Consolidated 11-Year Summary

ANA HOLDINGS INC. and its consolidated subsidiaries (Note 1)

(Years ended March)	Yen (Millions) 2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	U.S. dollars (Thousands) (Note 2) 2019
For the Year												
Operating revenues (Note 3)	**2,058,312**	1,971,799	1,765,259	1,791,187	1,713,457	1,601,013	1,483,581	1,411,504	1,357,653	1,228,353	1,392,581	**18,545,022**
Operating expenses	**1,893,293**	1,807,283	1,619,720	1,654,724	1,621,916	1,535,027	1,379,754	1,314,482	1,289,845	1,282,600	1,384,992	**17,058,230**
Operating income (loss)	**165,019**	164,516	145,539	136,463	91,541	65,986	103,827	97,022	67,808	(54,247)	7,589	**1,486,791**
Income (loss) before income taxes	**154,023**	196,641	139,462	131,064	77,983	36,391	70,876	63,431	35,058	(95,593)	(4,445)	**1,387,719**
Net income (loss) attributable to owners of the parent	**110,777**	143,887	98,827	78,169	39,239	18,886	43,140	28,178	23,305	(57,387)	(4,260)	**998,080**
Cash flows from operating activities	**296,148**	316,014	237,084	263,878	206,879	200,124	173,196	214,406	203,889	82,991	(39,783)	**2,668,240**
Cash flows from investing activities	**(308,671)**	(324,494)	(194,651)	(74,443)	(210,749)	(64,915)	(333,744)	(166,323)	(139,619)	(251,893)	(111,139)	**(2,781,070)**
Cash flows from financing activities	**(46,480)**	(29,989)	3,349	(133,257)	(30,424)	(85,569)	84,549	16,171	(10,596)	173,791	114,504	**(418,776)**
Free cash flow	**(12,523)**	(8,480)	42,433	189,435	(3,870)	135,209	(160,548)	48,083	64,270	(168,902)	(150,922)	**(112,829)**
Substantial free cash flow (Note 4)	**(18,028)**	61,410	39,655	88,035	(22,350)	38,929	54,256	52,043	27,870	(123,902)	(150,922)	**(162,429)**
Depreciation and amortization	**159,541**	150,408	140,354	138,830	131,329	136,180	123,916	119,268	118,440	113,806	112,881	**1,437,435**
EBITDA (Note 5)	**324,560**	314,924	285,893	275,293	222,870	202,166	227,743	216,290	186,248	59,559	120,470	**2,924,227**
Capital expenditures	**375,864**	304,707	254,425	281,416	274,702	183,739	162,752	196,881	211,698	209,937	145,709	**3,386,467**
At Year-End												
Total assets	**2,687,122**	2,562,462	2,314,410	2,228,808	2,302,437	2,173,607	2,137,242	2,002,570	1,928,021	1,859,085	1,761,065	**24,210,487**
Interest-bearing debt	**788,649**	798,393	729,877	703,886	819,831	834,768	897,134	963,657	938,819	941,691	897,236	**7,105,586**
Shareholders' equity (Note 6)	**1,099,413**	988,661	919,157	789,896	798,280	746,070	766,737	549,014	520,254	473,552	321,883	**9,905,514**
Per Share Data (Yen, U.S. dollars) (Note 7)												
Earnings per share	**331.04**	417.82	28.23	22.36	11.24	5.41	13.51	11.22	9.29	(24.67)	(2.19)	**2.98**
Book value per share	**3,285.46**	2,954.47	262.44	225.87	228.45	213.82	218.41	218.24	207.35	188.93	166.50	**29.60**
Cash dividends	**75.00**	60.00	6.00	5.00	4.00	3.00	4.00	4.00	2.00	—	1.00	**0.67**
Average number of shares during the year (Thousand shares)	**334,632**	344,372	3,500,205	3,496,561	3,492,380	3,493,860	3,192,482	2,511,841	2,507,572	2,326,547	1,945,061	
Management Indexes												
Operating income margin (%)	**8.0**	8.3	8.2	7.6	5.3	4.1	7.0	6.9	5.0	(4.4)	0.5	
Net income margin (%)	**5.4**	7.3	5.6	4.4	2.3	1.2	2.9	2.0	1.7	(4.7)	(0.3)	
ROA (%) (Note 8)	**6.4**	6.8	6.5	6.1	4.2	3.2	5.1	5.1	3.7	(2.8)	0.6	
ROE (%) (Note 9)	**10.6**	15.1	11.6	9.8	5.1	2.5	6.6	5.3	4.7	(14.4)	(1.1)	
Shareholders' equity ratio (%)	**40.9**	38.6	39.7	35.4	34.7	34.3	35.9	27.4	27.0	25.5	18.3	
Debt/equity ratio (Times) (Note 10)	**0.7**	0.8	0.8	0.9	1.0	1.1	1.2	1.8	1.8	2.0	2.8	
Asset turnover (Times)	**0.8**	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.8	
Payout ratio (%)	**22.7**	14.4	21.3	22.4	35.6	55.5	29.6	35.7	21.5	—	—	
Number of employees	**43,466**	41,930	39,243	36,273	34,919	33,719	32,634	32,884	32,731	32,578	33,045	
Operating Data												
Domestic Passenger Operations												
Passenger revenues	**696,617**	689,760	678,326	685,638	683,369	675,153	665,968	651,556	652,611	630,976	699,389	**6,276,394**
Available seat-km (Millions)	**58,475**	58,426	59,080	59,421	60,213	61,046	58,508	56,756	56,796	57,104	59,222	
Revenue passenger-km (Millions)	**40,704**	40,271	38,990	38,470	38,582	37,861	36,333	34,589	35,983	35,397	37,596	
Number of passengers (Thousands)	**44,325**	44,150	42,967	42,664	43,203	42,668	41,089	39,020	40,574	39,894	42,753	
Load factor (%)	**69.6**	68.9	66.0	64.7	64.1	62.0	62.1	60.9	63.4	62.0	63.5	
Unit revenues (¥)	**11.9**	11.8	11.5	11.5	11.3	11.1	11.4	11.5	11.5	11.0	11.8	
Yield (¥)	**17.1**	17.1	17.4	17.8	17.7	17.8	18.3	18.8	18.1	17.8	18.6	
International Passenger Operations												
Passenger revenues	**651,587**	597,446	516,789	515,696	468,321	395,340	348,319	320,066	280,637	214,124	291,077	**5,870,682**
Available seat-km (Millions)	**65,976**	64,376	60,148	54,710	49,487	41,451	37,947	34,406	29,768	26,723	27,905	
Revenue passenger-km (Millions)	**50,776**	49,132	45,602	40,635	35,639	30,613	28,545	25,351	22,430	20,220	19,360	
Number of passengers (Thousands)	**10,093**	9,740	9,119	8,167	7,208	6,336	6,276	5,883	5,168	4,666	4,432	
Load factor (%)	**77.0**	76.3	75.8	74.3	72.0	73.9	75.2	73.7	75.3	75.7	69.4	
Unit revenues (¥)	**9.9**	9.3	8.6	9.4	9.5	9.5	9.2	9.3	9.4	8.0	10.4	
Yield (¥)	**12.8**	12.2	11.3	12.7	13.1	12.9	12.2	12.6	12.5	10.6	15.0	
LCC Passenger Operations (Note 11)												
Passenger revenues	**93,611**	87,555	—	—	—	—	—	—	—	—	—	**843,418**
Available seat-km (Millions)	**12,052**	11,832	—	—	—	—	—	—	—	—	—	
Revenue passenger-km (Millions)	**10,394**	10,212	—	—	—	—	—	—	—	—	—	
Number of passengers (Thousands)	**8,153**	7,797	—	—	—	—	—	—	—	—	—	
Load factor (%)	**86.2**	86.3	—	—	—	—	—	—	—	—	—	
Unit revenues (¥)	**7.8**	7.4	—	—	—	—	—	—	—	—	—	
Yield (¥)	**9.0**	8.6	—	—	—	—	—	—	—	—	—	
Domestic Cargo Operations												
Cargo revenues	**27,454**	30,710	30,860	31,740	32,584	32,116	32,231	33,248	32,413	31,829	33,097	**247,355**
Cargo volume (Tons)	**393,773**	436,790	451,266	466,979	475,462	477,081	463,473	467,348	453,606	458,732	475,014	
International Cargo Operations												
Cargo revenues	**125,015**	118,002	93,301	113,309	124,772	104,736	86,589	87,978	86,057	55,750	69,069	**1,126,362**
Cargo volume (Tons)	**913,915**	994,593	954,027	810,628	841,765	710,610	621,487	570,684	557,445	422,449	354,251	

Notes: 1. As of March 31, 2019, there were 62 consolidated subsidiaries and 16 equity-method subsidiaries and affiliates.
2. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥110.99=US$1, the approximate exchange rate as of March 31, 2019.
3. Effective from the fiscal year ended March 2015, revenue of jet fuel which is resold to airlines outside the Group is offset by its purchasing cost and the net amount is recorded in operating revenues.
4. Substantial free cash flow is excluding purchase and redemption of marketable securities (time deposits and negotiable deposits of more than three months).
5. EBITDA = Operating income + Depreciation and amortization
6. Total shareholders' equity = Shareholders' equity + Accumulated other comprehensive income
From the fiscal year ended March 2014, the Accounting Standard for Retirement Benefits (May 17, 2012) has been applied and the amount affected by liabilities for retirement benefits has been adjusted to be recorded in remeasurements of defined benefit plans.
7. The Group conducted a 1-for-10 reverse stock split effective October 1, 2017. Calculations have been made assuming a reverse stock split at the beginning of the fiscal year ended March 2018.
8. ROA = (Operating income + Interest and dividend income) / Simple average of total assets
9. ROE = Net income attributable to owners of the parent / Simple average of shareholders' equity
10. Debt/equity ratio = Interest-bearing debt / Shareholders' equity
11. Revenues of LCC Passenger Operations include ancillary income.
* Yen amounts are rounded down to the nearest million yen and percentages are rounded to the nearest one decimal place. U.S. dollar amounts are truncated.

Management's Discussion and Analysis

Economic Conditions

General Economic Overview

The Japanese economy experienced a gradual recovery during fiscal 2018 (April 1, 2018 to March 31, 2019), supported by rising consumer spending in response to ongoing improvements in corporate earnings and employment. The airline industry enjoyed firm demand in general, mainly due to an ongoing gradual recovery in the Japanese and global economies and increasing number of inbound travelers to Japan.

The future economy is expected to experience a continued gradual recovery, supported by improving employment, rising income levels, and the positive impact of government policies. However, we must keep a careful eye on risks, including a potential overseas economic downturn, trade issues, and other factors that may have a negative impact on business.

Fuel Price Trends

The average price for Dubai crude oil was $69.4 per barrel during fiscal 2018. During the first half of the year, Dubai crude ranged around $70 per barrel, due to a number of factors including the decision to defer production increases among OPEC and major non-member state oil producers such as Russia, a firm recovery in demand for petroleum, and a cautious outlook with respect to geopolitical risk. While the market price for Dubai crude fell as low as $60 per barrel in the second half, prices rose to $66.9 per barrel by the end of fiscal 2018.

The market price of Singapore kerosene tracked the price of crude oil. The average price for the fiscal year was $82.2 per barrel, ending at $78.0 per barrel on March 31, 2019.

Foreign Exchange Market

The Japanese yen averaged ¥110.9 to the U.S. dollar for fiscal 2018, ending the year at ¥111.0 per U.S. dollar. The yen continued to weaken compared to the U.S. dollar throughout the first half of the fiscal year due to a spreading interest rate gap between the two countries stemming from steady interest-rate increases in the United States. The value of the yen rose slowly throughout the second half of the year in response to concerns about intensifying trade friction and the resulting impact on the global economy.

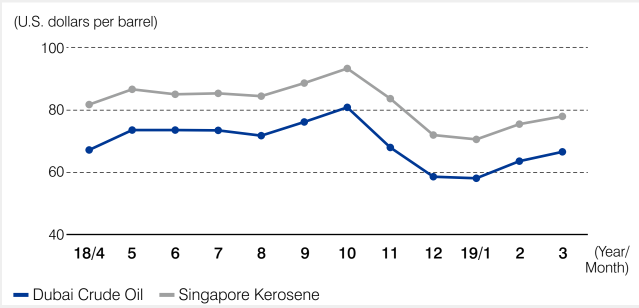
Air Transport Traffic Trends

International Air Transport Association (IATA) member airlines reported 1,810 million passengers on scheduled international flights in 2018 (7.0% increase year on year). Passengers on scheduled domestic flights numbered 2,560 million (6.8% increase). At the same time, scheduled global air cargo volume increased 2.9%. (Source: IATA World Air Transport Statistics, 2019).

