Financial Results 2023

Fiscal 2022 (Year ended March 2023)

ANA HOLDINGS INC.

Contents

Consolidated Financial Statements

Consolidated Balance Sheet

ANA HOLDINGS INC. and its consolidated subsidiaries
As of March 31, 2023

As of March 31	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) (Note 2) 2023
ASSETS			
Current assets:			
Cash and deposits (Notes 18 and 24)	¥ 603,686	¥ 452,679	$ 4,520,976
Marketable securities (Notes 6 and 18)	580,037	498,310	4,343,870
Notes and accounts receivable (Note 18)	186,052	149,437	1,393,334
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	2,741	3,787	20,527
Lease receivables and investments in leases (Note 9)	14,724	17,628	110,267
Inventories (Notes 7, 9 and 26)	44,655	44,074	334,419
Prepaid expenses and other	119,183	128,251	892,555
Allowance for doubtful accounts	(258)	(245)	(1,932)
Total current assets	1,550,820	1,293,921	11,614,019
Property and equipment:			
Land (Note 9)	44,045	44,385	329,850
Buildings and structures (Note 9)	257,665	260,000	1,929,641
Aircraft (Note 9)	1,781,646	1,783,736	13,342,664
Machinery and equipment	99,411	99,234	744,484
Vehicles	33,137	33,353	248,161
Furniture and fixtures	60,748	60,933	454,938
Lease assets (Note 15)	9,849	10,612	73,758
Construction in progress	186,967	176,446	1,400,187
Total	2,473,468	2,468,699	18,523,687
Accumulated depreciation	(1,202,156)	(1,118,362)	(9,002,890)
Net property and equipment	1,271,312	1,350,337	9,520,796
Investments and other assets:			
Investment securities (Notes 6 and 18)	122,820	113,968	919,793
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 8)	31,667	31,632	237,152
Lease and guaranty deposits	16,362	15,003	122,534
Deferred tax assets (Note 13)	263,303	273,452	1,971,864
Goodwill	18,115	20,230	135,662
Intangible assets	69,705	73,050	522,017
Other assets	22,620	46,840	169,400
Total investments and other assets	544,592	574,175	4,078,424
TOTAL (Note 21)	¥3,366,724	¥3,218,433	$25,213,240

As of March 31	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) (Note 2) 2023
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term loans (Notes 9 and 18)	¥ 92,170	¥ 100,070	$ 690,256
Current portion of long-term debt (Notes 9 and 18)	117,680	136,832	881,300
Accounts payable (Note 18)	167,303	126,273	1,252,924
Accounts payable to unconsolidated subsidiaries and affiliates	1,225	3,322	9,173
Contract liabilities	393,545	256,023	2,947,240
Accrued expenses	53,198	25,174	398,397
Income taxes payable	6,910	2,908	51,748
Other current liabilities (Note 12)	51,370	37,287	384,707
Total current liabilities	883,401	687,889	6,615,749
Long-term liabilities:			
Long-term debt (Notes 9 and 18)	1,398,068	1,513,206	10,470,066
Liability for retirement benefits (Note 10)	161,129	157,395	1,206,687
Deferred tax liabilities (Note 13)	206	1,498	1,542
Asset retirement obligations (Note 12)	1,537	1,550	11,510
Other long-term liabilities	51,992	53,480	389,365
Total long-term liabilities	1,612,932	1,727,129	12,079,173
Contingent liabilities (Note 17)			
Equity (Note 16):			
Common stock:			
Authorized – 1,020,000,000 shares;			
Issued – 484,293,561 shares in 2023 and 484,293,561 shares in 2022	467,601	467,601	3,501,842
Capital surplus	407,328	407,328	3,050,460
Retained earnings (Accumulated deficit)	(21,126)	(113,228)	(158,211)
Treasury stock – 13,961,988 shares in 2023 and 13,956,694 shares in 2022	(59,365)	(59,350)	(444,581)
Accumulated other comprehensive income:			
Unrealized gain on securities	36,824	32,311	275,773
Deferred gain (loss) on derivatives under hedge accounting	42,496	72,167	318,250
Foreign currency translation adjustments	2,481	3,688	18,580
Defined retirement benefit plans	(13,820)	(13,268)	(103,497)
Total	862,419	797,249	6,458,616
Non-controlling interests	7,972	6,166	59,701
Total equity	870,391	803,415	6,518,317
TOTAL	¥3,366,724	¥3,218,433	$25,213,240

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
Year Ended March 31	2023	2022	2023
Operating revenues (Note 21)	¥1,707,484	¥1,020,324	$12,787,268
Cost of sales (Notes 10 and 26)	1,403,567	1,049,414	10,511,248
Gross income (loss)	303,917	(29,090)	2,276,020
Selling, general and administrative expenses (Notes 10 and 22)	183,887	144,037	1,377,121
Operating income (loss) (Note 21)	120,030	(173,127)	898,899
Other income (expenses):			
Interest income	838	297	6,275
Dividend income	1,092	988	8,177
Equity in earnings of unconsolidated subsidiaries and affiliates	801	–	5,998
Foreign exchange gain, net	2,306	2,540	17,269
Gain on sales of assets	7,854	4,256	58,818
Gain on donation of non-current assets	1,060	653	7,938
Interest expenses	(24,845)	(25,343)	(186,063)
Equity in losses of unconsolidated subsidiaries and affiliates	–	(2,031)	–
Loss on sales of assets	(85)	(677)	(636)
Loss on disposal of assets	(3,233)	(7,974)	(24,211)
Grounded aircraft expense	(4,638)	(12,697)	(34,733)
Gain on reversal of foreign currency translation adjustments	1,987	–	14,880
Impairment loss (Note 25)	–	(9,357)	–
Loss on cancellation of contracts	–	(4,055)	–
Other, net (Note 26)	11,175	51,153	83,689
Other income (expenses), net	(5,688)	(2,247)	(42,597)
Income (loss) before income taxes	114,342	(175,374)	856,301
Income taxes (Note 13)**:**			
Current	4,578	2,682	34,284
Deferred	19,666	(35,817)	147,277
Total income taxes	24,244	(33,135)	181,562
Net income (loss)	90,098	(142,239)	674,739
Net income attributable to non-controlling interests	621	1,389	4,650
Net income (loss) attributable to owners of the parent	¥ 89,477	¥ (143,628)	$ 670,089

	Yen		U.S. dollars (Note 2)
Year Ended March 31	2023	2022	2023
Per share of common stock (Notes 3, 16 and 23)**:**			
Basic net income (loss)	¥190.24	¥(305.37)	$1.42
After adjusting for diluted shares net income per share	170.16	–	1.27
Cash dividends applicable to the year	–	–	–

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
Year Ended March 31	2023	2022	2023
Net income (loss)	¥ 90,098	¥(142,239)	$ 674,739
Other comprehensive income (loss) (Note 14)**:**			
Unrealized gain on securities	4,466	(6,104)	33,445
Deferred (loss) gain on derivatives under hedge accounting	(29,641)	50,438	(221,980)
Foreign currency translation adjustments	(1,139)	1,142	(8,529)
Defined retirement benefit plans	(554)	2,954	(4,148)
Share of other comprehensive income in affiliates	6	45	44
Total other comprehensive (loss) income (Note 14)	(26,862)	48,475	(201,168)
Comprehensive income (loss)	¥ 63,236	¥ (93,764)	$ 473,571
Total comprehensive income (loss) attributable to:			
Owners of the parent	¥ 62,560	¥ (95,267)	$ 468,508
Non-controlling interests	676	1,503	5,062

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

	Thousands	Yen (Millions)											
							Accumulated other comprehensive income						
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' equity	Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance at March 31, 2021	470,342	¥467,601	¥407,329	¥145,101	¥(59,335)	¥ 960,696	¥38,468	¥ 21,652	¥ 2,666	¥(16,249)	¥ 46,537	¥5,087	¥1,012,320
Cumulative effects of changes in accounting policies				(114,656)		(114,656)							(114,656)
Restated balance		467,601	407,329	30,445	(59,335)	846,040	38,468	21,652	2,666	(16,249)	46,537	5,087	897,664
Issuance of new shares													–
Net loss attributable to owners of the parent				(143,628)		(143,628)							(143,628)
Purchase of treasury stock (Note 16)	(6)				(16)	(16)							(16)
Disposal of treasury stock (Note 16)			(1)		1	0							0
Changes in scope of consolidation				(45)		(45)							(45)
Changes in scope of equity method													–
Net changes in the year							(6,157)	50,515	1,022	2,981	48,361	1,079	49,440
Total changes during the fiscal year	(6)	–	(1)	(143,673)	(15)	(143,689)	(6,157)	50,515	1,022	2,981	48,361	1,079	(94,249)
Balance at March 31, 2022	470,336	467,601	407,328	(113,228)	(59,350)	702,351	32,311	72,167	3,688	(13,268)	94,898	6,166	803,415
Net income attributable to owners of the parent				**89,477**		**89,477**							**89,477**
Purchase of treasury stock (Note 16)	**(5)**				**(15)**	**(15)**							**(15)**
Disposal of treasury stock (Note 16)			**(0)**		**0**	**0**							**0**
Changes in scope of consolidation													**–**
Changes in scope of equity method				**2,625**		**2,625**							**2,625**
Net changes in the year							**4,513**	**(29,671)**	**(1,207)**	**(552)**	**(26,917)**	**1,806**	**(25,111)**
Total changes during the fiscal year	**(5)**	**–**	**(0)**	**92,102**	**(15)**	**92,087**	**4,513**	**(29,671)**	**(1,207)**	**(552)**	**(26,917)**	**1,806**	**66,976**
Balance at March 31, 2023	**470,331**	**¥467,601**	**¥407,328**	**¥ (21,126)**	**¥(59,365)**	**¥ 794,438**	**¥36,824**	**¥ 42,496**	**¥ 2,481**	**¥(13,820)**	**¥ 67,981**	**¥7,972**	**¥ 870,391**

	Thousands	U.S. dollars (Thousands) (Note 2)											
							Accumulated other comprehensive income						
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury stock	Total shareholders' equity	Unrealized gain on securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Non-controlling interests	Total equity
Balance at March 31, 2022	470,336	$3,501,842	$3,050,460	$(847,959)	$(444,469)	$5,259,874	$241,975	$ 540,455	$27,619	$ (99,363)	$ 710,686	$46,176	$6,016,737
Net income attributable to owners of the parent				**670,089**		**670,089**							**670,089**
Purchase of treasury stock (Note 16)	**(5)**				**(112)**	**(112)**							**(112)**
Disposal of treasury stock (Note 16)			**(0)**										**0**
Changes in scope of consolidation													**–**
Changes in scope of equity method				**19,658**		**19,658**							**19,658**
Net changes in the year							**33,797**	**(222,204)**	**(9,039)**	**(4,133)**	**(201,580)**	**13,525**	**(188,055)**
Total changes during the fiscal year	**(5)**	**–**	**(0)**	**689,747**	**(112)**	**689,633**	**33,797**	**(222,204)**	**(9,039)**	**(4,133)**	**(201,580)**	**13,525**	**501,578**
Balance at March 31, 2023	**470,331**	**$3,501,842**	**$3,050,460**	**$(158,211)**	**$(444,581)**	**$5,949,509**	**$275,773**	**$ 318,250**	**$18,580**	**$(103,497)**	**$ 509,106**	**$59,701**	**$6,518,317**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
Year Ended March 31	2023	2022	2023
Cash flows from operating activities:			
Income (loss) before income taxes	**¥ 114,342**	¥(175,374)	**$ 856,301**
Adjustments for:			
Depreciation and amortization (Note 21)	**148,270**	157,505	**1,110,387**
Impairment loss (Note 25)	**–**	9,357	**–**
Amortization of goodwill (Note 21)	**2,115**	2,116	**15,839**
Gain on disposal and sales of property and equipment	**(6,123)**	(15,637)	**(45,854)**
Loss on cancellation of contracts	**–**	4,055	**–**
Loss (gain) on sales and valuation of investment securities	**841**	(2,941)	**6,298**
Reversal of foreign currency translation of investment securities	**(1,987)**	–	**(14,880)**
Increase in allowance for doubtful accounts	**506**	770	**3,789**
Increase in liability for retirement benefits	**2,906**	664	**21,762**
Interest and dividend income	**(1,930)**	(1,285)	**(14,453)**
Interest expenses	**24,845**	25,343	**186,063**
Subsidies for employment adjustment	**(5,043)**	(23,955)	**(37,766)**
Foreign exchange gain	**(2,348)**	(3,404)	**(17,584)**
Increase in notes and accounts receivable	**(36,523)**	(44,964)	**(273,519)**
Decrease in other current assets	**5,758**	20,687	**43,121**
Increase in notes and accounts payable	**35,612**	2,473	**266,696**
Increase in contract liabilities	**137,522**	15,445	**1,029,895**
Other, net	**50,230**	(43,432)	**376,170**
Subtotal	**468,993**	(72,577)	**3,512,266**
Interest and dividends received	**2,202**	1,682	**16,490**
Interest paid	**(24,990)**	(26,081)	**(187,148)**
Proceeds from subsidy income	**7,300**	26,046	**54,669**
Income taxes paid	**(3,683)**	(5,483)	**(27,581)**
Net cash provided by (used in) operating activities	**449,822**	(76,413)	**3,368,696**
Cash flows from investing activities:			
Increase in time deposits	**(861,080)**	(655,500)	**(6,448,588)**
Proceeds from withdrawal of time deposits	**735,354**	635,713	**5,507,032**
Purchases of marketable securities	**(154,321)**	(253,889)	**(1,155,702)**
Proceeds from redemption of marketable securities	**152,739**	539,230	**1,143,855**
Purchases of property and equipment	**(93,450)**	(120,591)	**(699,842)**
Proceeds from sales of property and equipment	**42,717**	87,055	**319,905**
Purchases of intangible assets	**(23,442)**	(12,773)	**(175,556)**
Purchases of investment securities	**(674)**	(2,975)	**(5,047)**
Proceeds from sales of investment securities	**277**	12,806	**2,074**
Proceeds from withdrawal of investments in securities	**–**	1,670	**–**
Other, net	**(2,146)**	(727)	**(16,071)**
Net cash (used in) provided by investing activities	**(204,026)**	230,019	**(1,527,941)**
Cash flows from financing activities:			
Decrease in short-term loans, net	**(7,900)**	–	**(59,162)**
Repayment of long-term loans	**(62,775)**	(72,702)	**(470,119)**
Proceeds from issuance of bonds	**–**	169,799	**–**
Redemption of bonds	**(70,000)**	–	**(524,226)**
Repayment of finance lease obligations	**(3,764)**	(3,011)	**(28,188)**
Proceeds from share issuance to non-controlling shareholders	**2,000**	–	**14,977**
Net increase of treasury stock	**(15)**	(16)	**(112)**
Other, net	**(455)**	(424)	**(3,407)**
Net cash (used in) provided by financing activities	**(142,909)**	93,646	**(1,070,238)**
Effect of exchange rate changes on cash and cash equivalents	**2,527**	3,626	**18,924**
Net increase in cash and cash equivalents	**105,414**	250,878	**789,440**
Cash and cash equivalents at beginning of year	**621,037**	370,322	**4,650,917**
Net decrease resulting from changes in scope of consolidation	**–**	(163)	**–**
Cash and cash equivalents at end of year (Note 24)	**¥ 726,451**	¥ 621,037	**$ 5,440,357**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2023

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of ANA HOLDINGS INC. (hereinafter referred to as the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the consolidated financial statements of the previous fiscal year to conform to the classifications used in the current fiscal year.

