

Q&A regarding Bond-Type Class Shares

ANA HOLDINGS INC.

April 30, 2025



This document has been prepared solely for the benefit of the holders of Common Shares of ANA HOLDINGS INC. in evaluating the proposal made by us for a partial amendment to the Articles of Incorporation scheduled to be submitted to our 80th Annual General Meeting of Shareholders planned to be held on June 27, 2025 and not for the purpose of soliciting investment or engaging in any other similar activities in Japan or any foreign country. This document does not constitute an offer of securities in the United States. The securities referred to herein have not been, and will not be, registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States absent registration thereunder or an applicable exemption from registration requirements. In this case, no offering of securities will be made in the United States.

Q&A regarding Bond-Type Class Shares

Question	Answer
<p>1. What is the purpose of Amendment to the Articles of Incorporation?</p>	<ul style="list-style-type: none"> ■ We believe that it is important to continue to secure flexibility in financing by strengthening our financial foundation to support growth investments such as aircraft investments, financial soundness and maintaining credit ratings. ■ We believe that Bond-Type Class Shares will enable it to achieve a good balance among growth investment, maintenance of financial soundness, and capital efficiency, and increase flexibility and mobility in funding. ■ We plan to amend our Articles of Incorporation to secure the “Bond-Type Class Shares” as a new financing option that enables us to increase shareholders’ equity with a lower cost of equity (※¹) than that for Common Shares (currently recognized as around 8%) , without dilution of voting rights of existing holders of our Common Shares (the “Common Shareholders”), protecting the interests of our existing shareholders.
<p>2. What are the characteristics of Bond-Type Class Shares?</p>	<ul style="list-style-type: none"> ■ Bond-Type Class Shares are treated as shares under the Company Law, but the issuance thereof is a hybrid financing method with an intermediate characteristic between shares and bonds, the product nature of which is similar to that of hybrid bonds. ■ Bond-Type Class Shares do not have voting rights and are not convertible into Common Shares, and a fixed preferred dividend is paid for a fixed period of time. In addition, Bond-Type Class Shares have priority over Common Shares in terms of the order of distribution of dividends and residual assets, and are non-participating, meaning that no dividend is paid more than the amount of the preferred dividend to be determined at the time of issuance. ■ We plan to apply for listing of Bond-Type Class Shares (in addition to Common Shares) on the Prime Market of the Tokyo Stock Exchange, with the intention of providing investment opportunities to a wide range of investors.

※¹ It is based on our assumption of the cost of equity in approximately five years after issuance if the issuance is realized within the assumed range of an annual dividend ratio of 5% or less as stated in the shelf registration statement for the Series 1 Bond-Type Class Shares submitted on April 30, 2025.

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Question	Answer
3. What is the expected role of Hybrid Financing in the financial strategy and its position in the capital structure?	<ul style="list-style-type: none"> ■ Hybrid Financing is considered to be an option that contributes to securing an appropriate capital and debt structure that balances capital efficiency and financial soundness, by limiting the dilution of voting rights of Common Shareholders and the impact on ROE and EPS for Common Shares caused by the issue of Common Shares^(※1), while at the same time strengthening our financial foundation. ■ As the cost of equity for Bond-Type Class Shares is limited to amounts corresponding to the annual dividend rate to be determined at the time of issuance, and the cost of equity for the Bond-Type Class Shares is lower than that for Common Shares (currently recognized as around 8%)^(※2). Therefore, we believe that the issuance of the Bond-Type Class Shares is a financing option that protects the interests of our existing shareholders.
4. What is product nature similar to that of hybrid bonds?	<ul style="list-style-type: none"> ■ As with hybrid bonds, we expect that the Bond-Type Class Shares obtain equity credits by rating agencies (R&I and JCR) for 50% of the issue amount^(※3). ■ Dividends are fixed for approximately five years from the issuance, and in principle, we may acquire the Bond-Type Class Shares in exchange for cash, which is equivalent to the Issue Price plus unpaid dividends and accrued dividends starting from five years after the issuance.
5. What is the difference between the Bond-Type Class Shares and hybrid bonds?	<ul style="list-style-type: none"> ■ The Bond-Type Class Shares differ from hybrid bonds in that they can increase equity capital for accounting purposes. ■ In addition, the Bond-Type Class Shares can be considered for investment by a wide range of investors through their listing on the Prime Market of the Tokyo Stock Exchange (eligible for NISA).

※1 Assuming that the relevant amounts of the Bond-Type Class Shares (i.e., the paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for Common Shares.

※2 It is based on our assumption of the cost of equity in approximately five years after issuance if the issuance is realized within the assumed range of an annual dividend ratio of 5% or less as stated in the shelf registration statement for the Series 1 Bond-Type Class Shares submitted on April 30, 2025.

※3 Depending on our financial strategy and capital policy at the time of issuance, we may not seek to obtain equity credits by rating agencies.