In Japan, passengers on trunk routes* decreased 0.5% to 43.44 million for fiscal 2018. The number of passengers on local routes* increased 3.4% to 60.47 million. In total, Japanese air transport passengers numbered 103.9 million, an increase of 1.7%. Domestic cargo volume decreased 9.0% to 0.82 million tons. The number of passengers carried by Japanese airlines on international services increased 4.5% to 23.40 million, while the volume of international cargo handled by Japanese airlines decreased 18.0% to 1.44 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism preliminary report)

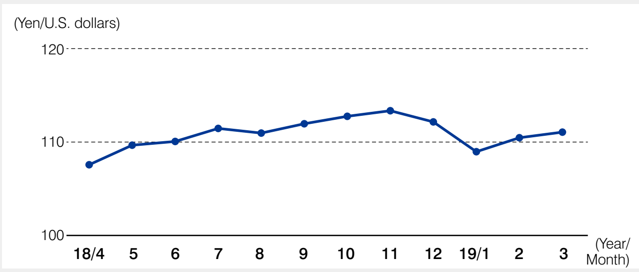
* Trunk routes refer to routes connecting Sapporo (New Chitose), Tokyo (Haneda), Tokyo (Narita), Osaka (Itami), Kansai, Fukuoka, and Okinawa (Naha) airports with one another. Local routes refer to all other routes.

Monthly Prices for Dubai Crude Oil and Singapore Kerosene



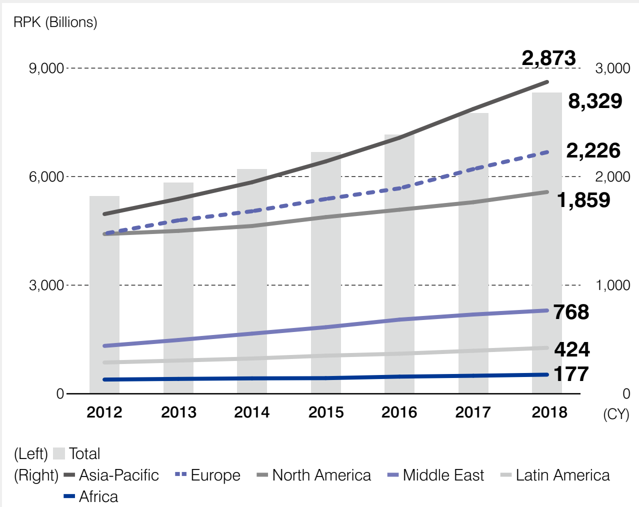
Source: Bloomberg

Monthly Yen-Dollar Exchange Rate



Source: Bloomberg

Global Air Transportation Passenger Volume by Region



Source: International Air Transport Association (IATA), 2019

Performance for Fiscal 2018

Overview of the ANA Group

As of March 31, 2019, the ANA Group ("the Group"), led by holding company ANA HOLDINGS INC., consists of 128 subsidiaries (including ALL NIPPON AIRWAYS CO., LTD.) and 44 affiliates. A total of 62 companies are treated as consolidated subsidiaries, with another 16 treated as equity-method subsidiaries and affiliates. The Group had 43,466 employees as of March 31, 2019, up 1,536 employees year on year.

During fiscal 2018, we executed the FY2018–22 ANA Group Corporate Strategy (published February 1, 2018), while asserting our fundamental dedication to safety. We focused on three major strategies during the year: (1) Expand airline revenue platform and pursue optimized portfolio; (2) Select and concentrate on existing business, create new business domains; and (3) Utilize open innovation and ICT. We pursued Safety, Quality and Services, while at the same time making forward progress in human resources and capital expenditures toward the 2020 slot expansions at Tokyo metropolitan area airports.

Consolidated Operating Revenues, Operating Expenses, and Operating Income

Fiscal 2018 operating revenues amounted to ¥2,058.3 billion, a ¥86.5 billion (4.4%) increase year on year. This increase was mainly due to positive trends in our mainstay Air Transportation Business, as well as increased revenues in Airline Related, Trade and Retail, and Others segments.

Operating expenses increased 4.8%, or ¥86.0 billion, to ¥1,893.2 billion. As we looked ahead to slot expansions at Tokyo metropolitan area airports, we gave priority to investments in safety, human resources, aircraft, and other equipment. At the same time, we engaged in a number of cost management measures.

As a result, operating income rose ¥0.5 billion (0.3%) compared to the prior fiscal year, reaching ¥165.0 billion.

Review by Segments

The Group operates four reportable segments: Air Transportation, Airline Related, Travel Services, and Trade and Retail.

Segment Information

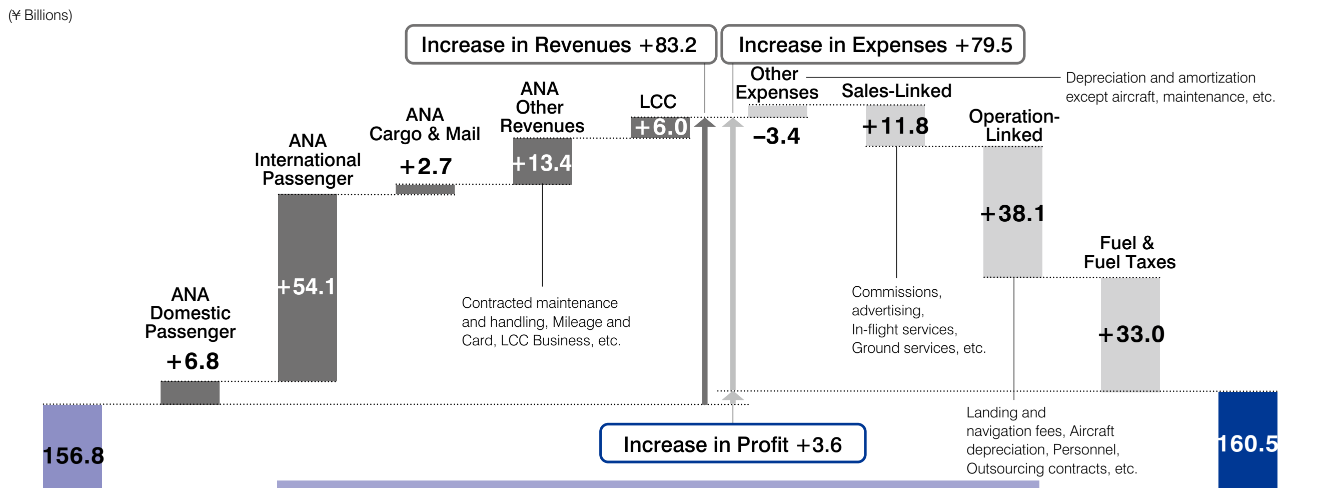
(¥ Millions)

	Operating Revenues			Operating Income			EBITDA		
(Fiscal Year)	2018	2017	Change	2018	2017	Change	2018	2017	Change
Air Transportation	¥1,814,417	¥1,731,173	¥83,244	¥160,556	¥156,873	¥ 3,683	¥313,504	¥301,097	¥12,407
Airline Related	291,051	284,331	6,720	13,178	10,635	2,543	17,674	15,000	2,674
Travel Services	150,746	159,289	(8,543)	606	3,745	(3,139)	1,113	4,026	(2,913)
Trade and Retail	150,679	143,039	7,640	3,706	4,506	(800)	5,060	5,821	(761)
Others	40,958	38,708	2,250	2,275	2,767	(492)	2,511	2,990	(479)
Adjustments	(389,539)	(384,741)	(4,798)	(15,302)	(14,010)	(1,292)	(15,302)	(14,010)	(1,292)
Total (Consolidated)	¥2,058,312	¥1,971,799	¥ 86,513	¥165,019	¥164,516	¥ 503	¥324,560	¥314,924	¥ 9,636

Notes: 1. "Others" includes facility management, business support, and other operations.
2. Adjustments of segment profit represent the elimination of intersegment transactions, group management expenses of ANA HOLDINGS INC., and other certain items.
3. Segment operating income is reconciled with operating income in the consolidated financial statements.
4. EBITDA = Operating income + Depreciation and amortization

Air Transportation Business

Changes in Operating Income (FY2018 vs FY2017)



(Fiscal Year)	2018	2017	Change	YoY (%)
Operating revenues	1,814.4	1,731.1	+83.2	+4.8
Operating expenses	1,653.8	1,574.3	+79.5	+5.1
Operating income	160.5	156.8	+3.6	+2.3

Air Transportation Business operating revenues amounted to ¥1,814.4 billion, a year-on-year increase of ¥83.2 billion (4.8%). This increase was mainly due to steady international passenger business supported by active demand. Operating income rose ¥3.6 billion (2.3%) to ¥160.5 billion. Although expenses related to aircraft and human resources in anticipation of slot expansion at Tokyo metropolitan area airports rose, we have engaged in steady cost management measures.

Results by business were as follows.

ANA International Passenger Business

The ANA International Passenger Business outperformed prior fiscal year in both passenger numbers and revenues. Demand for business travel from Japan was strong throughout the year, while we also captured increased inbound demand.

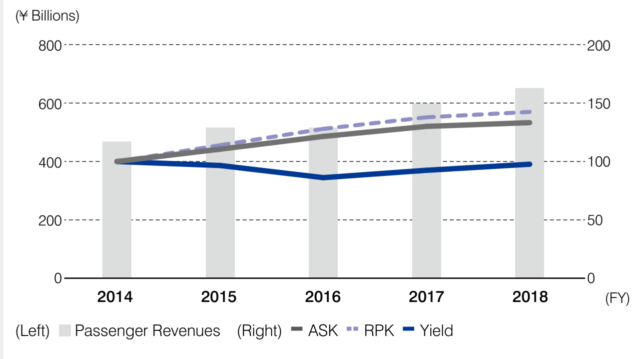
A total of 10.09 million passengers used the ANA network in fiscal 2018 (3.6% increase), while unit price rose 5.3% to ¥64,556. Operating revenues rose 9.1% year on year to ¥651.5 billion. We recorded a 2.5% increase in available seat-kilometers (ASK) and saw an increase in revenue passenger-kilometers (RPK) of 3.3%. Load factor increased 0.6 points to 77.0%. ANA expanded its route network throughout fiscal 2018. In June, ANA added flights to the Haneda–Bangkok route (three flights per day total), while in October, we began a code-share flight with Alitalia. In February 2019, we introduced service to Vienna.

Supported by solid business conditions in Japan and overseas, business demand was firm throughout the year, allowing us to strengthen yield management. We captured demand for leisure travel both into and out of Japan through a variety of discount fares. We also bolstered promotional activities to encourage greater demand among inbound travelers.

ANA International Passenger Business Results

(Fiscal Year)	2018	2017	YoY (%)
ASK (Millions)	65,976	64,376	+2.5
RPK (Millions)	50,776	49,132	+3.3
Number of passengers (Thousands)	10,093	9,740	+3.6
Load factor (%)	77.0	76.3	+0.6*
Passenger revenues (¥ Billions)	651.5	597.4	+9.1
Unit revenues (¥)	9.9	9.3	+6.4
Yield (¥)	12.8	12.2	+5.5
Unit price (¥)	64,556	61,336	+5.3

* Difference



* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2014 as 100.

ANA Domestic Passenger Business

The ANA Domestic Passenger Business outperformed prior fiscal year in both passenger numbers and revenues. Although we experienced the negative effects of several natural disasters and Rolls-Royce engine maintenance during the first half of the year, strong business demand and our capture of inbound travel, as well as fare discounts matched to demand, combined to drive performance in passenger numbers and revenues higher. ASK grew 0.1% year on year, while RPK rose 1.1%. Load factor was 69.6%, an increase of 0.7 points. Passenger numbers grew 0.4% to 44.32 million and unit price rose 0.6% to ¥15,716. Operating revenues were up 1.0% to ¥696.6 billion.

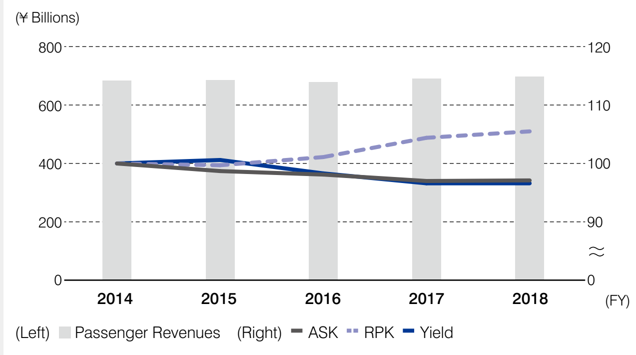
In fiscal 2018, ANA converted Chubu–Miyako and Fukuoka–Ishigaki routes from summer-only to full-year service, capturing demand while expanding access to southern islands in Okinawa such as Ishigaki and Miyako from major areas of Japan via nonstop service.

In October, ANA unveiled a simpler fare lineup, allowed reservations and ticket sales up to 355 days prior to departure, and introduced other fare structure innovations. We launched a *Let's Go to Hokkaido* project to support recovery in disaster areas and a promotional campaign for travel to Kansai International Airport for inbound tourists. These promotions and policies resulted in encouraging demand for travel both in Japan and overseas. ANA added many service improvements during the year. In April 2018, ANA introduced free on-board Wi-Fi and the adoption of more A321neo aircraft with monitor-equipped seats in all classes. We also renovated our domestic lounges at Itami, Fukuoka, and Naha airports.

