Financial Results 2024

Fiscal 2023 (Year ended March 2024)

ANA HOLDINGS INC.

Contents

Consolidated Financial Statements

Consolidated Balance Sheet

ANA HOLDINGS INC. and its consolidated subsidiaries
As of March 31, 2024

As of March 31	Yen (Millions) 2024	Yen (Millions) 2023	U.S. dollars (Thousands) (Note 2) 2024
ASSETS			
Current assets:			
Cash and deposits (Notes 18 and 24)	¥ 600,893	¥ 603,686	$ 3,968,648
Marketable securities (Notes 6 and 18)	656,913	580,037	4,338,636
Notes and accounts receivable (Note 18)	218,208	186,052	1,441,172
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	2,350	2,741	15,520
Lease receivables and investments in leases (Note 9)	12,219	14,724	80,701
Inventories (Notes 7, 9 and 25)	53,961	44,655	356,389
Prepaid expenses and other	156,931	119,183	1,036,463
Allowance for doubtful accounts	(285)	(258)	(1,882)
Total current assets	1,701,190	1,550,820	11,235,651
Property and equipment:			
Land (Note 9)	44,069	44,045	291,057
Buildings and structures (Note 9)	258,669	257,665	1,708,401
Aircraft (Note 9)	1,898,878	1,781,646	12,541,298
Machinery and equipment	100,406	99,411	663,139
Vehicles	36,330	33,137	239,944
Furniture and fixtures	60,326	60,748	398,428
Lease assets (Note 15)	9,295	9,849	61,389
Construction in progress	224,173	186,967	1,480,569
Total	2,632,146	2,473,468	17,384,228
Accumulated depreciation	(1,301,393)	(1,202,156)	(8,595,158)
Net property and equipment	1,330,753	1,271,312	8,789,069
Investments and other assets:			
Investment securities (Notes 6 and 18)	129,700	122,820	856,614
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 8)	31,167	31,667	205,845
Lease and guaranty deposits	18,452	16,362	121,867
Deferred tax assets (Note 13)	213,374	263,303	1,409,246
Goodwill	15,999	18,115	105,666
Intangible assets	87,908	69,705	580,595
Other assets	40,987	22,620	270,702
Total investments and other assets	537,587	544,592	3,550,538
TOTAL (Note 21)	¥3,569,530	¥3,366,724	$23,575,259

As of March 31	Yen (Millions) 2024	Yen (Millions) 2023	U.S. dollars (Thousands) (Note 2) 2024
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term loans (Notes 9 and 18)	¥ 84,170	¥ 92,170	$ 555,907
Current portion of long-term debt (Notes 9 and 18)	145,828	117,680	963,133
Accounts payable (Note 18)	236,297	167,303	1,560,643
Accounts payable to unconsolidated subsidiaries and affiliates	1,113	1,225	7,350
Contract liabilities	444,982	393,545	2,938,920
Accrued expenses	80,417	53,198	531,120
Income taxes payable	8,015	6,910	52,935
Other current liabilities (Note 12)	34,606	51,370	228,558
Total current liabilities	1,035,428	883,401	6,838,570
Long-term liabilities:			
Long-term debt (Notes 9 and 18)	1,254,038	1,398,068	8,282,398
Liability for retirement benefits (Note 10)	160,027	161,129	1,056,911
Deferred tax liabilities (Note 13)	505	206	3,335
Asset retirement obligations (Note 12)	1,312	1,537	8,665
Other long-term liabilities	65,593	51,992	433,214
Total long-term liabilities	1,481,475	1,612,932	9,784,525
Contingent liabilities (Note 17)			
Equity (Note 16):			
Common stock:			
Authorized – 1,020,000,000 shares;			
Issued – 484,293,561 shares in 2024 and 484,293,561 shares in 2023	467,601	467,601	3,088,309
Capital surplus	404,065	407,328	2,668,681
Retained earnings (Accumulated deficit)	135,971	(21,126)	898,031
Treasury stock – 14,224,644 shares in 2024 and 13,961,988 shares in 2023	(56,512)	(59,365)	(373,238)
Accumulated other comprehensive income:			
Unrealized gain on securities	41,360	36,824	273,165
Deferred gain on derivatives under hedge accounting	59,782	42,496	394,835
Foreign currency translation adjustments	3,677	2,481	24,285
Defined retirement benefit plans	(11,436)	(13,820)	(75,530)
Total	1,044,508	862,419	6,898,540
Non-controlling interests	8,119	7,972	53,622
Total equity	1,052,627	870,391	6,952,163
TOTAL	¥3,569,530	¥3,366,724	$23,575,259

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

Year Ended March 31	Yen (Millions) 2024	Yen (Millions) 2023	U.S. dollars (Thousands) (Note 2) 2024
Operating revenues (Note 21)	¥2,055,928	¥1,707,484	$13,578,548
Cost of sales (Notes 10 and 25)	1,642,263	1,403,567	10,846,463
Gross income	413,665	303,917	2,732,085
Selling, general and administrative expenses (Notes 10 and 22)	205,754	183,887	1,358,919
Operating income (Note 21)	207,911	120,030	1,373,165
Other income (expenses):			
Interest income	1,294	838	8,546
Dividend income	1,311	1,092	8,658
Equity in earnings of unconsolidated subsidiaries and affiliates	1,060	801	7,000
Foreign exchange gain, net	4,459	2,306	29,449
Gain on sales of assets	2,265	7,854	14,959
Gain on donation of non-current assets	367	1,060	2,423
Compensation income	14,404	–	95,132
Interest expenses	(23,324)	(24,845)	(154,045)
Loss on sales of assets	(50)	(85)	(330)
Loss on disposal of assets	(4,866)	(3,233)	(32,137)
Grounded aircraft expense	–	(4,638)	–
Gain on reversal of foreign currency translation adjustments	–	1,987	–
Other, net (Note 25)	7	11,175	46
Other income (expenses), net	(3,073)	(5,688)	(20,295)
Income before income taxes	204,838	114,342	1,352,869
Income taxes (Note 13):			
Current	5,971	4,578	39,435
Deferred	40,540	19,666	267,749
Total income taxes	46,511	24,244	307,185
Net income	158,327	90,098	1,045,683
Net income attributable to non-controlling interests	1,230	621	8,123
Net income attributable to owners of the parent	¥ 157,097	¥ 89,477	$ 1,037,560

Year Ended March 31	Yen 2024	Yen 2023	U.S. dollars (Note 2) 2024
Per share of common stock (Notes 3, 16 and 23):			
Basic net income	¥335.09	¥190.24	$2.21
After adjusting for diluted shares net income per share	301.62	170.16	1.99
Cash dividends applicable to the year	50.00	–	0.33

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

Year Ended March 31	Yen (Millions) 2024	Yen (Millions) 2023	U.S. dollars (Thousands) (Note 2) 2024
Net income	¥158,327	¥ 90,098	$1,045,683
Other comprehensive income (loss) (Note 14):			
Unrealized gain on securities	4,472	4,466	29,535
Deferred gain (loss) on derivatives under hedge accounting	17,279	(29,641)	114,120
Foreign currency translation adjustments	1,277	(1,139)	8,434
Defined retirement benefit plans	2,406	(554)	15,890
Share of other comprehensive income in affiliates	59	6	389
Total other comprehensive income (loss) (Note 14)	25,493	(26,862)	168,370
Comprehensive income	¥183,820	¥ 63,236	$1,214,054
Total comprehensive income attributable to:			
Owners of the parent	¥182,499	¥ 62,560	$1,205,329
Non-controlling interests	1,321	676	8,724