2. Translation of financial statements

The consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of readers outside of Japan, have been translated into U.S. dollars at the rate of ¥133.53 = US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2023. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at that or any other rate. Translations of U.S. dollars are rounded down to the nearest thousand and, therefore, the totals shown in tables do not necessarily agree with the sums of the individual amounts.

3. Summary of significant accounting policies

(1) Consolidation

The consolidated financial statements as of March 31, 2023 include the accounts of the Company and its 54 (55 in 2022) significant subsidiaries (collectively, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 13 (14 in 2022) unconsolidated subsidiaries and significant affiliates are accounted for by the equity method.

The difference between the cost and the underlying net assets at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method is amortized using the straight-line method over a period of 10 to 15 years.

Investments in 103 (106 in 2022) subsidiaries and affiliates which are not consolidated or accounted for by the equity method are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

Certain subsidiaries have fiscal years ending on December 31 and February 28, and necessary adjustments for significant transactions, if any, are made in consolidation.

(2) Foreign currency translation

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for payables and receivables hedged by qualified forward exchange contracts, and differences arising from the translation are included in the consolidated statement of income.

The balance sheet accounts of consolidated foreign subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for the components of equity excluding non-controlling interests, which are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments in equity.

(3) Marketable securities and investment securities

Marketable securities and investment securities are classified into three categories: trading, held-to-maturity or available-for-sale. Under the accounting standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as available-for-sale securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in equity. Non-marketable securities classified as available-for-sale securities are carried at cost, determined by the moving-average method. See Note 6 "Marketable securities and investment securities" for additional information.

(4) Allowance for doubtful accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(5) Inventories

Inventories include aircraft spare parts, supplies and stock in trade of consolidated subsidiaries, and are stated at cost, principally determined by the moving-average method. The net book value of inventories in the consolidated balance sheet is written down when their net realizable value is less than book value. See Note 7 "Inventories" and Note 26 "Supplementary information for the consolidated statement of income" for additional information.

(6) Property and equipment (excluding leased assets)

Property and equipment, excluding leased assets, are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on the estimated useful lives. Major assets are depreciated by the following method:

Buildings	Straight-line method
Aircraft	Straight-line method

The Company and certain subsidiaries employ principally the following useful lives for major property and equipment based upon the Company's estimate of durability:

Buildings	3–50 years
Aircraft	9–25 years

Major additions and improvements are capitalized at cost. Maintenance and repairs, including minor remodels and improvements, are charged to income as incurred.

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. The assets of the Group are grouped by individual property in the case of rental real estate, assets determined to be sold and idle assets, and by management accounting categories in the case of business assets. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. See Note 25 "Impairment loss" for additional information.

(7) Intangible assets and amortization (excluding leased assets)

Intangible assets are amortized principally by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over five years, which is the estimated useful life of purchased software.

(8) Retirement benefits

The retirement benefit plans of the Group cover substantially all employees other than directors and corporate auditors. Under the terms of this plan, eligible employees are entitled, upon mandatory retirement or earlier voluntary severance, to lump-sum payments or annuity payments based on their compensation at the time of leaving and years of service with the Company and subsidiaries.

The Company and certain significant domestic subsidiaries have trustee employee pension funds to provide coverage for part of the lump-sum benefits or annuity payments.

The Company and certain consolidated subsidiaries sponsor defined contribution pension plans as well as defined benefit pension plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over the average remaining service years of employees.

(9) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences. See Note 13 "Income taxes" for additional information.

(10) Leases

Leased assets arising from transactions under finance lease contracts are depreciated to a residual value of zero by the straight-line method using the term of the contract as the useful life.

(11) Derivatives

The Group uses derivatives, such as forward foreign currency exchange contracts, interest rate swaps, and commodity options and swaps to limit its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not use derivatives for trading purposes.

Derivative financial instruments are carried at fair value with changes in unrealized gains or losses charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which an unrealized gain or loss is deferred. Receivables and payables hedged by qualified forward exchange contracts are translated at the corresponding foreign exchange contract rates. Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses.

(12) Revenue recognition

The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring promised goods or services (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. The Group recognizes as revenue the amount expected to be received upon Air Transportation, Airline Related, Travel Services, Trade and Retail, and Others.

The Group recognize revenue based on the five-step approach

STEP 1: Identify the contract with the customer

STEP 2: Identify the performance obligations

STEP 3: Determine the transaction price

STEP 4: Allocate the transaction price to the obligations

STEP 5: Recognize revenue when the obligations are satisfied

The details of the main performance obligations and the normal points of time for recognizing revenue in major services are as follows.

(i) Air Transportation	Passenger revenue Revenue is earned mainly from passenger transportation services by air. The Group is obliged to provide international and domestic air transportation services to customers based on the terms of carriage, etc., and revenue is recognized when the transportation services are provided. As the Group may carry out sales discounts and pay rebates according to sales performance, the consideration for the transaction is subject to change. In addition, transaction consideration is usually received prior to the fulfillment of performance obligations. Cargo and Mail revenue Revenue is earned mainly from cargo and mail transportation services. The Group is obliged to provide cargo and mail transportation services for international and domestic flights based on the conditions of carriage, etc., and revenue is recognized when the transportation services are provided. For sales and rebates, the Group will pay a rebate according to the sales performance. Therefore, the consideration for the transaction may fluctuate. In addition, the consideration for the transaction is received after the completion of the air transportation service of cargo and mail. Others The Group operates the membership program “ANA Mileage Club.” This program awards points (miles, sky-coin, etc.) to member customers depending on the use of our flights and the services of partner companies, and the miles awarded can be redeemed for goods and services provided by the Group or partner companies. The main element of points is miles, which separately identify performance obligations as an option to purchase additional goods or services in the future. As a result, the transaction price allocated to the miles will be recognized as a contract liability at the time the miles are granted, and the revenue will be recognized when the goods or services exchanged for the miles are used or when the miles expire. The transaction price is allocated based on the proportion of the independent selling price for each performance obligation included in the contract, and the independent selling price of miles is estimated by taking into account the composition ratio of goods and services that the customers select when using miles and the expected to expire.
(ii) Airline Related	The Group is obliged to provide services such as airport ground support services, aircraft maintenance and system development that accompany air transportation based on contracts with air carriers. Revenue is recognized mainly over a certain period of time as the service is provided.
(iii) Travel Services	Revenue is earned from planning and sales of domestic and overseas travel. The Group plans travel products based on standard travel agency agreements, and has an itinerary management obligation to arrange for travelers to receive transportation, accommodation and other travel services. Revenue is recognized over a certain period of time as the service is provided. Transaction consideration is primarily received prior to fulfilling performance obligations.
(iv) Trade and Retail	Revenue is earned from import/export of aviation-related materials, shops and mail-order, etc. Revenue is recognized when the Group fulfills performance obligations primarily by delivery of goods to customers.
(v) Others	Revenue is earned from building management dispatching, personnel training business, etc. Revenue is recognized over a period of time as the service is provided.

(13) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits and negotiable certificates of deposit, all of which mature or become due within three months of the date of acquisition. See Note 24 “Supplementary cash flow information” for additional information.

(14) Per share information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Diluted net income per share is not presented as the effect of including potential common shares is anti-dilutive.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

(15) Share remuneration plan for directors

The Company has transactions for delivery of the Company’s treasury stock through a trust as a share remuneration plan (the “Trust for Delivery of Shares to Directors”) in order to improve its operating performance, increase its corporate value, and raise the directors’ awareness of shareholder-oriented management.

(i) Transaction outline

Trust for Delivery of Shares to Directors is a system in which funds are contributed by the Company, and shares acquired are distributed to the Company’s directors in accordance with the Company’s operating performance, etc.

(ii) The Company’s treasury stock remaining in the trust

The Company’s treasury stock remaining in the trust is recorded at book value (excluding associated expenses) of the trust and is reflected as treasury stock in equity. The book value was ¥608 million for the previous fiscal year and ¥608 million for the current fiscal year. The number of shares was 178 thousand shares for the previous fiscal year and 178 thousand shares for the current fiscal year.

(16) New accounting standard not yet adopted

Accounting Standard for Current Income Taxes, etc.

Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (“ASBJ”) Statement No. 27, October 28, 2022)

Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)

Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(i) Overview

In February 2018, ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc., was released. The transfer of the practical guideline on tax effect accounting to the ASBJ from The Japanese Institute of Certified Public Accountants (“JICPA”) was completed in the process of deliberation. In the course of the deliberation process, the following two issues that were to be reviewed again after the release of ASBJ Statement No. 28, etc., were discussed and released.

(a) Classification of tax expense (taxation on other comprehensive income)

(b) Tax Effects on Sales of Shares of Subsidiaries (Shares in Subsidiaries or Affiliated Companies) in Cases Where Group Corporate Taxation is Applied Tax Effects of Sales of Shares of Subsidiary or Affiliated Company

(ii) Application date

The Group will apply from the beginning of the fiscal year ending March 31, 2025.

(iii) Effect of adoption of the accounting standard

The effect of the application of the “Accounting Standard for Current Income Taxes” and other related standards on the consolidated financial statements is currently under evaluation.

(17) Changes in presentation method

“Subsidies for employment adjustment” and “Gain on sales of property and equipment,” which were separately presented in the previous fiscal year, are included in “Other income (expenses), net” from this fiscal year because they became insignificant in terms of amount.

To reflect these changes in presentation, reclassification has been made for the previous consolidated fiscal year. As a result, ¥23,955 million ($179,397 thousand) presented as “Subsidies for employment adjustment” and ¥20,032 million ($150,018 thousand) presented as “Gain on sales of property and equipment” in the previous fiscal year have been reclassified as “Other income (expenses), net.”

4. Change in accounting policies

Application of Accounting Standard for Fair Value Measurement, etc.

The Group has applied “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter, “Implementation Guidance on Accounting Standard for Fair Value Measurement”) from the beginning of the fiscal year. In accordance with Article 27-2 of “Implementation Guidance on Accounting Standard for Fair Value Measurement”, the Group has applied prospectively the new accounting policy prescribed by Implementation Guidance on Accounting Standard for Fair Value Measurement. The application had no effect on the consolidated financial statements.

5. Significant accounting estimates

(1) Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Deferred tax assets	¥263,303	¥273,452	$1,971,864

(ii) Other information of accounting estimates

The Group recorded deferred tax assets related to tax loss carried forward in FY2020 and FY2021 due to a decrease in demand for airline passengers associated with the spread of the novel coronavirus (COVID-19). In the current consolidated fiscal year, deferred tax assets of ¥263,303 million related to tax loss carried forward, etc., were recorded.

The Company and certain domestic consolidated subsidiaries apply the group tax sharing system. The corporations subject to the group tax sharing system make judgments on the recoverability based on the future taxable income, etc. of the entire tax sharing group with regard to corporate taxes (national taxes), and make judgments on the recoverability of deferred tax assets based on the future taxable income, etc. of each corporation with regard to local taxes. With respect to tax loss carried forward, based on the estimated future taxable income, the Company schedule the expected year and amount to be deducted from tax loss carried forward, and record the amount expected to be recovered as deferred tax assets.

Regarding the judgment on the recoverability of deferred tax assets for the entire tax sharing group, the future taxable income of ANA HOLDINGS INC. and ALL NIPPON AIRWAYS CO., LTD., which constitutes a significant portion of the future taxable income is estimated based on a future plan assuming that international and domestic passenger demand will generally recover to 2019 levels by the end of the fiscal year ending March 31, 2026.

Changes in assumptions due to changes in demand trends and other factors may have a material impact on the consolidated financial statements in the following fiscal year and thereafter.

(2) Goodwill impairment related to the Air Transportation Business

(i) Amount recognized in the consolidated financial statements

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Goodwill related to the Air Transportation Business	¥18,000	¥20,001	$134,801

(ii) Other information of accounting estimates

During the current consolidated fiscal year, due to the significant decline in air travel demand resulting from the impact of COVID-19, the Company identified indicators of impairment with respect to the goodwill that arose when the Company made Peach Aviation Limited a consolidated subsidiary in April 2017. For the said goodwill, the Company did not recognize an impairment loss as it determined that the undiscounted future cash flows from Peach Aviation's air transportation business exceeded the book values.

These undiscounted future cash flows were determined by management's best estimate and judgment based on the business plan with the assumption that demand will continue to recover in the future.

Changes in assumptions due to changes in demand trends and other factors may have a material impact on the consolidated financial statements in the following fiscal year and thereafter.

(3) Revenue Recognition of the Company's point program

(i) Amounts recorded in consolidated financial statements

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Contract liability	¥149,540	¥161,533	$1,119,898

(ii) Other information of Accounting estimates

The Group operates the membership program "ANA Mileage Club". This program awards points (miles and sky-coin, etc.) to member customers depending on the use of our flights and the services of partner companies.

