

**All Nippon Airways Trading Co., Ltd.**  
***Financial Statements 2020***

## Non-consolidated Balance Sheet

All Nippon Airways Trading Co., Ltd.

As of March 31, 2020

	Millions of yen
ASSETS	2020
Current assets:	
Cash and deposits (Note 9)	¥784
Notes and accounts receivable - trade (Notes 3, 9 and 10)	9,136
Lease investment assets (Note 10)	7,304
Inventories	3,708
Short-term loans receivable (Notes 3, 9 and 10)	6,864
Other current assets (Notes 3 and 10)	2,603
Allowance for doubtful accounts	(141)
	<hr/> 30,261
Property, plant and equipment (Note 4):	
Land	15
Buildings and leasehold improvements	78
Vehicles, tools, furniture and fixtures	33
Construction in progress	329
Rental assets	428
	<hr/> 885
Intangible assets	1,006
Investments and other assets:	
Investment securities (Note 9)	3,714
Investment securities of related parties	7,127
Long-term loans receivable (Notes 3 and 10)	1,216
Lease and guarantee deposits	22
Deffered tax assets	72
Prepaid pension costs	272
Other assets	365
Allowance for doubtful accounts	(722)
	<hr/> 12,068
Total assets	<hr/> <hr/> <u>¥44,221</u>

See notes to non-consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen
	2020
Current liabilities:	
Notes and accounts payable (Notes 3, 9 and 10)	¥12,067
Short-term loans payable (Notes 3, 9 and 10)	6,828
Current portion of long-term loans payable (Note 9)	260
Current portion of lease obligations	1,081
Advances received (Notes 10)	766
Unearned revenue	395
Accrued operating expenses	63
Accrued income taxes	87
Other current liabilities	616
	<u>22,167</u>
Long-term liabilities:	
Long-term debt, less current portion (Note 3, 9 and 10)	780
Lease obligations, less current portion	4,164
Accrued employees' retirement benefits	967
Long-term deposits payable	350
Provision for directors' retirement benefits	111
Long-term unearned received	0
	<u>6,374</u>
Net assets (Notes 5 and 8)	
Shareholders' equity:	13,821
Common stock:	1,000
Authorized---2,880,000 shares at March 31, 2020	
Issued---654,724 shares at March 31, 2020	
Retained earnings:	12,831
Legal reserve	250
Retained earnings	12,581
Accumulated other comprehensive income:	1,848
Unrealized holding gain (loss) on securities	1,848
Unrealized gain (loss) from hedging instruments	0
	<u>15,670</u>
Total liabilities and net assets	<u>¥44,221</u>

See notes to non-consolidated financial statements.

## Non-consolidated Statement of Income

All Nippon Airways Trading Co., Ltd.

Year ended March 31, 2020

Millions of yen

	2020
Net sales (Notes 3 and 10)	¥64,618
Cost of sales (Notes 3 and 10)	53,800
Gross profit	10,817
Selling, general and administrative expenses	7,946
Operating income	2,871
Non-operating income (expenses) (Note 3):	
Interest and dividend income	305
Foreign exchange gain (Note 6)	168
Interest expenses	(11)
Other - net	(35)
Ordinary income	3,297
Extraordinary gains and (losses):	
Loss on valuation of investment securities	216
Loss on valuation of investment securities of related parties	73
Provision of allowance for doubtful debts	202
Provision for loss on liquidation of subsidiaries	236
Income before income taxes	2,568
Income taxes (Note 7):	
Current	384
Deferred	(152)
Net income (Note 8)	¥2,336

See notes to non-consolidated financial statements.

## Non-consolidated Statement of Changes in Net Assets

All Nippon Airways Trading Co., Ltd.

Year ended March 31, 2020

Millions of yen

	Shareholders' equity			Accumulated other comprehensive income			Total net assets	
	Common stock	Earned surplus		Total shareholders' equity	Unrealized holding gain (loss) on securities	Unrealized gain (loss) from hedging instruments		Total accumulated other comprehensive income
		Legal reserve	Retained earnings					
Balance at April 1, 2019	¥1,000	¥250	¥11,571	¥12,821	¥2,438	¥(3)	¥2,434	¥15,256
Cash dividends paid			(1,326)	(1,326)				(1,326)
Net income			2,336	2,336				2,336
Net changes of items other than shareholders' equity during the year					(590)	3	(586)	(586)
Total changes during the year			1,010	1,010	(590)	3	(586)	423
Balance at March 31, 2020	¥1,000	¥250	¥12,581	¥13,831	¥1,848	¥0	¥1,848	¥15,680

See notes to non-consolidated financial statements.