ANA Domestic Passenger Business Results

(Fiscal Year)	2018	2017	YoY (%)
ASK (Millions)	58,475	58,426	+0.1
RPK (Millions)	40,704	40,271	+1.1
Number of passengers (Thousands)	44,325	44,150	+0.4
Load factor (%)	69.6	68.9	+0.7*
Passenger revenues (¥ Billions)	696.6	689.7	+1.0
Unit revenues (¥)	11.9	11.8	+0.9
Yield (¥)	17.1	17.1	– 0.1
Unit price (¥)	15,716	15,623	+0.6

* Difference



* Figures for ASK, RPK, and Yield are indexed using the figures for fiscal 2014 as 100.

ANA Cargo and Mail Business

The ANA Cargo and Mail Business recorded fiscal 2018 operating revenues of ¥160.7 billion, a year-on-year increase of 1.7%. The International Cargo Business recorded operating revenues of ¥125.0 billion, up 5.9% compared to the prior fiscal year. Available ton-kilometers (ATK) rose 4.6% and revenue ton-kilometers (RTK) decreased 3.5%. Although cargo demand through the third quarter for automobile parts, electronic components, and other products for North America and Europe was strong, the decline in demand for cargo to and from China during the fourth quarter had a negative impact. Even though we experienced an 8.1% decrease in cargo volume to 910,000 tons, stronger yield management, the use of airline charters (cargo charter flights using aircraft owned by other companies), and other measures buoyed our results. Optimizing the scope of our Okinawa hub network beginning with the winter schedule and converting some routes to direct flights also helped improve profitability.

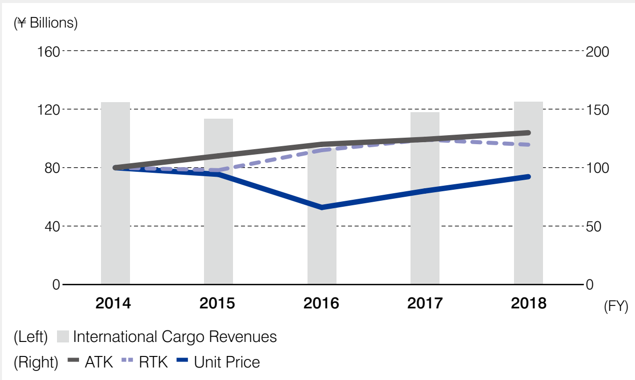
Domestic Cargo Business operating revenues decreased 10.6% to ¥27.4 billion, reflecting a 9.8% decline in cargo volume to 390,000 tons and a 0.8% drop in unit price. While we made efforts to grow revenues by setting non-scheduled extra cargo flights for the Okinawa–Haneda route during peak demand for flowers, air cargo demand overall was weak throughout the year. Also, we experienced the negative impact of flight cancellations due to natural disasters and Rolls-Royce engine maintenance. These factors combined to decrease ATK by 1.1% and RTK by 8.9% year on year.

International Mail Business operating revenues decreased 14.1% to ¥5.1 billion, while Domestic Mail Business operating revenues were 4.7% lower at ¥3.2 billion.

ANA Cargo and Mail Business Results

(Fiscal Year)		2018	2017	YoY (%)
Cargo and mail services revenues (¥ Billions)		160.7	158.0	+1.7
International cargo	ATK (Millions)	7,122	6,809	+4.6
	RTK (Millions)	4,318	4,474	–3.5
	Cargo volume (Thousand tons)	913	994	–8.1
	Cargo revenues (¥ Billions)	125.0	118.0	+5.9
	Unit price (¥/kg)	137	119	+15.3
	Mail revenues (¥ Billions)	5.1	5.9	–14.1
Domestic cargo	ATK (Millions)	1,720	1,739	–1.1
	RTK (Millions)	408	448	–8.9
	Cargo volume (Thousand tons)	393	436	–9.8
	Cargo revenues (¥ Billions)	27.4	30.7	–10.6
	Unit price (¥/kg)	70	70	–0.8
	Mail revenues (¥ Billions)	3.2	3.3	–4.7

International Cargo Business Results



Figures for ATK, RTK and Unit price are indexed using the figures for fiscal year 2014 as 100.

LCC Business

The LCC Business recorded ¥93.6 billion in operating revenues, a 6.9% increase year on year, supported by a 4.6% increase in passenger numbers at 8.15 million and a 2.3% increase in unit price to ¥11,482. ASK rose 1.9% and RPK rose 1.8%. Load factor was 86.2%, which was a 0.1-point decrease compared to the prior fiscal year. This performance was supported by our expansion of routes and capture of the active inbound demand.

Our domestic and international networks offered expanded service for our customers. Peach Aviation introduced service between Okinawa (Naha)–Kaohsiung (April) and Osaka (Kansai)–Kushiro (August). Vanilla Air launched Narita–Ishigaki and Okinawa (Naha)–Ishigaki routes (July), as well as more frequent flights between Okinawa (Naha) and Taipei (October).

Looking toward the upcoming merger, Peach Aviation and Vanilla Air worked to capture demand, including a special co-promotion, *Peach and Vanilla are a Sweet Combination: Joint Discounts on All Routes*.

LCC Business Results
(Total of Peach Aviation Limited and Vanilla Air Inc.)

(Fiscal Year)	2018	2017	YoY (%)
ASK (Millions)	12,052	11,832	+1.9
RPK (Millions)	10,394	10,212	+1.8
Number of passengers (Thousands)	8,153	7,797	+4.6
Load factor (%)	86.2	86.3	–0.1*
Passenger revenues (¥ Billions)	93.6	87.5	+6.9
Unit revenues (¥)	7.8	7.4	+5.0
Yield (¥)	9.0	8.6	+5.0
Unit price (¥)	11,482	11,228	+2.3

* Difference

Others

Others recorded ¥211.8 billion in operating revenues, a 6.8% increase year on year. This figure includes incidental revenues from mileage memberships, in-flight sales, contracted maintenance, etc.

Operating Expenses

Air Transportation Business operating expenses increased ¥79.5 billion (5.1%) year on year to ¥1,653.8 billion. Specific expense amounts and reasons for year-on-year changes are described below.

Breakdown of Operating Revenues and Expenses

(¥ Millions)

(Fiscal Year)			2018	2017	Change
Segment operating revenues			¥1,814,417	¥1,731,173	¥83,244
	Domestic	Passenger	696,617	689,760	6,857
		Cargo	27,454	30,710	(3,256)
		Mail	3,230	3,388	(158)
	International	Passenger	651,587	597,446	54,141
		Cargo	125,015	118,002	7,013
		Mail	5,100	5,934	(834)
	LCC revenues		93,611	87,555	6,056
	Other revenues		211,803	198,378	13,425
Segment operating expenses			1,653,861	1,574,300	79,561
	Fuel and fuel tax		333,709	300,642	33,067
	Landing and navigation fees		121,606	122,434	(828)
	Aircraft leasing fees		123,419	110,443	12,976
	Depreciation and amortization		152,948	144,224	8,724
	Aircraft maintenance		157,058	166,991	(9,933)
	Personnel		207,801	201,927	5,874
	Sales commissions and promotion		107,810	102,636	5,174
	Contracts		239,630	223,634	15,996
	Others		209,880	201,369	8,511
Segment operating income			¥ 160,556	¥ 156,873	¥ 3,683

<Fuel and Fuel Tax>

Fuel and fuel tax expenses amounted to ¥333.7 billion, a ¥33.0 billion (11.0%) increase year on year. This expense accounted for 20.2% of segment operating expenses, compared with 19.1% in the previous fiscal year. This ¥33.0 billion increase was mainly due to increases in ANA price factors (including hedging effectiveness) of approximately ¥30.0 billion, a decrease in ANA consumption volume factors of approximately ¥1.5 billion, and an increase in LCC Business of approximately ¥4.5 billion.

Fuel consumption volume increased due to the expansion of international services. The ANA Group is working to control fuel consumption volume increases by introducing fuel-efficient aircraft and other measures, including the adoption of efficient flight operations. During fiscal 2018, we engaged in the same measures of fuel tax reduction as we followed in the previous fiscal year.

<Landing and Navigation Fees>

Landing and navigation fees amounted to ¥121.6 billion, down ¥0.8 billion (0.7%) year on year. Passenger aircraft flights (excluding Peach Aviation and Vanilla Air flights) on ANA domestic operations decreased 1.0%, while ANA international flights increased 0.8% and freighter flights decreased 14.5%. We also experienced the impact of natural disasters and planned flight cancellations due to Rolls-Royce engine maintenance.

<Aircraft Leasing Fees>

Aircraft leasing fees increased ¥12.9 billion (11.7%) year on year to ¥123.4 billion. This increase was mainly due to the use of airline charters for international cargo operations and an increase in leased aircraft in service from 86 at the end of the previous fiscal year to 97 as of March 31, 2019.

<Depreciation and Amortization>

Depreciation and amortization expenses increased ¥8.7 billion (6.0%) to ¥152.9 billion. This increase was mainly due to putting more Boeing 787-10 and Airbus A380 aircraft into service during the fiscal year as we continued to update the owned fleet.

<Aircraft Maintenance>

Aircraft maintenance expenses decreased ¥9.9 billion (5.9%) year on year to ¥157.0 billion. Although engine maintenance outsourcing and other expenses rose year on year, we did not incur expenses to participate in Maintenance Outsourcing Programs for which we recorded approximately ¥25 billion in the previous fiscal year.

<Personnel>

Personnel expenses increased ¥5.8 billion (2.9%) year on year to ¥207.8 billion. This increase reflected the impact of hiring more employees, particularly ahead of the 2020 slot expansion at Tokyo metropolitan area airports.

<Sales Commissions and Promotion>

Sales commissions and promotion expenses increased ¥5.1 billion (5.0%) year on year to ¥107.8 billion. This increase was mainly due to an increase in demand in our International Passenger Business and mileage program-related expenses.

<Contracts>

Contract expenses increased ¥15.9 billion (7.2%) year on year to ¥239.6 billion. This increase was mainly due to ASK / ATK capacity-related increases in operations outsourcing associated with the upcoming 2020 slot expansion at Tokyo metropolitan area airports.

<Others>

Others increased ¥8.5 billion (4.2%) year on year to ¥209.8 billion. This result was mainly due to increased expenses related to airport lounges and in-flight services.

Airline Related Business
Fiscal 2018 segment operating revenues increased ¥6.7 billion (2.4%) year on year to ¥291.0 billion. Operating income increased ¥2.5 billion (23.9%) to ¥13.1 billion. These increases were mainly due to increased contracts for airport ground support work (check-in procedures, baggage handling, etc.) at Fukuoka Airport and other airports. We also saw an increase in contracts for in-flight meal-related services from overseas airlines.

Performance in the Airline Related Segment
(¥ Millions)

(Fiscal Year)	2018	2017	Change
Segment operating revenues	¥291,051	¥284,331	¥6,720
Segment operating expenses	277,873	273,696	4,177
Segment operating income	¥ 13,178	¥ 10,635	¥2,543

Travel Services
Travel Services fiscal 2018 operating revenues amounted to ¥150.7 billion, an ¥8.5 billion (5.4%) decrease year on year. Operating income decreased ¥3.1 billion (83.8%) to ¥0.6 billion, mainly due to increased costs stemming from upgrading travel systems. Domestic travel services operating revenues amounted to ¥119.3 billion, a ¥7.7 billion (6.1%) decrease year on year. While we recorded strong results stemming from demand for advanced purchased of *Tabisaku* dynamic packages, our *ANA Sky Holiday* product experienced weak sales due to natural disasters and struggled to attract customers in Okinawa.

Overseas travel services operating revenues decreased ¥0.6 billion (3.1%) to ¥20.9 billion. While guided tour products attracted customers effectively in Europe, our *Tabisaku* dynamic package struggled.

Inbound travel sales were strong in China and Korea. However, natural disasters and other factors resulted in weak customer attraction. Accordingly, operating revenues included in other revenues declined slightly, amounting to ¥10.4 billion.

Performance in the Travel Services Segment
(¥ Millions)

(Fiscal Year)	2018	2017	Change
Segment operating revenues	¥150,746	¥159,289	¥(8,543)
Domestic package products	119,362	127,065	(7,703)
International package products	20,979	21,658	(679)
Other revenues	10,405	10,566	(161)
Segment operating expenses	150,140	155,544	(5,404)
Segment operating income	¥ 606	¥ 3,745	¥(3,139)

Trade and Retail
Fiscal 2018 operating revenues in our Trade and Retail business increased ¥7.6 billion (5.3%) year on year to ¥150.6 billion. Operating income decreased ¥0.8 billion (17.8%) to ¥3.7 billion.

Operating revenues increased year on year at our airport *ANA DUTY FREE SHOP* retail locations, as we captured demand among inbound travelers. Transaction volume for perishable foods in our food business rose as well, contributing to this result. On the other hand, operating income was lower, mainly due to lower profits in our aerospace and electronics businesses, as well as in our lifestyle industries business.

Performance in the Trade and Retail Segment
(¥ Millions)

(Fiscal Year)	2018	2017	Change
Segment operating revenues	¥150,679	¥143,039	¥7,640
Segment operating expenses	146,973	138,533	8,440
Segment operating income	¥ 3,706	¥ 4,506	¥ (800)

Others
Operating revenues in the Others segment increased ¥2.2 billion (5.8%) year on year to ¥40.9 billion. Meanwhile, operating income decreased ¥0.4 billion (17.8%) to ¥2.2 billion. Despite revenue contributions from firm performance in our airport security business, our real estate-related business saw lower commissions accompanying sales transactions, which led to an overall profit decline for the segment.

