

ALL NIPPON AIRWAYS TRADING Co., LTD.
Financial Statements 2021

Non-consolidated Balance Sheet

ALL NIPPON AIRWAYS TRADING CO., LTD.

As of March 31, 2021

ASSETS	Millions of yen
	2021
Current assets:	
Cash and deposits	¥916
Notes and accounts receivable - trade	6,914
Lease investment assets	7,105
Inventories	3,840
Short-term loans receivable	5,958
Other current assets	5,363
Allowance for doubtful accounts	(95)
	<hr/> 30,001
Property, plant and equipment:	
Land	15
Buildings and leasehold improvements	60
Vehicles, tools, furniture and fixtures	30
Rental assets	367
	<hr/> 472
Intangible assets	742
Investments and other assets:	
Investment securities	5,223
Investment securities of related parties	7,124
Long-term loans receivable	2,154
Lease and guarantee deposits	14
Prepaid pension costs	232
Other assets	317
Allowance for doubtful accounts	(529)
	<hr/> 14,536
Total assets	<hr/> <hr/> ¥45,753

See notes to non-consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen
	2021
Current liabilities:	
Notes and accounts payable	¥12,994
Short-term loans payable	6,399
Current portion of long-term loans payable	260
Current portion of lease obligations	1,070
Advances received	468
Unearned revenue	540
Accrued operating expenses	424
Accrued income taxes	134
Other current liabilities	66
	<u>22,359</u>
Long-term liabilities:	
Long-term debt, less current portion	520
Lease obligations, less current portion	3,943
Accrued employees' retirement benefits	942
Long-term deposits payable	350
Provision for directors' retirement benefits	102
Long-term unearned received	0
Long-term deferred tax liability	382
	<u>6,242</u>
Net assets	
Shareholders' equity:	14,188
Common stock:	1,000
Authorized---2,880,000 shares at March 31, 2021	
Issued---654,724 shares at March 31, 2021	
Retained earnings:	13,188
Legal reserve	250
Retained earnings	12,938
Accumulated other comprehensive income:	2,964
Unrealized holding gain (loss) on securities	2,951
Unrealized gain (loss) from hedging instruments	12
	<u>17,152</u>
Total liabilities and net assets	<u>¥45,753</u>

See notes to non-consolidated financial statements.

Non-consolidated Statement of Income
ALL NIPPON AIRWAYS TRADING CO., LTD.
Year ended March 31, 2021

	Millions of yen
	2021
Net sales	¥36,400
Cost of sales	30,449
Gross profit	5,951
Selling, general and administrative expenses	5,900
Operating income	51
Non-operating income (expenses):	
Interest and dividend income	183
Foreign exchange gain	153
Employment adjustment subsidy	170
Interest expense	(15)
Other - net	36
Ordinary income	579
Extraordinary gains and (losses):	
Allowance for doubtful accounts reversal	16
Allowance for loss on liquidation of subsidiaries reversal	189
Gain on sale of investment securities	10
Loss on valuation of investment securities	(9)
Loss on disposal of inventories	(207)
Early premium retirement allowance	(128)
Income before income taxes	451
Income taxes :	
Current	13
Deferred	74
	87
Net income	¥363

See notes to non-consolidated financial statements.

Notes to Non-consolidated Financial Statements

ALL NIPPON AIRWAYS TRADING CO., LTD.

Year ended March 31, 2021

1. BASIS OF PRESENTATION

The accompanying non-consolidated financial statements of All Nippon Airways Trading Co., Ltd. (the "Company") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In addition, the notes to non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan. In preparing the accompanying financial statements, certain reclassifications have been made in the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

As permitted by the regulations under the Corporation Law of Japan (the "Law"), amounts less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated financial statements for fiscal 2021 do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

In accordance with the accounting standard for foreign currency translation, foreign currency payables and receivables at March 31, 2021 are principally translated at the rate of exchange in effect at the balance sheet date, except payables and receivables hedged by qualified forward foreign exchange contracts.

(b) Marketable securities and investment securities

The accounting standard for financial instruments requires that securities be classified into three categories; trading, held-to-maturity or other securities. Under the standard, trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gains or losses, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(c) Inventories

Inventories are principally stated at the lower of cost or net realizable value, cost being determined by the moving average method.

(d) Property, plant and equipment (and depreciation)

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation of property, plant and equipment, except for rental assets, is calculated based on estimated useful lives by the following methods:

Buildings acquired on or after April 1, 1998 ---- Straight-line method

Facilities attached to buildings and other non-building structures acquired on or after April 1, 2016 ---- Straight-line method

Others ---- Declining-balance method

The Company principally applies the following useful lives:

Buildings and leasehold improvements	3 – 60 years
Vehicles	6 years
Tools, furniture and fixtures	2 – 20 years

Depreciation of rental assets is calculated by straight-line method over the lease period.

(e) Intangible assets and amortization

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

(f) Leased assets

Leased assets are depreciated over the lease term using the straight-line method with the estimated disposal value at the end of the lease term as the residual value.

(g) Allowance for doubtful accounts

A general provision is made for doubtful receivables based on past experience. Provisions are also made against specific receivables as and when required based on estimates of the collectability of receivables.

(h) Allowance for employee bonuses payment

The company provides reserve for employee bonuses payment based on the estimated amounts for the current fiscal year.

