger load factor and cargo and mail load factor between previous year and FY2023 is indicated in field of year-on-year growth/decline rate(%).
13. The result for LCC is from Peach Aviation Limited.

(2) Information Regarding Consolidated Financial Conditions

(i) Financial conditions as of December 31, 2023

Assets: Due to an increase in cash and deposit, etc., total assets increased by ¥118.3 billion compared to the balance as of the end of FY2022 to ¥3,485.0 billion.

Liabilities: Due to progress in repayment of loans, etc., total liabilities decreased by ¥32.7 billion compared to the balance as of the end of FY2022 to ¥2,463.6 billion. Interest-bearing debt (including Zero Coupon Convertible Bonds with Share Acquisition Rights) decreased by ¥77.9 billion compared to the balance as of the end of FY2022 to ¥1,529.9 billion.

Equity: Due to the recording of quarterly net income attributable to owners of the parent, etc., total equity increased by ¥151.0 billion compared to the balance as of the end of FY2022 to ¥1,021.4 billion.

For details, please refer to “2. Financial Statements and Operating Results (1) Consolidated Balance Sheet” on page 11.

(ii) Cash Flows for nine months ended December 31, 2023

Operating activities: Income before income taxes and non-controlling interests for the current period was ¥206.6 billion. After adjustments on non-cash items such as depreciation, amortization and addition and subtraction of accounts receivable and payable for operating activities, etc., cash flows from operating activities (inflow) was ¥322.9 billion.

Investment activities: Due to expenditures for the acquisition of securities and capital investment, etc., cash flows from investing activities (outflow) was ¥351.3 billion. As a result, free cash flow (outflow) was ¥28.3 billion.

Financial activities: Due to repay debt, etc., cash flow from financing activities (outflow) was ¥89.1 billion. As a result of the above, cash and cash equivalents at the end of the current period decreased by ¥115.4 billion compared to the balance from the beginning at the period to ¥998.0 billion.

For details, please refer to “2. Financial Statements and Operating Results (3) Consolidated Statement of Cash Flows-Summary” on page 14.

(3) Explanation of Forecast of Consolidated Financial Results

In the third quarter (Oct. to Dec.), airline's international and domestic passenger revenues performed strongly due to strong inbound tourism demand and leisure demand, and it is expected to continue into fourth quarter, which operating revenues is forecast to be ¥2,030.0 billion (an increase of ¥60.0 billion compared to the previous announcement). Despite increases in expenses for maintenance and personnel etc. hereafter, the operating income is forecast to be ¥190.0 billion (an increase of ¥50.0 billion) due to the increase in operating revenues. In addition, aircraft related compensation income and gains from the sale of aircraft assets etc. will exceed expectations which ordinary income is forecast to be ¥190.0 billion (an increase of ¥75.0 billion) and a net income attributable to owners of parent is forecast to be ¥130.0 billion (an increase of ¥50.0 billion). The dividend forecast for fiscal year 2023 remains unchanged at ¥30.0 per share, as announced on October 31, 2023.

These calculations for the fourth quarter financial results forecast were made based on the assumptions that the exchange rate is ¥145 to one US dollar, and indices for fuel costs as follows; the market price for crude oil on the Dubai market is US\$75 per barrel, while Singapore kerosene costs are US\$100 per barrel.

Consolidated Operating Results and Forecast (April 1, 2023~March 31, 2024)

	Operating Revenues	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income per Share
	(Billion yen)	(Billion yen)	(Billion yen)	(Billion yen)	(Yen)
Previous Forecast (A)	1,970.0	140.0	115.0	80.0	170.58
New forecast (B)	2,030.0	190.0	190.0	130.0	277.29
Change (B – A)	60.0	50.0	75.0	50.0	-
% Change	3.0	35.7	65.2	62.5	-
Ref.FY2022 (Apr 1, 2022 - Mar 31, 2023)	1,707.4	120.0	111.8	89.4	190.24

The above earnings forecasts are made on the basis of information currently available. Therefore, earnings results may differ from such forecasts for a variety of reasons.

2. Financial Statements and Operating Results

(1) Consolidated Balance Sheet

Yen (Millions)

Assets	FY2023 as of Dec 31, 2023	FY2022 as of Mar 31, 2023
Current assets:		
Cash and deposits	664,189	603,686
Notes and accounts receivable	185,495	186,085
Lease receivables and investments in leases	12,785	14,724
Marketable securities	634,838	580,037
Inventories (Merchandise)	12,121	8,958
Inventories (Supplies)	43,345	35,697
Other current assets	146,767	121,891
Allowance for doubtful accounts	(288)	(258)
Total current assets	1,699,252	1,550,820
Fixed assets:		
Property and equipment:		
Buildings and structures	85,781	92,156
Aircraft	896,031	904,339
Machinery, equipment and vehicles	27,238	27,423
Furniture and fixtures	11,170	12,600
Land	44,058	44,045
Lease assets	3,606	3,782
Construction in progress	212,611	186,967
Total property and equipment	1,280,495	1,271,312
Intangible assets:		
Goodwill	16,527	18,115
Other intangible assets	80,435	69,705
Total Intangible assets	96,962	87,820
Investments and other assets:		
Investments securities	151,715	149,952
Long-term receivables	6,452	6,635
Deferred tax assets	210,998	263,303
Asset for defined benefits	1,683	1,618
Other assets	40,536	37,753
Allowance for doubtful accounts	(3,559)	(3,486)
Total investments and other assets	407,825	455,775
Total fixed assets	1,785,282	1,814,907
Deferred assets	561	997
TOTAL	3,485,095	3,366,724