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

	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, 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
Net income attributable to owners of the parent				**157,097**		**157,097**							**157,097**
Purchase of treasury stock (Note 16)	**(263)**				**(9,510)**	**(9,510)**							**(9,510)**
Disposal of treasury stock (Note 16)			**(3,282)**		**12,362**	**9,080**							**9,080**
Changes in the parent's ownership interest due to transactions with non-controlling interests			**19**			**19**							**19**
Change in treasury shares arising from change in equity in entities accounted for using equity method					**1**	**1**							**1**
Net changes in the year						**–**	**4,536**	**17,286**	**1,196**	**2,384**	**25,402**	**147**	**25,549**
Total changes during the fiscal year	**(263)**	**–**	**(3,263)**	**157,097**	**2,853**	**156,687**	**4,536**	**17,286**	**1,196**	**2,384**	**25,402**	**147**	**182,236**
Balance at March 31, 2024	**470,068**	**¥467,601**	**¥404,065**	**¥ 135,971**	**¥(56,512)**	**¥951,125**	**¥41,360**	**¥ 59,782**	**¥ 3,677**	**¥(11,436)**	**¥ 93,383**	**¥8,119**	**¥1,052,627**

	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, 2023	470,331	$3,088,309	$2,690,231	$ (139,528)	$(392,081)	$5,246,932	$243,207	$280,668	$16,385	$(91,275)	$448,986	$52,651	$5,748,570
Net income attributable to owners of the parent				**1,037,560**		**1,037,560**							**1,037,560**
Purchase of treasury stock (Note 16)	**(263)**				**(62,809)**	**(62,809)**							**(62,809)**
Disposal of treasury stock (Note 16)			**(21,676)**		**81,645**	**59,969**							**59,969**
Changes in the parent's ownership interest due to transactions with non-controlling interests			**125**			**125**							**125**
Change in treasury shares arising from change in equity in entities accounted for using equity method					**6**	**6**							**6**
Net changes in the year						**–**	**29,958**	**114,166**	**7,899**	**15,745**	**167,769**	**970**	**168,740**
Total changes during the fiscal year	**(263)**	**–**	**(21,550)**	**1,037,560**	**18,842**	**1,034,852**	**29,958**	**114,166**	**7,899**	**15,745**	**167,769**	**970**	**1,203,592**
Balance at March 31, 2024	**470,068**	**$3,088,309**	**$2,668,681**	**$ 898,031**	**$(373,238)**	**$6,281,784**	**$273,165**	**$394,835**	**$24,285**	**$(75,530)**	**$616,755**	**$53,622**	**$6,952,163**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
Year Ended March 31	2024	2023	2024
Cash flows from operating activities:			
Income before income taxes	**¥ 204,838**	¥ 114,342	**$ 1,352,869**
Adjustments for:			
Depreciation and amortization (Note 21)	**142,315**	148,270	**939,931**
Amortization of goodwill (Note 21)	**2,116**	2,115	**13,975**
Loss (gain) on disposal and sales of property and equipment	**2,651**	(6,123)	**17,508**
Loss on sales and valuation of investment securities	**2,818**	841	**18,611**
Reversal of foreign currency translation of investment securities	**–**	(1,987)	**–**
Decrease (increase) in allowance for doubtful accounts	**(11)**	506	**(72)**
Increase in liability for retirement benefits	**1,554**	2,906	**10,263**
Interest and dividend income	**(2,605)**	(1,930)	**(17,204)**
Interest expenses	**23,324**	24,845	**154,045**
Subsidies for employment adjustment	**–**	(5,043)	**–**
Foreign exchange gain	**(4,268)**	(2,348)	**(28,188)**
Increase in notes and accounts receivable	**(33,419)**	(36,523)	**(220,718)**
(Increase) decrease in other current assets	**(25,279)**	5,758	**(166,957)**
Increase in notes and accounts payable	**62,539**	35,612	**413,044**
Increase in contract liabilities	**51,437**	137,522	**339,719**
Other, net	**14,111**	50,230	**93,197**
Subtotal	**442,121**	468,993	**2,920,025**
Interest and dividends received	**3,563**	2,202	**23,532**
Interest paid	**(23,419)**	(24,990)	**(154,672)**
Proceeds from subsidy income	**15**	7,300	**99**
Income taxes paid	**(1,658)**	(3,683)	**(10,950)**
Net cash provided by operating activities	**420,622**	449,822	**2,778,033**
Cash flows from investing activities:			
Purchases of marketable securities	**(528,209)**	(154,321)	**(3,488,600)**
Proceeds from redemption of marketable securities	**343,158**	152,739	**2,266,415**
Purchases of property and equipment	**(202,066)**	(93,450)	**(1,334,561)**
Proceeds from sales of property and equipment	**29,171**	42,717	**192,662**
Purchases of intangible assets	**(38,403)**	(23,442)	**(253,635)**
Purchases of investment securities	**(2,534)**	(674)	**(16,736)**
Proceeds from sales of investment securities	**–**	277	**–**
Proceeds from withdrawal of investments in securities	**1,153**	–	**7,615**
Other, net	**(1,795)**	(2,146)	**(11,855)**
Net cash used in investing activities	**(399,525)**	(78,300)	**(2,638,696)**
Cash flows from financing activities:			
Decrease in short-term loans, net	**(8,000)**	(7,900)	**(52,836)**
Repayment of long-term loans	**(84,633)**	(62,775)	**(558,965)**
Redemption of bonds	**(30,000)**	(70,000)	**(198,137)**
Repayment of finance lease obligations	**(2,947)**	(3,764)	**(19,463)**
Proceeds from share issuance to non-controlling shareholders	**–**	2,000	**–**
Net increase of treasury stock	**(9,339)**	(15)	**(61,680)**
Other, net	**(1,126)**	(455)	**(7,436)**
Net cash used in financing activities	**(136,045)**	(142,909)	**(898,520)**
Effect of exchange rate changes on cash and cash equivalents	**3,979**	2,539	**26,279**
Net (decrease) increase in cash and cash equivalents	**(110,969)**	231,152	**(732,904)**
Cash and cash equivalents at beginning of year	**1,113,481**	882,329	**7,354,078**
Cash and cash equivalents at end of year (Note 24)	**¥1,002,512**	¥1,113,481	**$ 6,621,174**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2024

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 ¥151.41 = US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2024. 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, 2024 include the accounts of the Company and its 55 (54 in 2023) 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 (13 in 2023) 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 104 (103 in 2023) 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 necessary adjustments for significant transactions, if any, are made in consolidation. In addition, as for Fujisey Co., Ltd., one of the consolidated subsidiaries, whose fiscal year end was February 29, the 13-month period from March 1, 2023 to March 31, 2024 was consolidated in the current fiscal year because the company decided to change its fiscal year end to March 31.

(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 25 "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.

(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 is 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) Bond issuance cost

Bond issuance cost is amortized by the straight-line method over the redemption period of the corporate bonds.

(14) 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.

(15) 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.

(16) 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 ¥1,135 million ($7,496 thousand) for the current fiscal year and ¥608 million for the previous fiscal year. The number of shares was 367 thousand shares for the current fiscal year and 178 thousand shares for the previous fiscal year.

(17) 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.