## Notes to Non-consolidated Financial Statements

All Nippon Airways Trading Co., Ltd.

Year ended March 31, 2020

### 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 2020 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, 2020 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
Structures	10 – 20 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) 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.

(g) Provision for loss on liquidation of subsidiaries

The company provides reserve for loss on liquidation of subsidiaries based on the estimated amounts of possible loss.

(h) 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.

(i) 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.

(j) Leased assets and depreciation

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

(k) 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.

(l) Consumption taxes

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

(m) Deferred tax accounting

Deferred tax assets and liabilities are recognized in the non-consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. (See Note 6).

(n) Net income per share

The computation of net income per share is based on the weighted average number of shares outstanding during each year.

(o) Consolidated corporate-tax system

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



### 3. TRANSACTIONS WITH PARENT COMPANY, SUBSIDIARIES AND AFFILIATES

Information on balances and transactions with the parent company, subsidiaries and affiliates as of March 31, 2020 and for the year then ended was as follows:

	Millions of yen
	2020
Balances:	
Notes and accounts receivable	¥535
Short-term loans receivable	6,943
Other current assets	1,362
Long-term loans receivable	971
Notes and accounts payable	561
Short-term loans payable	7,088
Long-term debt	780
Transactions:	
Sales	4,065
Purchases	4,339
Transactions other than operating transactions	363

### 4. PROPERTY, PLANT AND EQUIPMENT

The following table sets forth the acquisition costs and related accumulated depreciation of certain property, plant and equipment at March 31, 2020:

	Millions of yen
	2020
Land	¥15
Buildings and leasehold improvements	168
Vehicles, tools, furniture and fixtures	345
Construction in progress	329
Rental assets	941
	1,800
Less accumulated depreciation	(915)
	¥ 884

### 5. NET ASSETS

In accordance with the Law, the Company provides a legal reserve, which is included in retained earnings. The Law provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of earnings be appropriated to the legal reserve until the total of the legal reserve and the additional paid-in capital accounts equals 25% of the common stock amounts. The Law provides that neither the additional paid-in capital nor the legal reserve is available for the payment of dividends, but both may be used to reduce or eliminate a deficit by resolution of shareholders or may be transferred to common stock by resolution of the Board of Directors. The Law also provides that, if the total amount of the legal reserve exceeds 25% of the amount of common stock, the excess may be distributed

to the shareholders either as a return of capital or as dividends subject to the approval of the shareholders. Under the Law, however, such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met.

(1) Type and number of outstanding shares

	Number of shares			Balance at March 31, 2020
	Balance at April 1, 2019	Increase in shares during the year	Decrease in shares during the year	
Issued stock:				
Common stock	654,724	-	-	654,724

(2) Cash dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
March 31, 2019	Extraordinary general meeting of shareholders	Common stock	¥1,326	¥2,026	March 31, 2019	June 28, 2019

(3) Dividends with a shareholders' cut-off date during the current fiscal year ended March 31, 2020, but an effective date subsequent to the current fiscal year

The company will not pay dividends.

6. FOREIGN EXCHANGE GAIN OR LOSS

Foreign exchange gain or loss is recorded on a net basis. Net foreign exchange gain of 168 million yen was included in determining net income for the year ended March 31, 2020.

7. INCOME TAXES

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, 2020. The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at March 31, 2020 are as follows:

	Millions of yen
	2020
Deferred tax assets:	
Valuation loss on marketable and investment securities	¥477
Accrued employees' retirement benefits and pension expense	296
Provision for doubtful receivables	254
Accrued expenses	21
Other	238
	1,286

Valuation allowance	(622)
	<u>664</u>
Deferred tax liabilities:	
Unrealized holding gain on securities	(508)
Other	(83)
	<u>(592)</u>
Net deferred tax liabilities	<u><u>(¥72)</u></u>

8. AMOUNTS PER SHARE

Amounts per share as of and for the year ended March 31, 2020 are as follows:

	Yen
	<u>2020</u>
Net income	¥3,568.77
Net assets	23,949.11

## 9. FINANCIAL INSTRUMENTS

### (1) Policy for financial instruments

The Company limits its fund management to short-term deposits and raises funds through borrowings from its subsidiaries. The Company uses derivatives for the purpose of reducing risk and does not enter into derivative transactions for speculative or trading purposes.

