

Consolidated Financial Results for the year ended March 31, 2020



ALL NIPPON AIRWAYS TRADING CO.,LTD.

Overview of Consolidated Financial Results for FY2019



→ Consolidated Balance Sheet

(Millions of yen)

Item	March 31, 2019	March 31, 2020	Item	March 31, 2019	March 31, 2020
Assets			Liabilities		
Current assets	49,210	44,960	Current liabilities	27,668	24,379
Cash and deposits	2,160	1,902	Notes and accounts payable-trade	13,757	10,204
Notes and accounts receivable-trade	11,645	10,530	Short-term loans payable	266	359
Accounts receivable-other	4,761	3,135	Current portion of long-term debt	260	272
Lease investment assets	8,014	8,476	Finance lease obligations	1,135	2,251
Merchandise	10,773	11,244	Accounts payable - other	8,793	7,688
Raw materials and supplies	241	143	Accrued income taxes	482	406
Short-term loans receivable	7,588	6,748	Accrued bonuses to employees	1,043	759
Advances paid	1,250	457	Other current liabilities	1,930	2,438
Other current assets	2,834	2,455			
Allowance for doubtful account	△ 58	△ 134	Long-term liabilities	10,081	9,317
			Long-term debt	1,039	847
Fixed assets	19,724	19,799	Finance lease obligations	5,493	4,241
Property and equipment	6,284	6,709	Accrued corporate executive officers' retirement benefits	213	224
Buildings and structures	2,868	2,827	Liability for retirement benefits	2,791	3,219
Machinery, equipment and vehicles	490	412	Other long-term liabilities	543	784
Tools, furniture and fixtures	629	930			
Land	2,216	2,151	Total liabilities	37,749	33,696
Construction in progress	9	352			
Other	70	72	Net assets		
Intangible fixed assets	2,329	2,260	Shareholders' equity	29,213	29,999
Goodwill	570	591	Capital stock	1,000	1,000
Software	1,584	1,549	Capital surplus	26	26
Software in progress	137	83	Retained earnings	28,186	28,972
Other intangible assets	36	35	Accumulative other comprehensive income	1,793	936
Investments and others	11,111	10,830	Unrealized holding gain (loss) on securities	2,489	1,887
Investment securities	7,596	6,736	Unrealized gain (loss) from hedging instruments	38	77
Long-term loans receivable	400	363	Foreign currency translation adjustments	△ 160	△ 252
Deferred tax assets	888	1,374	Remeasurements of defined benefit plans	△ 574	△ 775
Net defined benefit asset	90	69	Non-controlling interests	179	127
Other	2,525	2,612			
Allowance for doubtful account	△ 391	△ 365	Total net assets	31,185	31,063
Total assets	68,935	64,759	Total liabilities and net assets	68,935	64,759

(Note) The amounts shown are rounded down to the nearest million yen.

→ Consolidated Statement of Income

(Millions of yen)

Item	March 31, 2019	March 31, 2020
Operating revenues	152,081	147,291
Cost of operating revenues	116,336	113,262
Gross profit	35,745	34,028
Selling, general and administrative expenses	31,940	30,954
Operating income	3,804	3,074
Non-operating income		
Interest income	12	15
Dividend income	231	156
Equity in earnings of non-consolidated subsidiaries and affiliates	248	355
Foreign exchange gains	167	217
Income from investments in partnership	497	–
Other	80	96
Total non-operating income	1,237	841
Non-operating expenses		
Interest expenses	31	32
Loss on retirement of fixed assets	37	19
Other	45	209
Total non-operating expenses	114	262
Ordinary income	4,927	3,654
Extraordinary loss		
Loss on sales of fixed assets	1	–
Loss on valuation of investment securities	41	222
Impairment loss	138	364
Loss on disaster	17	–
Other	4	99
Total extraordinary losses	204	686
Profit before income taxes	4,722	2,967
Income taxes -current	1,611	1,197
Income taxes -deferred	△ 36	△ 315
Total income taxes	1,575	881
Profit	3,147	2,085
Profit attributable to non-controlling interests	58	△ 27
Owners of parent	3,088	2,112

(Note) The amounts shown are rounded down to the nearest million yen.