(18) Disposal of treasury stock as a restricted stock incentive for the employee stock ownership associations)

At the meeting of the Board of Directors held on April 27, 2023, the Company introduced a restricted stock incentive plan for the employee stock ownership associations to dispose of its shares of treasury stock in the form of transfer-restricted shares 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 (the "Stock Ownership Associations") as allottees.

(i) Outline of disposal

(a) Due date for the disposal	November 1, 2023	
(b) Total number of shares subject to the disposal	2,925,500 shares	
(c) Disposal price	¥2,930 per share	
(d) Total disposal price	¥8,571,715,000 ($56,612,608.150)	
(e) Method of the disposal		
By way of private offering		
All Nippon Airways Employee Stock Ownership Association		1,203,000 shares
All Nippon Airways Group Employee Stock Ownership Association		1,642,500 shares
All Nippon Airways Trading Group Employee Stock Ownership Association		80,000 shares

(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 "FY2023–2025 ANA Group Mid-term Corporate Strategy" 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.

(19) Wholly owned subsidiary through simplified share exchange

With respect to the "Subsequent events" disclosed in the financial results 2023 of the previous consolidated fiscal year, on September 26, 2023, January 25, March 22, and June 10, 2024, the Company entered into the share exchange agreement modification with Nippon Cargo Airlines Co., Ltd ("NCA"), and changed the effective date of a share exchange (the "Share Exchange") to make the Company a wholly owning parent company in the Share Exchange and NCA a wholly owned subsidiary in the Share Exchange, as follows:

(i) Change of Effective Date

Original	October 1, 2023 (scheduled)
Current	March 31, 2025 (scheduled)

(ii) Reason for change

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

4. Change in accounting policies

Change in scope of funds in consolidated statements of cash flows

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

The change in accounting policy has been applied retrospectively, and the amounts for the previous consolidated fiscal year has been adjusted to reflect the retrospective application of the change in accounting policy. As a result of this change, compared with the figures before retrospective application, cash flows from investing activities in the previous consolidated fiscal year increased by ¥125,726 million, net increase in cash and cash equivalents in the previous consolidated fiscal year increased by ¥125,738 million, and cash and cash equivalents at end of period in the previous consolidated fiscal year increased by ¥387,030 million, respectively.

5. Significant accounting estimates

(1) Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Deferred tax assets	¥213,374	¥263,303	$1,409,246

(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 ¥213,374 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 Company tax sharing group, the estimate of future taxable income is based on the "Consolidated Earnings Forecast" for the fiscal year ending March 31, 2025 and the "FY2023–2025 ANA Group Mid-term Corporate Strategy."

Changes in assumptions due to changes in the business environment 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)		U.S. dollars (Thousands)
	2024	2023	2024
Goodwill related to the Air Transportation Business	¥15,999	¥18,000	$105,666

(ii) Other information of accounting estimates

During the current consolidated fiscal year, although the financial position of the Company remains affected by the business losses incurred from the expansion of COVID-19 in previous years, due to improved business conditions resulting from the recovery of demand for air travel, the Company judged that no indicators are observed of impairment with respect to the goodwill that arose when the Company made Peach Aviation Limited a consolidated subsidiary in April 2017.

Although the Company assumed that current demand trends will continue, changes in assumptions due to changes in demand trends and other factors may have a material impact on the valuation of goodwill in 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)		U.S. dollars (Thousands)
	2024	2023	2024
Contract liability	¥147,909	¥149,540	$976,877

(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, 2024 and 2023 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Current:			
Negotiable certificates of deposits	¥656,913	¥580,037	$4,338,636
Other	–	–	–
Total	¥656,913	¥580,037	$4,338,636
Non-current:			
Marketable equity securities	¥104,806	¥ 99,894	$ 692,199
Other	24,894	22,926	164,414
Total	¥129,700	¥122,820	$ 856,614

The costs and aggregate fair values of marketable and investment securities at March 31, 2024 and 2023 were as follows:

	Yen (Millions)			
As of March 31, 2024	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥656,913	¥ –	¥ –	¥656,913
Marketable equity securities	49,416	57,160	(1,770)	104,806
Held-to-maturity	1,910	–	(187)	1,723

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, 2024	U.S. dollars (Thousands) Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	$4,338,636	$ –	$ –	$4,338,636
Marketable equity securities	326,372	377,517	(11,690)	692,199
Held-to-maturity	12,614	–	(1,235)	11,379

The breakdown of securities for which fair value cannot be reliably determined at March 31, 2024 and 2023 is as follows:

	Yen (Millions) 2024	2023	U.S. dollars (Thousands) 2024
Available-for-sale	¥23,142	¥21,288	$152,843

The redemption schedule of available-for-sale securities with maturities and held-to-maturity securities at March 31, 2024 and 2023 is summarized as follows:

	Yen (Millions) 2024	2023	U.S. dollars (Thousands) 2024
Bonds:			
Within 1 year	¥ –	¥ –	$ –
Over 1 year to 5 years	–	–	–
Over 5 years to 10 years	–	–	–
Over 10 years	1,910	1,855	12,614
Other securities with maturities:			
Within 1 year	660,316	580,037	4,361,112
Over 1 year to 5 years	4,062	6,868	26,642
Over 5 years to 10 years	2,184	1,275	14,424
Over 10 years	–	–	–
Total:			
Within 1 year	¥660,316	¥580,037	$4,361,112
Over 1 year to 5 years	4,062	6,868	26,642
Over 5 years to 10 years	2,184	1,275	14,424
Over 10 years	1,910	1,855	12,614

7. Inventories

Inventories at March 31, 2024 and 2023 consisted of the following:

	Yen (Millions) 2024	2023	U.S. dollars (Thousands) 2024
Inventories (Merchandise)	¥11,743	¥ 8,958	$ 77,557
Inventories (Supplies)	42,218	35,697	278,832
Total	¥53,961	¥44,655	$356,389

8. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2024 and 2023 consisted of the following:

	Yen (Millions) 2024	2023	U.S. dollars (Thousands) 2024
Investments in capital stock	¥26,040	¥26,395	$171,983
Advances	5,127	5,272	33,861
Total	¥31,167	¥31,667	$205,845

9. Short-term loans and long-term debt

Short-term loans and current portion of long-term debt at March 31, 2024 and 2023 consisted of the following:

	Yen (Millions) 2024	2023	U.S. dollars (Thousands) 2024
Short-term loans	¥84,170	¥ 92,170	$ 555,907
Current portion of long-term loans	73,777	84,633	487,266
Current portion of bonds	–	30,000	–
Current portion of convertible bonds	70,000	–	462,320
Current portion of finance lease obligations	2,051	3,047	13,546
Total	¥229,998	¥209,850	$1,519,041

The weighted-average interest rates on the above short-term loans were 0.001% and 1.164% per annum in 2024 and 2023, respectively.