### (2) Types of financial instruments, related risk and risk management

Notes and accounts receivable are exposed to credit risk in relation to customers. In accordance with its internal policies for managing credit risk arising from receivables, the Company monitors the creditworthiness of its main customers periodically and monitors due dates and outstanding balances by individual customer, making efforts to identify and mitigate risks of bad debts from customers having financial difficulties.

Investment securities are exposed to the risk of market price fluctuations. Those securities are composed of mainly the shares of other companies with which the Company has business relationships. The Company periodically reviews the fair values of such financial instruments and the financial position of the issuers, whereby making efforts to identify and mitigate risks of impairment.

For derivatives, in order to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies, the Company enters into forward foreign exchange contracts for specific receivables and payables denominated in foreign currencies. There are internal policies for derivative transactions which set forth authorization levels and maximum upper limits on transaction volumes, and the Company enters into the derivative transactions in accordance with such policies.

### (3) Estimated fair value of financial instruments

The carrying value of financial instruments on the balance sheet and estimated fair value at March 31, 2020 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2 below).

At March 31, 2020	Millions of yen		
	Carrying value	Fair value	Difference
<b>Assets:</b>			
Cash on hand and in banks	¥784	¥784	¥-
Notes and accounts receivable	8,837	8,837	-
Short-term loans receivable	6,715	6,715	-
<b>Investment securities:</b>			
Marketable securities	3,438	3,438	-
<b>Total assets</b>	<b>¥19,774</b>	<b>¥19,774</b>	<b>¥-</b>

	Carrying value	Fair value	Difference
<b>Liabilities:</b>			
Notes and accounts payable	¥12,067	¥12,067	-
Short-term loans payable	6,828	6,828	-
Long-term debt	1,040	1,038	△1
<b>Total liabilities</b>	<b>¥19,934</b>	<b>¥19,932</b>	<b>¥△1</b>

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

- 1) Cash on hand and in banks, Notes and accounts receivable, and Short-term loans receivable  
Since these items are settled in a short period of time, their carrying value approximates fair value.
- 2) Marketable securities  
The fair value of stocks is based on quoted market prices.
- 3) Notes and accounts payable, and Short-term loans payable  
Since these items are settled in a short period of time, their carrying value approximates fair value.
- 4) Long-term debt  
The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied to similar new borrowings. Long-term debt includes the current portion of long-term debt.

2. Financial instruments for which it is extremely difficult to determine the fair value

At March 31, 2020	Millions of yen
Investment securities	¥276
Investment securities of related parties	¥7,127
	<u>¥7,403</u>

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

## 10. 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, 2020 and the amounts of these transactions for the year then ended are summarized as follows:

Related parties	Balances	Millions of yen
		2020
ANA HOLDINGS INC.	Current portion of long-term loans payable	¥260
	Long-term loans payable	780
	Short-term loans receivable	6,715
ANA Foods Co., Ltd.	Other current assets (Advances)	1,192
	Short-term loans payable	1,900
	Short-term loans receivable	88
	Long-term loans receivable	317
ANA FESTA Co., Ltd.	Short-term loans payable	1,276
International Cargo Service Co.,Ltd.	Short-term loans payable	753
ANA Trading Duty Free Co., Ltd.	Short-term loans payable	1,401
Fujisey Co., Ltd.	Short-term loans payable	1,469

Related parties	Transactions	Millions of yen
		2020
ANA HOLDINGS INC.	Borrowings	¥1,170
	Loan of funds	7,133
	Borrowings	1,755
ANA Foods Co., Ltd.	Other current assets (Advances)	1,135
	Loan of funds	464
	Interest income	5
	Borrowings	1,606
ANA FESTA Co., Ltd.	Borrowings	719
International Cargo Service Co.,Ltd.	Borrowings	2,026
ANA Trading Duty Free Co., Ltd.	Borrowings	1,244
Fujisey Co., Ltd.		

The Company has related party transactions with other subsidiaries of ANA HOLDINGS INC. The corresponding balances at March 31, 2020 and the amounts of these transactions for the year then ended are summarized as follows:

Related parties	Balances	<u>Millions of yen</u>
		2020
All Nippon Airways Co., Ltd.	Notes and accounts receivable	¥3,109
	Other current assets (Advances)	294
	Lease investment assets	1,557
ANA CATERING SERVICE CO.,LTD.	Lease investment assets	2,510
ANA NARITA AIRPORT SERVICES Co., Ltd.	Lease investment assets	430

Related parties	Transactions	<u>Millions of yen</u>
		2020
All Nippon Airways Co., Ltd.	Sales of products and goods and services	¥27,637
ANA CATERING SERVICE CO.,LTD.	Lease transaction mainly for vehicles related to flight	180
ANA NARITA AIRPORT SERVICES Co., Ltd.	Lease transaction mainly for vehicles related to flight	80

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.