These points awarded individually identify performance obligations as an option for future purchase of additional goods or services provided by the Group or partner companies. The transaction price allocated to these points are recognized as a contract liability at the time the miles and sky-coin, etc., are granted, and the revenue is recognized when the goods or services exchanged for these points are used or when these points expire. The transaction price is allocated based on the proportion of the independent selling price for each performance obligation included in the contract, and the independent selling price of these points are estimated by considering the composition ratio of goods and services that the customers select when using the points and the expected expiration of points. This assumption is highly uncertain, and if the composition ratio of goods and services that customers select and the expected expiration amount are changed, it may have a significant impact on the consolidated financial statements for the following fiscal year or thereafter.

6. Marketable securities and investment securities

Marketable and investment securities at March 31, 2023 and 2022 are summarized as follows:

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Current:			
Negotiable certificates of deposits	¥580,037	¥498,310	$4,343,870
Other	–	–	–
Total	¥580,037	¥498,310	$4,343,870
Non-current:			
Marketable equity securities	¥ 99,894	¥ 92,160	$ 748,101
Other	23,143	21,808	173,316
Total	¥123,037	¥113,968	$ 921,418

The costs and aggregate fair values of marketable and investment securities at March 31, 2023 and 2022 were as follows:

As of March 31, 2023	Yen (Millions) Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥580,037	¥ –	¥ –	¥580,037
Marketable equity securities	49,411	53,829	(3,346)	99,894
Held-to-maturity	1,855	–	(218)	1,637

As of March 31, 2022	Yen (Millions) Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥498,310	¥ –	¥ –	¥498,310
Marketable equity securities	47,037	46,269	(1,146)	92,160
Held-to-maturity	1,855	–	(37)	1,818

As of March 31, 2023	U.S. dollars (Thousands) Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	$4,343,870	$ –	$ –	$4,343,870
Marketable equity securities	370,036	403,122	(25,058)	748,101
Held-to-maturity	13,892	–	(1,632)	12,259

The proceeds, realized gains, and realized losses on the available-for-sale securities sold during the years ended March 31, 2023 and 2022 were as follows:

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Proceeds	¥–	¥12,926	$–
Gain on sales	–	8,278	–
Loss on sales	–	–	–

The breakdown of securities for which fair value cannot be reliably determined at March 31, 2023 and 2022 is as follows:

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Available-for-sale	¥21,288	¥19,953	$159,424

The redemption schedule of available-for-sale securities with maturities and held-to-maturity securities at March 31, 2023 and 2022 is summarized as follows:

	Yen (Millions) 2023	2022	U.S. dollars (Thousands) 2023
Bonds:			
Within 1 year	¥ –	¥ –	$ –
Over 1 year to 5 years	–	–	–
Over 5 years to 10 years	–	–	–
Over 10 years	1,855	1,855	13,892
Other securities with maturities:			
Within 1 year	580,037	498,310	4,343,870
Over 1 year to 5 years	6,868	2,971	51,434
Over 5 years to 10 years	1,275	3,816	9,548
Over 10 years	–	–	–
Total:			
Within 1 year	¥580,037	¥498,310	$4,343,870
Over 1 year to 5 years	6,868	2,971	51,434
Over 5 years to 10 years	1,275	3,816	9,548
Over 10 years	1,855	1,855	13,892

7. Inventories

Inventories at March 31, 2023 and 2022 consisted of the following:

	Yen (Millions) 2023	2022	U.S. dollars (Thousands) 2023
Inventories (Merchandise)	¥ 8,958	¥ 9,218	$ 67,086
Inventories (Supplies)	35,697	34,856	267,333
Total	¥44,655	¥44,074	$334,419

8. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2023 and 2022 consisted of the following:

	Yen (Millions) 2023	2022	U.S. dollars (Thousands) 2023
Investments in capital stock	¥26,395	¥26,311	$197,670
Advances	5,272	5,321	39,481
Total	¥31,667	¥31,632	$237,152

9. Short-term loans and long-term debt

Short-term loans and current portion of long-term debt at March 31, 2023 and 2022 consisted of the following:

	Yen (Millions) 2023	2022	U.S. dollars (Thousands) 2023
Short-term loans	¥ 92,170	¥100,070	$ 690,256
Current portion of long-term loans	84,633	62,775	633,812
Current portion of bonds	30,000	70,000	224,668
Current portion of finance lease obligations	3,047	4,057	22,818
Total	¥209,850	¥236,902	$1,571,556

The weighted-average interest rates on the above short-term loans were 1.16% and 1.16% per annum in 2023 and 2022, respectively.

Long-term debt at March 31, 2023 and 2022 consisted of the following:

	Yen (Millions) 2023	2022	U.S. dollars (Thousands) 2023
Bonds:			
1.22% notes due 2024	¥ 30,000	¥ 30,000	$ 224,668
1.20% notes due 2026	15,000	15,000	112,334
0.99% notes due 2036	20,000	20,000	149,779
0.88% notes due 2037	10,000	10,000	74,889
Convertible bonds with stock acquisition rights due 2022	–	70,000	–
Convertible bonds with stock acquisition rights due 2024	70,000	70,000	524,226
0.82% notes due 2038	10,000	10,000	74,889
0.47% notes due 2028	10,000	10,000	74,889
0.27% notes due 2026	5,000	5,000	37,444
0.84% notes due 2039	15,000	15,000	112,334
0.27% notes due 2025	30,000	30,000	224,668
0.28% notes due 2029	10,000	10,000	74,889
0.69% notes due 2039	10,000	10,000	74,889
0.48% notes due 2026	20,000	20,000	149,779
Convertible bonds with stock acquisition rights due 2031	150,000	150,000	1,123,343
	405,000	475,000	3,033,026
Long-term debt principally from banks:			
The weighted-average interest rates were 2.31% and 2.26% per annum in 2023 and 2022, maturing in installments through 2057	1,102,218	1,164,993	8,254,459
Finance lease obligations:			
Finance lease agreements expiring through 2044	8,530	10,045	63,880
	1,515,748	1,650,038	11,351,366
Less current portion	117,680	136,832	881,300
Total	¥1,398,068	¥1,513,206	$10,470,066

The details of the convertible bonds with stock acquisition rights are as follows:

	Zero coupon convertible bonds due 2024
Class of shares to be issued	Common stock
Total issue price of stock acquisition rights	Zero
Initial conversion price	¥5,100 ($46.06) per share
Total issue price	¥70,000 million ($632,282 thousand)
Total issue price of shares issued upon the exercise of stock acquisition rights	–
Percentage of stock acquisition rights granted	100.0%
Exercise period	October 3, 2017 through September 5, 2024

If all of these outstanding warrants had been exercised at March 31, 2023, 13,972,892 shares of common stock would have been issued.

	Zero coupon convertible bonds due 2031
Class of shares to be issued	Common stock
Total issue price of stock acquisition rights	Zero
Initial conversion price	¥2,883 ($23.55) per share
Total issue price	¥150,000 million ($1,225,590 thousand)
Total issue price of shares issued upon the exercise of stock acquisition rights	–
Percentage of stock acquisition rights granted	100.0%
Exercise period	December 24, 2021 through November 26, 2031

If all of these outstanding warrants had been exercised at March 31, 2023, 52,029,136 shares of common stock would have been issued.

The conversion price of the convertible bonds is subject to adjustments to reflect stock splits and certain other events.

As is customary in Japan, short-term and long-term bank loans are made under general agreements, which provide that security and guarantees for future and present indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligation becomes due or in the event of default and certain other specified events, to offset cash deposits against such obligations due to the bank.

The following assets were pledged as collateral for short-term and long-term debt at March 31, 2023 and 2022:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Assets at net book value:			
Aircraft (including aircraft spare parts included in inventories)	¥673,731	¥733,474	$5,045,540
Land and buildings	1,869	2,234	13,996
Lease receivables and investments in leases	8,643	9,878	64,727
Others	10,365	8,319	77,623
Total	¥694,611	¥753,907	$5,201,909

The aggregate annual maturities of long-term debt after March 31, 2023 are as follows:

Years ending March 31	Yen (Millions)	U.S. dollars (Thousands)
2024	¥ 117,680	$ 881,300
2025	145,265	1,087,882
2026	96,969	726,196
2027	101,268	758,391
2028	59,024	442,028
Thereafter	995,542	7,455,568
Total	¥1,515,748	$11,351,366

10. Retirement benefit plans

The Company and certain consolidated subsidiaries provide defined contribution pension plans as well as defined benefit pension plans, i.e., defined benefit corporate pension plans and lump-sum payment plans for the benefit of employees. Premium severance pay may be paid at the time of retirement of eligible employees in certain cases.

Certain consolidated subsidiaries adopting defined benefit corporate pension plans and lump-sum payment plans use a simplified method for calculating retirement benefit expenses and liabilities.

(1) The changes in the defined benefit obligation for the years ended March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Balance at the beginning of the fiscal year	¥217,959	¥224,180	$1,632,284
Service cost	10,485	10,513	78,521
Interest cost	1,657	1,692	12,409
Actuarial gains (losses)	1,722	(1,609)	12,895
Benefits paid	(14,752)	(16,746)	(110,477)
Other	8	(71)	59
Balance at the end of the fiscal year	¥217,079	¥217,959	$1,625,694

(2) The changes in plan assets for the years ended March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Balance at the beginning of the fiscal year	¥61,524	¥64,064	$460,750
Expected return on plan assets	761	807	5,699
Actuarial losses	(2,404)	(523)	(18,003)
Employer contributions	2,335	2,346	17,486
Benefits paid	(4,648)	(5,170)	(34,808)
Other	–	–	–
Balance at the end of the fiscal year	¥57,568	¥61,524	$431,124

(3) A reconciliation between the liability recorded in the consolidated balance sheet and the balances of the defined benefit obligation and plan assets at March 31, 2023 and 2022 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Funded defined benefit obligation	¥ 67,958	¥ 68,136	$ 508,934
Plan assets at fair value	(57,568)	(61,524)	(431,124)
	10,390	6,612	77,810
Unfunded defined benefit obligation	149,121	149,823	1,116,760
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥159,511	¥156,435	$1,194,570
Liability for retirement benefits	¥161,129	¥157,395	$1,206,687
Asset for defined benefits	(1,618)	(960)	(12,117)
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥159,511	¥156,435	$1,194,570

(4) The components of net periodic benefit costs for the years ended March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Service cost	¥10,485	¥10,513	$ 78,521
Interest cost	1,657	1,692	12,409
Expected return on plan assets	(761)	(807)	(5,699)
Recognized actuarial losses	2,503	2,094	18,744
Amortization of past service cost	881	872	6,597
Net periodic benefit costs	¥14,765	¥14,364	$110,574

(5) Amounts recognized in other comprehensive income (before income tax effect) related to the defined retirement benefit plans for the years ended March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Past service cost	¥ 881	¥ 872	$ 6,597
Actuarial (losses) gains	(1,623)	3,180	(12,154)
Total	¥ (742)	¥4,052	$ (5,556)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) related to the defined retirement benefit plans at March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Unrecognized actuarial losses	¥(14,171)	¥(12,548)	$(106,125)
Unrecognized past service cost	(5,676)	(6,557)	(42,507)
Total	¥(19,847)	¥(19,105)	$(148,633)

(7) Plan assets

(i) Components of plan assets

Plan assets at March 31, 2023 and 2022 consisted of the following:

	2023	2022
Bonds	39%	40%
General accounts	14	14
Stocks	14	13
Cash and deposits	6	3
Other	27	30
Total	100%	100%

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets has been estimated based on the anticipated allocation to each plan asset class and the expected long-term returns on plan assets held in each category.

(8) Assumptions used for the years ended March 31, 2022 and 2021 are set forth as follows:

	2023	2022
Discount rates	0.1 – 1.5%	0.1 – 1.2%
Expected rates of return on plan assets	1.0 – 2.5%	1.0 – 2.5%

(i) Defined contribution pension plans

The contributions to the defined contribution pension plans of the Company and certain consolidated subsidiaries were ¥3,884 million ($31,734 thousand) and ¥4,587 million for the years ended March 31, 2023 and 2022, respectively.

11. Stock options

Consolidated subsidiary: avatarin Inc.

Compensation expense for employee stock options are recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services in accordance with ASBJ Statement No. 8, “Accounting Standard for Share-based Payment.”

(1) Items and amounts of related expenses presented in the consolidated accounts

There are no applicable items.

(2) Amount recorded as profit due to expiration of non-exercise of rights

There are no applicable items.

(3) Description of stock options, movement of stock options and status of related changes

(i) Description of stock options

	1st subscription rights to share
Category and number of people eligible to be granted stock options	Executive officers in the consolidated subsidiary: 2 people
Number of stock options granted by type of stock	Common shares: 27,500 shares (*)
Granted date	February 1, 2022
Vesting conditions	Listing of the consolidated subsidiary on domestic or overseas financial instruments exchanges, etc.
Vesting period	No relevant service period has been established.
Exercise period	From February 1, 2022 to December 28, 2036

	2nd subscription rights to share
Category and number of people eligible to be granted stock options	Employee in the consolidated subsidiary: 27 people
Number of stock options granted by type of stock	Common shares: 20,235 shares (*)
Granted date	February 1, 2022
Vesting conditions	Listing of the consolidated subsidiary on domestic or overseas financial instruments exchanges, etc.
Vesting period	No relevant service period has been established.
Exercise period	From February 1, 2022 to December 28, 2031

(*) Options are presented after conversion to the number of the consolidated subsidiary shares.

(ii) Movement of stock options and status of related changes

With respect to stock options existing during the fiscal year ended March 31, 2023, the number of stock options is converted into the number of shares:

(a) Number of stock options

	1st subscription rights to share	2nd subscription rights to share
Share subscription rights which are not yet vested		
Outstanding as of March 31, 2022	¥27,500	¥20,235
Granted		
Canceled	–	4,985
Vested	–	–
Unvested balance	27,500	15,250

(b) Price information

	1st subscription rights to share	2nd subscription rights to share
Exercise price (yen)	¥11,150	¥11,150
Weighted average exercise price (yen)	–	–
Fair value at the granted date (yen)	–	–

	1st subscription rights to share	2nd subscription rights to share
Exercise price (U.S dollars)	$83.50	$83.50
Weighted average exercise price (U.S dollars)	–	–
Fair value at the granted date (U.S dollars)	–	–

(4) Method of estimating the fair value of stock options

At the time of granting the 1st and 2nd subscription rights to share, the consolidated subsidiary was a private company. It depends on the method of estimating intrinsic value per unit of stock options, instead of the method of estimating the fair valuation unit price of stock options. In addition, the valuation method for the company’s stock, which is the basis for calculating the intrinsic value per unit, uses the price calculated by using both the Discounted cash flow method and the transaction case method.