Long-term debt at March 31, 2024 and 2023 consisted of the following:

	Yen (Millions) 2024	2023	U.S. dollars (Thousands) 2024
Bonds:			
1.22% notes due 2024	¥ –	¥ 30,000	$ –
1.20% notes due 2026	15,000	15,000	99,068
0.99% notes due 2036	20,000	20,000	132,091
0.88% notes due 2037	10,000	10,000	66,045
Convertible bonds with stock acquisition rights due 2024	70,000	70,000	462,320
0.82% notes due 2038	10,000	10,000	66,045
0.47% notes due 2028	10,000	10,000	66,045
0.27% notes due 2026	5,000	5,000	33,022
0.84% notes due 2039	15,000	15,000	99,068
0.27% notes due 2025	30,000	30,000	198,137
0.28% notes due 2029	10,000	10,000	66,045
0.69% notes due 2039	10,000	10,000	66,045
0.48% notes due 2026	20,000	20,000	132,091
Convertible bonds with stock acquisition rights due 2031	150,000	150,000	990,687
	375,000	405,000	2,476,718
Long term debt principally from banks:			
The weighted-average interest rates were 2.36% and 2.31% per annum in 2024 and 2023, maturing in installments through 2057	1,017,585	1,102,218	6,720,725
Finance lease obligations:			
Finance lease agreements expiring through 2044	7,281	8,530	48,087
	1,399,866	1,515,748	9,245,531
Less current portion	145,828	117,680	963,133
Total	¥1,254,038	¥1,398,068	$8,282,398

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, 2024, 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, 2024, 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, 2024 and 2023:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Assets at net book value:			
Aircraft (including aircraft spare parts included in inventories)	¥621,689	¥673,731	$4,105,990
Land and buildings	1,690	1,869	11,161
Lease receivables and investments in leases	7,300	8,643	48,213
Others	9,887	10,365	65,279
Total	¥640,566	¥694,611	$4,230,671

The aggregate annual maturities of long-term debt after March 31, 2024 are as follows:

Years ending March 31	Yen (Millions)	U.S. dollars (Thousands)
2025	¥ 145,828	$ 963,133
2026	96,942	640,261
2027	101,396	669,678
2028	59,346	391,955
2029	67,891	448,391
Thereafter	928,463	6,132,111
Total	¥1,399,866	$9,245,531

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, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Balance at the beginning of the fiscal year	¥217,079	¥217,959	$1,433,716
Service cost	10,295	10,485	67,994
Interest cost	1,695	1,657	11,194
Actuarial gains	1,770	1,722	11,690
Benefits paid	(15,486)	(14,752)	(102,278)
Accrued past service cost	11	–	72
Other	69	8	455
Balance at the end of the fiscal year	¥215,433	¥217,079	$1,422,845

(2) The changes in plan assets for the years ended March 31, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Balance at the beginning of the fiscal year	¥57,568	¥61,524	$380,212
Expected return on plan assets	810	761	5,349
Actuarial gains or losses	2,301	(2,404)	15,197
Employer contributions	2,442	2,335	16,128
Benefits paid	(4,517)	(4,648)	(29,832)
Balance at the end of the fiscal year	¥58,604	¥57,568	$387,055

(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, 2024 and 2023 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Funded defined benefit obligation	¥ 64,094	¥ 67,958	$ 423,314
Plan assets at fair value	(58,604)	(57,568)	(387,055)
	5,490	10,390	36,259
Unfunded defined benefit obligation	151,339	149,121	999,531
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥156,829	¥159,511	$1,035,790
Liability for retirement benefits	¥160,027	¥161,129	$1,056,911
Asset for defined benefits	(3,198)	(1,618)	(21,121)
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥156,829	¥159,511	$1,035,790

(4) The components of net periodic benefit costs for the years ended March 31, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Service cost	¥10,295	¥10,485	$67,994
Interest cost	1,695	1,657	11,194
Expected return on plan assets	(810)	(761)	(5,349)
Recognized actuarial losses	2,218	2,503	14,648
Amortization of past service cost	881	881	5,818
Net periodic benefit costs	¥14,279	¥14,765	$94,306

(5) Amounts recognized in other comprehensive income (before income tax effect) related to the defined retirement benefit plans for the years ended March 31, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Past service cost	¥ 870	¥ 881	$ 5,745
Actuarial gains (losses)	2,749	(1,623)	18,156
Total	¥3,619	¥ (742)	$23,901

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) related to the defined retirement benefit plans at March 31, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Unrecognized actuarial losses	¥(11,422)	¥(14,171)	$ (75,437)
Unrecognized past service cost	(4,805)	(5,676)	(31,735)
Total	¥(16,227)	¥(19,847)	$(107,172)

(7) Plan assets

(i) Components of plan assets

Plan assets at March 31, 2024 and 2023 consisted of the following:

	2024	2023
Bonds	32%	39%
General accounts	15	14
Stocks	15	14
Cash and deposits	9	6
Other	29	27
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, 2024 and 2023 are set forth as follows:

	2024	2023
Discount rates	0.1 – 1.6%	0.1 – 1.5%
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 ¥4,825 million ($31,867 thousand) and ¥3,884 million for the years ended March 31, 2024 and 2023, 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

	3rd subscription rights to share
Category and number of people eligible to be granted stock options	Employee in the consolidated subsidiary: 5 people
Number of stock options granted by type of stock	Common shares: 5,100 shares (*)
Granted date	July 1, 2023
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 July 1, 2023 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, 2024, 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	3rd subscription rights to share
Share subscription rights which are not yet vested			
Outstanding as of March 31, 2023	27,500	15,250	–
Granted	–	–	5,100
Canceled	–	275	–
Vested	–	–	–
Unvested balance	27,500	14,975	5,100

(b) Price information

	1st subscription rights to share	2nd subscription rights to share	3rd subscription rights to share
Exercise price (yen)	¥11,150	¥11,150	¥15,000
Weighted average exercise price (yen)	–	–	–
Fair value at the granted date (yen)	–	–	–

	1st subscription rights to share	2nd subscription rights to share	3rd subscription rights to share
Exercise price (U.S. dollars)	$73.64	$73.64	$99.07
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, 2nd and 3rd 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, 2024 and 2023:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Balance at the beginning of the fiscal year	**¥2,802**	¥ 3,582	**$18,506**
Accretion expense	**14**	14	**92**
Liabilities settled	**(592)**	(1,050)	**(3,909)**
Other	**1**	256	**6**
Balance at the end of the fiscal year	**¥2,225**	¥ 2,802	**$14,695**

(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, 2024 and 2023.

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, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Deferred tax assets:			
Tax loss carryforwards (*2)	**¥128,789**	¥180,187	**$ 850,597**
Liability for retirement benefits	**49,541**	50,079	**327,197**
Contract liabilities of the Company's point program	**44,388**	44,877	**293,164**
Accrued bonuses to employees	**17,636**	10,506	**116,478**
Other provisions	**2,628**	1,317	**17,356**
Long-term unearned revenue	**5,951**	3,545	**39,303**
Unrealized gain on inventories and property and equipment	**4,078**	3,932	**26,933**
Prepaid expenses	**2,938**	12,773	**19,404**
Loss on valuation of assets	**3,172**	4,131	**20,949**
Loss on investment in subsidiaries	**2,842**	6,075	**18,770**
Impairment loss	**450**	401	**2,972**
Other	**37,051**	39,151	**244,706**
Total gross deferred tax assets	**299,464**	356,974	**1,977,835**
Valuation allowance for tax loss carryforwards (*2)	**(21,033)**	(30,250)	**(138,914)**
Valuation allowance for the sum of deductible temporary differences, etc.	**(18,493)**	(24,972)	**(122,138)**
Subtotal of valuation allowances (*1)	**(39,526)**	(55,222)	**(261,052)**
Total net deferred tax assets	**259,938**	301,752	**1,716,782**
Deferred tax liabilities:			
Deferred gain on hedging instruments	**(26,164)**	(19,054)	**(172,802)**
Unrealized gain on securities	**(17,294)**	(16,019)	**(114,219)**
Retained earnings of subsidiaries and affiliates	**(1,677)**	(1,682)	**(11,075)**
Other	**(1,934)**	(1,900)	**(12,773)**
Total gross deferred tax liabilities	**(47,069)**	(38,655)	**(310,871)**
Net deferred income taxes	**¥212,869**	¥263,097	**$1,405,911**

(*1) Valuation allowances decreased by ¥15,696 million ($103,665 thousand). The main reason for the decrease in valuation allowances is a decrease ¥9,217 million ($60,874 thousand) in the valuation allowance for tax loss carryforwards.