#### 11. OTHER NOTES

The Company has entered into loan commitment agreements with banks in order to secure funds for its operations efficiently. The outstanding balance of loan commitments at March 31, 2020 is as follows:

	<u>Millions of yen</u>
	2020
Total commitment available	¥6,700
Less amount utilized	-
Balance available	<u>¥6,700</u>

All Nippon Airways Trading Group

(As of March 31, 2020)

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.
- Musashinomori Country Club Co., Ltd.
- Fujisey Co., Ltd.
- ANA Creative Operation Services Co., Ltd.
- ANA Digital Gate, Inc.
- SG RETAIL PARTNERS PTE.LTD.

Affiliates:

- panda Flight Academy Co., Ltd.
- A2 Care Co., Ltd.
- A&S Takashimaya Duty Free Co., Ltd.
- ANA X Inc.



## Supplementary Schedules

All Nippon Airways Trading Co., Ltd.

As of March 31, 2020

### 1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Millions of yen

Type	Account	Beginning balance	Increase during the year	Decrease during the year	Depreciation and amortization	Ending balance	Accumulated depreciation and amortization	Acquisition cost	
P r o p e r t y , p l a n t a n d e q u i p m e n t	F o r C o m p a n y	Buildings	84	1	-	7	78	90	168
		Structures	-	-	-	-	-	-	-
		Vehicles	0	0	0	0	0	0	0
		Tools, furniture and fixtures	54	3	1	22	33	312	345
		Land	15	-	-	-	15	-	15
		Construction in progress	0	329	-	-	329	-	329
		Leased assets	0	-	-	0	0	1	1
	Total	153	334	1	30	456	403	860	
	F o r L e a s e	Aircraft for lease	-	-	-	-	-	363	363
		Vehicles	106	-	-	22	84	96	180
Tools, furniture and fixtures for lease		31	344	-	32	343	53	397	
Total		138	344	-	54	428	512	941	
I n t a n g i b l e	F o r C o m p a n y	Telephone subscription rights	10	-	-	-	10		
		Software	898	375	5	302	965		
		Software in progress	90	27	87	-	30		
		Other intangible assets	0	0	-	0	0		
		Total	999	401	92	302	1,006		

2. ALLOWANCES

Millions of yen

	Beginning balance	Increase	Decrease	Ending balance
Allowance for doubtful accounts	609	312	57	863
Provision for bonuses	434	266	434	266
Provision for loss on liquidation of subsidiaries	-	236	-	236
Accrued employees' retirement benefits	596	429	58	967
Provision for director's retirement benefits	125	43	58	111

3. SELLING, GENERAL AND ADMINISTRATIVE

Millions of yen

Account	Amount	Account	Amount
Selling expenses	37	Book and newspaper expenses	3
Sales commissions	213	Insurance expenses	6
Business consignment expenses	678	Promotion expenses	75
<u>Total variable expenses</u>	<u>929</u>	Advertising expenses	104
Directors' compensations	78	Sample expenses	9
Employees' salaries	2,381	Entertainment expenses	141
Salaries for fixed-term employment	121	Conference expenses	2
Bonuses	424	Rent expenses	346
Retirement payments	8	Building maintenance expenses	10
Commutation expenses	66	Utilities expenses	11
Legal welfare expenses	484	Repair and maintenance	9
Welfare expenses	133	Taxes and dues	97
Employment expenses	59	Commission fees	269
Education and training expenses	64	Research study expenses	56
Transfer allowance	57	Contributions	3
Provision for bonuses	274	Membership fees	12
Provision for director's retirement benefits	43	Depreciation	9
Retirement benefit expenses	322	Provision of allowance for doubtful accounts	52
Other personnel expenses	10	Amortization of intangible assets	0
<u>Total personnel expenses</u>	<u>4,531</u>	Electronic device expenses	709
Transportation expenses	478	Miscellaneous expenses	7
Vehicle maintenance costs	0	<u>Total other expenses</u>	<u>2,485</u>
Packing and transportation expenses	17	<u>Total selling, general and administrative expenses</u>	<u>7,946</u>
Stationary expenses	8		
Communication expenses	38		
Tools, furniture and fixtures	3		