Yen (Millions)

Liabilities and Equity	FY2023 as of Dec 31, 2023	FY2022 as of Mar 31, 2023
Liabilities		
Current liabilities:		
Accounts payable	217,578	162,969
Short-term loans	84,170	92,170
Current portion of long-term debt	77,698	84,633
Current portion of bonds	30,000	30,000
Current portion of convertible bond-type bonds with share acquisition rights	70,000	—
Finance lease obligations	2,197	3,047
Income taxes payable	6,019	6,910
Contract liabilities	409,943	393,545
Accrued bonuses to employees	17,987	33,686
Other provisions	9,548	19,629
Other current liabilities	54,979	56,812
Total current liabilities	980,119	883,401
Long-term liabilities:		
Bonds	155,000	155,000
Convertible bond-type bonds with share acquisition rights	150,000	220,000
Long-term debt	956,036	1,017,585
Finance lease obligations	4,862	5,483
Deferred tax liabilities	634	206
Accrued corporate executive officers' retirement benefits	675	586
Liability for retirement benefits	160,112	161,129
Other provisions	23,114	23,112
Asset retirement obligations	1,308	1,537
Other long-term liabilities	31,771	28,294
Total long-term liabilities	1,483,512	1,612,932
Total liabilities	2,463,631	2,496,333
Equity		
Shareholders' equity:		
Common stock	467,601	467,601
Capital surplus	404,065	407,328
Retained earnings	127,823	(21,126)
Treasury stock	(56,506)	(59,365)
Total shareholders' equity	942,983	794,438
Accumulated other comprehensive income:		
Unrealized gain on securities	36,919	36,824
Deferred gain on derivatives under hedge accounting	42,912	42,496
Foreign currency translation adjustments	3,193	2,481
Defined retirement benefit plans	(12,328)	(13,820)
Total	70,696	67,981
Non-controlling interests	7,785	7,972
Total equity	1,021,464	870,391
TOTAL	3,485,095	3,366,724

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

Consolidated Statement of Income

Yen (Millions)

	Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022
Operating revenues	1,543,581	1,258,655
Cost of sales	1,187,291	1,029,173
Gross income	356,290	229,482
Selling, general and administrative expenses		
Commissions	39,550	29,508
Advertising	4,363	2,932
Employees' salaries and bonuses	26,973	26,195
Provision of allowance for doubtful accounts	55	(2)
Provision for accrued bonuses to employees	2,496	2,938
Retirement benefit expenses	1,969	2,173
Depreciation	13,409	16,798
Outsourcing expenses	18,628	16,943
Other	38,733	33,015
Total selling, general and administrative expenses	146,176	130,500
Operating income	210,114	98,982
Other income:		
Interest income	830	286
Dividend income	863	673
Share of profit of entities accounted for using equity method	911	347
Foreign exchange gain, net	3,685	1,062
Gain on sales of assets	1,751	3,957
Gain on donation of non-current assets	535	693
Subsidies for employment adjustment	—	4,983
Other	9,420	8,652
Total other income	17,995	20,653
Other expenses:		
Interest expenses	17,650	18,882
Loss on sales of assets	48	10
Loss on disposal of assets	1,655	1,734
Grounded aircraft expense	—	4,638
Other	1,623	2,022
Total other expenses	20,976	27,286
Ordinary income	207,133	92,349
Special loss		
Loss on valuation of investment securities	457	25
Total special loss	457	25
Income before income taxes	206,676	92,324
Income taxes	56,871	28,664
Net income	149,805	63,660
Net income attributable to non-controlling interests	856	1,059
Net income attributable to owners of the parent	148,949	62,601

Consolidated Statement of Comprehensive Income

Yen (Millions)

	Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022
Net income	149,805	63,660
Other comprehensive income:		
Unrealized gain on securities	83	4,543
Deferred gain (loss) on derivatives under hedge accounting	419	(27,001)
Foreign currency translation adjustments	844	1,248
Defined retirement benefit plans	1,486	1,610
Share of other comprehensive income in affiliates	14	40
Total other comprehensive income (loss)	2,846	(19,560)
Comprehensive income	152,651	44,100
Total comprehensive income attributable to:		
Owners of the parent	151,664	42,810
Non-controlling interests	987	1,290

(3) Consolidated Statement of Cash Flows-Summary

Yen (Millions)