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

As of March 31, 2024

	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)	**¥–**	**¥–**	**¥–**	**¥–**	**¥ 43**	**¥128,746**	**¥128,789**
Valuation allowance	**–**	**–**	**–**	**–**	**(43)**	**(20,990)**	**(21,033)**
Deferred tax assets (*2)	**¥–**	**¥–**	**¥–**	**¥–**	**¥ –**	**¥107,756**	**¥107,756**

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

(*2) The Group recorded deferred tax assets of ¥107,756 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 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 judgements 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 estimate of future taxable income is based on the "Consolidated Earnings Forecast" for the fiscal year ending March 31, 2025 and the "FY2023–2025 ANA Group Mid-term Corporate Strategy."

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

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 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, 2024

	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)	$–	$–	$–	$–	$ 283	$ 850,313	$ 850,597
Valuation allowance	–	–	–	–	(283)	(138,630)	(138,914)
Deferred tax assets (*2)	$–	$–	$–	$–	$ –	$ 711,683	$ 711,683

(*1) Tax loss carryforwards reflect the amounts resulting from multiplying the statutory tax rate.
(*2) The Group recorded deferred tax assets of $711,683 thousand 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 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 judgements 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 estimate of future taxable income is based on the "Consolidated Earnings Forecast" for the fiscal year ending March 31, 2025 and the "FY2023–2025 ANA Group Mid-term Corporate Strategy."
Changes in assumptions due to changes in the business environment and other factors may have a material impact on the consolidated financial statements in the following fiscal year and thereafter.

(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, 2024 and 2023 is as follows:

	2024	2023
Normal effective statutory tax rate	30.62 %	30.62 %
Reconciliation:		
Expenses not deductible for income tax purposes	0.28	0.25
Amortization of goodwill	0.32	0.57
Inhabitants tax per capita levy	0.09	0.17
Income taxes for prior periods	(0.02)	0.02
Changes in valuation allowance	(7.35)	(9.54)
Other, net	(1.23)	(0.89)
Actual effective income tax rate	22.71 %	21.20 %

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, 2024 and 2023:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥ 5,747	¥ 6,094	$ 37,956
Reclassification adjustments to profit or loss	–	91	–
Amount of valuation difference on available-for-sale securities before tax effect	5,747	6,185	37,956
Tax effect	(1,275)	(1,719)	(8,420)
Total	4,472	4,466	29,535
Deferred gain (loss) on derivatives under hedge accounting:			
Amount arising during the fiscal year	120,943	42,188	798,774
Reclassification adjustments to profit or loss	(96,537)	(84,298)	(637,586)
Amount of deferred gain (loss) on derivatives under hedge accounting before tax effect	24,405	(42,110)	161,181
Tax effect	(7,126)	12,469	(47,061)
Total	17,279	(29,641)	114,120
Foreign currency translation adjustments:			
Amount arising during the fiscal year	1,277	848	8,434
Reclassification adjustments to profit or loss	–	(1,987)	–
Total	1,277	(1,139)	8,434
Defined retirement benefit plans:			
Amount arising during the fiscal year	520	(4,126)	3,434
Reclassification adjustments to profit or loss	3,099	3,384	20,467
Amount of defined retirement benefit plans before tax effect	3,619	(742)	23,901
Tax effect	(1,213)	188	(8,011)
Total	2,406	(554)	15,890
Share of other comprehensive income in affiliates:			
Amount arising during the fiscal year	57	101	378
Reclassification adjustments to profit or loss	1	(95)	9
Total	59	6	389
Total other comprehensive income (loss)	¥ 25,493	¥(26,862)	$ 168,370

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)
	2024	2023	2024
Current portion of operating lease obligations	¥ 76,153	¥ 76,577	$ 502,958
Long-term operating lease obligations	283,529	284,919	1,872,590
Total	¥359,682	¥361,496	$2,375,549

(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)
	2024	2023	2024
Current portion of operating lease receivables	¥ 2,304	¥ 2,224	$15,216
Long-term operating lease receivables	10,371	10,005	68,496
Total	¥12,675	¥12,228	$83,713

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, 2024 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

The following items were resolved at the 79th Ordinary General Meeting of Shareholders held on June 27, 2024

			Yen (Millions)	U.S. dollars (Thousands)		Yen (Millions)	U.S. dollars (Thousands)		
Daate of approval	Resolution approved by	Type of shares	Amount	Amount	Paid from	Dividends per share	Dividends per share	Shareholders' cut-off date	Effective date
June 27, 2024	Ordinary General Meeting of Shareholders	Common stock	¥23,528	$155,392	Retained earnings	¥50.00	$0.33	March 31, 2024	June 28, 2024

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

	Number of shares (Thousands)			
As of March 31, 2024 Type of shares	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, 3)	**13,961**	**3,337**	**3,074**	**14,224**
Total	**13,961**	**3,337**	**3,074**	**14,224**

(*1) The increase of 3,337 thousand shares of treasury stock consists of 2,930 thousand shares purchased from the market in connection with the grant of restricted stock, 337 thousand shares of the Company's stock purchased by the stock delivery trust, 62 thousand shares of restricted stock acquired from employees without compensation, and 7 thousand shares of the Company purchased from holders of fractional shares.
(*2) The decrease of 3,074 thousand shares in treasury stock is the result of the subtraction of 2,925 thousand shares of restricted stock granted to employees, 148 thousand shares of the Company's stock sold by the stock delivery trust, 0 thousand shares due to requests for additional purchase from shareholders holding less than 1 unit, and 0 thousand shares resulting from changes in interests in companies accounted for by the equity method.
(*3) Treasury stock includes 367 thousand shares held by the Trust for Delivery of Shares to Directors.

	Number of shares (Thousands)			
As of March 31, 2023 Type of shares	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.

17. Contingencies

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥262 million ($1,730 thousand) at March 31, 2024.

The Group was not contingently liable as a guarantor for a stock transfer agreement between third parties at March 31, 2024.

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥548 million at March 31, 2023.