Performance in the Others Segment
(¥ Millions)

(Fiscal Year)	2018	2017	Change
Segment operating revenues	¥40,958	¥38,708	¥2,250
Segment operating expenses	38,683	35,941	2,742
Segment operating income	¥ 2,275	¥ 2,767	¥ (492)

Non-Operating Income / Expenses
Net non-operating expenses amounted to ¥10.9 billion for fiscal 2018 against net non-operating income of ¥32.1 billion in fiscal 2017. This result is due to the recording of special gains in the previous fiscal year for gains on step acquisition related to Peach Aviation, which was consolidated during fiscal 2017.

Non-Operating Income / Expenses
(¥ Millions)

(Fiscal Year)	2018	2017	Change
Interest and dividend income	¥ 2,926	¥ 2,014	¥ 912
Interest expenses	(6,995)	(8,676)	1,681
Foreign exchange gain/loss, net	(1,761)	(1,234)	(527)
Gain on sales of assets	2,554	3,408	(854)
Loss on sales/disposal of assets	(11,758)	(4,313)	(7,445)
Impairment loss	(1,997)	(6,061)	4,064
Equity in earnings of unconsolidated subsidiaries and affiliates	1,559	1,485	74
Gain on sales of investment securities	—	1,311	(1,311)
Gain on step acquisition	—	33,801	(33,801)
Compensation payments received	6,810	—	6,810
Litigation settlement fees related to anti-trust law claims	(6,423)	—	(6,423)
Loss on sales of shares of subsidiaries and affiliates	(343)	—	(343)
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	—	(577)	577
Gain on sales of property and equipment	—	9,623	(9,623)
Gain on donation of non-current assets	2,512	1,134	1,378
Loss on sales/disposal of property and equipment	—	(748)	748
Other, net	1,920	958	962
Total	¥(10,996)	¥32,125	¥(43,121)

Net Income Attributable to Owners of the Parent
The preceding factors combined to decrease income before income taxes by ¥42.6 billion (21.7%) year on year, to ¥154.0 billion. After income taxes, municipal taxes, business taxes, and other adjustments, net income attributable to owners of the parent decreased ¥33.1 billion (23.0%) to ¥110.7 billion. Earnings per share were ¥331.04 compared with ¥417.82 for the previous fiscal year.

Comprehensive income decreased ¥20.8 billion (12.8%) to ¥141.6 billion, mainly due to the decrease in net income attributable to owners of the parent.

Cash Flows

Fundamental Approach
The ANA Group's fundamental approach to cash management is to conduct continuous investments strategically to strengthen competitiveness over the medium and long term, while maintaining current financial soundness.

Capital expenditures are ordinarily kept within the scope of cash flows from operating activities, including repayment of lease obligations, to generate free cash flow, which enables us to maintain a balance between total interest-bearing debt and shareholders' equity.

The Group's primary means of raising funds are borrowings from banks and bond issuances. The Group has also concluded commitment lines totaling ¥153.6 billion with major domestic financial institutions to ensure reliable access to working capital in case of emergency. Commitment lines were unused as of the end of March 2019.

The Group has access to the Japan Bank for International Cooperation (JBIC)'s guarantee system for investments in aircraft, our primary assets.

Overview of Fiscal 2018
Free cash flow resulted in expenditures of ¥12.5 billion (sum of cash flows from operating activities and investing activities). Net cash used in financing activities totaled ¥46.4 billion. As a result, cash and cash equivalents decreased ¥58.6 billion from the beginning of the fiscal year, amounting to ¥211.8 billion at the end of the fiscal year.

Cash Flows from Operating Activities
After adjusting the ¥154.0 billion in income before income taxes for depreciation and amortization and other non-cash items, net cash provided by operating activities amounted to ¥296.1 billion, down ¥19.8 billion year on year. This result was mainly due to an increase in income tax payments.

Interest Coverage Ratio*
(Times)

(Fiscal Year)	2018	2017
Interest coverage ratio	41.3	36.1

* Interest coverage ratio = Cash flows from operating activities / Interest expenses

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥308.6 billion, down ¥15.8 billion year on year. This result was mainly due to payments for purchases of property and equipment related to payments upon delivery of aircraft, purchases of spare parts, and advance payments for aircraft to be put into service in the future. Payments were also made for intangible assets, including investments in software. Net cash used in investing activities amounted to ¥314.1 billion when excluding cash movements that resulted in net proceeds of ¥5.5 billion related to the acquisition and sale of time deposits and negotiable deposits of more than three months.

Free Cash Flow

As mentioned above, net cash provided by operating activities totaled ¥296.1 billion. Since net cash used in investing activities was ¥308.6 billion, free cash flow for fiscal 2018 amounted to a net expenditure of ¥12.5 billion, an increase of ¥4.0 billion compared to the previous fiscal year. Substantial free cash flow decreased ¥79.4 billion year on year to ¥18.0 billion when excluding cash movements associated with the acquisition and sale of time deposits and negotiable deposits of more than three months.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥46.4 billion, up ¥16.4 billion year on year. This result was mainly due to funds raised from the issuance of bonds, etc., offset by dividend payments and loan repayments.

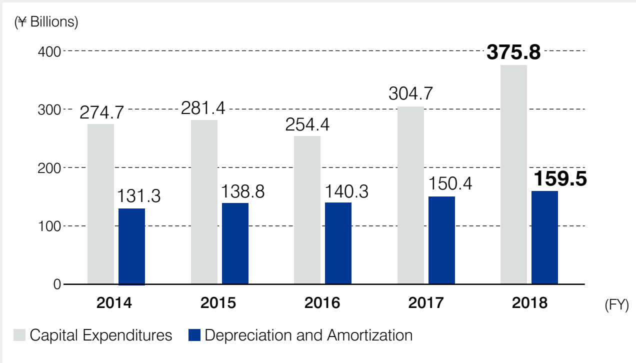
Capital Expenditures and Aircraft Procurement

Capital Expenditures

ANA Group capital expenditures are based on an approach of selection and concentration. We invest to strengthen safety, increase our competitiveness, and improve profitability. These expenditures primarily include the acquisition of aircraft, spare engines, and aircraft parts, as well as information systems and facilities expenditures. Among other investments during fiscal 2018, the ANA Group invested in aircraft for our Air Transportation Business and in the construction of *ANA Blue Base*, ANA Group training center. As a result, capital expenditures for fiscal 2018 amounted to ¥375.8 billion, an increase of 23.4% compared to the prior fiscal year.

By segment, Air Transportation Business capital expenditures increased 26.9% year on year to ¥370.7 billion. Airline Related expenditures decreased 84.0% to ¥1.8 billion, while Travel Services expenditures decreased 71.3% to ¥0.2 billion. Trade and Retail expenditures increased 15.1% to ¥1.1 billion, and Others expenditures decreased 32.9% to ¥0.2 billion.

Capital Expenditures* / Depreciation and Amortization



* Capital expenditures contains only fixed assets.

Fundamental Approach to Aircraft Procurement

Aircraft are major investments used over the long term (10-plus years). Decisions regarding the selection of aircraft types suited to routes and networks and the pursuit of the best fleet composition are among the most important issues for airline management. The ANA Group fleet strategy is based on three basic policies: (1) Strengthening cost competitiveness by introducing fuel-efficient aircraft; (2) Optimizing supply to demand by increasing the ratios of narrow- and medium-body aircraft; and (3) Enhancing productivity by integrating aircraft types.

Fundamentally, the Group purchases and owns strategic aircraft we intend to use over the medium to long term. We employ operating leases to procure aircraft for use over the short term or for capacity adjustment. The Group may also utilize sale-leaseback transactions as a means to diversify corporate financing methods. In these and other ways, the Group selects the most economical aircraft procurement method.

Aircraft Procured in Fiscal 2018

Based on our fleet strategy, aircraft totaled 304 as of the end of fiscal 2018, an increase of 12 compared to the end of the previous fiscal year.

During the fiscal year, the ANA Group purchased 27 new aircraft. These consisted of one Boeing 787-10, two Boeing 787-9s, four Boeing 737-800s, one Airbus A380-800, nine Airbus A321-200neos, six Airbus A320-200neos, and four Airbus A320-200s. Meanwhile, the group sold a total of 15 aircraft consisting of one Boeing 777-200, five Boeing 767-300s, seven Boeing 737-500s, and two Airbus A320-200s. Of the aircraft numbered above, four were used to increase the Peach Aviation fleet.

The table below shows changes in the number of aircraft in service.

Changes in the Number of Aircraft in Fiscal 2018

( ) changes

Aircraft	Number of Aircraft as of March 31, 2019	Owned	Leased
Airbus A380	1 (+1)	1 (+1)	
Boeing 777-300	29	26 (+1)	3 (–1)
Boeing 777-200	20 (–1)	16 (+1)	4 (–2)
Boeing 787-10	1 (+1)	1 (+1)	
Boeing 787-9	30 (+2)	26 (+1)	4 (+1)
Boeing 787-8	36	31	5
Boeing 767-300	29 (–5)	20 (–3)	9 (–2)
Boeing 767-300F (Freighter)	12	9 (+1)	3 (–1)
Airbus A321-200neo	11 (+9)		11 (+9)
Airbus A321-200	4		4
Airbus A320-200neo	9 (+6)	9 (+6)	
Airbus A320-200	44 (+2)	5 (–2)	39 (+4)
Boeing 737-800	40 (+4)	25 (+1)	15 (+3)
Boeing 737-700	7	7	
Boeing 737-500	7 (–7)	7 (–7)	
Bombardier DHC-8-400	24	24	
Total	304 (+12)	207 (+1)	97 (+11)

Figures for Airbus A320-200s included 39 aircraft (all leased) operated by Peach Aviation Limited. and Vanilla Air Inc. (35 as of March 31, 2018).
Separate from the figures above, as of March 31, 2019, 19 aircraft were leased outside the Group (18 as of March 31, 2018).

Aircraft Procurement Plan for Fiscal 2019

The ANA Group plans to add a total of 17 aircraft. We will expand our international business, including leisure travel demand, and optimize supply to demand in our domestic business as we shift to narrow-body aircraft. Our plans call for purchasing one Airbus A380-800, six Boeing 777-300s, two Boeing 777 freighters (for cargo flights), one Boeing 787-10, five Boeing 787-9s, and two Airbus A320-200neos. Meanwhile, the Group plans to retire 18 aircraft, consisting of five Boeing 767-300s, three Boeing 767-300 freighters, five Boeing 737-500s, and five Airbus A320-200s.

Financial Position

Assets

Total assets as of March 31, 2019 amounted to ¥2,687.1 billion, an increase of ¥124.6 billion compared to March 31, 2018.

Total current assets amounted to ¥700.2 billion as of March 31, 2019, down ¥23.2 billion from one year earlier. Cash and deposits amounted to ¥68.3 billion, a decrease of ¥9.7 billion compared to the end of the previous fiscal year. Marketable securities decreased ¥54.1 billion to ¥225.3 billion. As a result, liquidity on hand amounted to ¥293.6 billion, down ¥63.9 billion year on year.

Total non-current assets at the end of the fiscal year stood at ¥1,986.3 billion, up ¥147.9 billion from one year earlier. This increase was mainly due to an increase in property and equipment through the acquisition of aircraft and the purchase of investment securities.

Liabilities

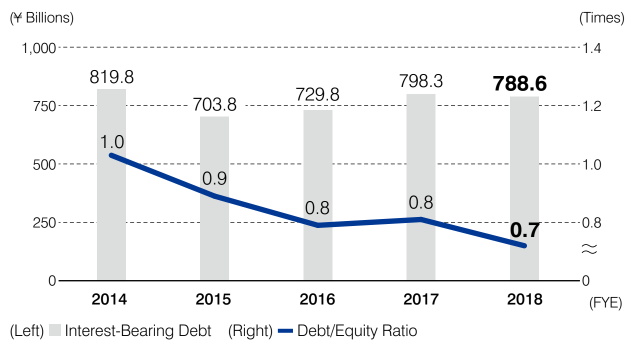
Total liabilities as of March 31, 2019 amounted to ¥1,577.8 billion, up ¥15.8 billion compared to the end of the previous fiscal year.

Current liabilities totaled ¥685.9 billion at the end of the fiscal year, an increase of ¥37.8 billion. This result was primarily due to an increase in advance ticket sales.

Long-term liabilities amounted to ¥891.8 billion as of March 31, 2019, a decrease of ¥21.9 billion compared to the end of the previous fiscal year.

Interest-bearing debt, including finance lease obligations, decreased ¥9.7 billion year on year to ¥788.6 billion. This change was the result of Green Bond issuances which were more than offset in amount by a steady schedule of loan repayments. Debt/equity ratio decreased 0.1 points from March 31, 2018 to 0.7 times.