- The Japanese economy this fiscal year remained on a mild recovery trend but was stagnant due to the impact of US-China trade friction and a downturn in consumer spending caused by the consumption tax rate hike enacted in October 2019. Most recently, the COVID-19 pandemic has had a massive impact on the global economy and conditions are likely to remain severe for the foreseeable future.
- As the ANA Trading Group responsible for diverse business within the ANA Group, we focused on increasing revenues from outside sales by maximizing our strengths to achieve business expansion and challenging ourselves to new business domains.
- In new business domains, ANA TRADING CORP., U.S.A. acquired a 100% stake in FARWEST AIRCRAFT, INC., a US distributor of aircraft maintenance parts, in May 2019 to further increase sales of aircraft maintenance parts.
- However, consolidated net sales were 147,291 million yen, a decrease of 4% YoY, and operating income was 3,074 million yen, a decrease of 20% YoY, due to changes in the purchasing behavior of inbound foreigners, lower sales due to decreased flights and passengers as a result of the COVID-19 pandemic, and decreased revenues and income from the Food business.
- The above factors resulted in net income attributable to owners of parent of 2,112 million yen, a decrease of 32% YoY.

→ Consolidated Operating Results

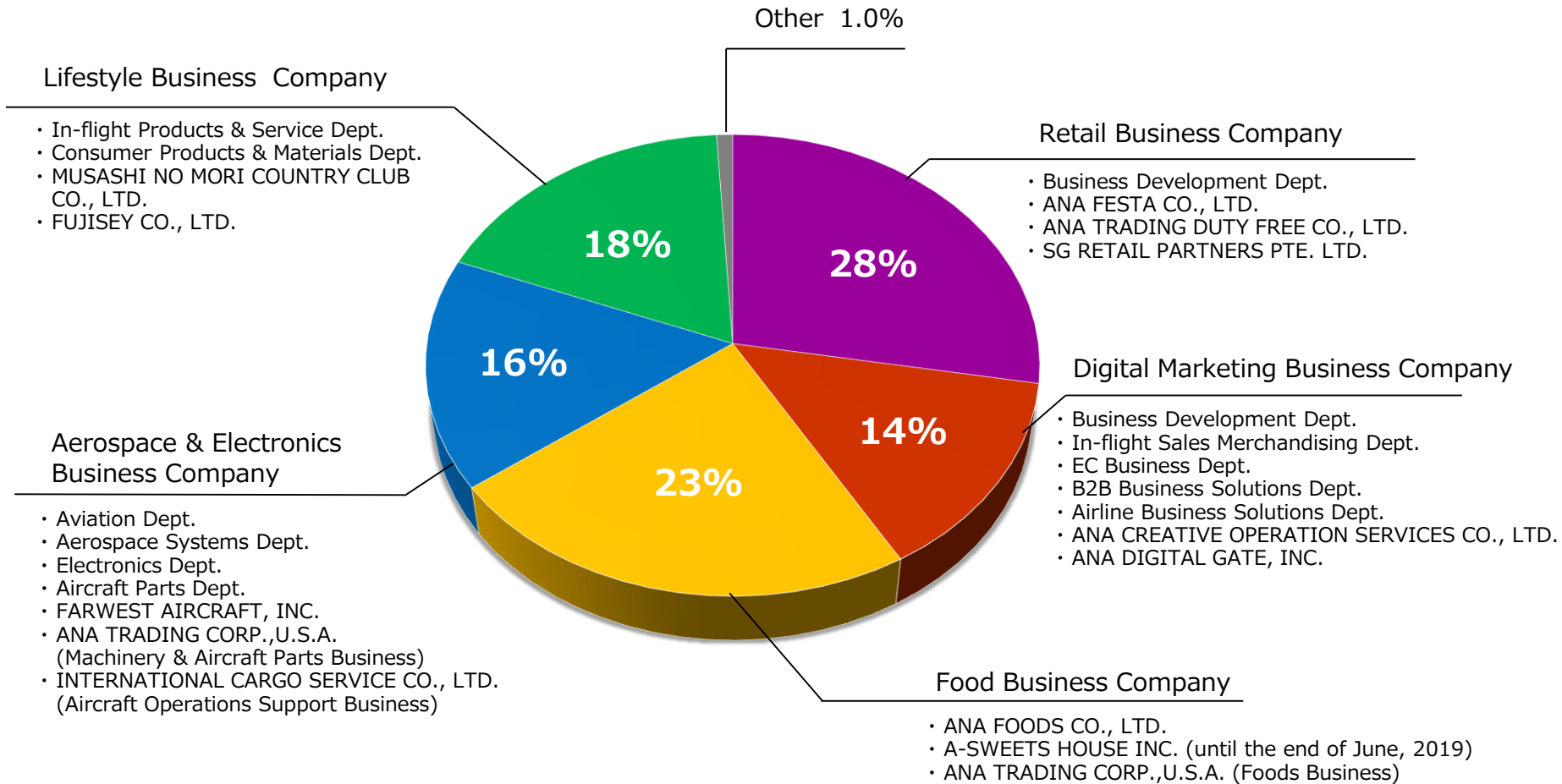
(Millions of yen)