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

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, 2024 and 2023, 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, 2024	Carrying value (*1)	Fair value (*2)	Differences
Assets:			
Investment securities	¥ 106,716	¥ 106,529	¥ (187)
Total assets	¥ 106,716	¥ 106,529	¥ (187)
Liabilities:			
Bonds (including the current portion of bonds)	¥ 155,000	¥ 143,833	¥(11,167)
Convertible bonds with stock acquisition rights (including the current portion of convertible bonds with stock acquisition rights)	220,000	244,250	24,250
Long-term debt (including the current portion of long-term debt)	1,017,585	989,419	(28,166)
Total liabilities	¥1,392,585	¥1,377,502	¥(15,083)
Derivatives	¥ 86,025	¥ 86,025	¥ –

(*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.: ¥30,668 million

	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 (including the current portion of bonds)	¥ 185,000	¥ 173,805	¥(11,195)
Convertible bonds with stock acquisition rights (including the current portion of convertible bonds with stock acquisition rights)	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

	U.S. dollars (Thousands)		
As of March 31, 2024	Carrying value (*1)	Fair value (*2)	Differences
Assets:			
Investment securities	$ 704,814	$ 703,579	$ (1,235)
Total assets	$ 704,814	$ 703,579	$ (1,235)
Liabilities:			
Bonds (including the current portion of bonds)	$1,023,710	$ 949,957	$ (73,753)
Convertible bonds with stock acquisition rights (including the current portion of convertible bonds with stock acquisition rights)	1,453,008	1,613,169	160,161
Long-term debt (including the current portion of long-term debt)	6,720,725	6,534,700	(186,024)
Total liabilities	$9,197,444	$9,097,827	$ (99,616)
Derivatives	$ 568,159	$ 568,159	$ –

(*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.: $202,549 million

	Yen (Millions)		U.S. dollars (Thousands)
As of March 31	2024	2023	2024
Unlisted stocks	¥23,142	¥21,288	$152,843

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

	Yen (Millions)			
As of March 31, 2024	Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	¥104,806	¥ –	¥–	¥104,806
Derivative				
Currency	–	73,390	–	73,390
Commodity	–	12,635	–	12,635
Total assets	¥104,806	¥86,025	¥–	¥190,831

	Yen (Millions)			
As of March 31, 2023	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

	U.S. dollars (Thousands)			
As of March 31, 2024	Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	$692,199	$ –	$–	$ 692,199
Derivative				
Currency	–	484,710	–	484,710
Commodity	–	83,448	–	83,448
Total assets	$692,199	$568,159	$–	$1,260,359

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

As of March 31, 2024	Yen (Millions)			
	Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	¥13,001	¥ –	¥ –	¥ 13,001
Held-to-maturity securities				
Bonds	–	–	6,408	6,408
Total assets	¥13,001	¥ –	¥ 6,408	¥ 19,409
Bonds (including the current portion of long-term debt)	¥ –	¥143,833	¥ –	¥ 143,833
Convertible bonds with stock acquisition rights (including Convertible bonds scheduled to be redeemed within one year Corporate bonds with stock acquisition rights)	–	244,250	–	244,250
Long-term debt (including Current portion of long-term debt)	–	589,419	400,000	989,419
Total liabilities	¥ –	¥977,502	¥400,000	¥1,377,502

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 (including the current portion of long-term debt)	¥ –	¥ 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, 2024	U.S. dollars (Thousands)			
	Fair Value			
Classification	LEVEL 1	LEVEL 2	LEVEL 3	Total
Investment securities				
Other securities				
Equity securities	$85,866	$ –	$ –	$ 85,866
Held-to-maturity securities				
Bonds	–	–	42,322	42,322
Total assets	$85,866	$ –	$ 42,322	$ 128,188
Bonds (including the current portion of long-term debt)	$ –	$ 949,957	$ –	$ 949,957
Convertible bonds with stock acquisition rights (including Convertible bonds scheduled to be redeemed within one year Corporate bonds with stock acquisition rights)	–	1,613,169	–	1,613,169
Long-term debt (including Current portion of long-term debt)	–	3,892,867	2,641,833	6,534,700
Total liabilities	$ –	$6,455,993	$2,641,833	$9,097,827

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, 2024 and 2023 is summarized as follows:

As of March 31, 2024	Yen (Millions)			
	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	¥ 599,454	¥ –	¥ –	¥ –
Notes and accounts receivable	218,208	–	–	–
Held-to-maturity bonds	–	–	–	1,910
Other securities with maturities	660,316	4,062	2,184	–
Total	¥1,477,978	¥4,062	¥2,184	¥1,910

As of March 31, 2023	Yen (Millions)			
	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

As of March 31, 2024	U.S. dollars (Thousands)			
	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	$3,959,144	$ –	$ –	$ –
Notes and accounts receivable	1,441,172	–	–	–
Held-to-maturity bonds	–	–	–	12,614
Other securities with maturities	4,361,112	26,827	14,424	–
Total	$9,761,429	$26,827	$14,424	$12,614

(iv) The redemption schedule for bonds, loans, and other interest-bearing liabilities at March 31, 2024 and 2023 is summarized as follows:

As of March 31, 2024	Yen (Millions)			
	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	¥ 84,170	¥ –	¥ –	¥ –
Bonds	–	80,000	10,000	65,000
Convertible bonds with stock acquisition rights	70,000	–	150,000	–
Long-term debt	73,777	241,911	198,145	503,750
Total	¥227,947	¥321,911	¥358,145	¥568,750

As of March 31, 2023	Yen (Millions)			
	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	0	70,000	150,000	–
Long-term debt	84,633	258,755	223,191	535,638
Total	¥206,803	¥398,755	¥393,191	¥600,638

As of March 31, 2024	U.S. dollars (Thousands)			
	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	$ 555,907	$ –	$ –	$ –
Bonds	–	528,366	66,045	429,297
Convertible bonds with stock acquisition rights	462,320	–	990,687	–
Long-term debt	487,266	1,597,721	1,308,665	3,327,058
Total	$1,505,495	$2,126,088	$2,365,398	$3,756,356

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, 2024 and 2023 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, 2024		Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	**¥ 104**	**¥ –**	**¥ (1)**
	EUR	**–**	**–**	**–**
	Other	**–**	**–**	**–**
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	**391,773**	**195,100**	**64,702**
	EUR	**886**	**–**	**26**
	Other	**–**	**–**	**–**
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	**55,196**	**35,669**	**(520)**
Buy:	USD (Call)	**60,109**	**38,705**	**9,165**
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	**1,587**	**–**	**(*)**
	EUR	**–**	**–**	**(*)**
	Other	**–**	**–**	**(*)**
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	**18,869**	**–**	**(*)**
	EUR	**61**	**–**	**(*)**
	Other	**8**	**–**	**(*)**
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY				
Total		**¥528,597**	**¥269,476**	**¥73,371**

		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

		U.S. dollars (Thousands)		
		Notional amount		
As of March 31, 2024		Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:	USD	**$ 686**	**$ –**	**$ (6)**
	EUR	**–**	**–**	**–**
	Other	**–**	**–**	**–**
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:	USD	**2,587,497**	**1,288,554**	**427,329**
	EUR	**5,851**	**–**	**171**
	Other	**–**	**–**	**–**
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	**364,546**	**235,578**	**(3,434)**
Buy:	USD (Call)	**396,994**	**255,630**	**60,531**
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:	USD	**10,481**	**–**	**–**
	EUR	**–**	**–**	**–**
	Other	**–**	**–**	**–**
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:	USD	**124,621**	**–**	**–**
	EUR	**402**	**–**	**–**
	Other	**52**	**–**	**–**
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY				
Total		**$3,491,163**	**$1,779,776**	**$484,584**

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, 2024	Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans:			
Receive/floating and pay/fixed	¥7,410	¥1,205	(*)

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, 2024	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	$48,939	$7,958	(*)

(*) 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, 2024		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		¥133,336	¥ 54,064	¥10,045
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	67,292	32,553	(640)
Buy:	Crude oil (Call)	89,382	43,029	3,230
	Crude oil (Put)	–	–	–
Total		¥290,011	¥129,647	¥12,635