(i) Accrued employees' retirement benefits

The retirement benefit plan of the Company covers substantially all employees other than directors. 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. The Company has trustee employees' pension funds to provide coverage for the part of the lump-sum benefits or annuity payments. In accordance with the accounting standard for retirement benefits, accrued employees' retirement benefits at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit obligation and the fair market value of the pension plan assets at the balance sheet date, as adjusted for unrecognized net retirement benefit obligation at transition, unrecognized actuarial gains or losses and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the

straight-line method over the estimated service years of eligible employees.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over periods which are approximately equal to the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods which are approximately equal to the average remaining service years of employees.

At the balance sheet date, the total amount of Pension assets exceeds pension retirement benefit obligation which is deducted unrecognized actuarial differences. Therefore, the company records the excess amounts of pension assets as prepaid pension costs in investments and other assets.

(j) Provision for directors' retirement benefits

The Company records a reserve for retirement benefits for directors and corporate auditors based on the amount payable at the balance sheet date based on the internal regulations.

(k) Leased assets and depreciation

Finance lease transactions under which ownership is not transferred to a lessee are recognized as normal sales transactions.

(l) Derivatives

The Company uses derivatives, such as forward foreign exchange contracts and interest rate swaps, to manage its risk exposure arising from fluctuations in foreign exchange rates and interest rates. The Company does not use derivatives for trading purposes. In principle, deferral hedge accounting is adopted for derivatives that qualify as hedges.

(m) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(n) The Company bases lease transactions based on installment sales contracts on the deferred payment standard.

(o) Consolidated corporate-tax system

The Company has applied the consolidated corporate-tax system with ANA HOLDINGS INC. as the parent company.

3. BALANCE SHEET

(1) Accumulated depreciation of property, plant and equipment ¥618

(2) Credit and liabilities for related companies

Current credit ¥8,154

Long-term credit 1,967

Current liabilities 7,161

Long-term liabilities 520

4. INCOME TAX

The Company is subject to a number of taxes on income (corporation tax, inhabitants taxes and enterprise tax), which, in aggregate, resulted in a normal statutory tax rate of approximately 30.62% for the year ended March 31, 2021. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at March 31, 2021 are as follows:

	Millions of yen
	2021
Deferred tax assets:	
Valuation loss on marketable and investment securities	¥394
Accrued employees' retirement benefits and pension expense	288
Provision for doubtful receivables	180
Loss carry forward	169
Other	118
	<u>1,149</u>
Valuation allowance	<u>(564)</u>
	584
Deferred tax liabilities:	
Unrealized holding gain on securities	(883)
Other	(83)
	<u>(966)</u>
Net deferred tax liabilities	<u>(¥382)</u>

5. RELATED PARTY TRANSACTIONS

The Company has related party transactions with ANA HOLDINGS INC., the parent company, and subsidiaries and affiliated companies. The corresponding balances at March 31, 2021 and the amounts of these transactions for the year then ended are summarized as follows:

Related parties	Balances	Millions of yen
		2021
ANA HOLDINGS INC.	Current portion of long-term loans payable	¥260
	Long-term loans payable	520
	Short-term loans receivable	5,716
ANA FOODS CO., LTD	Other current assets (Advances)	842
	Short-term loans payable	3,560
ANA FESTA CO., LTD.	Long-term loans receivable	1,266
	installment receivable	779
INTERNATIONAL CARGO SERVICE CO., LTD.	Short-term loans payable	922
ANA TRADING DUTY FREE CO., LTD.	Short-term loans payable	856
FUJISEY CO., LTD.	Short-term loans payable	1,008

Related parties	Transactions	Millions of yen
		2021
ANA HOLDINGS INC.	Borrowings	¥910
	Loan of funds	6,216
ANA FOODS CO.,LTD	Borrowings	2,730
	Other current assets (Advances)	1,017
ANA FESTA CO., LTD.	Loan of funds	633
	Lease transaction for Store equipment	0
INTERNATIONAL CARGO SERVICE CO., LTD.	Borrowings	838
ANA TRADING DUTY FREE CO., LTD.	Borrowings	1,128
FUJISEY CO., LTD.	Borrowings	1,238

Note:

1. Business transactions with related parties are carried out on an arm's-length basis similar to third-party transactions.
2. Consumption taxes are not included in the amounts of these transactions.

6. AMOUNT PER SHARE

Amounts per share as of and for the year ended March 31, 2021 are as follows:

	Yen
	2021
Net income	¥555.53
Net assets	26,198.08

7. SUBSEQUENT EVENTS

None.

ALL NIPPON ALWAYS TRADING GROUP

(As of March 31, 2021)

Parent:

- ANA HOLDINGS INC.

Subsidiaries:

- ANA FOODS CO., LTD.
- ANA TRADING CORP., U.S.A.
- ANA TRADING DUTY FREE CO., LTD.
- ANA FESTA CO., LTD.
- INTERNATIONAL CARGO SERVICE CO., LTD.
- MUSASHI NO MORI COUNTRY CLUB CO., LTD.
- FUJISEY CO., LTD.
- ANA CREATIVE OPERATION SERVICES CO., LTD.
- ANA DIGITAL GATE, INC.
- SG RETAIL PARTNERS PTE, LTD.
- FARWEST AIRCRAFT, INC.

Affiliates:

- panda·Flight·Academy Inc.
- a2care Co., Ltd.
- Gateway Engine Leasing., LLC.