(5) Method of estimating the number of vested stock option rights

As reasonable estimation of the number of rights to be canceled in the future is difficult, the method that reflects only the actual number of rights canceled is used.

(6) Total intrinsic value at the end of the current consolidated fiscal year when calculated based on the intrinsic value per unit of stock options and total intrinsic value of stock options exercised in the current consolidated fiscal year on the exercise date

(i) Total intrinsic value at the end of the current consolidated fiscal year (million yen)	–
(ii) Intrinsic value of stock options exercised in the current consolidated fiscal year on the exercise date (million yen)	–

12. Asset retirement obligations

(1) Asset retirement obligations recorded on the consolidated balance sheet

(i) Overview of asset retirement obligations

The Company and its domestic subsidiaries enter into agreements with national government entities that allow for the use of Japanese government property and have entered into real estate lease contracts with such entities for the Head Office, sales branches, airport branches, and certain other offices. As the Company and its domestic subsidiaries have restoration obligations for such properties at the end of each lease period, related legal obligations required by law and the contracts are recorded on the consolidated balance sheet as asset retirement obligations.

(ii) Calculation of asset retirement obligations

The Group estimates the expected period of use as 1 to 30 years and calculates the amount of asset retirement obligations with a discount rate of 0% to 2.27%.

The following table indicates the changes in asset retirement obligations for the years ended March 31, 2023 and 2022:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Balance at the beginning of the fiscal year	¥ 3,582	¥2,763	$26,825
Liabilities incurred due to the acquisition of property and equipment	–	100	–
Accretion expense	14	15	104
Liabilities settled	(1,050)	(903)	(7,863)
Other	256	1,607	1,917
Balance at the end of the fiscal year	¥ 2,802	¥3,582	$20,984

(2) Asset retirement obligations not recorded on the consolidated balance sheet

The Company and its domestic subsidiaries enter into agreements with national government entities that allow for the use of Japanese government property, and have entered into real estate lease contracts with such entities for land and offices at airport facilities, including Tokyo International Airport, Narita International Airport, New Chitose Airport, Chubu Centrair International Airport, Osaka International Airport, Kansai International Airport, Fukuoka Airport, and Naha Airport, etc. The Company and its domestic subsidiaries have restoration obligations when they vacate and clear such facilities. However, as the above airports are considered to be critical infrastructure, it is beyond the control of the Company alone to determine when to vacate and clear such facilities, and it is also impossible to make reasonable estimates as there are currently no relocation plans for the above properties. Therefore, the Company and its domestic subsidiaries do not record asset retirement obligations for the related liabilities.

13. Income taxes

The Company and certain of its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of 30.62% for the years ended March 31, 2023 and 2022.

The Group files a tax return under the group tax sharing system, which allows companies to base tax payments on the combined profits or losses of the parent company and certain of its domestic subsidiaries.

(1) The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Deferred tax assets:			
Tax loss carryforwards (*)	¥180,187	¥220,887	$1,349,412
Liability for retirement benefits	50,079	48,907	375,039
Contract liabilities of the Company's point program	44,877	48,622	336,081
Prepaid expenses	12,773	10,975	95,656
Accrued bonuses to employees	10,506	3,128	78,678
Loss on investment in subsidiaries	6,075	6,142	45,495
Loss on valuation of assets	4,131	4,920	30,936
Unrealized gain on inventories and property and equipment	3,932	3,851	29,446
Long-term unearned revenue	3,545	4,753	26,548
Other provisions	1,317	1,112	9,862
Impairment loss	401	3,235	3,003
Other	39,151	29,840	293,200
Total gross deferred tax assets	356,974	386,372	2,673,361
Valuation allowance for tax loss carryforwards (*)	(30,250)	(44,789)	(226,540)
Valuation allowance for the sum of deductible temporary differences, etc.	(24,972)	(20,207)	(187,014)
Subtotal of valuation allowances	(55,222)	(64,996)	(413,555)
Total net deferred tax assets	301,752	321,376	2,259,806
Deferred tax liabilities:			
Deferred gain on hedging instruments	(19,054)	(31,508)	(142,694)
Unrealized gain on securities	(16,019)	(14,342)	(119,965)
Retained earnings of subsidiaries and affiliates	(1,682)	(1,597)	(12,596)
Other	(1,900)	(1,975)	(14,229)
Total gross deferred tax liabilities	(38,655)	(49,422)	(289,485)
Net deferred income taxes	¥263,097	¥271,954	$1,970,321

(*) Tax loss carryforwards and associated deferred tax assets by deadline of carryforward:

As of March 31, 2023

	Yen (Millions)						
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Tax loss carryforwards (*1)	¥–	¥–	¥–	¥–	¥–	¥180,187	¥180,187
Valuation allowance	–	–	–	–	–	(30,250)	(30,250)
Deferred tax assets (*2)	¥–	¥–	¥–	¥–	¥–	¥149,937	¥149,937

(*1) Tax loss carryforwards reflect the amounts resulting from multiplying the statutory tax rate.

(*2) The Group recorded deferred tax assets of ¥149,937 million ($1,122,871 thousand) related to tax loss carryforwards due to a decrease in demand for airline passengers associated with COVID-19, etc.
The Company and certain domestic consolidated subsidiaries apply the group tax sharing system. The corporations subject to the group tax sharing system make judgements on the recoverability based on the future taxable income, etc., of the entire tax sharing group with regard to corporate taxes (national taxes), and make judgments on the recoverability of deferred tax assets based on the future taxable income, etc., of each corporation with regard to local taxes. With respect to tax loss carried forward, based on the estimated future taxable income, the Company schedule the expected year and amount to be deducted from tax loss carried forward, and record the amount expected to be recovered as deferred tax assets.
Regarding the judgment on the recoverability of deferred tax assets for the entire tax sharing group, the future taxable income of ANA HOLDINGS INC. and ALL NIPPON AIRWAYS CO., LTD., which constitutes a significant portion of the future taxable income is estimated based on a future plan assuming that international and domestic passenger demand will generally recover to 2019 levels by the end of the fiscal year ending March 31, 2026.
Changes in assumptions due to changes in demand trends and other factors may have a material impact on the consolidated financial statements in the following fiscal year and thereafter.

As of March 31, 2022

	Yen (Millions)						
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Tax loss carryforwards (*1)	¥–	¥–	¥–	¥20	¥–	¥220,867	¥220,887
Valuation allowance	–	–	–	–	–	(44,789)	(44,789)
Deferred tax assets (*2)	¥–	¥–	¥–	20	¥–	¥176,077	¥176,097

(*1) Tax loss carryforwards reflect the amounts resulting from multiplying the statutory tax rate.

(*2) The Group recorded deferred tax assets of ¥176,097 million related to tax loss carryforwards due to a significant decrease in demand for airline passengers associated with COVID-19, etc.
The Company and certain domestic consolidated subsidiaries apply the consolidated corporate-tax system, and the corporations subject to the consolidated corporate-tax system make judgments on the recoverability based on the future taxable income, etc., of the consolidated taxpayer with regard to corporate taxes (national taxes), and make judgments on the recoverability of deferred tax assets based on the future taxable income, etc. of each corporation with regard to local taxes. With respect to tax loss carried forward, based on the estimated future taxable income, the Company schedule the expected year and amount to be deducted from tax loss carried forward, and record the amount expected to be recovered as deferred tax assets.
Regarding the judgment on the recoverability of deferred tax assets by the consolidated taxpayers, the future taxable income of ANA HOLDINGS INC. and ALL NIPPON AIRWAYS CO., LTD., which constitutes a significant portion of the future taxable income is estimated based on a future plan that assumes that demand for international passengers will approximately recover to the level in 2019 by the end of the fiscal year ending March 2024 and the demand for domestic passengers will recover to 90% of the level in 2019 by the end of the fiscal year ending March 31, 2023.

As of March 31, 2023

	U.S. dollars (Thousands)						
	Due within one year	Due after one year but within two years	Due after two years but within three years	Due after three years but within four years	Due after four years but within five years	Due after five years	Total
Tax loss carryforwards (*1)	$–	$–	$–	$–	$–	$1,349,412	$1,349,412
Valuation allowance	–	–	–	–	–	(226,540)	(226,540)
Deferred tax assets (*2)	$–	$–	$–	$–	$–	$1,122,871	$1,122,871

(2) A reconciliation of the difference between the normal effective statutory tax rate and the actual effective income tax rate for the years ended March 31, 2023 and 2022 is as follows:

	2023	2022
Normal effective statutory tax rate	30.62%	30.62%
Reconciliation:		
Amortization of goodwill	0.57	(0.37)
Expenses not deductible for income tax purposes	0.25	(0.05)
Inhabitants tax per capita levy	0.17	(0.11)
Income taxes for prior periods	0.02	0.09
Changes in valuation allowance	(9.54)	(12.29)
Other, net	(0.89)	1.00
Actual effective income tax rate	21.20%	18.89%

(3) Accounting for corporate and local corporate tax or tax effect accounting related to these taxes

The Company and certain domestic consolidated subsidiaries have made the transition from the consolidated tax return system to the group tax sharing system from the beginning of the fiscal year. Regarding the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting, the Company and certain of its domestic consolidated subsidiaries have applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 42, August 12, 2021; hereafter, "Practical Solution No. 42"). Based on Paragraph 32 (1) of Practical Solution No. 42, the Company and certain domestic consolidated subsidiaries consider that there will be no effect from changes in accounting policies associated with the application of Practical Solution No. 42.

14. Other comprehensive income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2023 and 2022:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥ 6,094	¥ (267)	$ 45,637
Reclassification adjustments to profit or loss	91	(8,213)	681
Amount of valuation difference on available-for-sale securities before tax effect	6,185	(8,480)	46,319
Tax effect	(1,719)	2,376	(12,873)
Total	4,466	(6,104)	33,445
Deferred (loss) gain on derivatives under hedge accounting:			
Amount arising during the fiscal year	42,188	96,255	315,945
Reclassification adjustments to profit or loss	(84,298)	(23,797)	(631,303)
Amount of deferred (loss) gain on derivatives under hedge accounting before tax effect	(42,110)	72,458	(315,358)
Tax effect	12,469	(22,020)	93,378
Total	(29,641)	50,438	(221,980)
Foreign currency translation adjustments:			
Amount arising during the fiscal year	848	1,142	6,350
Reclassification adjustments to profit or loss	(1,987)	–	(14,880)
Total	(1,139)	1,142	(8,529)
Defined retirement benefit plans:			
Amount arising during the fiscal year	(4,126)	1,086	(30,899)
Reclassification adjustments to profit or loss	3,384	2,966	25,342
Amount of defined retirement benefit plans before tax effect	(742)	4,052	(5,556)
Tax effect	188	(1,098)	1,407
Total	(554)	2,954	(4,148)
Share of other comprehensive income in affiliates:			
Amount arising during the fiscal year	101	157	758
Reclassification adjustments to profit or loss	(95)	(112)	(714)
Total	6	45	44
Total other comprehensive (loss) income	¥(26,862)	¥ 48,475	$(201,168)

15. Leases

(1) As lessee

(i) Finance leases

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the consolidated balance sheet.

Tangible fixed lease assets include mainly aircraft, flight equipment, host computers, and peripheral equipment. Intangible lease assets include software. The depreciation method for leased assets is described in Note 3 (10) "Leases."

(ii) Operating leases

The amount of outstanding future lease payments under non-cancelable operating leases are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Current portion of operating lease obligations	¥ 76,577	¥ 67,161	$ 573,481
Long-term operating lease obligations	284,919	276,297	2,133,745
Total	¥361,496	¥343,458	$2,707,226

(2) As lessor

(i) Operating leases

The amount of outstanding future lease receivables under non-cancelable operating leases are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Current portion of operating lease receivables	¥ 2,224	¥ 2,164	$16,655
Long-term operating lease receivables	10,005	11,535	74,926
Total	¥12,228	¥13,700	$91,574

16. Supplementary information for the consolidated statement of changes in equity

Supplementary information for the consolidated statement of changes in equity for the year ended March 31, 2023 consisted of the following:

(1) Dividends

Under the Companies Act of Japan (the "Companies Act"), the appropriation of unappropriated retained earnings of the Company with respect to a financial period is made by resolution of the Company's shareholders at a general meeting to be held subsequent to the close of the financial period and the accounts for that period do not therefore reflect such appropriation.

(i) Dividends paid to shareholders

There are no applicable items.

(ii) Dividends with a shareholders' cut-off date within the current fiscal year but an effective date within the subsequent fiscal year

There are no applicable items.

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(2) Type and number of outstanding shares

As of March 31, 2023 Type of shares	Number of shares (Thousands) Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	484,293	–	–	484,293
Total	484,293	–	–	484,293
Treasury stock:				
Common stock (*1, *2)	13,956	5	0	13,961
Total	13,956	5	0	13,961

(*1) The increase of 5 thousand shares of treasury stock is that the Company purchased from holders of fractional shares.
(*2) Treasury stock includes 178 thousand shares held by the Trust for Delivery of Shares to Directors.

As of March 31, 2022 Type of shares	Number of shares (Thousands) Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	484,293	–	–	484,293
Total	484,293	–	–	484,293
Treasury stock:				
Common stock (*1, *2)	13,950	6	0	13,956
Total	13,950	6	0	13,956

(*1) The increase of 6 thousand shares of treasury stock is that the Company purchased from holders of fractional shares.
(*2) Treasury stock includes 178 thousand shares held by the Trust for Delivery of Shares to Directors.

17. Contingencies

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥548 million ($4,103 thousand) at March 31, 2023.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million ($45,765 thousand) at March 31, 2023.

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥562 million ($4,591 thousand) at March 31, 2022.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million ($49,930 thousand) at March 31, 2022.

18. Financial instruments and related disclosures

(1) Overview

(i) Group policy for financial instruments

The Group limits its fund management to short-term time deposits and raises funds through borrowings from financial institutions, including banks. The Group uses derivatives for the purpose of reducing the risks described below and does not enter into derivatives for speculative or trading purposes.

(ii) Types of financial instruments and related risk

Trade receivables (notes and accounts receivable) are exposed to credit risk in relation to customers.