	FY2018	FY2019	Change
Operating revenues	152,081	147,291	▲4,790
Operating income	3,804	3,074	▲730
Ordinary income	4,927	3,654	▲1,273
Net income attributable to owners of parent	3,088	2,112	▲976
EBITDA*1	5,092	4,543	▲549

*1 EBITDA = Operating income + depreciation expenses

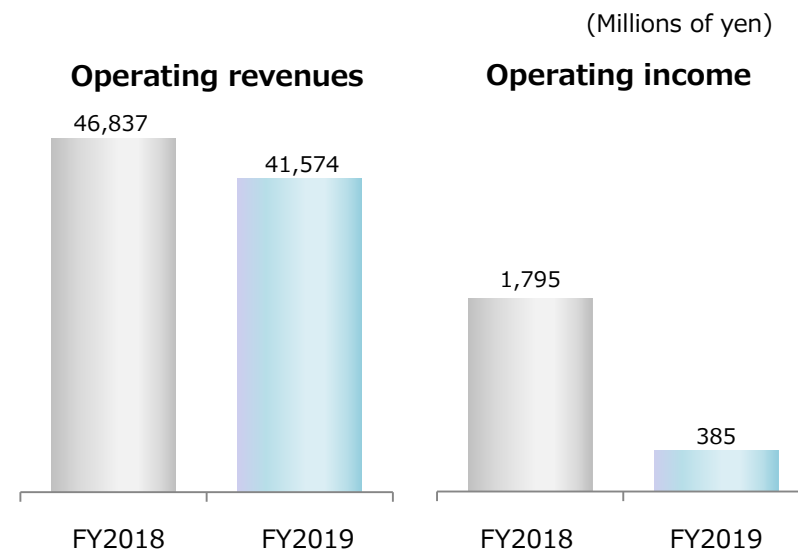
→ Ratio of Operating Revenues by Segment