Interest-Bearing Debt / Debt/Equity Ratio*



* Excluding off-balanced lease obligations

Interest-Bearing Debt

(¥ Millions)

(End of Fiscal Year)	2018	2017	Change
Short-term debt:	¥112,987	¥100,125	¥ 12,862
Short-term loans	336	176	160
Current portion of long-term loans	77,883	84,738	(6,855)
Current portion of bonds	30,000	10,000	20,000
Finance lease obligations	4,768	5,211	(443)
Long-term debt*:	¥675,662	¥698,268	¥(22,606)
Bonds	115,000	125,000	(10,000)
Convertible bonds with stock acquisition rights	140,000	140,000	—
Long-term loans	406,830	418,185	(11,355)
Finance lease obligations	13,832	15,083	(1,251)
Total interest-bearing debt	¥788,649	¥798,393	¥ (9,744)

* Excluding current portion of long-term loans and current portion of bonds

Net Assets

Net assets amounted to ¥1,109.3 billion as of March 31, 2019, an increase of ¥108.7 billion compared to the end of the previous fiscal year.

Shareholders' equity increased ¥80.9 billion to ¥1,066.6 billion at the end of the fiscal year as a result of an increase in retained earnings stemming from net income.

Total accumulated other comprehensive income amounted to ¥32.7 billion, an increase of ¥29.8 billion compared to the end of the previous fiscal year. This result was mainly due to increases in unrealized gain on securities and deferred gain on derivatives under hedge accounting.

As a result, total shareholders' equity increased ¥110.7 billion from the previous fiscal year-end, standing at ¥1,099.4 billion. Shareholders' equity ratio increased 2.3 points to 40.9%.

Book value per share (BPS) at the end of the fiscal year was ¥3,285.46, up from ¥2,954.47 at the end of the previous fiscal year.

Bond Ratings

The Company has obtained credit ratings on its various long-term bonds from the Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I).

Bond ratings as of March 31, 2019 were as follows:

Bond Ratings

	JCR	R&I
Issuer rating	A	A–
Outlook	Stable	Stable

Retirement Benefit Obligations

The ANA Group defined benefit plans consist of welfare pension fund plans, defined benefit corporate pension plans, and lump-sum retirement benefit plans. In addition, the Group has adopted a defined contribution pension plan. Certain employees are entitled to additional benefits upon retirement.

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

Retirement Benefit Obligation and Related Expenses

(¥ Millions)

(Fiscal Year / End of Fiscal Year)	2018	2017
Retirement benefit obligation	¥(223,723)	¥(227,114)
Plan assets at fair value	65,990	70,661
Unfunded retirement benefit obligation	(157,733)	(156,453)
Liability for retirement benefits	(158,209)	(156,765)
Asset for retirement benefits	476	312
Net liability and asset for retirement benefits in the consolidated balance sheet	(157,733)	(156,453)
Retirement benefit expenses of defined benefit corporate pension plans	15,474	15,519
Main basis for actuarial calculations		
Discount rates	0.1–1.2%	0.1–1.2%
Expected rates of return on plan assets	1.0–2.5%	1.5–2.5%
Contribution to defined contribution pension plans	¥ 4,423	¥ 4,062

Fuel and Exchange Rate Hedging

The ANA Group pursues and conducts optimal hedge transactions that reduce the impact of volatility in fuel prices and foreign exchange rates to control the risk of fluctuations in earnings. The objective of this hedging is to both stabilize profitability and equalize expenses in response to rising fuel surcharges and foreign currency revenues associated with growth of the ANA international business.

The Group conducts fuel hedging (for ANA brands) three years in advance of the applicable period after considering fuel surcharge revenues. As of March 31, 2019, ANA had a hedge ratio of approximately 30% for fiscal 2019, approximately 15% for fiscal 2020, and approximately 5% for fiscal 2021.

The Group hedges (for ANA HOLDINGS and ANA brands) U.S. dollar payments for fuel expenses three years in advance and U.S. dollar payments associated with capital expenditures for aircraft and other items five years in advance of the payment periods. Based on a balance of foreign currency revenues, revenues linked to foreign exchange market fluctuations, and foreign currency expenses with respect to U.S. dollar payments, the Group uses forward exchange agreements to hedge any portion of foreign currency expenses in excess of foreign currency revenues. As of March 31, 2019, the Company and ANA had a hedge ratio for U.S. dollar ordinary expenditures compared to overall foreign currency-denominated expenditures of approximately 20% for fiscal 2019, approximately 10% for fiscal 2020, and approximately 5% for fiscal 2021.

Fuel Expense Sensitivity

ANA calculated fuel expense sensitivity to fluctuations in crude oil prices for fiscal 2019 (calculated at the beginning of the fiscal year, excluding hedging) as follows:

- Fuel expenses: Approximately ¥3.3 billion per year (Change of $1/bbl of crude oil, ANA brand only)

Foreign Currency Cost Sensitivity

The Company and ANA calculated foreign currency cost sensitivity to foreign exchange market fluctuations for fiscal 2019 (calculated at the beginning of the fiscal year, excluding hedging*) as follows:

- Foreign currency costs: Approximately ¥5.0 billion per year (Fluctuation of ¥1/U.S. dollar*, ANA brand only)

* Assumption: Calculation for foreign currencies other than the U.S. dollar assume fluctuations similar to ¥1/U.S. dollar.

Allocation of Profits

Basic Policy on Allocation of Profits

Shareholder returns are an important management priority for the Group.

The Group strives to bolster shareholder returns while maintaining financial soundness. This goal will be accomplished as we secure the funds needed to conduct growth investments (aircraft, etc.) to support future business development. We examine the possibility of further shareholder returns through dividend increases and share buybacks on an ongoing basis, while considering the appropriate level for free cash flow.

Dividends for Fiscal 2018 and Plans for Fiscal 2019

The Group paid fiscal 2018 cash dividends of ¥75.0 per share, ¥5.0 higher than the initial plan and a ¥15.0 increase compared to the previous fiscal year. This dividend reflects due consideration of factors that include fiscal year earnings, financial condition, and future outlook of the business environment.

For fiscal 2019, the Group expects to pay cash dividends of ¥75.0 per share, level with fiscal 2018 dividends. This amount is based on our earnings forecast announced April 26, 2019.

Operating Risks

The following risks could have a significant effect on the judgment of investors in the ANA Group, or "the Group." Further, the forward-looking statements in the following section are the Group's judgments as of March 31, 2019.

(1) Risk of Economic Recession

The airline industry is susceptible to the effects of economic trends, and if the domestic or global economy is sluggish, this may cause decline of demand for air travel due to deterioration in personal consumption and corporate earnings.

International operations (passenger and cargo) depend on overseas markets, especially China, other parts of Asia, and North America, and economic conditions in these regions could lead to a decline in the passenger and cargo volume or a fall in the unit price.

(2) Risks Related to the Group's Management Strategy

1. Risks Related to the Group's Fleet Strategy

In the Air Transportation Business, the Group is pursuing a fleet strategy centered on introducing highly economical aircraft, integrating aircraft types, and better optimizing supply to demand. This strategy involves ordering aircraft from The Boeing Company, Airbus S.A.S., Bombardier Inc., and Mitsubishi Aircraft Corporation. Delays in delivery from any of those four companies for financial or other reasons could create obstacles to the Group's operations.

In addition, elements of the fleet strategy could prove ineffective or their expected benefits could diminish significantly due to the factors given below.

1) Dependence on The Boeing Company

In accordance with the above fleet strategy, the Group has ordered a large number of aircraft from The Boeing Company (Boeing). Therefore, should financial or other issues render Boeing unable to fulfill its agreements with the Group or companies such as those that maintain Boeing products, the Group would be unable to acquire or maintain aircraft in accordance with its fleet strategy. Such eventualities could affect the Group's operations.

2) Delay of Aircraft Development Plans by Mitsubishi Aircraft Corporation

The Group has decided to introduce the Mitsubishi Space Jet (formerly MRJ) that Mitsubishi Aircraft Corporation is developing, with delivery scheduled for midway through fiscal 2020. Delivery delays could create obstacles to the Group's operations.

2. Risks Related to Airport Slots

The Group has made various investments and operational changes to take advantage of significant business opportunities created by the expansion of slots at Haneda and Narita airports. Around fiscal 2020, slots are expected to increase from 447,000 to 486,000 per year at Haneda Airport, and from 300,000 to 340,000 at Narita Airport. However, if the number or the timing of the slot allocation at the two Tokyo metropolitan area airports (Haneda and Narita) differs from the Group's projections, it could affect achievement of the targets of the Group's corporate strategy.

3. Risks Related to the LCC Business

In the LCC Business, the Group might not obtain the desired results from entering the LCC Business if it fails to achieve the objective of creating new passenger demand, or if competition intensifies with domestic or overseas LCCs. Additionally, flight crew shortages and outflows of flight crew personnel to other airlines could preclude the execution of the Group's corporate strategy. Furthermore, customers could turn away from LCCs as a result of accidents and other safety incidents caused by LCCs, including those overseas.

4. Risks Related to Investments

The Group may enter new businesses and invest in or acquire other companies to further expand its business in growth areas. These investments and other initiatives may not produce the intended effects. Moreover, if the interests of equity investors do not align, the joint venture may not operate in the manner the Group considers appropriate. If joint venture operations deteriorate, the Group may be exposed to an economic burden. In addition, equity investors other than the Group may experience poor financial results or withdraw from the business.

The Group may also expand into foreign countries, and enter into businesses with remote relation to the airline business. These initiatives may incur unforeseen detriments.

(3) Risks Related to Crude Oil Price Fluctuations

Jet fuel is a crude oil derivative and its price tracks the price of crude oil. Variance that exceeds the Group estimates for factors that affect the price of crude oil, including political instability in the oil-producing nations of the Middle East, the shale oil production structure in the U.S., increased demand for crude oil due to rapid economic growth in emerging countries, reductions in oil stockpiles or reserves, speculative investment in crude oil, and natural disasters can affect the Group's performance as follows.

1. Risk of Increase in Crude Oil Prices

Generally, an increase in the price of crude oil causes an increase in the price of jet fuel, which imposes substantial additional costs on the Group. Accordingly, to control the risk of fluctuations in the price of jet fuel and to stabilize operating income, the Group hedges risks using crude oil and jet fuel commodity derivatives in planned, continuous hedging transactions for specific periods of time. In the event that crude oil prices rise over a short period, there are limitations to the Group's ability to offset increases in crude oil prices through ongoing cost reductions as well as raising fares and charges. For these reasons, the Group may be unable to avoid the influence of a sharp increase in crude oil prices completely, depending on factors such as hedging positions.

2. Risk of Sudden Decrease in Crude Oil Prices

The Group conducts hedge transactions against changes in the price of crude oil to mitigate risk. Therefore, a sudden decrease in oil prices may not directly contribute to earnings because, in addition to decreases in or expiration of fuel surcharges, hedge positions and other market conditions may preclude the immediate reflection of a sudden drop in fuel expenses in results.

(4) Risks Related to Pandemic Illnesses Including New Strains of Influenza

All of the Group's businesses including but not limited to its international routes are exposed to the risk of a decline in demand due to the outbreak and spread of major illnesses including new strains of influenza. The spread of disease and the harm it may cause, including reduced desire to travel by air among customers due to rumors, could affect the Group's performance by causing the number of passengers on the Group's domestic and international routes to drop sharply.

Furthermore, more employees and contractors than expected could fall ill due to the spread of highly contagious new strains of influenza and other diseases, or due to increased virulence caused by changes in its profile, which could affect the continuity of the Group's business.

(5) Risks Related to Foreign Exchange Rate Fluctuations

The Group's expenditures in foreign currencies are greater than its revenues in foreign currencies. Therefore, depreciation of the yen affects the Group's profits. Accordingly, to the greatest extent possible, foreign currency taken in as revenue is used to pay expenses denominated in the same foreign currency to minimize the impact on operating income from the risk of fluctuations in foreign exchange rates. In addition, the Group uses forward exchange agreements and currency options for a portion of the foreign currency needed for its purchases of aircraft and jet fuel to stabilize payment amounts on a yen conversion basis. However, there are limits to the extent to which the Group can reduce and offset costs by adjusting fares and charges should costs increase due to the rapid depreciation of the yen in the foreign exchange market over a short period of time. Accordingly, such an occurrence could, depending on hedge positions and other factors, affect the Group's profit and expenditures. Conversely, if the yen should appreciate rapidly in the foreign exchange market over a short period of time, depending upon hedge positions and other factors, this may preclude immediate reflection in lower fuel expenses and impact the Group's ability to enjoy the full benefits of the appreciation of the yen.

(6) Risks Related to the International Situation

The Group currently operates international routes, primarily to North America, Europe, China, and other parts of Asia. Going forward, incidents including political instability, international conflicts, large-scale terrorist attacks, or deterioration in diplomatic relations with countries where the Group operates and has offices and other bases could affect the Group's performance due to the accompanying decrease in demand for travel on these international routes.

(7) Risks Related to Statutory Regulations

As an airline operator, the Group undertakes operations based on the stipulations of statutory regulations relating to airline operations. The Group is required to conduct passenger and cargo operations on international routes in accordance with the stipulations of international agreements, including treaties, bilateral agreements, and the decisions of the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO). The Group's fares, airspace, operating schedule, and safety management are subject to a variety of constraints due to these regulations. Further, the Group's operations are constrained by the Japanese Antitrust Law and similar laws and regulations in other countries with regard to the pricing of fares and charges.