Marketable securities and investment securities are exposed to the risk of market price fluctuations. Those securities are composed mainly of the shares of other companies with which the Group has business relationships.

Substantially all trade payables have payment due dates within one year.

Borrowings are taken out principally for the purpose of making capital investments, and certain long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk for long-term interest-bearing debt at variable rates, the Group utilizes interest rate swap transactions as hedging instruments. Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses.

Bonds are mainly for the purpose of redemption of corporate bonds and capital investment, and convertible bonds with stock acquisition rights are used for capital investment funds and interest-bearing debt repayment.

For derivatives, in order to reduce the foreign currency exchange rate risk arising from receivables and payables denominated in foreign currencies, the Group enters into forward foreign exchange contracts for specific receivables and payables denominated in foreign currencies, mainly for aircraft purchase commitments. In addition, the Group enters into commodity derivative transactions such as swaps and options to mitigate fluctuation risk of the commodity prices of fuel and to stabilize operating profit.

(a) Management of credit risks (risks such as breach of contract by customers)

The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of major customers by each business administration department to identify the default risk of customers at an early stage.

As for derivatives, the Group believes that the credit risks are extremely low as it enters into derivative transactions only with reputable financial institutions with sound credit profiles.

(b) Management of market risks (fluctuation risks of foreign currency exchange rates and interest rates)

In order to reduce foreign currency exchange rate risks, the Group principally utilizes forward foreign exchange contracts for receivables and payables denominated in foreign currencies. In order to mitigate the interest rate fluctuation risks related to debt, the Group utilizes interest rate swap transactions. In addition, the Group enters into commodity derivative transactions such as swaps and options to mitigate fluctuation risk related to commodity prices for fuel.

As for marketable securities and investment securities, the Group periodically reviews the fair values and the financial conditions of the issuers to identify and mitigate risks of impairment.

There are internal management regulations for derivative transactions which set forth transaction authority and limits on transaction amounts.

The Group enters into derivative transactions in accordance with such policies. Moreover, the Group reports plans and results of methods and ratios for offsetting risks at the quarterly meetings of the Board of Directors.

(c) Management of liquidity risks related to financing (risks that the Group cannot meet the due dates of payables)

The Group manages liquidity risks by establishing a financial plan in order to procure and invest funds that are necessary for the operation of the Group over a certain period of time in accordance with the Group's business operating plan and budget.

(iii) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value estimates. In addition, the notional amounts of derivatives presented in Note 19 "Derivatives and hedging activities" are not necessarily indicative of the actual market risk involved in derivative transactions.

(2) Estimated fair value of financial instruments

The carrying values of financial instruments on the consolidated balance sheet at March 31, 2023 and 2022, and their estimated fair values, are shown in the following tables. The following tables do not include financial instruments for which fair value cannot be reliably determined (Please refer to Note 2 below).

	Yen (Millions)		
As of March 31, 2023	Carrying value (*1)	Fair value (*2)	Differences
Assets:			
Investment securities	**¥ 101,532**	**¥ 101,532**	**¥ –**
Total assets	**¥ 101,532**	**¥ 101,532**	**¥ –**
Liabilities:			
Bonds	**¥ 185,000**	**¥ 173,805**	**¥(11,195)**
Convertible bonds with stock acquisition rights (including the current portion of bonds)	**220,000**	**232,295**	**12,295**
Long-term debt (including the current portion of long-term debt)	**1,102,218**	**1,075,758**	**(26,460)**
Total liabilities	**¥1,507,218**	**¥1,481,858**	**¥(25,360)**
Derivatives	**¥ 61,462**	**¥ 61,462**	**¥ –**

(*1) The value of assets and liabilities arising from derivatives is shown as a net value, and the amount in parentheses represents a net liability position.
(*2) "Cash and deposits," "Notes and accounts receivable," "Securities (Certificate of deposit)," "Notes and Accounts payable" and "Short-term loans" are cash with short maturities and the carrying values approximate fair value. Thus, those records are omitted.
(*3) Nonmarketable equity securities
These are excluded from "Investment securities" in the above table. The carrying value of these financial instruments in the consolidated balance sheet is as follows:
Non-listed shares, etc.,: ¥29,513 million ($221,021 million)

	Yen (Millions)		
As of March 31, 2022	Carrying value (*1)	Fair value (*2)	Differences
Assets:			
Investment securities	¥ 94,015	¥ 93,978	¥ (37)
Total assets	¥ 94,015	¥ 93,978	¥ (37)
Liabilities:			
Bonds	¥ 185,000	¥ 176,764	¥ (8,236)
Convertible bonds with stock acquisition rights (including the current portion of bonds)	290,000	291,770	1,770
Long-term debt (including the current portion of long-term debt)	1,164,993	1,157,007	(7,986)
Total liabilities	¥1,639,993	¥1,625,541	¥(14,452)
Derivatives	¥ 103,405	¥ 103,405	¥ –

(*1) The value of assets and liabilities arising from derivatives is shown as a net value, and the amount in parentheses represents a net liability position.
(*2) "Cash and deposits," "Notes and accounts receivable," "Securities (Certificate of deposit)," "Notes and accounts receivable," "Accounts payable," and "Short-term loans." As these are Cash and settled within a short period of time, the carrying values approximate fair value and thus, those records are omitted.
(*3) Nonmarketable equity securities
These are excluded from "Investment securities" in the above table. The carrying value of these financial instruments in the consolidated balance sheet is as follows:
Non-listed shares, etc.,: ¥27,831 million

	U.S. dollars (Thousands)		
As of March 31, 2023	Carrying value (*1)	Fair value (*2)	Differences
Assets:			
Investment securities	**$ 760,368**	**$ 760,368**	**$ –**
Total assets	**$ 760,368**	**$ 760,368**	**$ –**
Liabilities:			
Bonds	**$ 1,385,456**	**$ 1,301,617**	**$ (83,838)**
Convertible bonds with stock acquisition rights (including the current portion of bonds)	**1,647,569**	**1,739,646**	**92,076**
Long-term debt (including the current portion of long-term debt)	**8,254,459**	**8,056,301**	**(198,157)**
Total liabilities	**$11,287,485**	**$11,097,566**	**$(189,919)**
Derivatives	**$ 460,286**	**$ 460,286**	**$ –**

	Yen (Millions)		U.S. dollars (Thousands)
As of March 31	**2023**	2022	**2023**
Unlisted stocks	**¥21,288**	¥19,953	**$159,424**

Because no quoted market price is available and the fair value cannot be reliably determined, the above financial instruments are not included in the fair value tables above.

(3) The three-level hierarchy for fair value measurements

The market value of financial instruments is classified into the following three levels according to the observability and importance of the inputs used to calculate the fair value.

LEVEL 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

LEVEL 2: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs.

LEVEL 3: Inputs to the valuation methodology which are significant to the fair value measurement are unobservable.

An investment's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(i) Financial assets and financial liabilities that are recorded on the balance sheet at fair value

As of March 31, 2023	Yen (Millions) Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	¥99,894	¥ –	¥–	¥ 99,894
Derivative				
Currency	–	57,872	–	57,872
Commodity	–	3,590	–	3,590
Total assets	¥99,894	¥61,462	¥–	¥161,356

As of March 31, 2022	Yen (Millions) Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	¥92,160	¥ –	¥–	¥92,160
Derivative				
Currency	–	53,005	–	53,005
Commodity	–	50,400	–	50,400
Total assets	¥92,160	¥103,405	¥–	¥195,565

As of March 31, 2023	U.S. dollars (Thousands) Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	$748,101	$ –	$–	$ 748,101
Derivative				
Currency	–	433,400	–	433,400
Commodity	–	26,885	–	26,885
Total assets	$748,101	$460,286	$–	$1,208,387

(ii) Financial assets and financial liabilities that are not recorded on the balance sheet at fair value

As of March 31, 2023	Yen (Millions) Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	¥13,815	¥ –	¥ –	¥ 13,815
Held-to-maturity securities				
Bonds	–	–	6,301	6,301
Total assets	¥13,815	¥ –	¥ 6,301	¥ 20,116
Bonds	¥ –	¥ 173,805	¥ –	¥ 173,805
Convertible bonds with stock acquisition rights (including Convertible bonds scheduled to be redeemed within one year Corporate bonds with stock acquisition rights)	–	232,295	–	232,295
Long-term debt (including Current portion of long-term debt)	–	675,758	400,000	1,075,758
Total liabilities	¥ –	¥1,081,858	¥400,000	¥1,481,858

As of March 31, 2022	Yen (Millions) Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	¥14,486	¥ –	¥ –	¥ 14,486
Held-to-maturity securities				
Bonds	–	–	5,986	5,986
Total assets	¥14,486	¥ –	¥ 5,986	¥ 20,472
Bonds	¥ –	¥ 176,764	¥ –	¥ 176,764
Convertible bonds with stock acquisition rights (including Convertible bonds scheduled to be redeemed within one year Corporate bonds with stock acquisition rights)	–	291,770	–	291,770
Long-term debt (including Current portion of long-term debt)	–	757,007	400,000	1,157,007
Total liabilities	¥ –	¥1,225,541	¥400,000	¥1,625,541

As of March 31, 2023	U.S. dollars (Thousands) Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	$103,457	$ –	$ –	$ 103,457
Held-to-maturity securities				
Bonds	–	–	47,187	47,187
Total assets	$103,457	$ –	$ 47,187	$ 150,645
Bonds	$ –	$1,301,617	$ –	$ 1,301,617
Convertible bonds with stock acquisition rights (including Convertible bonds scheduled to be redeemed within one year Corporate bonds with stock acquisition rights)	–	1,739,646	–	1,739,646
Long-term debt (including Current portion of long-term debt)	–	5,060,720	2,995,581	8,056,301
Total liabilities	$ –	$8,101,984	$2,995,581	$11,097,566

Notes: Description of the valuation techniques and inputs used to determine fair values

Investment securities

As shares are traded on active markets, the fair values are classified as Level 1. Fair values of bonds are calculated by the discounted cash flow method based on the estimated future cash flows and interest rates of appropriate indices, such as yields on government bonds, plus credit spread, etc. Since the impact of unobservable inputs on the fair values is significant, the fair values are classified as Level 3.

Derivative

The Company conducts derivative transactions such as fuel options and currency options. The fair values of derivatives are calculated using the discounted present value method using observable inputs such as interest rates, and are classified as Level 2 fair values.

Bonds

Fair values of bonds issued by the Company are calculated based on the present value obtained by discounting the sum of their principal amounts and interest by the interest rate determined in light of the remaining period and the credit risk of the bonds, and classified as Level 2.

Convertible bonds with stock acquisition rights

Fair values of convertible bonds with stock acquisition rights issued by the Company are calculated based on the prices offered by financial institutions, and classified as Level 2.

Long-term debt

Fair values of long-term debt are based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into. Long-term debt with floating interest rates is subject to special treatment for interest rate swaps (see "Derivative" above), and the fair values are based on the present value of the total of principal and interest, which have been treated as a unit with such interest rate swaps, discounted by the reasonably estimated interest rate to be applied if similar new borrowings were entered into. Accordingly, the fair values are classified as Level 2. However, the fair values of some of the long-term debt are classified as Level 3 because the impact of unobservable inputs, such as contract terms and credit spread, on the fair values is significant.

(iii) The redemption schedule for receivables and available-for-sale and held-to-maturity securities with maturities at March 31, 2023 and 2022 is summarized as follows:

	Yen (Millions)			
As of March 31, 2023	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥ 602,369	¥ –	¥ –	¥ –
Notes and accounts receivable	186,052	–	–	–
Held-to-maturity bonds	–	–	–	1,855
Other securities with maturities	580,037	6,868	1,275	–
Total	¥1,368,458	¥6,868	¥1,275	¥1,855

	Yen (Millions)			
As of March 31, 2022	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥ 451,947	¥ –	¥ –	¥ –
Notes and accounts receivable	149,437	–	–	–
Held-to-maturity bonds	–	–	–	1,855
Other securities with maturities	498,310	2,971	3,816	–
Total	¥1,099,694	¥2,971	¥3,816	¥1,855

	U.S. dollars (Thousands)			
As of March 31, 2023	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	$ 4,511,113	$ –	$ –	$ –
Notes and accounts receivable	1,393,334	–	–	–
Held-to-maturity bonds	–	–	–	13,892
Other securities with maturities	4,343,870	51,434	9,548	–
Total	$10,248,318	$51,434	$9,548	$13,892

(iv) The redemption schedule for bonds, loans, and other interest-bearing liabilities at March 31, 2023 and 2022 is summarized as follows:

	Yen (Millions)			
As of March 31, 2023	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term loans	¥ 92,170	¥ –	¥ –	¥ –
Bonds	30,000	70,000	20,000	65,000
Convertible bonds with stock acquisition rights	–	70,000	150,000	–
Long-term debt	84,633	258,755	223,191	535,638
Total	¥206,803	¥398,755	¥393,191	¥600,638

	Yen (Millions)			
As of March 31, 2022	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term loans	¥100,070	¥ –	¥ –	¥ –
Bonds	–	100,000	20,000	65,000
Convertible bonds with stock acquisition rights	70,000	70,000	150,000	–
Long-term debt	62,775	284,689	248,237	569,291
Total	¥232,845	¥454,689	¥418,237	¥634,291

	U.S. dollars (Thousands)			
As of March 31, 2023	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Short-term loans	$ 690,256	$ –	$ –	$ –
Bonds	224,668	524,226	149,779	486,781
Convertible bonds with stock acquisition rights	–	524,226	1,123,343	–
Long-term debt	633,812	1,937,804	1,671,467	4,011,368
Total	$1,548,738	$2,986,257	$2,944,589	$4,498,150

19. Derivatives and hedging activities

The Group operates internationally and is exposed to the risk of fluctuations in foreign currency exchange rates, interest rates, and jet fuel prices. In order to manage these risks, the Group utilizes forward exchange contracts to hedge certain foreign currency transactions related to purchase commitments, principally of flight equipment, and foreign currency receivables and payables. Also, the Group utilizes interest rate swaps to minimize the impact of interest rate fluctuations related to outstanding debt. In addition, the Group also enters into a variety of swaps and options in its management of risk exposure related to jet fuel prices. The Group does not use derivatives for speculative or trading purposes.