* Graph does not reflect elimination of inter-company transactions



➔ Retail Business Company

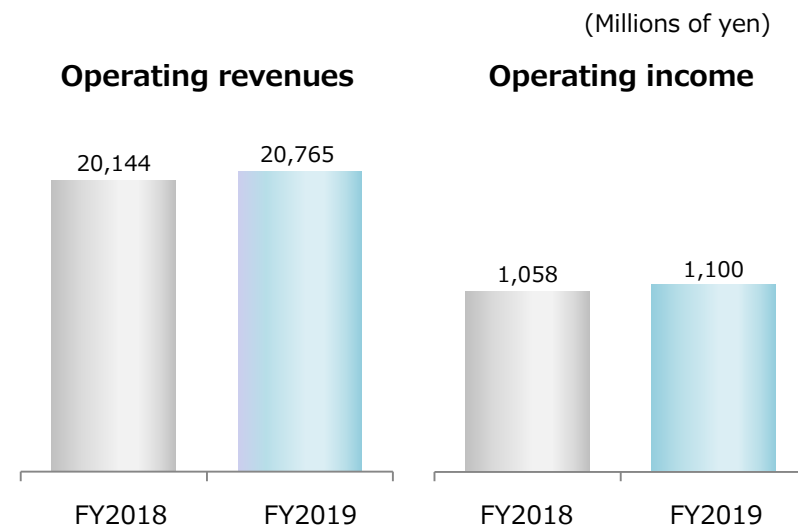
- The Retail Business Company worked to maximize revenues, particularly from the domestic airport retail business, while addressing market environment changes.
- ANA FESTA Co., Ltd. responded to changes in passenger movements resulting from the privatization of domestic airport operations and airport restructuring. ANA TRADING Duty Free Co., Ltd. responded to changes to the purchasing trends of foreign visitors. However, revenues and income decreased due to the significant impact of decreased passenger numbers caused by the COVID-19 pandemic during 4Q.
- The above factors resulted in net sales of 41,574 million yen, a decrease of 11% YoY, and operating income of 385 million yen, a decrease of 79% YoY.



* Inter-company transactions have not been eliminated.

➔ Digital Marketing Business Company

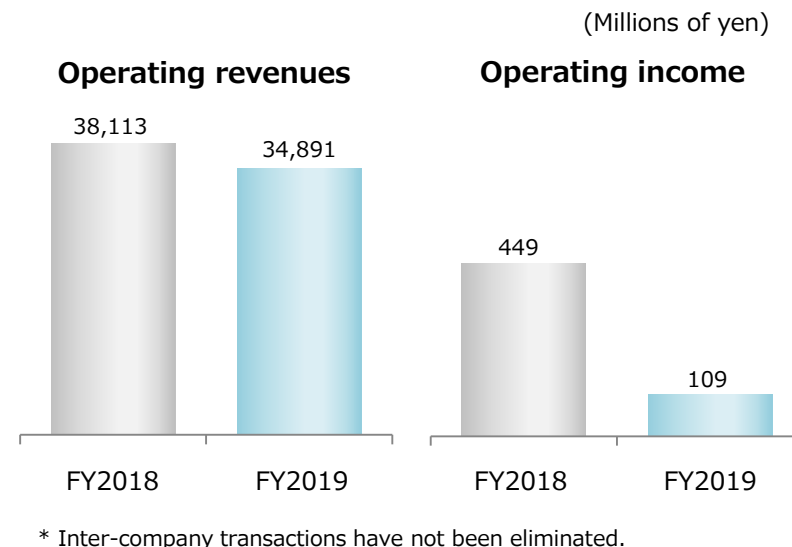
- The Digital Marketing Business Company promoted business expansion and innovation within all businesses and operating companies with a focus on digital themes.
- The EC Business Dept. recorded increased revenues thanks to the benefits of Mileage Direct, a service that allows members to use mileage directly for shopping on the EC website A-style. The In-flight Sales Merchandising Dept. recorded firm sales from promotions for pre-flight reservations and ANASTORE@SKY on domestic routes, which allows passengers to make purchases for up to two days after deboarding their flight. The B2B Business Solutions Dept. saw favorable sales of e-GIFT, a digital gift services exclusively for corporate customers. Also, ANA Digital Gate, Inc. recorded increased sales for payment services and terminal sales.
- The above factors resulted in net sales of 20,765 million yen, an increase of 3% YoY, and operating income of 1,100 million yen, an increase of 4% YoY.



* Inter-company transactions have not been eliminated.