(8) Risks Related to Litigation

The Group could be subject to various lawsuits in connection with its business activities, which could affect the Group's performance.

Company subsidiary ALL NIPPON AIRWAYS CO., LTD. has been investigated by the United States Department of Justice for suspected price adjustments related to international air cargo and passenger transport services. Upon overall consideration of various circumstances, the Company reached a plea bargain agreement. With respect to class action civil litigation related to international passenger transport services, the Company agreed in January, 2019 to settle under terms of a US$58 million payment. Accordingly, the Company recorded ¥6.4 billion in settlement payments for fiscal 2018, posted as litigation settlement fees related to anti-trust law claims under other expenses.

(9) Risks Related to Public-Sector Fees

Public-sector fees include jet fuel taxes, landing fees, and fees for the use of navigational facilities. The Japanese government is currently implementing temporary measures to reduce jet fuel taxes and landing fees but could scale back or terminate these measures in the future, which could affect the Group's performance.

(10) Risks Related to Environmental Regulations

In recent years, numerous Japanese and overseas statutory environmental protection regulations have been introduced or strengthened with regard to such issues as noise, aircraft emissions of CO_2 and other greenhouse gases, use of environmentally polluting substances and their disposal, and energy use at major offices. Compliance with such statutory regulations imposes a considerable economic burden on the Group and business activities may be constrained or additional significant expenses incurred if new regulations are introduced, such as a globally shared environmental tax related to an international greenhouse gas emissions credit trading scheme planned for implementation toward 2021.

(11) Risks Related to the Business Environment of the Airline Industry

There could be material changes in the current competitive and business environment within Japan, such as changes in aviation policy or regional policy, as well as changes in the standing of competitors due to mergers or capital tie-ups stemming from bankruptcies and other factors. These changes could affect the Group's performance.

(12) Risks Related to Competition

The possibility of future increases in costs related to the Group's operations due to such factors as jet fuel expenses, financing cost, and responses to environmental regulations cannot be ruled out. If such costs increase, in order to secure income, it will be necessary for the Group to cut costs through such means as reducing indirect fixed costs, and to pass on costs through higher fares and charges. However, because the Group is in competition with other airlines and LCCs in Japan and overseas as well as with alternative modes of transportation, such as the Shinkansen, on certain routes, passing on costs could diminish competitiveness. Further, price competition with competitors greatly restricts the passing on of costs that could affect the Group's performance.

(13) Risks Related to Ineffective Strategic Alliances

The Group belongs to the Star Alliance. Based on antitrust immunity (ATI) approval, joint venture operations are introduced in collaboration with United Airlines in the network between Asia and the United States, and with Lufthansa and Lufthansa group companies, Swiss International Air Lines, Austrian Airlines, and Lufthansa Cargo AG. in the network between Japan and Europe. The Group has also entered into individual agreements, mainly in Asia, that go beyond the frameworks of these alliances.

However, the benefits of Star Alliance membership might diminish if the alliance is broken up by antitrust laws in various countries; an alliance partner withdraws from the Star Alliance or changes its business policies; another alliance group becomes more competitive; bilateral alliances between member companies end; an alliance partner performs poorly, restructures, or becomes less creditworthy; or restrictions on alliance activities are tightened due to external factors. Such eventualities could affect the Group's performance.

(14) Risks Related to Flight Operations

1. Aircraft Accidents

An aircraft accident involving a flight operated by the Group or a code-share partner could cause a drop in customer confidence and impair the Group's public reputation, creating a medium- to long-term downturn in demand that could significantly affect the Group's performance.

Major accidents suffered by other airlines could similarly lead to a reduction in aviation demand that could affect the Group's performance. An aircraft accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft, but aviation insurance would not cover all such direct expenses.

2. Technical Circular Directives

If an issue arises that significantly compromises the safety of an aircraft, MLIT by law issues a technical circular directive. In some cases, all aircraft of the same model might be grounded until the measures to improve the airworthiness of the aircraft and equipment have been implemented as directed. Even when the law does not require a directive to be issued, in some cases when safety cannot be confirmed from a technical perspective, operation of the same model might be voluntarily suspended and inspections and other maintenance activities may be performed. The occurrence of such a situation could affect the Group's safety credibility or performance.

An unanticipated flaw or technical issue with aircraft owned and operated by the Group could profoundly affect the Group's performance.

(15) Risks Related to Unauthorized Disclosure of Customer Information and Other Data

The Group holds a large amount of information relating to customers, such as that pertaining to the approximately 34.59 million members (as of the end of March 2019) of the ANA Mileage Club. The Personal Information Protection Law of Japan and similar laws in countries overseas require proper management of such personal information. The Group has established a privacy policy, apprised customers of the Group's stance regarding the handling of personal information, and established measures to counter any foreseeable contingency to ensure information security, including in its IT systems. In addition, work procedures and information systems are continuously monitored and revised to eliminate any potential security gaps. Despite these precautions, the occurrence of a major leak of personal information caused by unauthorized access, an error in conducting business, or some other factor could carry significant costs, in terms of both compensation and loss of public confidence, which could affect the Group's performance.

(16) Risks Related to Disasters

The extended closure or operational restriction of airports or flight path restrictions due to disasters including an earthquake, a tsunami, a flood, a typhoon, heavy snow, a volcanic eruption, an infectious disease, a strike, or a riot could impact flight operations using affected airports and routes or result in significantly reduced demand for air transportation, which could affect the Group's performance.

In particular, the Group's data center is located in the Tokyo metropolitan area, while the operational control for all of the Group's domestic and international flights is conducted at Haneda Airport and most of the Group's passengers use Tokyo metropolitan area airports. As a result, a major disaster, such as an earthquake or a typhoon; a disaster at the abovementioned facilities, such as a fire; or a strike that closes the airports or limits their access could lead to a long-term shutdown of the Group's information systems, operational control functions, or its operations themselves that could significantly affect the Group's performance.

(17) Risks Related to Revenue and Expense Structure

Expenses that are largely unaffected by passenger load factors, including fixed costs such as aircraft expenses, along with fuel expenses and landing and navigation fees which are largely determined by the type of aircraft, account for a significant proportion of the Group's costs, which limits the Group's ability to immediately change the scale of its operations in response to changes in economic conditions. Therefore, decreases in the number of passengers or volume of cargo could have a large impact on the Group's revenue and expenses.

Moreover, a significant decrease in demand during the summer could affect the Group's performance for that consolidated fiscal year because passenger service sales typically increase during summer.

(18) Risks Related to IT Systems

The Group is highly dependent on information systems for such critical functions as customer service and operational management. A major disruption of one of those systems or of telecommunications networks caused by natural disasters, accidents, computer viruses or unauthorized access, power supply constraints, large-scale power outages, or system failures or malfunctions would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the Group's performance. Further, the Group's information systems are also used by its partner airlines so there is a possibility that the impact of systems failure would not be limited to the Group.

(19) Risks Related to Personnel and Labor

Many group employees belong to labor unions. Events including a collective strike by group employees could have an effect on the Group's aircraft operation.

(20) Risk of Inability to Secure Required Personnel

The growth of our LCC Business and other factors have increased demand for flight crews and other personnel. A certain period of time is required to cultivate and train flight crews and other personnel. Inability to secure the required number of competent flight crews and other personnel in a timely manner could affect the Group's performance. In addition, a change of the supply-demand balance, etc., in labor markets could lead to personnel shortages in airport handling and other operations, as well as a sharp increase in wage levels.

(21) Financial Risks

1. Increase in the Cost of Financing

The Group raises funds to acquire aircraft primarily through bank loans and bond issuances. However, the cost of financing could increase due to deteriorating conditions in the airline industry, turmoil in capital and financial markets, changes in the tax system or governmental financial policy, changes to the guarantee systems at governmental financial institutions, or a downgrade of the Company's credit rating that makes it difficult or impossible to finance on terms advantageous to the Group. Such eventualities could affect the Group's performance.

2. Risks Related to Asset Impairment or Other Issues

The Group owns extensive property and equipment as a function of its businesses. If the profitability of various operations deteriorates, or a decision is made to sell assets, the Group may be required to recognize asset impairment losses or loss on sales of property and equipment in the future.

(22) Risk of Inability to Secure Aircraft Fuel

The Group sees the slot expansions at Tokyo metropolitan area airports as a major business opportunity. As we plan for business growth, aircraft fuel consumption volume is expected to increase. If we are not able to secure appropriate volumes of aircraft fuel, this development could have an effect on Group aircraft operations.

Consolidated Financial Statements

Consolidated Balance Sheet

ANA HOLDINGS INC. and its consolidated subsidiaries
As of March 31, 2019

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
ASSETS	2019	2018	2019
Current assets:			
Cash and deposits (Notes 15 and 20)	¥ 68,301	¥ 78,036	$ 615,379
Marketable securities (Notes 4 and 15)	225,360	279,540	2,030,453
Notes and accounts receivable (Note 15)	187,529	174,211	1,689,602
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	4,204	3,324	37,877
Lease receivables (Note 7)	26,491	27,310	238,679
Inventories (Note 5, 7 and 22)	62,130	62,470	559,780
Prepaid expenses and other	126,672	99,081	1,141,292
Allowance for doubtful accounts	(457)	(479)	(4,117)
Total current assets	700,230	723,493	6,308,946
Property and equipment:			
Land (Note 7)	54,270	55,786	488,962
Buildings and structures (Note 7)	268,082	265,891	2,415,370
Aircraft (Note 7)	1,961,881	1,856,178	17,676,196
Machinery and equipment	105,594	107,900	951,383
Vehicles	30,858	29,381	278,025
Furniture and fixtures	56,015	52,952	504,685
Lease assets (Notes 7 and 12)	12,330	13,594	111,091
Construction in progress	286,635	202,328	2,582,529
Total	2,775,665	2,584,010	25,008,243
Accumulated depreciation	(1,228,595)	(1,150,909)	(11,069,420)
Net property and equipment	1,547,070	1,433,101	13,938,823
Investments and other assets:			
Investment securities (Notes 4 and 15)	120,619	83,871	1,086,755
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 6)	42,790	40,274	385,530
Lease and guaranty deposits	24,330	21,845	219,208
Deferred income taxes (Note 10)	85,307	93,376	768,600
Goodwill	51,132	55,336	460,690
Intangible assets	104,048	99,902	937,453
Other assets	11,596	11,264	104,477
Total investments and other assets	439,822	405,868	3,962,717
TOTAL (Note 17)	¥ 2,687,122	¥ 2,562,462	$ 24,210,487

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
LIABILITIES AND NET ASSETS	2019	2018	2019
Current liabilities:			
Short-term loans (Notes 7 and 15)	¥ 336	¥ 176	$ 3,027
Current portion of long-term debt (Notes 7 and 15)	112,651	99,949	1,014,965
Accounts payable (Note 15)	229,712	225,889	2,069,663
Accounts payable to unconsolidated subsidiaries and affiliates	4,544	4,545	40,940
Advance ticket sales	218,950	181,353	1,972,700
Accrued expenses	60,590	65,805	545,905
Income taxes payable	21,374	37,709	192,575
Other current liabilities (Note 9)	37,776	32,654	340,354
Total current liabilities	685,933	648,080	6,180,133
Long-term liabilities:			
Long-term debt (Notes 7 and 15)	675,662	698,268	6,087,593
Liability for retirement benefits (Note 8)	158,209	156,765	1,425,434
Deferred income taxes (Note 10)	110	94	991
Asset retirement obligations (Note 9)	3,371	1,196	30,372
Other long-term liabilities	54,524	57,507	491,251
Total long-term liabilities	891,876	913,830	8,035,642
Contingent liabilities (Note 14)			
Net assets (Note 13)**:**			
Common stock:			
Authorized – 510,000,000 shares;			
Issued – 348,498,361 shares in 2019 and 2018	318,789	318,789	2,872,231
Capital surplus	258,448	268,208	2,328,570
Retained earnings	548,439	457,746	4,941,337
Treasury stock – 13,868,935 shares in 2019 and 13,866,101 shares in 2018	(59,032)	(59,015)	(531,867)
Accumulated other comprehensive income:			
Unrealized gain on securities	37,622	24,467	338,967
Deferred gain (loss) on derivatives under hedge accounting	10,636	(3,471)	95,828
Foreign currency translation adjustments	2,873	3,201	25,885
Defined retirement benefit plans	(18,362)	(21,264)	(165,438)
Total	1,099,413	988,661	9,905,514
Non-controlling interests	9,900	11,891	89,197
Total net assets	1,109,313	1,000,552	9,994,711
TOTAL	¥2,687,122	¥2,562,462	$24,210,487