The Group has developed internal hedging guidelines to control various aspects of derivative transactions, including authorization levels and transaction volumes. The Group enters into derivative transactions in accordance with these internal guidelines. Derivative and hedging transactions initiated by respective operational departments have been examined by the accounting department and these transactions, including their measures and ratios, are generally monitored by management on a quarterly basis. Assessment of hedge effectiveness is examined at inception and, on an ongoing basis, periodically.

The Group is also exposed to credit-related losses in the event of non-performance by counterparties in regard to derivative financial instruments; however, it is not expected that any counterparties will fail to meet their obligations as the majority of the counterparties are internationally recognized financial institutions.

Summarized below are the notional amounts and estimated fair values of the derivative financial instruments outstanding at March 31, 2023 and 2022 for which hedged accounting has been applied or not been applied.

(1) Derivative transactions to which hedge accounting is applied

(i) Currency-related transactions

		Yen (Millions)		
		Notional amount		
As of March 31, 2023		Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	¥ –	¥ –	¥ –
	EUR	37	–	0
	Other	–	–	–
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	436,179	191,954	52,971
	EUR	68	–	0
	Other	8,363	–	(44)
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	53,594	36,320	(1,179)
Buy:	USD (Call)	58,640	38,125	6,281
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	317	–	(*)
	EUR	–	–	(*)
	Other	–	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	11,587	–	(*)
	EUR	518	–	(*)
	Other	1	–	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY				
Total		¥569,308	¥266,400	¥58,028

As of March 31, 2022		Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	¥ 120	¥ –	¥ (3)
	EUR	–	–	–
	Other	–	–	–
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	396,486	188,389	48,296
	EUR	5	–	0
	Other	0	–	(0)
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	50,108	32,802	(553)
Buy:	USD (Call)	55,108	36,045	5,265
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	916	–	(*)
	EUR	–	–	(*)
	Other	–	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	8,315	–	(*)
	EUR	17	–	(*)
	Other	1	–	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY				
Total		¥511,081	¥257,238	¥53,005

As of March 31, 2023		U.S. dollars (Thousands) Notional amount Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	**$ –**	**$ –**	**$ –**
	EUR	**277**	**–**	**0**
	Other	**–**	**–**	**–**
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	**3,266,524**	**1,437,534**	**396,697**
	EUR	**509**	**–**	**–**
	Other	**62,907**	**–**	**(339)**
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	**401,362**	**271,998**	**(8,829)**
Buy:	USD (Call)	**439,152**	**285,516**	**47,038**
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	**2,373**	**–**	**(*)**
	EUR	**–**	**–**	**(*)**
	Other	**–**	**–**	**(*)**
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	**86,774**	**–**	**(*)**
	EUR	**3,879**	**–**	**(*)**
	Other	**7**	**–**	**(*)**
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY				
Total		**$4,263,521**	**$1,995,057**	**$434,569**

Note: Calculation of fair value is based on the data obtained from financial institutions.
(*) The estimated fair value of forward foreign exchange contracts is included in the estimated fair value of accounts payable, as the amounts in such derivative contracts accounted for as part of accounts receivable and payable are aggregated with the receivables and payables denominated in foreign currencies that are subject to hedge accounting. See Note 18 "Financial instruments and related disclosures" for additional information.

(ii) Interest-related transactions

As of March 31, 2023	Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans:			
Receive/floating and pay/fixed	**¥21,509**	**¥7,410**	**(*)**

As of March 31, 2022	Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans:			
Receive/floating and pay/fixed	¥35,608	¥21,509	(*)

As of March 31, 2023	U.S. dollars (Thousands) Notional amount Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans:			
Receive/floating and pay/fixed	**$161,079**	**$55,493**	**(*)**

(*) Interest rate swap contracts are used as hedges and meet specific matching criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the long-term loans. The estimated fair value of interest rate swap contracts is included in the estimated fair value of long-term loans.

(iii) Commodity-related transactions

As of March 31, 2023		Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method:				
Receive/floating and pay/fixed		**¥105,893**	**¥41,802**	**¥ 3,026**
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	**48,126**	**24,659**	**(1,638)**
Buy:	Crude oil (Call)	**65,418**	**33,268**	**2,953**
	Crude oil (Put)	**10,074**	**–**	**(752)**
Total		**¥229,513**	**¥99,730**	**¥ 3,590**

As of March 31, 2022		Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method:				
Receive/floating and pay/fixed		¥ 75,094	¥32,826	¥34,319
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	33,678	18,002	4,917
Buy:	Crude oil (Call)	45,264	24,094	11,163
Total		¥154,037	¥74,923	¥50,400

As of March 31, 2023		U.S. dollars (Thousands) Notional amount Total	Maturing after one year	Fair value
Commodity (crude oil) swap contracts for accounts payable, accounted for by the deferral method:				
Receive/floating and pay/fixed		**$ 793,027**	**$313,053**	**$ 22,661**
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	**360,413**	**184,670**	**(12,266)**
Buy:	Crude oil (Call)	**489,912**	**249,142**	**22,114**
	Crude oil (Put)	**75,443**	**–**	**(5,631)**
Total		**$1,718,812**	**$746,873**	**$ 26,885**

Note: The calculation of fair value is based on the data obtained from financial institutions.

(2) Derivative transactions to which hedge accounting is not applied

(i) Currency-related transactions

As of March 31, 2023		Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Non-market forward foreign exchange contracts				
Sell:	Other	¥ –	¥ –	¥ –
Non-market forward foreign exchange contracts				
Buy:	USD	3,831	–	(156)
	Other	–	–	–
Total		¥3,831	¥ –	¥(156)

As of March 31, 2022		Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Non-market forward foreign exchange contracts				
Sell:	Other	¥ –	¥ –	¥ –
Non-market forward foreign exchange contracts				
Buy:	USD	–	–	–
	Other	–	–	–
Total		¥ –	¥ –	¥ –

As of March 31, 2023		U.S. dollars (Thousands) Notional amount Total	Maturing after one year	Fair value
Non-market forward foreign exchange contracts				
Sell:	Other	$ –	$ –	$ –
Non-market forward foreign exchange contracts				
Buy:	USD	28,690	–	(1,168)
	Other	–	–	–
Total		$28,690	$ –	$(1,168)

(ii) Commodity-related transactions

Not applicable.

20. Notes to revenue recognition

(1) Information of the revenue from contracts with customers on a disaggregated basis

As of and for the year ended March 31, 2023	Yen (Millions) Reportable Segments (*1) Air Transportation	Airline Related	Travel Services	Trade and Retail
International routes				
Passenger Revenues	¥ 433,470	¥ –	¥ –	¥ –
Cargo Revenues	308,088	–	–	–
Mail Revenues	6,268	–	–	–
Subtotal	747,826	–	–	–
Domestic routes				
Passenger Revenues	529,593	–	–	–
Cargo Revenues	24,119	–	–	–
Mail Revenues	2,898	–	–	–
Subtotal	556,610	–	–	–
LCC Revenues	90,265	–	–	–
Airline Related Revenues	–	247,129	–	–
Revenues from domestic package products	–	–	45,954	–
Revenues from international package products	–	–	1,512	–
Revenues from Trade and Retail	–	–	–	103,252
Other	144,742	–	26,349	–
Total	¥1,539,443	¥247,129	¥73,815	¥103,252
Revenue from contracts with customers				
Revenue from other (*3)				

As of and for the year ended March 31, 2023	Yen (Millions) Reportable Segments (*1) Other (*2)	Subtotal	Adjustments	Total
International routes				
Passenger Revenues	¥ –	¥ 433,470	¥ –	¥ –
Cargo Revenues	–	308,088	–	–
Mail Revenues	–	6,268	–	–
Subtotal	–	747,826	–	–
Domestic routes				
Passenger Revenues	–	529,593	–	–
Cargo Revenues	–	24,119	–	–
Mail Revenues	–	2,898	–	–
Subtotal	–	556,610	–	–
LCC Revenues	–	90,265	–	–
Airline Related Revenues	–	247,129	–	–
Revenues from domestic package products	–	45,954	–	–
Revenues from international package products	–	1,512	–	–
Revenues from Trade and Retail	–	103,252	–	–
Other	38,066	209,157	–	–
Total	¥38,066	¥2,001,705	¥(294,221)	¥1,707,484
Revenue from contracts with customers				¥1,694,405
Revenue from other (*3)				¥ 13,079

As of and for the year ended March 31, 2022	Yen (Millions) Reportable Segments (*1) Air Transportation	Airline Related	Travel Services	Trade and Retail
International routes				
Passenger Revenues	¥ 70,151	¥ –	¥ –	¥ –
Cargo Revenues	328,750	–	–	–
Mail Revenues	5,448	–	–	–
Subtotal	404,349	–	–	–
Domestic routes				
Passenger Revenues	279,877	–	–	–
Cargo Revenues	24,932	–	–	–
Mail Revenues	2,666	–	–	–
Subtotal	307,475	–	–	–
LCC Revenues	37,813	–	–	–
Airline Related Revenues	–	206,806	–	–
Revenues from domestic package products	–	–	26,243	–
Revenues from international package products	–	–	171	–
Revenues from Trade and Retail	–	–	–	81,694
Other	135,459	–	19,868	–
Total	¥885,096	¥206,806	¥46,282	¥81,694
Revenue from contracts with customers				
Revenue from other (*3)				

As of and for the year ended March 31, 2022	Yen (Millions) Other (*2)	Subtotal	Adjustments	Total
International routes				
Passenger Revenues	¥ –	¥ 70,151	¥ –	¥ –
Cargo Revenues	–	328,750	–	–
Mail Revenues	–	5,448	–	–
Subtotal	–	404,349	–	–
Domestic routes				
Passenger Revenues	–	279,877	–	–
Cargo Revenues	–	24,932	–	–
Mail Revenues	–	2,666	–	–
Subtotal	–	307,475	–	–
LCC Revenues	–	37,813	–	–
Airline Related Revenues	–	206,806	–	–
Revenues from domestic package products	–	26,243	–	–
Revenues from international package products	–	171	–	–
Revenues from Trade and Retail	–	81,694	–	–
Other	38,130	193,457	–	–
Total	¥38,130	¥1,258,008	¥(237,684)	¥1,020,324
Revenue from contracts with customers				¥1,004,220
Revenue from other (*3)				¥ 16,104

	U.S. dollars (Thousands)			
	Reportable Segments (*1)			
As of and for the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail
International routes				
Passenger Revenues	$ 3,246,236	$ –	$ –	$ –
Cargo Revenues	2,307,256	–	–	–
Mail Revenues	46,940	–	–	–
Subtotal	5,600,434	–	–	–
Domestic routes				
Passenger Revenues	3,966,097	–	–	–
Cargo Revenues	180,626	–	–	–
Mail Revenues	21,702	–	–	–
Subtotal	4,168,426	–	–	–
LCC Revenues	675,990	–	–	–
Airline Related Revenues	–	1,850,737	–	–
Revenues from domestic package products	–	–	344,147	–
Revenues from international package products	–	–	11,323	–
Revenues from Trade and Retail	–	–	–	773,249
Other	1,083,966	–	197,326	–
Total	$11,528,817	$1,850,737	$552,797	$773,249
Revenue from contracts with customers				
Revenue from other (*3)				

	U.S. dollars (Thousands)			
As of and for the year ended March 31, 2023	Other (*2)	Subtotal	Adjustments	Total
International routes				
Passenger Revenues	$ –	$ 3,246,236	$ –	$ –
Cargo Revenues	–	2,307,256	–	–
Mail Revenues	–	46,940	–	–
Subtotal	–	5,600,434	–	–
Domestic routes				
Passenger Revenues	–	3,966,097	–	–
Cargo Revenues	–	180,626	–	–
Mail Revenues	–	21,702	–	–
Subtotal	–	4,168,426	–	–
LCC Revenues	–	675,990	–	–
Airline Related Revenues	–	1,850,737	–	–
Revenues from domestic package products	–	344,147	–	–
Revenues from international package products	–	11,323	–	–
Revenues from Trade and Retail	–	773,249	–	–
Other	285,074	1,566,367	–	–
Total	$285,074	$14,990,676	$(2,203,407)	$12,787,268
Revenue from contracts with customers				$12,689,320
Revenue from other (*3)				$ 97,948

(*1) The amount in the reportable segments is the amount before the intersegment consolidation elimination.
(*2) "Other" represents all business segments that are not included in the reportable segments, such as facility management, business support, and other operations.
(*3) Other Revenue includes rent income based on the "Accounting Standard for Lease Transactions" (ASBJ statement No. 13, March 30, 2007).

(2) Information that is the basis for understanding revenue

Information that is the basis for understanding revenue is stated in the notes to the consolidated financial statements "3. Summary of significant accounting policies (12) Revenue recognition."

(3) Matters for understanding the amount of revenue for the current consolidated period and the following period

(i) Balance of contract liabilities, etc.

Contract liabilities relate primarily to consideration received in advance from customers for air transportation and travel contracts for which revenue is recognized as the services are provided, and to unexercised miles awarded for the use of the Company's flights, business partners' services, etc.

Revenue recognized for the current consolidated fiscal year that was included in the contract liabilities balance at the beginning of the year was ¥199,652 million ($1,495,184 thousand).

(ii) Transaction price allocated to residual performance obligations

The total transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations at the end of the current consolidated fiscal year was ¥393,545 million. ($2,947,240 thousand).

Expected periods of revenue recognition within the next three years from the transaction price, etc., allocated to the remaining performance obligations for consideration received in advance from customers and miles that are expected to be exercised by customers in the future are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	The Current consolidated fiscal year		
As of March 31, 2023	2023	2022	2023
Within a year	¥341,330	¥143,293	$2,556,204
Over 1 year and within 2 years	41,564	41,788	311,270
Over 2 years and within 3 years	9,498	27,022	71,130
Total	¥392,392	¥212,103	$2,938,605

21. Segment information

(1) Description of reportable segments

The reportable segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Executive Committee to make decisions about resource allocation and to assess performance.

The Group's reportable segments are categorized under "Air Transportation," "Airline Related," "Travel Services," and "Trade and Retail."

The "Air Transportation" segment conducts domestic and international passenger operations, cargo and mail operations, and other transportation services. The "Airline Related" segment conducts air transportation-related operations, such as airport passenger and ground handling services and maintenance services. The "Travel Services" segment conducts operations centering on the development and sales of travel plans. It also conducts planning and sales of branded travel packages using air transportation. The "Trade and Retail" segment conducts mainly import and export operations of goods related to air transportation and is involved in in-store and non-store retailing.