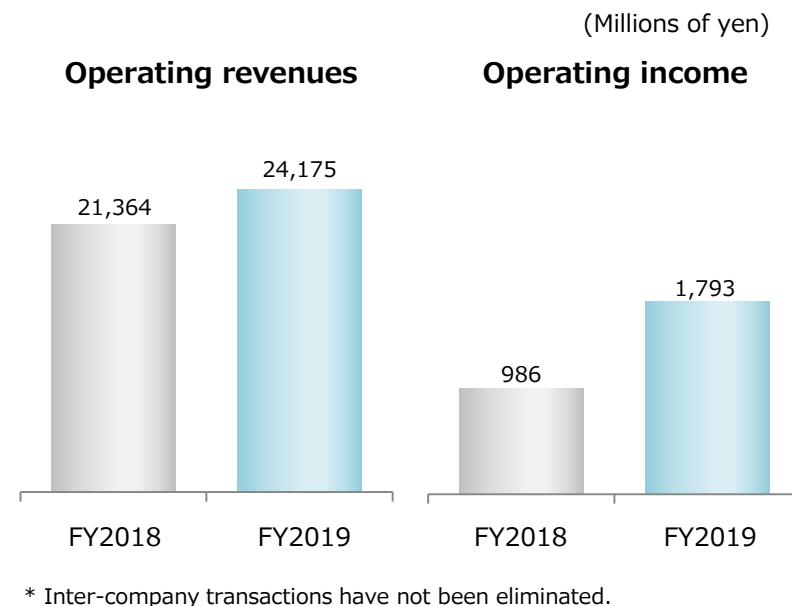
→ Food Business Company

- The Food Business Company focused on concentration and selection based on the needs of domestic and overseas companies as it worked to strengthen business and create new value.
- The Fresh Food Business experienced quality trouble and an increase in ancillary costs due to an elongation of the period between shipments from producer sites to product sale as a result of an inspection order imposed on bananas imported from the Philippines. On the other hand, since March, demand has trended upward due to stay-at-home requests. The Processed Food Business recorded decreased revenues due to stagnant contract numbers for nuts as raw materials. Furthermore, we withdrew from the Sweets Business as of Q1.
(YoY change in net sales: -1,423 million yen)
- The above factors resulted in net sales of 34,891 million yen, a decrease of 8% YoY, and operating income of 109 million yen, a decrease of 76% YoY.



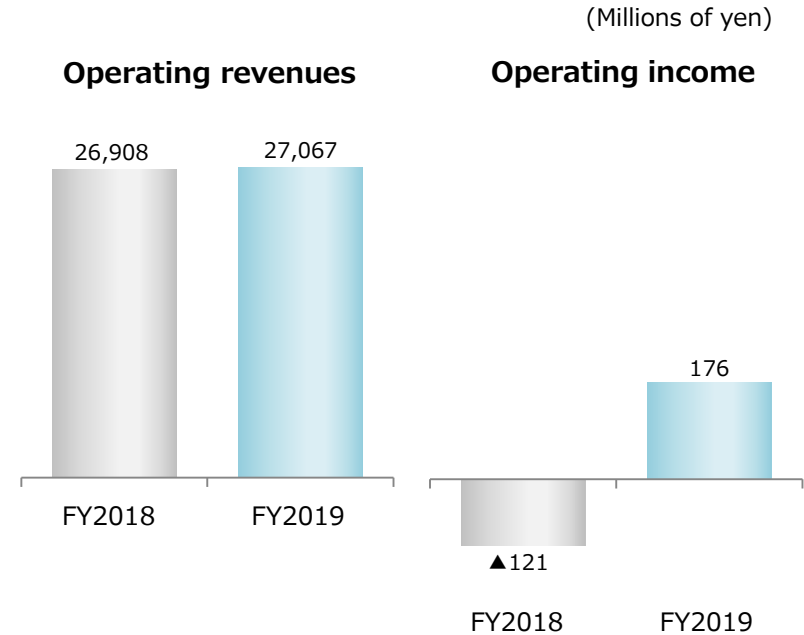
→ Aerospace & Electronics Business Company