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2019

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2019	2018	2019
Operating revenues (Note 17)	¥2,058,312	¥1,971,799	$18,545,022
Cost of sales (Note 22)	1,559,876	1,481,881	14,054,203
Gross profit	498,436	489,918	4,490,818
Selling, general and administrative expenses (Notes 8 and 18)	333,417	325,402	3,004,027
Operating income (Note 17)	165,019	164,516	1,486,791
Other income (expenses):			
Interest income	767	623	6,910
Dividend income	2,159	1,391	19,452
Equity in earnings of unconsolidated subsidiaries and affiliates	1,559	1,485	14,046
Gain on sales of assets	2,554	3,408	23,011
Gain on donation of non-current assets	2,512	1,134	22,632
Gain on step acquisition	–	33,801	–
Interest expenses	(6,995)	(8,676)	(63,023)
Foreign exchange loss, net	(1,761)	(1,234)	(15,866)
Loss on sales of assets	(641)	(161)	(5,775)
Loss on disposal of assets	(11,117)	(4,152)	(100,162)
Impairment loss (Note 21)	(1,997)	(6,061)	(17,992)
Other, net (Note 22)	1,964	10,567	17,695
Other income (expenses), net	(10,996)	32,125	(99,071)
Income before income taxes	154,023	196,641	1,387,719
Income taxes (Note 10)**:**			
Current	47,354	61,650	426,651
Deferred	(5,168)	(10,647)	(46,562)
Total income taxes	42,186	51,003	380,088
Net income	111,837	145,638	1,007,631
Net income attributable to non-controlling interests	1,060	1,751	9,550
Net income attributable to owners of the parent	¥ 110,777	¥ 143,887	$ 998,080

	Yen		U.S. dollars (Note 2)
	2019	2018	2019
Per share of common stock (Notes 3, 13 and 19)**:**			
Basic net income	¥331.04	¥417.82	$2.98
Cash dividends applicable to the year	75.00	60.00	0.67

Net income per share assuming full dilution is not disclosed as the Company had no potentially dilutive shares outstanding during the years ended March 31, 2019 and 2018.
See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2019

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2019	2018	2019
Net income	¥111,837	¥145,638	$1,007,631
Other comprehensive income (Note 11)**:**			
Unrealized gain on securities	13,115	3,788	118,163
Deferred gain on derivatives under hedge accounting	14,115	8,334	127,173
Foreign currency translation adjustments	(382)	(149)	(3,441)
Defined retirement benefit plans	2,930	4,944	26,398
Share of other comprehensive income (loss) in affiliates	15	(60)	135
Total other comprehensive income (Note 11)	29,793	16,857	268,429
Comprehensive income	¥141,630	¥162,495	$1,276,060
Total comprehensive income attributable to:			
Owners of the parent	¥140,613	¥160,825	$1,266,897
Non-controlling interests	1,017	1,670	9,162

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2019

	Thousands	Yen (Millions)											
							Accumulated other comprehensive income						
	Number of shares of common stock outstanding*	Common stock	Capital surplus	Retained earnings	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 net assets
Balance at April 1, 2017	350,230	¥318,789	¥283,249	¥334,880	¥ (3,756)	¥ 933,162	¥20,636	¥(11,799)	¥3,364	¥(26,206)	¥(14,005)	¥ 5,018	¥ 924,175
Net income attributable to owners of the parent				143,887		143,887							143,887
Cash dividends ¥60.00 per share (Note 13)*				(21,021)		(21,021)							(21,021)
Purchase of treasury stock (Note 13)	(16,257)				(70,165)	(70,165)							(70,165)
Disposal of treasury stock (Note 13)	3,803		1,096		1,410	2,506							2,506
Termination of employee stock ownership trust			(2,641)			(2,641)							(2,641)
Retirement of treasury stock	(3,144)		(13,496)		13,496	–							–
Net changes in the year						–	3,831	8,328	(163)	4,942	16,938	6,873	23,811
Total changes during the fiscal year		–	(15,041)	122,866	(55,259)	52,566	3,831	8,328	(163)	4,942	16,938	6,873	76,377
Balance at March 31, 2018	334,632	318,789	268,208	457,746	(59,015)	985,728	24,467	(3,471)	3,201	(21,264)	2,933	11,891	1,000,552
Net income attributable to owners of the parent				110,777		110,777							110,777
Cash dividends ¥60.00 per share (Note 13)*				(20,084)		(20,084)							(20,084)
Purchase of treasury stock (Note 13)	(10)				(41)	(41)							(41)
Disposal of treasury stock (Note 13)	7				24	24							24
Change in the parent's ownership interest due to transactions with noncontrolling interests			(9,760)			(9,760)							(9,760)
Net changes in the year						–	13,155	14,107	(328)	2,902	29,836	(1,991)	27,845
Total changes during the fiscal year		–	(9,760)	90,693	(17)	80,916	13,155	14,107	(328)	2,902	29,836	(1,991)	108,761
Balance at March 31, 2019	334,629	¥318,789	¥258,448	¥548,439	¥(59,032)	¥1,066,644	¥37,622	¥ 10,636	¥2,873	¥(18,362)	¥ 32,769	¥ 9,900	¥1,109,313

* Per share figures have been restated, as appropriate, to reflect a 1-for-10 ordinary share reverse stock split effected October 1, 2017.

	Thousands	U.S. dollars (Thousands) (Note 2)											
							Accumulated other comprehensive income						
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	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 net assets
Balance at March 31, 2018	334,632	$2,872,231	$2,416,505	$4,124,209	$(531,714)	$8,881,232	$220,443	$ (31,273)	$28,840	$(191,584)	$ 26,425	$107,135	$9,014,794
Net income attributable to owners of the parent				998,080		998,080							998,080
Cash dividends $0.54 per share (Note 13)*				(180,953)		(180,953)							(180,953)
Purchase of treasury stock (Note 13)	(10)				(369)	(369)							(369)
Disposal of treasury stock (Note 13)	7				216	216							216
Change in the parent's ownership interest due to transactions with noncontrolling interests			(87,935)			(87,935)							(87,935)
Net changes in the year						–	118,524	127,101	(2,955)	26,146	268,817	(17,938)	250,878
Total changes during the fiscal year		–	(87,935)	817,127	(153)	729,038	118,524	127,101	(2,955)	26,146	268,817	(17,938)	979,917
Balance at March 31, 2019	334,629	$2,872,231	$2,328,570	$4,941,337	$(531,867)	$9,610,271	$338,967	$ 95,828	$25,885	$(165,438)	$295,242	$ 89,197	$9,994,711

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2019

	Yen (Millions)		U.S. dollars (Thousands) (Note 2)
	2019	2018	2019
Cash flows from operating activities:			
Income before income taxes	¥ 154,023	¥ 196,641	$ 1,387,719
Adjustments for:			
Depreciation and amortization (Note 17)	159,541	150,408	1,437,435
Impairment loss (Note 21)	1,997	6,061	17,992
Amortization of goodwill (Note 17)	4,031	4,031	36,318
Loss (gain) on disposal and sales of property and equipment	9,204	(7,970)	82,926
Gain on sales and valuation of investment securities	(149)	(1,170)	(1,342)
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	–	446	–
Loss on sales of shares of subsidiaries and affiliates	343	–	3,090
Increase in allowance for doubtful accounts	51	339	459
Increase in liability for retirement benefits	4,801	6,430	43,256
Interest and dividend income	(2,926)	(2,014)	(26,362)
Interest expenses	6,995	8,676	63,023
Foreign exchange (gain) loss	(534)	261	(4,811)
Gain on step acquisition	–	(33,801)	–
Increase in notes and accounts receivable	(7,195)	(14,201)	(64,825)
Increase in other current assets	(20,788)	(19,784)	(187,296)
Increase in notes and accounts payable	3,355	37,149	30,227
Increase in advance ticket sales	37,597	22,949	338,742
Other, net	12,694	2,742	114,370
Subtotal	363,040	357,193	3,270,925
Interest and dividends received	3,447	2,906	31,056
Interest paid	(7,175)	(8,763)	(64,645)
Income taxes paid	(63,164)	(35,322)	(569,096)
Net cash provided by operating activities	296,148	316,014	2,668,240
Cash flows from investing activities:			
Increase in time deposits	(45,811)	(28,265)	(412,748)
Proceeds from withdrawal of time deposits	30,794	25,705	277,448
Purchases of marketable securities	(176,060)	(159,970)	(1,586,269)
Proceeds from redemption of marketable securities	196,582	92,640	1,771,168
Purchases of property and equipment	(336,807)	(265,531)	(3,034,570)
Proceeds from sales of property and equipment	84,917	75,807	765,086
Purchases of intangible assets	(39,057)	(39,176)	(351,896)
Purchases of investment securities	(18,978)	(3,539)	(170,988)
Proceeds from sales of investment securities	153	2,379	1,378
Payment for purchases of investments in subsidiaries with changes in scope of consolidation	–	(19,476)	–
Other, net	(4,404)	(5,068)	(39,679)
Net cash used in investing activities	(308,671)	(324,494)	(2,781,070)
Cash flows from financing activities:			
Increase in short-term loans, net	156	111	1,405
Proceeds from long-term loans	69,710	35,078	628,074
Repayment of long-term loans	(87,903)	(95,170)	(791,990)
Proceeds from issuance of bonds	19,876	149,863	179,079
Repayment of bonds	(10,000)	(20,000)	(90,098)
Repayment of finance lease obligations	(5,602)	(6,187)	(50,473)
Payment for purchases of investments in subsidiaries with no changes in scope of consolidation	(11,326)	–	(102,045)
Net increase of treasury stock	(17)	(67,652)	(153)
Payment for dividends	(20,084)	(21,021)	(180,953)
Other, net	(1,290)	(5,011)	(11,622)
Net cash used in financing activities	(46,480)	(29,989)	(418,776)
Effect of exchange rate changes on cash and cash equivalents	332	(80)	2,991
Net decrease in cash and cash equivalents	(58,671)	(38,549)	(528,615)
Cash and cash equivalents at beginning of year	270,509	309,058	2,437,237
Cash and cash equivalents at end of year (Note 20)	¥ 211,838	¥ 270,509	$ 1,908,622

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ANA HOLDINGS INC. and its consolidated subsidiaries
Year Ended March 31, 2019

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 ¥110.99 = US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2019. 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

(a) Consolidation

The consolidated financial statements as of March 31, 2019 include the accounts of the Company and its 62 (64 in 2018) 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 16 (16 in 2018) 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 94 (91 in 2018) subsidiaries and affiliates which are not consolidated or accounted for by the equity method are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

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

(b) 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 net assets 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 net assets.

(c) 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 net assets. Non-marketable securities classified as available-for-sale securities are carried at cost, determined by the moving-average method. See Note 4 "Marketable securities and investment securities" for additional information.

(d) 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.

(e) 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 5 "Inventories" and Note 22 "Supplementary information for the consolidated statement of income" for additional information.

(f) 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	9–20 years

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

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. The assets of the Group are grouped by individual property in the case of rental real estate, assets determined to be sold and idle assets, and by management accounting categories in the case of business assets. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. See Note 21 "Impairment loss" for additional information.

(g) 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, the estimated useful life of purchased software.

(h) 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 net assets (accumulated other comprehensive income), after adjusting for tax effects, and are recognized in profit or loss over the average remaining service years of employees.

(i) 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 10 "Income taxes" for additional information.

(j) 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.

(k) Derivatives

The Group uses derivatives, such as forward foreign currency exchange contracts, interest rate swaps, and commodity options and swaps are 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.

(l) Revenue recognition

Passenger revenues, cargo and other operating revenues are recorded when services are provided.

(m) 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 20 "Supplementary cash flow information" for additional information.

(n) Per share information

The Company conducted a 1-for-10 ordinary share reverse stock split effected October 1, 2017. All prior year share and per share figures have been restated to reflect the impact of the reverse stock split, to provide data on a basis comparable to the year ended March 31, 2018.

Such restatements include calculation regarding the Company's weighted-average number of common shares, basic net income per share, and cash dividends per share.

(o) 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.

(1) 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.

(2) 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 net assets. The book value was ¥360 million for the previous fiscal year and ¥340 million for the current fiscal year. The number of shares was 114 thousand shares for the previous fiscal year and 107 thousand shares for the current fiscal year.

(p) Unapplied new accounting standard

"Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29 – March 30, 2018)

"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 – March 30, 2018)

(1) Overview

The International Accounting Standards Board ("IASB") and Financial Accounting Standards Board ("FASB") issued a new revenue standard, "Revenue from Contracts with Customers", (International Financial Standard 15 ("IFRS 15") and Accounting Standard Codification 606 ("Topic 606") issued by IASB and FASB, respectively) on May 2014.

Against the background of the fact that IFRS 15 will be effective from periods beginning on or after January 1, 2018 and Topic 606 will be effective from periods beginning on or after December 15, 2017, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The ASBJ's primary policy for developing its accounting standard for revenue recognition was to include the basic principles of IFRS 15 for the purpose of comparability, between financial statements in accordance with Japanese GAAP and those in accordance with IFRS or accounting principles generally accepted in the United States of America. Also, for particular items for which industrial practice should be taken into consideration, alternative means are to be provided to the extent that comparability is maintained.

(2) Application date

The Company will apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance on its consolidated financial statements in future applicable periods.