(2) Methods of measurement for the amounts of operating revenues, profit or loss, assets, and other items for each reportable segment

The accounting policies of the reportable segments are substantially the same as those described in Note 3 "Summary of significant accounting policies."

Segment performance is evaluated based on operating income or loss. Intersegment sales and transfers are based on actual market price.

(3) Information about operating revenues, profit or loss, assets, and other items

	Yen (Millions)				
	Reportable Segments				
As of and for the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	¥1,498,327	¥ 45,723	¥57,743	¥ 90,602	¥1,692,395
Intersegment revenues or transfers	41,116	201,406	16,072	12,650	271,244
Total	¥1,539,443	¥247,129	¥73,815	¥103,252	¥1,963,639
Segment profit (loss)	¥ 124,158	¥ 2,332	¥ (277)	¥ 3,511	¥ 129,724
Segment assets	3,093,911	162,277	38,789	56,898	3,351,875
Other items:					
Depreciation and amortization	138,453	4,353	188	931	143,925
Amortization of goodwill	2,001	–	–	114	2,115
Increase in property and equipment and intangible assets	115,146	2,124	1,469	1,152	119,891

Notes to Consolidated Financial Statements

As of and for the year ended March 31, 2023	Reportable Segments Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
	Yen (Millions)			
Operating revenues:				
Operating revenues from external customers	¥15,089	¥1,707,484	¥ –	¥1,707,484
Intersegment revenues or transfers	22,977	294,221	(294,221)	–
Total	¥38,066	¥2,001,705	¥(294,221)	¥1,707,484
Segment profit (loss)	¥ 599	¥ 130,323	¥ (10,293)	¥ 120,030
Segment assets	26,569	3,378,444	(11,720)	3,366,724
Other items:				
Depreciation and amortization	388	144,313	–	144,313
Amortization of goodwill	–	2,115	–	2,115
Increase in property and equipment and intangible assets	121	120,012	(3,120)	116,892

(*1) "Other" refers to all business segments that are not included in the reportable segments, such as facility management, business support, and other operations.
(*2) Adjustments to segment profit or loss consist of corporate expenses. The amount of company-wide assets included in the adjustment amount of segment assets is ¥(167,141) million, the main of which is long-term investment funds (investment securities) of consolidated subsidiaries.
(*3) Segment profit or loss is reconciled to operating income on the consolidated statement of income.

As of and for the year ended March 31, 2022	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
	Yen (Millions) Reportable Segments				
Operating revenues:					
Operating revenues from external customers	¥ 857,460	¥ 43,613	¥32,130	¥72,380	¥1,005,583
Intersegment revenues or transfers	27,636	163,193	14,152	9,314	214,295
Total	¥ 885,096	¥206,806	¥46,282	¥81,694	¥1,219,878
Segment profit (loss)	¥ (162,932)	¥ (660)	¥ (2,105)	¥ 549	¥ (165,148)
Segment assets	2,963,742	141,202	32,543	51,323	3,188,810
Other items:					
Depreciation and amortization	140,553	5,050	134	1,093	146,830
Amortization of goodwill	2,001	–	–	115	2,116
Increase in property and equipment and intangible assets	130,531	150	407	452	131,540

As of and for the year ended March 31, 2022	Reportable Segments Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
	Yen (Millions)			
Operating revenues:				
Operating revenues from external customers	¥14,741	¥1,020,324	¥ –	¥1,020,324
Intersegment revenues or transfers	23,389	237,684	(237,684)	–
Total	¥38,130	¥1,258,008	¥(237,684)	¥1,020,324
Segment profit (loss)	¥ 1,388	¥ (163,760)	¥ (9,367)	¥ (173,127)
Segment assets	25,590	3,214,400	4,033	3,218,433
Other items:				
Depreciation and amortization	498	147,328	–	147,328
Amortization of goodwill	–	2,116	–	2,116
Increase in property and equipment and intangible assets	395	131,935	1,429	133,364

(*1)."Other" refers to all business segments that are not included in the reportable segments, such as facility management, business support, and other operations.
(*2) Adjustments to segment profit or loss consist of corporate expenses. The amount of company-wide assets included in the adjustment amount of segment assets is ¥(158,814) million, the main of which is long-term investment funds (investment securities) of consolidated subsidiaries.
(*3) Segment profit or loss is reconciled to operating loss on the consolidated statement of income.
(*4) Matters concerning changes in reporting segments, etc.
New revenue recognition accounting standards have been applied from the beginning of the previous consolidated fiscal year. Due to a change in the accounting standard, the method for measuring profit or loss in a business segment has been changed as well. The change mainly affected operating revenues and segment losses in the Air Transportation segment.

As of and for the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
	U.S. dollars (Thousands) Reportable Segments				
Operating revenues:					
Operating revenues from external customers	$11,220,901	$ 342,417	$432,434	$678,514	$12,674,267
Intersegment revenues or transfers	307,915	1,508,320	120,362	94,735	2,031,333
Total	$11,528,817	$1,850,737	$552,797	$773,249	$14,705,601
Segment profit (loss)	$ 929,813	$ 17,464	$ (2,074)	$26,293	$971,497
Segment assets	23,170,156	1,215,284	290,489	426,106	25,102,036
Other items:					
Depreciation and amortization	1,036,868	32,599	1,407	6,972	1,077,847
Amortization of goodwill	14,985	–	–	853	15,839
Increase in property and equipment and intangible assets	862,323	15,906	11,001	8,627	897,858

As of and for the year ended March 31, 2023	Reportable Segments Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
	U.S. dollars (Thousands)			
Operating revenues:				
Operating revenues from external customers	$113,000	$12,787,268	$ –	$12,787,268
Intersegment revenues or transfers	172,073	2,203,407	(2,203,407)	–
Total	$285,074	$14,990,676	$(2,203,407)	$12,787,268
Segment profit (loss)	$ 4,485	$ 975,982	$ (77,083)	$ 898,899
Segment assets	198,974	25,301,011	(87,770)	25,213,240
Other items:				
Depreciation and amortization	2,905	1,080,753	–	1,080,753
Amortization of goodwill	–	15,839	–	15,839
Increase in property and equipment and intangible assets	906	898,764	(23,365)	875,398

(*1) "Other" refers to all business segments that are not included in the reportable segments, such as facility management, business support, and other operations.
(*2) Adjustments to segment profit or loss consist of corporate expenses. The amount of company-wide assets included in the adjustment amount of segment assets is $(1,251,711) thousand, the main of which is long-term investment funds (investment securities) of consolidated subsidiaries.
(*3) Segment profit or loss is reconciled to operating income on the consolidated statement of income.

(4) Information about geographical areas

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2023 and 2022 are summarized as follows:

	Yen (Millions) 2023	Yen (Millions) 2022	U.S. dollars (Thousands) 2023
Japan	¥1,217,092	¥ 737,522	$ 9,114,745
Overseas	490,392	282,802	3,672,523
Total	¥1,707,484	¥1,020,324	$12,787,268

Notes:
1. "Overseas" consists substantially of the Americas, Europe, China, and Asia.
2. Net sales of "Overseas" represents sales made in countries or areas other than Japan.

(5) Information about impairment loss on long-lived assets

For the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
	Yen (Millions) Reportable Segments						
Impairment loss	¥–	¥–	¥–	¥–	¥–	¥–	¥–

For the year ended March 31, 2022	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
	Yen (Millions) Reportable Segments						
Impairment loss	¥9,357	¥–	¥–	¥–	¥–	¥–	¥9,357

For the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
	U.S. dollars (Thousands) Reportable Segments						
Impairment loss	$–	$–	$–	$–	$–	$–	$–

(6) Information about amortization and the remaining balance of goodwill

As of and for the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
	Yen (Millions) Reportable Segments						
Amortization of goodwill	¥ 2,001	¥–	¥–	¥114	¥–	¥–	¥ 2,115
Balance at the end of the fiscal year	¥18,000	¥–	¥–	¥115	¥–	¥–	¥18,115

As of and for the year ended March 31, 2022	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
	Yen (Millions) Reportable Segments						
Amortization of goodwill	¥ 2,001	¥–	¥–	¥115	¥–	¥–	¥ 2,116
Balance at the end of the fiscal year	¥20,001	¥–	¥–	¥229	¥–	¥–	¥20,230

As of and for the year ended March 31, 2023	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
	U.S. dollars (Thousands) Reportable Segments						
Amortization of goodwill	$ 14,985	$–	$–	$853	$–	$–	$ 15,839
Balance at the end of the fiscal year	$134,801	$–	$–	$861	$–	$–	$135,662

22. Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2023 and 2022 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Commissions	¥41,519	¥18,827	$310,933
Advertising	4,576	3,079	34,269
Employees' salaries and bonuses	33,578	30,357	251,464
Provision of allowance for doubtful accounts	37	44	277
Provision for accrued bonuses to employees	6,375	2,031	47,742
Retirement benefit expenses	2,951	3,053	22,099
Depreciation	22,113	25,379	165,603
Outsourcing expenses	22,896	24,122	171,467

23. Amounts per share

Amounts per share at and for the years ended March 31, 2023 and 2022 are as follows:

	Yen		U.S. dollars
	2023	2022	2023
Net assets per share	¥1,833.64	¥1,695.06	$13.73
Net income (loss) per share	190.24	(305.37)	1.42
After adjusting for diluted shares net income per share	170.16	–	1.27

Note: 1.The basis for calculating net income per share is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
Year ended March 31	2023	2022	2023
Net income (loss) attributable to common shareholders	¥ 89,477	¥(143,628)	$670,089
Amount not attributable to common shareholders	–	–	
Net income (loss) attributable to common stock	¥ 89,477	¥(143,628)	$670,089
Weighted-average number of shares outstanding during the fiscal year (in thousands)	470,334	470,339	
Increase in number of common stocks (in thousands)	55,496		
Convertible bonds type bonds with subscription rights to shares (in thousands)	55,496		

Note: 2.The basis for calculating net assets per share is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
As of March 31	2023	2022	2023
Net assets	¥870,391	¥803,415	$6,518,317
Amounts deducted from total net assets:			
Non-controlling interests	(7,972)	(6,166)	(59,701)
Net assets attributable to common stock at the end of the fiscal year	¥862,419	¥797,249	$6,458,616
Number of shares of common stock at the end of the fiscal year used to determine net assets per share (in thousands)	470,331	470,336	

Note: 3. The average number of shares of the Company held by the Trust for Delivery of Shares to Directors for the years ended March 31, 2023 and 2022 were 178 thousand and 178 thousand, respectively. The shares held by the trust were deducted from the weighted-average number of shares outstanding during each of the years ended March 31, 2023 and 2022.
The number of shares of the Company held by the Trust for Delivery of Shares to Directors at March 31, 2023 and 2022 were 178 thousand and 178 thousand, respectively. The shares held by the trust were deducted from the number of shares of common stock at the end of each of the years ended March 31, 2023 and 2022, which were used to determine net assets per share.

24. Supplementary cash flow information

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheet at March 31, 2023 and 2022 and cash and cash equivalents in the consolidated statement of cash flows is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Cash and deposits	¥ 603,686	¥ 452,679	$ 4,520,976
Time deposits with maturities of more than three months	(387,030)	(261,292)	(2,898,449)
Marketable securities	580,037	498,310	4,343,870
Marketable securities with maturities of more than three months	(70,242)	(68,660)	(526,039)
Cash and cash equivalents	¥ 726,451	¥ 621,037	$ 5,440,357

25. Impairment loss

The Group reviewed its long-lived assets for impairment for the years ended March 31, 2023 and 2022. As a result, the Group recognized impairment losses of ¥9,357 million, included in other expenses, for the years ended March 31, 2022, whereas there were no applicable items for the years ended March 31, 2023. The details are as follows:

For the year ended March 31, 2023			Yen (Millions)
Application	Location	Category	Impairment loss
None			

For the year ended March 31, 2022			Yen (Millions)
Application	Location	Category	Impairment loss
Assets expected to be sold	Tokyo	Aircraft-related assets	¥8,196
Other assets	Chiba	Buildings, furniture and fixtures	1,161
		Total	¥9,357

The Group grouped its operating assets for impairment testing based on management accounting categories, and also grouped lease assets, assets to be disposed of by sale and idle assets on an individual basis. Regarding aircraft-related assets of ANA HOLDINGS INC. and ALL NIPPON AIRWAYS CO., LTD., the Group retired some of the aircrafts based on the updated business plan. As a result, an impairment loss of ¥8,196 million was recognized. Regarding business assets, the air passenger facility in Chiba went into an idle state and were written-down to recoverable amount. Details are as follows: ¥1,150 million for buildings-related assets, ¥10 million for furniture and fixtures, ¥0 million for structures. The recoverable amount of aircraft-related assets was measured at its net selling price. The net selling price is determined by estimates of selling cost and selling price. Regarding business assets, the Group recognized that recovery of the amount invested will not be possible and memorandum value as recoverable amount.

For the year ended March 31, 2023			U.S. dollars (Thousands)
Application	Location	Category	Impairment loss
None			

26. Supplementary information for the consolidated statement of income

(1) Write-downs of inventories

Inventories were valued using prices after write-downs of book value due to a decrease in net selling value.

Write-downs of inventories included in cost of sales are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
	¥146	¥815	$1,093

(2) Other income (expenses), net

	Yen (Millions)		U.S. dollars (Thousands)
	2023	2022	2023
Employment adjustment subsidy	¥ 5,043	¥23,955	$37,766
Gain on sales of investment securities	–	8,278	–
Valuation loss on investments in securities	(1,042)	(5,337)	(7,803)
Other	7,174	24,257	53,725
Other, net	¥11,175	¥51,153	$83,689

27. Subsequent events

(1) Disposal of Treasury Stock

At the meeting of the Board of Directors held on April 27, 2023, the Company resolved to introduce a transfer-restricted stock incentive plan for the employee stock ownership associations (the "Plan") and to dispose of its shares of treasury stock in the form of transfer-restricted shares (the "Disposal of Treasury Stock" or the "Disposal") to All Nippon Airways Employee Stock Ownership Association, All Nippon Airways Group Employee Stock Ownership Association, and All Nippon Airways Trading Group Employee Stock Ownership Association (individually, the "Stock Ownership Association" and collectively, the "Stock Ownership Associations") as intended allottees.