	Nine months ended Dec 31, 2023	Nine months ended Dec 31, 2022
I. Cash flows from operating activities		
Net cash provided by operating activities (Note 1)	322,939	339,281
II. Cash flows from investing activities		
Net cash used in investing activities (Note 2)	(351,311)	(74,791)
III. Cash flows from financing activities		
Net cash used in financing activities	(89,149)	(127,551)
IV. Effect of exchange rate changes on cash and cash equivalents	2,096	2,376
V. Net (decrease) increase in cash and cash equivalents	(115,425)	139,315
VI. Cash and cash equivalents at the beginning of period	1,113,481	882,329
VII. Cash and cash equivalents at end of period	998,056	1,021,644
Note 1 including, Depreciation and amortization	106,383	111,496
Note 2 including, Investment in capital expenditures	(149,640)	(94,319)

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

(Change in scope of funds in consolidated statements of cash flows)

Previously, time deposits with deposit terms exceeding three months were not included in the scope of funds, but from three months ended June 30, 2023, time deposits with deposit terms of six months or less are included. This is because the Group reviewed its internal rules for time deposits with deposit terms of more than three months but less than six months in line with the reality of cash management, and determined that including these time deposits in the scope of funds would more appropriately present the status of cash flows.

The change in accounting policy has been applied retrospectively, and the amounts for nine months ended December 31, 2022 have been retrospectively applied. As a result of this change, compared with the figures before retrospective application, cash flows from investing activities in nine months ended December 31, 2022 increased by ¥78,296 million, net increase in cash and cash equivalents in nine months ended December 31, 2022 increased by ¥78,307 million, and cash and cash equivalents at end of period in nine months ended December 31, 2022 increased by ¥339,599 million, respectively.

(Additional Information)

(Wholly Owned Subsidiary through Simplified Share Exchange)

With respect to the "Additional Information" disclosed in the quarterly report for the second quarter of the current fiscal year, on January 25, 2024, the Company entered into the share exchange agreement modification with Nippon Cargo Airlines Co., Ltd ("NCA"), and changed the effective date of a share exchange (the "Share Exchange") to make the Company a wholly owning parent company in the Share Exchange and NCA a wholly owned subsidiary company in the Share Exchange, as follows.

1.Changes of Effective Date

Before change	After change
February 1, 2024 (scheduled)	April 1, 2024 (scheduled)

2.Reason for change

The Share Exchange is subject to the approval of the relevant authorities, and the effective date of the Share Exchange has been changed in consideration of the time required for the completion of the business combination examination by the relevant authorities in Japan and overseas.

(Segment Information)

1. Nine months ended Dec 31, 2023

(1) Information on amount of operating revenues, profit or loss by reporting segment

Yen (Millions)

	Reportable Segments				Subtotal
	Air Transportation	Airline Related	Travel Services	Trade and Retail	
Operating revenues from external customers	1,376,161	34,270	46,297	75,785	1,532,513
Intersegment revenues or transfers	32,029	174,942	12,911	10,952	230,834
Total	1,408,190	209,212	59,208	86,737	1,763,347
Segment profit	203,617	9,655	1,312	4,272	218,856

	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues from external customers	11,068	1,543,581	—	1,543,581
Intersegment revenues or transfers	17,699	248,533	(248,533)	—
Total	28,767	1,792,114	(248,533)	1,543,581
Segment profit	713	219,569	(9,455)	210,114

Notes:

1. "Others" represents all business segments that are not included in reportable segments, such as facility management, business support and other operations.
2. "Adjustments" of "Segment profit" represents the elimination of corporate expenses.
3. "Segment profit" is reconciled with operating income on the consolidated statements.

(2) Information regarding impairment loss on fixed assets or goodwill by reportable segment
Not applicable.

(3) Matters about changes of reportable segment, etc.
Not applicable.

2. Nine months ended Dec 31, 2022

(1) Information on amount of operating revenues, profit or loss by reporting segment

Yen (Millions)

	Reportable Segments				Subtotal
	Air Transportation	Airline Related	Travel Services	Trade and Retail	
Operating revenues from external customers	1,104,144	34,196	41,201	68,353	1,247,894
Intersegment revenues or transfers	29,873	146,097	11,864	8,223	196,057
Total	1,134,017	180,293	53,065	76,576	1,443,951
Segment profit (loss)	99,118	5,174	(654)	3,010	106,648

	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues from external customers	10,761	1,258,655	—	1,258,655
Intersegment revenues or transfers	16,471	212,528	(212,528)	—
Total	27,232	1,471,183	(212,528)	1,258,655
Segment profit (loss)	399	107,047	(8,065)	98,982

Notes:

1. "Others" represents 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)" represents the elimination of corporate expenses.
3. "Segment profit (loss)" is reconciled with operating income on the consolidated statements.

(2) Information regarding impairment loss on fixed assets or goodwill by reportable segment
Not applicable.

(3) Matters about changes of reportable segment, etc.
Not applicable.

3. Other

Not applicable.