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, 2024		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		$ 880,628	$357,070	$66,343
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	444,435	214,999	(4,226)
Buy:	Crude oil (Call)	590,330	284,188	21,332
	Crude oil (Put)	–	–	–
Total		$1,915,401	$856,264	$83,448

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, 2024		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	1,338	–	16
	Other	–	–	–
Total		¥1,338	¥ –	¥16

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, 2024		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	8,836	–	105
	Other	–	–	–
Total		$8,836	$–	$105

(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, 2024	Yen (Millions) Reportable Segments (*1) Air Transportation	Airline Related	Travel Services	Trade and Retail
International routes				
Passenger Revenues	¥ 728,168	¥ –	¥ –	¥ –
Cargo Revenues	155,503	–	–	–
Mail Revenues	5,048	–	–	–
Subtotal	888,719	–	–	–
Domestic routes				
Passenger Revenues	644,902	–	–	–
Cargo Revenues	22,485	–	–	–
Mail Revenues	2,728	–	–	–
Subtotal	670,115	–	–	–
LCC Revenues	138,030	–	–	–
Airline Related Revenues	–	298,820	–	–
Revenues from domestic package products	–	–	44,888	–
Revenues from international package products	–	–	3,947	–
Revenues from Trade and Retail	–	–	–	117,919
Other	172,688	–	29,706	–
Total	¥1,869,552	¥298,820	¥78,541	¥117,919
Revenue from contracts with customers				
Revenue from other (*3)				

Notes to Consolidated Financial Statements

As of and for the year ended March 31, 2024	Yen (Millions)			
	Reportable Segments (*1)			
	Other (*2)	Subtotal	Adjustments	Total
International routes				
Passenger Revenues	¥ –	¥ 728,168	¥ –	¥ –
Cargo Revenues	–	155,503	–	–
Mail Revenues	–	5,048	–	–
Subtotal	–	888,719	–	–
Domestic routes				
Passenger Revenues	–	644,902	–	–
Cargo Revenues	–	22,485	–	–
Mail Revenues	–	2,728	–	–
Subtotal	–	670,115	–	–
LCC Revenues	–	138,030	–	–
Airline Related Revenues	–	298,820	–	–
Revenues from domestic package products	–	44,888	–	–
Revenues from international package products	–	3,947	–	–
Revenues from Trade and Retail	–	117,919	–	–
Other	41,244	243,638	–	–
Total	¥41,244	¥2,406,076	¥(350,148)	¥2,055,928
Revenue from contracts with customers				¥2,040,672
Revenue from other (*3)				¥ 15,256

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)			
	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, 2024	U.S. dollars (Thousands)			
	Reportable Segments (*1)			
	Air Transportation	Airline Related	Travel Services	Trade and Retail
International routes				
Passenger Revenues	$4,809,246	$ –	$ –	$ –
Cargo Revenues	1,027,032	–	–	–
Mail Revenues	33,339	–	–	–
Subtotal	5,869,618	–	–	–
Domestic routes				
Passenger Revenues	4,259,309	–	–	–
Cargo Revenues	148,504	–	–	–
Mail Revenues	18,017	–	–	–
Subtotal	4,425,830	–	–	–
LCC Revenues	911,630	–	–	–
Airline Related Revenues	–	1,973,581	–	–
Revenues from domestic package products	–	–	296,466	–
Revenues from international package products	–	–	26,068	–
Revenues from Trade and Retail	–	–	–	778,805
Other	1,140,532	–	196,195	–
Total	$12,347,612	$1,973,581	$518,730	$778,805
Revenue from contracts with customers				
Revenue from other (*3)				

As of and for the year ended March 31, 2024	U.S. dollars (Thousands)			
	Reportable Segments (*1)			
	Other (*2)	Subtotal	Adjustments	Total
International routes				
Passenger Revenues	$ –	$ 4,809,246	$ –	$ –
Cargo Revenues	–	1,027,032	–	–
Mail Revenues	–	33,339	–	–
Subtotal	–	5,869,618	–	–
Domestic routes				
Passenger Revenues	–	4,259,309	–	–
Cargo Revenues	–	148,504	–	–
Mail Revenues	–	18,017	–	–
Subtotal	–	4,425,830	–	–
LCC Revenues	–	911,630	–	–
Airline Related Revenues	–	1,973,581	–	–
Revenues from domestic package products	–	296,466	–	–
Revenues from international package products	–	26,068	–	–
Revenues from Trade and Retail	–	778,805	–	–
Other	272,399	1,609,127	–	–
Total	$272,399	$15,891,130	$(2,312,581)	$13,578,548
Revenue from contracts with customers				$13,477,788
Revenue from other (*3)				$ 100,759

(*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 substantially the same as those described in Note 3 "Summary of significant accounting policies."

(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 ¥321,605 million ($2,124,067 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 ¥444,982 million ($2,938,920 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:

As of March 31, 2024	Yen (Millions) 2024	Yen (Millions) 2023	U.S. dollars (Thousands) 2024
Within a year	**¥372,195**	¥341,330	**$2,458,192**
Over 1 year and within 2 years	**47,456**	41,564	**313,427**
Over 2 years and within 3 years	**20,933**	9,498	**138,253**
Total	**¥440,584**	¥392,392	**$2,909,873**

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, 2024	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	**¥1,828,424**	**¥48,904**	**¥60,163**	**¥101,491**	**¥2,038,982**
Intersegment revenues or transfers	**41,128**	**249,916**	**18,378**	**16,428**	**325,850**
Total	**¥1,869,552**	**¥298,820**	**¥78,541**	**¥117,919**	**¥2,364,832**
Segment profit (loss)	**¥ 207,975**	**¥ 6,769**	**¥ 1,371**	**¥ 4,574**	**¥ 220,689**
Segment assets	**3,264,853**	**175,510**	**44,562**	**61,985**	**3,546,910**
Other items:					
Depreciation and amortization	**136,608**	**4,051**	**509**	**982**	**142,150**
Amortization of goodwill	**2,001**	**–**	**–**	**115**	**2,116**
Increase in property and equipment and intangible assets	**234,310**	**2,857**	**2,581**	**1,918**	**241,666**

	Yen (Millions)			
	Reportable Segments			
As of and for the year ended March 31, 2024	Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues:				
Operating revenues from external customers	**¥16,946**	**¥2,055,928**	**¥ –**	**¥2,055,928**
Intersegment revenues or transfers	**24,298**	**350,148**	**(350,148)**	**–**
Total	**¥41,244**	**¥2,406,076**	**¥(350,148)**	**¥2,055,928**
Segment profit (loss)	**¥ 546**	**¥ 221,235**	**¥ (13,324)**	**¥ 207,911**
Segment assets	**28,698**	**3,575,608**	**(6,078)**	**3,569,530**
Other items:				
Depreciation and amortization	**165**	**142,315**	**–**	**142,315**
Amortization of goodwill	**–**	**2,116**	**–**	**2,116**
Increase in property and equipment and intangible assets	**127**	**241,793**	**(1,324)**	**240,469**

(*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 ¥(173,412) 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.

	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

	Yen (Millions)			
	Reportable Segments			
As of and for the year ended March 31, 2023	Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
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.