(i) Outline of disposal

(a) Class of stock subject to the disposable	Shares of common stock
(b) Total number of shares to the disposal	4,452,500 shares (Note)
(c) Disposal price	2,930 yen per share
(d) Total disposal price amount to be disposed	13,045,825,000 yen (97,699,580,618 U.S dollars) (Note)
(e) Due date for the disposal	November 1, 2023
(f) Method of the disposal	Subject to applications for subscription of shares being made by the Stock Ownership Associations, the Company will allot to the Stock Ownership Associations, by way of private offering, shares in such number as determined to be subscribed by the Stock Ownership Associations within the total number of shares subject to the Disposal specified in (b) above (the (Note) number of shares so allotted will be the actual total number of shares subject to the Disposal) No application for subscription from an Eligible Employee (as defined below) of part of the number of the granted shares will be accepted.

Note: The "Total number of shares to the disposal" and the "Total disposal price" are calculated on the assumption that 100 shares of the Company's common stock will be uniformly granted in the form of transfer-restricted shares to 44,525 employees of the Company's subsidiaries who are a member of the Stock Ownership Associations, which is the maximum number of employees to whom the Plan may apply. Accordingly, the actual total number of shares subject to the Disposal and the total Disposal price will be fixed based on the number of employees of the Company's subsidiaries who consent to the Plan (the "Eligible Employees"; maximum 44,525 employees) after the activities to promote enrollment of those who are not a member of any Stock Ownership Association and confirmation of consent to the Plan from the members of the Stock Ownership Associations. More specifically, as described in (f) above, the number of shares to be subscribed as determined by the Stock Ownership Associations will be the actual "Total number of shares to the disposal," and the amount obtained by multiplying that number by the "Disposal price per share" will be the "Total disposal price." The Company's subsidiaries will uniformly pay a monetary claim of 293,000 yen to each Eligible Employee and the Company will uniformly allocate 100 shares to each Eligible Employee through the Stock Ownership Associations.

(ii) Purpose and reasons for the Disposal

The Company aims to create opportunities for the Eligible Employees of the Company's subsidiaries who are a member of the Stock Ownership Associations to acquire shares of common stock of the Company issued or disposed of by the Company through the Stock Ownership Associations in the form of transfer-restricted shares as a measure to enhance employee benefits for the Eligible Employees, and thereby assisting them in their asset building. The Company also intends to increase incentives to achieve the "ANA HOLDINGS Announces Med-Term Corporate Strategies for FY2023–2025," and thus, enabling the Eligible Employees to share values with the shareholders of the Company further and raising their awareness of participation in the management for the sustainable increase of the Group's corporate value.

(2) Acquisition of treasury stock

At the meeting of the Board of Directors held on April 27, 2023, the Company resolved to acquire its shares of treasury stock pursuant to Article 156 of the Companies Act of Japan as applied according to Article 165, Paragraph 3 of the said Act, and the specific method of the acquisition. On April 28, 2023, the Company acquired its shares of treasury stock as follows.

(i) Details of the acquisition

(a) Class of stock subject to the acquisition	Shares of common stock
(b) Total number of shares subject to the acquisition	2,930,000 shares
(c) Acquisition price	8,453,050,000 yen (63,304,500,861 U.S dollars)
(d) Date of the acquisition	April 28, 2023
(e) Method of the acquisition	Purchase through the Tokyo Stock Exchange's Off-Auction Own Share Repurchase Trading System (ToSTNeT -3)

(ii) Reason for the acquisition of treasury stock

The Company will appropriate the acquired shares of treasury stock to shares to be delivered under the "transfer-restricted stock incentive plan for the employee stock ownership associations," which was resolved to be introduced at the meeting of the Board of Directors held on April 27, 2023, as described in (1) Disposal of Treasury Stock above.

(3) Wholly Owned Subsidiary through Simplified Share Exchange

At the meeting of the Board of Directors held on July 10, 2023, the Company 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 Nippon Cargo Airlines Co., Ltd will become a wholly owned subsidiary resulting from the Share Exchange, effective on October 1, 2023, subject to the approvals of the relevant authorities. The Company has entered into an agreement for the Share Exchange (the "Share Exchange Agreement") with Nippon Cargo Airlines Co., Ltd at the same date.

(i) Overview of the Share Exchange

(a) Name and Description of Business of Wholly Owned Subsidiary Resulting from the Share Exchange

Name of Wholly Owned Subsidiary Resulting from the Share Exchange	Nippon Cargo Airlines Co., Ltd. ("NCA")
Description of Business	Air cargo transportation business, etc.

(b) Purpose of the Share Exchange

The Group believes that making NCA a wholly owned subsidiary through a share exchange is the best way to increase the profitability of our group and accelerate our 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. As an airline, the Company will aim to contribute to society by providing value in the world of logistics.

(c) Effective Date of the Share Exchange

October 1, 2023 (scheduled)

(d) Method of the Share Exchange

This 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 the middle of September 2023.

Notes to Consolidated Financial Statements

(ii) Allotment of Shares in the Share Exchange and Method of Calculation of the share exchange ratio

(a) 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)	

Notes:
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 Share Exchange, 1 share of common stock of NCA will be allotted).
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 share 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.
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.

(b) Method of Calculation of the share exchange ratio

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 requested 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 KPMG, 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. After 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 their respective third-party valuator. As a result, 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.

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ANA HOLDINGS INC.:

Opinion

We have audited the consolidated financial statements of ANA HOLDINGS INC. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2023, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

	Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
1	Reliability of Information Technology ("IT") systems related to revenue recognition in the air transportation business and the reasonableness of estimates related to the Group's points system (miles) As disclosed in Note 21, Segment information—Information about operating revenues, profit or loss, assets and other items, the Group recorded operating revenues of 1,539,443 million yen in the air transportation segment for the year ended March 31, 2023, which accounted for 78.4% of total operating revenues of all combined reportable segments. The operating revenues in the air transportation segment mainly consisted of revenues from the international and domestic passenger operations, which are core businesses for the Group and amounted to 433,470 million yen and 529,593 million yen, or 22.1% and 27.0% of total operating revenues of all combined reportable segments, respectively. In addition, contract liabilities in the amount of 393,545 million yen were recorded on the Group's consolidated balance sheet. These liabilities represented advance considerations received from customers for air transportation services, as well as deferred liabilities identified as distinct performance obligations. The Group records contract liabilities upon receiving the consideration for the revenue from its passenger operations and recognizes revenue when it provides air transportation services. Furthermore, the Group operates a membership program known as the ANA Mileage Club and confers points (miles) on members of this program in response to using its air transportation services or services of one of its alliance companies. The miles conferred to these members can be exchanged for goods or services provided by either the Group or one of its alliance companies, which include partner airline companies. The Group identifies the performance obligation related to an option that enables future purchases of additional goods or services different from the performance obligation related to air transportation services. The Group allocates the transaction price to such performance obligation and recognizes that amount as a contract liability. Based on above, the Group recognizes revenue when the goods or services received in exchange for these miles are used or when these miles expire.	Our audit procedures performed to test the reliability of IT systems related to revenue recognition and the reasonableness of estimates related to the Group's point system (miles) included the following, among others: • We identified automated controls over revenue recognition in domestic and international passenger operations, such as the creation of sales data, the matching of the sales data with the boarding data and the creation of revenue data transferred into the accounting system. We also identified automated controls related to processing miles, such as the accumulation of miles that are conferred when a customer boards one of the Group's flights, the redemption of miles in exchange for bonus tickets and the generation of data related to the expiration of miles. We then evaluated the design and operating effectiveness of these automated controls by inspecting system designs and other documents and reperforming controls using data extracted from the systems to determine whether the IT systems were functioning effectively. • We evaluated the design and operating effectiveness of general IT controls, which supported the consistent operation of automated controls throughout the audit period, by inspecting test results for program changes made to the relevant IT systems and evidence of approval for granting access rights to data and other information resources. • We evaluated whether general IT controls that existed at service organizations over the IT systems, and that were outsourced could be relied upon by obtaining the report on controls over outsourced operations that was prepared by a service auditor independent from the user entity and reading descriptions of the scope, period and procedures to test general IT controls.

	(1) Reliability of IT systems related to revenue recognition in the air transportation business Operating revenue is an important metric to the Group, and revenues from the domestic and international passenger operations comprise a significant portion of this metric. On a daily basis, a large volume of reservations, ticketing, boarding, billing and other transactions related to passenger operations are processed, which is dependent on automated processing or system interfaces using multiple IT systems, including systems outsourced to service organizations. There is a wide range of goods and services that can be provided in exchange for miles. These include goods and services provided within the Group, such as bonus tickets, seat upgrades and sky coins, as well as goods and services from alliance companies including partner airline companies. Miles can also be exchanged for electronic money. Basic data associated with the accumulation and redemption of contract liabilities is processed based on information generated by multiple IT systems. In order for these account balances and classes of transactions to be properly processed in accordance with the Group's accounting policy, IT systems need to be consistently operating effectively and relevant information needs to be appropriately secured. Moreover, a large portion of inputs for these transactions are inputs through websites by customers, devices at travel agencies, or data linked from boarding gates, so the physical evidence of these transactions are limited to financial institutions' transaction records and the transaction records from alliance companies that are involved with the exchange of miles for goods and services. Therefore, our audit procedures are highly dependent on information (such as number of passengers, sales and revenue data and actual data related to the accumulation/redemption of miles) generated from the automated processing or system interfaces using IT systems.	• We tested the accuracy and completeness of information and data (such as the number of passengers, sales and revenue data and actual data related to the accumulation/redemption of miles) generated from the IT systems used in our audit procedures by reading descriptions of system design and other documents and by reperforming procedures using data extracted from the systems. • We tested whether the revenue data generated from IT systems were consistent with the revenue amounts recorded into the accounting systems with respect to revenue recognition of domestic and international passenger operations. In addition, we tested the consistency of the revenue data and the sales data, which forms the basis of the revenue data, with transaction records from financial institutions. • We recalculated the contractual liabilities that accompanied the accumulation and redemption of miles based on past data generated from IT systems related to the accumulation and redemption of miles, stand-alone selling prices and redemption price per mile, and tested whether those were consistent with the amounts recorded. In addition, we tested whether the accumulation of miles accompanying the use of an alliance company's services and the redemption of miles in which they were exchanged for an alliance company's goods and services were consistent with the third-party evidence that accompanied the detailed calculations made with alliance companies. • We tested the reasonableness of assumptions about the proportion of goods and services selected by member customers using their miles and the future miles expiration rate, which were used by management to estimate the stand-alone selling prices for miles, by evaluating historical trends.

	(2) Reasonableness of estimates related to the Group's point system (miles) As disclosed in Note 5, Significant accounting estimates, a stand-alone selling price must be estimated for miles when allocating a transaction price to the performance obligation tied to air transportation services and miles. The stand-alone selling price is estimated by considering the proportion of goods and services selected by member customers when using their miles, as well as the future miles expiration rate. As these are estimated by considering the proportion of miles used and the future miles expiration rate, the assumptions involve a high degree of estimation uncertainty and require management's judgment. Accordingly, we identified the consistent effectiveness of automated processing by the IT systems related to the recognition of revenue from domestic and international passenger operations, the reliability of information generated by those systems and the reasonableness of the estimates related to the Group's point system (miles) as a key audit matter.	
2	<u>Reasonableness of future plans as a basis of accounting estimates</u> The Group recorded deferred tax assets of 263,303 million yen on the consolidated balance sheet as of March 31, 2023, which was based on the estimate of future taxable income. As disclosed in Note 13, Income taxes, the amount mainly consisted of deferred tax assets recognized for tax losses carried forward in the amount of 180,187 million yen. Management judged the recoverability of deferred tax assets considering the future taxable income estimated based on the Group's future plans. Specifically, the following assumptions used in the future plans involve a high degree of uncertainty and require management's judgment. Therefore, we identified these accounting estimates as a key audit matter. • As disclosed in Note 5, Significant accounting estimates—Recoverability of deferred tax assets, the recoverability of deferred tax assets is assessed based on the future business plans of ANA HOLDINGS INC. and All Nippon Airways Co., Ltd. developed assuming that demand for international and domestic passengers will nearly recover to the level in 2019 by the end of the fiscal year ending March 2026. The assumptions include management's judgments about future air passenger demand, and therefore, the estimates involve a high degree of uncertainty.	Our audit procedures performed to test significant assumptions used in the future plans, which were the basis for the evaluation of the recoverability of deferred tax assets, included the following, among others: • We compared the Group's assumptions regarding the expected recovery of the future air passenger demand and the market growth rate in the air passenger business with those in market outlook publications and other related industry reports issued by external institutions. We understood and considered the assumptions used in the external market reports and compared them each other for consistency. We also tested the reasonableness of the seat occupancy rate and revenue per passenger by assessing the historical correlations with passenger carrying capacity and air passenger demand. • We tested the reasonableness of aircraft investment plans by comparing them with passenger carrying capacity in the future plans. We also tested advance payments on aircraft contracts for consistency with related documents. In addition, we tested the feasibility of the headcount plans by examining the consistency with passenger carrying capacity in the future plans and comparing them with the historical number of employees hired.

	• The assumptions related to the market growth rate, seat occupancy rate and revenue per passenger for the air passenger business used in developing the future plans involve a high degree of estimation uncertainty. • Aircraft investment plans and headcount plans supporting passenger carrying capacity in the future plans involve uncertainty associated with the estimations for the future conditions. • Due to the characteristic of the airline business, fuel prices and foreign exchanges significantly affect the Group's cost of sales and are exposed to significant price fluctuation risks. If fuel prices and foreign exchanges fluctuate beyond the Group's expectations, the fluctuations significantly affect the estimates for the futures plans. Also, the estimates for fuel prices and foreign exchanges involve uncertainty due to supply and demand factors, geopolitical risks, and interest rate policies in foreign countries.	• For the significant assumptions for fuel prices and foreign exchanges, we considered the impacts on fuel prices caused by the supply and demand factors and geopolitical risks and compared them with market predictions, available external data, and historical results.

Other Information

Other information comprises the information included in the Group's disclosure documents accompanying the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon.

We determined that no such information existed and therefore, we did not perform any work thereon.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

August 31, 2023

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