- The Aerospace & Electronics Business Company works to maximize our strengths as the ANA Group trading company towards establishing a unique position in the asset business and materials business. The company also worked to maximize customer value and income by strengthening our marketing and sales capabilities in our four core global regions (Japan, Americas, Europe, and Asia).
- The Aircraft Parts Dept. significantly expanded sales of parts, mainly to overseas customers. The Aviation Dept. increased its product line of passenger cabin fixtures and from May 2019 began offering maintenance parts through FARWEST in the USA, which contributed to increased revenues and income. While the Aerospace Systems Dept. expanded sales of defense materials and saw favorable deliveries of security materials, the Electronics Dept. saw decreased demand due to US-China trade friction. However, sales of semiconductor wafers to China increased.
- The above factors resulted in net sales of 24,175 million yen, an increase of 13% YoY, and operating income of 1,793 million yen, an increase of 82% YoY.



→ Lifestyle Business Company

- The Lifestyle Business Company worked to increase added value within each business department while using strong existing partnerships and our market competitiveness established through our history of contributions to the ANA Group to develop new business in Asia and create new businesses in the lifestyle domain.
- The Consumer Products & Materials Dept. recorded increased revenues and income on increased sales of the disinfectant and deodorizer A2Care, and sales of licensed products for the Tokyo 2020 Olympic and Paralympic Games through Fujisey Co., Ltd., which handles tourist gifts. The In-flight Products & Service Dept. recorded income through Q3 thanks to favorable planning, development, procurement, and distribution of products and drinks for ANA flights.
- The above factors resulted in net sales of 27,067million yen, an increase of 1% YoY, and operating income of 176 million yen.



* Inter-company transactions have not been eliminated.

→ Major Financial Figures

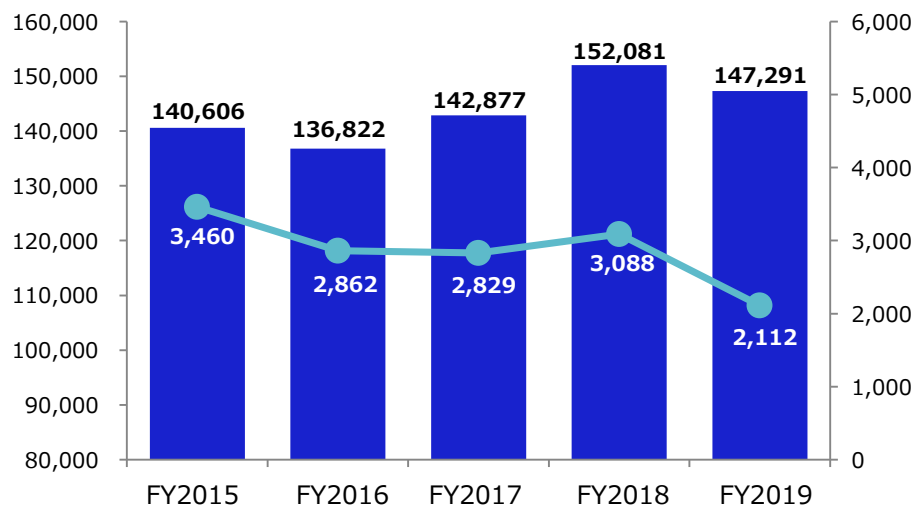
(Millions of yen)

	FY2015	FY2016	FY2017	FY2018	FY2019
Operating revenues	140,606	136,822	142,877	152,081	147,291
Ordinary income	5,603	4,755	4,404	4,927	3,654
Owners of parent	3,460	2,862	2,829	3,088	2,112
Total assets	62,765	61,744	65,771	68,935	64,759
Net assets	22,743	26,009	28,411	31,185	31,063
Equity ratio (%)	36.1	41.9	43.0	45.0	47.8

→ Trend in Operating Revenues and Net Income

(Millions of yen)

■ Operating revenues ● Net income



→ Trend in Total Assets and Net Assets

(Millions of yen)

■ Total assets ■ Net assets