	U.S. dollars (Thousands)				
	Reportable Segments				
As of and for the year ended March 31, 2024	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	**$12,075,979**	**$ 322,990**	**$397,351**	**$670,305**	**$13,466,627**
Intersegment revenues or transfers	**271,633**	**1,650,591**	**121,379**	**108,500**	**2,152,103**
Total	**$12,347,612**	**$1,973,581**	**$518,730**	**$778,805**	**$15,618,730**
Segment profit (loss)	**$ 1,373,588**	**$ 44,706**	**$ 9,054**	**$ 30,209**	**$ 1,457,558**
Segment assets	**21,562,994**	**1,159,170**	**294,313**	**409,385**	**23,425,863**
Other items:					
Depreciation and amortization	**902,238**	**26,755**	**3,361**	**6,485**	**938,841**
Amortization of goodwill	**13,215**	**–**	**–**	**759**	**13,975**
Increase in property and equipment and intangible assets	**1,547,519**	**18,869**	**17,046**	**12,667**	**1,596,103**

	U.S. dollars (Thousands)			
	Reportable Segments			
As of and for the year ended March 31, 2024	Other (*1)	Total	Adjustments (*2)	Consolidated (*3)
Operating revenues:				
Operating revenues from external customers	**$111,921**	**$13,578,548**	**$ –**	**$13,578,548**
Intersegment revenues or transfers	**160,478**	**2,312,581**	**(2,312,581)**	**–**
Total	**$272,399**	**$15,891,130**	**$(2,312,581)**	**$13,578,548**
Segment profit (loss)	**$ 3,606**	**$ 1,461,165**	**$ (87,999)**	**$ 1,373,165**
Segment assets	**189,538**	**23,615,401**	**(40,142)**	**23,575,259**
Other items:				
Depreciation and amortization	**1,089**	**939,931**	**–**	**939,931**
Amortization of goodwill	**–**	**13,975**	**–**	**13,975**
Increase in property and equipment and intangible assets	**838**	**1,596,942**	**(8,744)**	**1,588,197**

(*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 $(1,145,314) 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, 2024 and 2023 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Japan	¥1,461,086	¥1,217,092	$ 9,649,864
Overseas	594,842	490,392	3,928,683
Total	¥2,055,928	¥1,707,484	$13,578,548

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 amortization and the remaining balance of goodwill

	Yen (Millions)						
	Reportable Segments						
As of and for the year ended March 31, 2024	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Amortization of goodwill	¥ 2,001	¥–	¥–	¥115	¥–	¥–	¥ 2,116
Balance at the end of the fiscal year	¥15,999	¥–	¥–	¥ –	¥–	¥–	¥15,999

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

	U.S. dollars (Thousands)						
	Reportable Segments						
As of and for the year ended March 31, 2024	Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Amortization of goodwill	$ 13,215	$–	$–	$759	$–	$–	$ 13,975
Balance at the end of the fiscal year	$105,666	$–	$–	$ –	$–	$–	$105,666

22. Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Commissions	¥54,598	¥41,519	$360,597
Advertising	6,431	4,576	42,474
Employees' salaries and bonuses	35,249	33,578	232,804
Provision of allowance for doubtful accounts	112	37	739
Provision for accrued bonuses to employees	9,308	6,375	61,475
Retirement benefit expenses	2,602	2,951	17,185
Depreciation	17,779	22,113	117,422
Outsourcing expenses	26,341	22,896	173,971

23. Amounts per share

Amounts per share at and for the years ended March 31, 2024 and 2023 are as follows:

	Yen		U.S. dollars
	2024	2023	2024
Net assets per share	¥2,222.03	¥1,833.64	$14.68
Net income per share	335.09	190.24	2.21
After adjusting for diluted shares net income per share	301.62	170.16	1.99

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

	Yen (Millions)		U.S. dollars (Thousands)
Year ended March 31	2024	2023	2024
Net income per share			
Net income attributable to common shareholders	¥157,097	¥ 89,477	$1,037,560
Amount not attributable to common shareholders	–	–	
Net income attributable to common stock	¥157,097	¥ 89,477	$1,037,560
Weighted-average number of shares outstanding during the fiscal year (in thousands)	468,822	470,334	
Net income per share (diluted)			
Increase in number of common stocks (in thousands)	52,029	55,496	
Convertible bonds type bonds with subscription rights to shares (in thousands)	52,029	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	2024	2023	2024
Net assets	¥1,052,627	¥870,391	$6,952,163
Amounts deducted from total net assets:			
Non-controlling interests	(8,119)	(7,972)	(53,622)
Net assets attributable to common stock at the end of the fiscal year	¥1,044,508	¥862,419	$6,898,540
Number of shares of common stock at the end of the fiscal year used to determine net assets per share (in thousands)	470,068	470,331	

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, 2024 and 2023 were 194 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, 2024 and 2023.
The number of shares of the Company held by the Trust for Delivery of Shares to Directors at March 31, 2024 and 2023 were 367 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, 2024 and 2023, which were used to determine net assets per share.

Notes to Consolidated Financial Statements

24. Supplementary cash flow information

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheet at March 31, 2024 and 2023 and cash and cash equivalents in the consolidated statement of cash flows is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Cash and deposits	¥ 600,893	¥ 603,686	$ 3,968,648
Marketable securities	656,913	580,037	4,338,636
Marketable securities with maturities of more than three months	(255,294)	(70,242)	(1,686,110)
Cash and cash equivalents	¥1,002,512	¥1,113,481	$ 6,621,174

25. 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)
	2024	2023	2024
	¥(1,251)	¥146	$(8,262)

Note: Figures in parentheses represent gains from the reversal of write-downs.

(2) Other income (expenses), net

	Yen (Millions)		U.S. dollars (Thousands)
	2024	2023	2024
Employment adjustment subsidy	¥ –	¥ 5,043	$ –
Gain on sales of investment securities	–	–	–
Valuation loss on investments in securities	(2,818)	(1,042)	(18,611)
Other	2,825	7,174	18,657
Other, net	¥ 7	¥11,175	$ 46

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ANA HOLDINGS INC.:

<Audit of Consolidated Financial Statements>

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, 2024, and the consolidated statement of income, 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, 2024, 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.

Emphasis of Matter

As discussed in Note 4 to the consolidated financial statements, the Group changed the scope of funds in consolidated statements of cash flows from the year ended March 31, 2024. Our opinion is not modified in respect of this matter.

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	<u>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)</u> As disclosed in Note 21, Segment information—Information about operating revenues, profit or loss, assets and other items, the Group recorded operating revenues of ¥1,869,552 million in the air transportation segment for the year ended March 31, 2024, which accounted for 79.1% 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 ¥728,168 million and ¥644,902 million, or 30.8% and 27.3% of total operating revenues of all combined reportable segments, respectively. In addition, contract liabilities in the amount of ¥444,982 million 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 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) to 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 ¥213,374 million on the consolidated balance sheet as of March 31, 2024, 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 ¥107,756 million. 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, regarding the judgment on the recoverability of deferred tax assets for the entire tax sharing group, the estimate of the future taxable income is based on the "Consolidated Earnings Forecast" for the fiscal year ending March 31, 2025, and the "FY 2023-2025 ANA Group Mid-term Corporate Strategy." The assumption includes management's judgments about the future and involves a high degree of estimation 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 obtained an understanding of and considered the assumptions used in the external market reports and compared them with each other for consistency. We also tested the reasonableness of some performance indicators such as 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 examined the consistency between the headcount plans and passenger carrying capacity in the future plans.
	• 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 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 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, actions taken to eliminate threats or safeguards applied.

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.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to ANA HOLDINGS INC. and its subsidiaries were ¥290 million and ¥84 million, respectively.

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

September 12, 2024

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