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Question	Answer
6. Will there be any disadvantages to common shareholders?	<ul style="list-style-type: none"> ■ The Bond-Type Class Shares have no voting rights and are not convertible into Common Shares, so there will be no dilution of voting rights for Common Shareholders. ■ The Bond-Type Class Shares are “non-participating”, meaning that no dividend is paid more than the amount of the preferred dividend to be determined at the time of issuance, and only Common Shareholders have the right to participate in dividends other than the preferred dividend. ■ Issuance of the Bond-Type Class Shares is a financing method that is more considerable of the impact on ROE, EPS, etc. for Common Shares as compared to a public offering through the issuance of Common Shares^(※1).
7. Does the issuance of the Series 1 Bond-Type Class Shares affect the dividend policy for Common Shares?	<ul style="list-style-type: none"> ■ We consider the Common Shareholder return to be a material management issue, and would like to enhance our shareholder return while also securing the funds for growth investments to prepare for future business development and accumulating shareholders' equity to strengthen our financial foundation. Therefore, we do not expect our dividend policy for Common Shares to be affected by the Series 1 Bond-Type Class Shares if and when issued.
8. Why are dividends on Common Shares paid once a year, but dividends on Bond-Type Class Shares are paid twice a year?	<ul style="list-style-type: none"> ■ The reason that Common Shares are only paid dividends once a year, but Bond-Type Class Shares are paid dividends twice a year, is due to the difference in the product nature of Common Shares and Bond-Type Class Shares. ■ The Bond-Type Class Shares are a product with the characteristics of a bond, and it is common for bonds to pay interest twice a year. On the other hand, the basic policy for Common Shares is to pay dividend of surplus once a year, as has been the case in the past.
9. Does the time of dividends on Common Shares change to twice a year?	<ul style="list-style-type: none"> ■ Common Shares and Bond-Type Class Shares have different product nature, and the issuance of Bond-Type Class Shares does not change the dividend policy or frequency of dividends for Common Shares, and we plan to continue to pay dividends on the Common Shares once a year as before.
10. Will the issuance of Bond-Type Class Shares affect the shareholder benefits for Common Shares?	<ul style="list-style-type: none"> ■ There is no plan to issue shareholder benefits to holders of Bond-Type Class Shares. Therefore, we do not expect the issuance of Bond-Type Class Shares to affect the shareholder benefits for Common Shares.

※1 Assuming that the relevant amounts of the Bond-Type Class Shares (i.e., the paid-in amount and preferred dividends) are deducted from the net assets and net income when calculating ROE and EPS for Common Shares.

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Question	Answer
11. Is there any possibility that the Bond-Type Class Shares could be used as a takeover protection measure?	<ul style="list-style-type: none"> ■ The Bond-Type Class Shares do not have voting rights and are not convertible into Common Shares. Accordingly, they are not suitable for takeover protection measures and we do not expect to use them as such. ■ We do not expect to allot the Bond-Type Class Shares to common shareholders by gratis allotment or otherwise.
12. What form of issuance is envisaged?	<ul style="list-style-type: none"> ■ The specific timing of the issuance has not yet been determined at this time, but it is envisaged that, if issued, the shares will be offered to a wide range of investors, including retail investors, through a public offering in Japan. ■ We also envisage that our Common Shareholders will be able to purchase the Bond-Type Class Shares.
13. What is the planned timing and amount of Series 1 Bond-Type Class Shares?	<ul style="list-style-type: none"> ■ Specific matters including timing of the issuance have not yet been determined at this time. ■ However, when the amendment to the Articles of Incorporation regarding the Bond-Type Class Shares is approved at the General Meeting of Shareholders, we will consider the timing and amount of the issuance based on the market environment and in accordance with our financial strategy and capital policies. ■ In the shelf registration with respect to the Series 1 Bond-Type Class Shares submitted on April 30, 2025, the issue amount is set at a maximum of 200 billion yen.
14. Why is the range of fixed dividend's annual dividend rate for Series 1 Bond-Type Class Shares set at 5% or less?	<ul style="list-style-type: none"> ■ The range of fixed dividend's annual dividend rate is provided based on the current market environment and other factors, taking into account the product nature, which is positioned between equity and debt, and has been set after comprehensively considering the market price of similar Bond-Type Class Shares and hybrid bonds and other factors.
15. Why would you consider listing on the Prime Market of the Tokyo Stock Exchange?	<ul style="list-style-type: none"> ■ We believe that listing on the Prime Market of the Tokyo Stock Exchange is an important way to raise awareness and provide trading opportunities for a wide range of investors.

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Question	Answer
<p>16. Do you plan to acquire (call) Series 1 Bond-Type Class Shares for cash in five years?</p>	<ul style="list-style-type: none"> ■ We will determine whether to acquire (call) Series 1 Bond-Type Class Shares (if and when issued) for cash five years after the date of issuance or later, taking into consideration the business and financial conditions and market environment and other factors at that time. ■ We are well aware that market practice in Hybrid Financing is that many investors expect calls to be made from five years after the date of issuance by the timing of the dividend step-up.
<p>17. While multiple series of the Bond-Type Class Shares are provided under the proposed Articles of Incorporation, what are your thoughts on the specific issuances?</p>	<ul style="list-style-type: none"> ■ At present, the timing of the issue, including Series 1 Bond-Type Class Shares, has not been determined, but we propose to have the authorized share capital through Series 6 so as to realize flexible issuance in the event of any necessity for an increase in equity capital. ■ The specific timing of issuance and conditions of the Series 2 Bond-Type Class Shares and any subsequent series will be determined based on comprehensive consideration of future capital needs and market trends, but at this time, we expect that they would be issued within the range of up to 40 million shares as with the Series 1 Bond-Type Class Shares and are expected to have the same feature as the Series 1 Bond-Type Class Shares, meaning that no voting rights and not convertible into Common Shares, and therefore they will cause no dilution of voting rights of Common Shareholders.