4. Marketable securities and investment securities

Marketable and investment securities as of March 31, 2019 and 2018 are summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Current:			
Negotiable certificates of deposits	¥225,360	¥279,540	$2,030,453
Other	–	–	–
Total	¥225,360	¥279,540	$2,030,453
Non-current:			
Marketable equity securities	¥ 88,385	¥ 58,395	$ 796,333
Other	32,234	25,476	290,422
Total	¥120,619	¥ 83,871	$1,086,755

The costs and aggregate fair values of marketable and investment securities at March 31, 2019 and 2018 were as follows:

	Yen (Millions)			
As of March 31, 2019	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥225,360	¥ –	¥ –	¥225,360
Marketable equity securities	35,574	52,916	(105)	88,385
Held-to-maturity	–	–	–	–

	Yen (Millions)			
As of March 31, 2018	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	¥279,540	¥ –	¥ –	¥279,540
Marketable equity securities	22,907	35,491	(3)	58,395
Held-to-maturity	–	–	–	–

	U.S. dollars (Thousands)			
As of March 31, 2019	Cost	Unrealized gains	Unrealized losses	Fair value
Securities classified as:				
Available-for-sale:				
Negotiable certificates of deposit	$2,030,453	$ –	$ –	$2,030,453
Marketable equity securities	320,515	476,763	(946)	796,333
Held-to-maturity	–	–	–	–

The proceeds, realized gains, and realized losses on the available-for-sale securities sold during the years ended March 31, 2019 and 2018 were as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Proceeds	¥559	¥2,379	$5,036
Gain on sales	333	1,311	3,000
Loss on sales	–	–	–

The breakdown of securities for which fair value cannot be reliably determined at March 31, 2019 and 2018 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Available-for-sale	¥32,234	¥25,476	$290,422

The redemption schedule of available-for-sale securities with maturities and held-to-maturity securities as of March 31, 2019 and 2018 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Bonds:			
Within 1 year	¥ –	¥ –	$ –
Over 1 year to 5 years	–	–	–
Over 5 years to 10 years	–	–	–
Over 10 years	–	–	–
Other securities with maturities:			
Within 1 year	225,360	279,540	2,030,453
Over 1 year to 5 years	–	139	–
Over 5 years to 10 years	6,389	3,062	57,563
Over 10 years	–	164	–
Total:			
Within 1 year	¥225,360	¥279,540	$2,030,453
Over 1 year to 5 years	–	139	–
Over 5 years to 10 years	6,389	3,062	57,563
Over 10 years	–	164	–

5. Inventories

Inventories at March 31, 2019 and 2018 consisted the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Inventories (Merchandise)	¥13,707	¥12,364	$123,497
Inventories (Supplies)	48,423	50,106	436,282
Total	¥62,130	¥62,470	$559,780

6. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 2019 and 2018 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Investments in capital stock	¥38,565	¥36,091	$347,463
Advances	4,225	4,183	38,066
Total	¥42,790	¥40,274	$385,530

7. Short-term loans and long-term debt

Short-term loans and current portion of long-term debt at March 31, 2019 and 2018 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Short-term loans	¥ 336	¥ 176	$ 3,027
Current portion of long-term loans	77,883	84,738	701,711
Current portion of bonds	30,000	10,000	270,294
Current portion of finance lease obligations	4,768	5,211	42,958
Total	¥112,987	¥100,125	$1,017,992

The average interest rates on the above short-term loans were 2.42% and 1.37% per annum in 2019 and 2018, respectively.

Long-term debt at March 31, 2019 and 2018 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Bonds:			
2.45% notes due 2018	¥ –	¥ 10,000	$ –
1.22% notes due 2024	30,000	30,000	270,294
1.20% notes due 2026	15,000	15,000	135,147
0.38% notes due 2019	30,000	30,000	270,294
0.99% notes due 2036	20,000	20,000	180,196
0.26% notes due 2020	20,000	20,000	180,196
0.88% notes due 2037	10,000	10,000	90,098
Convertible bonds with stock acquisition rights due 2022	70,000	70,000	630,687
Convertible bonds with stock acquisition rights due 2024	70,000	70,000	630,687
0.82% notes due 2038	10,000	–	90,098
0.47% notes due 2028	10,000	–	90,098
	285,000	275,000	2,567,798
Loans, principally from banks:			
Secured, bearing interest from 0.13% to 2.11% in 2019 and 0.15% to 2.11% in 2018, maturing in installments through 2039	281,235	295,227	2,533,876
Unsecured, bearing interest from 0.46% to 2.23% in 2019 and 0.46% to 3.54% in 2018, maturing in installments through 2030	203,478	207,696	1,833,300
	484,713	502,923	4,367,177
Finance lease obligations:			
Finance lease agreements expiring through 2029	18,600	20,294	167,582
	788,313	798,217	7,102,558
Less current portion	112,651	99,949	1,014,965
Total	¥675,662	¥698,268	$6,087,593

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

	Zero coupon convertible bonds due 2022
Class of shares to be issued	Common stock
Total issue price of stock acquisition rights	Zero
Initial conversion price	¥5,180 ($46.67) per share
Total issue price	¥70,000 million ($630,687 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 2, 2022

If all of these outstanding warrants had been exercised at March 31, 2019, 13,513,513 shares of common stock would have been issued.

	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 ($45.95) per share
Total issue price	¥70,000 million ($630,687 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, 2019, 13,725,490 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, 2019 and 2018:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Assets at net book value:			
Aircraft (including aircraft spare parts included in inventories)	¥497,719	¥529,637	$4,484,358
Land and buildings	2,678	3,013	24,128
Lease receivables	7,805	16,543	70,321
Others	17,810	10,146	160,464
Total	¥526,012	¥559,339	$4,739,273

The aggregate annual maturities of long-term debt after March 31, 2019 are as follows:

Years ending March 31	Yen (Millions)	U.S. dollars (Thousands)
2020	¥112,651	$1,014,965
2021	100,372	904,333
2022	66,029	594,909
2023	125,290	1,128,840
2024	79,875	719,659
Thereafter	304,096	2,739,850
Total	¥788,313	$7,102,558

8. 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.

(a) The changes in the defined benefit obligation for the years ended March 31, 2019 and 2018 are as follows:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Balance at the beginning of the fiscal year	¥227,114	¥227,979	$2,046,256
Service cost	10,036	9,843	90,422
Interest cost	1,711	1,763	15,415
Actuarial gains	(76)	(1,950)	(684)
Benefits paid	(12,342)	(11,734)	(111,199)
Accrued prior service cost	0	238	0
Decrease due to transition to the defined contribution pension plans	(2,827)	–	(25,470)
Other	107	975	964
Balance at the end of the fiscal year	¥223,723	¥227,114	$2,015,704

(b) The changes in plan assets for the years ended March 31, 2019 and 2018 are as follows:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Balance at the beginning of the fiscal year	¥70,661	¥72,563	$636,642
Expected return on plan assets	834	1,288	7,514
Actuarial (losses) gains	(421)	182	(3,793)
Employer contributions	2,455	1,721	22,119
Benefits paid	(5,253)	(5,093)	(47,328)
Decrease due to transition to the defined contribution pension plans	(2,827)	–	(25,470)
Other	541	–	4,874
Balance at the end of the fiscal year	¥65,990	¥70,661	$594,558

(c) A reconciliation between the liability recorded in the consolidated balance sheet and the balances of the defined benefit obligation and plan assets as of March 31, 2019 and 2018 is as follows:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Funded defined benefit obligation	¥ 77,533	¥ 85,042	$ 698,558
Plan assets at fair value	(65,990)	(70,661)	(594,558)
	11,543	14,381	104,000
Unfunded defined benefit obligation	146,190	142,072	1,317,145
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥157,733	¥156,453	$1,421,146
Liability for retirement benefits	¥158,209	¥156,765	$1,425,434
Asset for defined benefits	(476)	(312)	(4,288)
Net liability arising from defined benefit obligation in the consolidated balance sheet	¥157,733	¥156,453	$1,421,146

(d) The components of net periodic benefit costs for the years ended March 31, 2019 and 2018 are as follows:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Service cost	¥10,036	¥ 9,843	$ 90,422
Interest cost	1,711	1,763	15,415
Expected return on plan assets	(834)	(1,288)	(7,514)
Recognized actuarial losses	3,676	4,379	33,120
Amortization of prior service cost	885	822	7,973
Net periodic benefit costs	¥15,474	¥15,519	$139,417

(e) Amounts recognized in other comprehensive income (before income tax effect) related to the defined retirement benefit plans for the years ended March 31, 2019 and 2018 are as follows:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Prior service cost	¥ (885)	¥ (584)	$ (7,973)
Actuarial losses	(3,331)	(6,511)	(30,011)
Total	¥(4,216)	¥(7,095)	$(37,985)

(f) Amounts recognized in accumulated other comprehensive income (before income tax effect) related to the defined retirement benefit plans as of March 31, 2019 and 2018 are as follows:

	Yen (Millions) 2019	2018	U.S. dollars (Thousands) 2019
Unrecognized actuarial losses	¥17,277	¥20,718	$155,662
Unrecognized prior service cost	9,169	9,944	82,611
Total	¥26,446	¥30,662	$238,273

(g) Plan assets

(1) Components of plan assets

Plan assets as of March 31, 2019 and 2018 consisted of the following:

	2019	2018
Bonds	44%	42%
General accounts	12	11
Stocks	11	10
Cash and deposits	2	6
Other	31	31
Total	100%	100%

(2) 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.

(h) Assumptions used for the years ended March 31, 2019 and 2018 are set forth as follows:

	2019	2018
Discount rates	**0.1 – 1.2%**	0.1 – 1.2%
Expected rate of return on plan assets	**1.0 – 2.5%**	1.5 – 2.5%

(i) Defined contribution pension plans

The contributions to the defined contribution pension plans of the Company and certain subsidiaries were ¥4,423 million ($39,850 thousand) and ¥4,062 million for the years ended March 31, 2019 and 2018, respectively.

9. Asset retirement obligations

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

(1) 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.

(2) 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, 2019 and 2018:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Balance at the beginning of the fiscal year	**¥1,319**	¥1,074	**$11,883**
Liabilities incurred due to the acquisition of property and equipment	**67**	1	**603**
Accretion expense	**389**	14	**3,504**
Liabilities settled	**(320)**	(31)	**(2,883)**
Other	**2,398**	261	**21,605**
Balance at the end of the fiscal year	**¥3,853**	¥1,319	**$34,714**

(b) 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 office 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. 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.

10. 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 approximately 30.62% and 30.86% for the years ended March 31, 2019 and 2018, respectively.

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

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2019 and 2018 are as follows:

On February 16, 2018, the ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” which requires deferred tax assets and deferred tax liabilities to be classified as investments and other assets and long-term liabilities, respectively. Deferred tax assets were previously classified as current assets and investments and other assets, and deferred tax liabilities were previously classified as current liabilities and long-term liabilities under the previous accounting standard. The revised accounting standard is effective for annual periods beginning on or after April 1, 2018. The Company retrospectively applied the revised accounting standard effective April 1, 2018, and deferred tax assets of ¥27,678 million which were previously classified as current assets as of March 31, 2018 have been reclassified as investments and other assets of ¥93,376 million in the accompanying consolidated balance sheet.

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Deferred tax assets:			
Liability for retirement benefits	**¥ 48,750**	¥ 48,276	**$ 439,228**
Accrued bonuses to employees	**13,105**	14,488	**118,073**
Prepaid expenses	**8,356**	7,452	**75,286**
Long-term unearned revenue	**6,309**	6,460	**56,842**
Loss on investment in subsidiaries	**5,305**	400	**47,797**
Other provisions	**4,898**	3,546	**44,130**
Unrealized gain on inventories and property and equipment	**4,597**	4,728	**41,418**
Loss on valuation of inventories	**3,687**	2,041	**33,219**
Accrued enterprise tax	**1,646**	2,528	**14,830**
Deferred loss on hedging instruments	**–**	3,138	**–**
Other	**24,527**	22,531	**220,983**
Total gross deferred tax assets	**121,180**	115,588	**1,091,810**
Less valuation allowance	**(11,373)**	(7,050)	**(102,468)**
Total net deferred tax assets	**109,807**	108,538	**989,341**
Deferred tax liabilities:			
Unrealized gain on securities	**(16,134)**	(10,315)	**(145,364)**
Deferred gain on hedging instruments	**(4,735)**	(1,728)	**(42,661)**
Retained earnings of subsidiaries and affiliates	**(2,283)**	(2,316)	**(20,569)**
Other	**(1,458)**	(897)	**(13,136)**
Total gross deferred tax liabilities	**(24,610)**	(15,256)	**(221,731)**
Net deferred income taxes	**¥ 85,197**	¥ 93,282	**$ 767,609**

Changes in the valuation allowance were mainly deductions from deferred tax assets of Vanilla Air Inc. due to the integration of Peach Aviation Limited and Vanilla Air Inc., and an increase in loss on valuation of inventories.

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, 2019 and 2018 is as follows:

	2019	2018
Normal effective statutory tax rate	**30.62%**	30.86%
Reconciliation:		
Amortization of goodwill	**0.80**	0.63
Expenses not deductible for income tax purposes	**0.46**	0.38
Inhabitants tax per capita levy	**0.14**	0.11
Income taxes for prior periods	**(1.78)**	(0.93)
Loss on investment in subsidiaries	**(5.57)**	–
Gain on step acquisition	**–**	(5.30)
Changes in valuation allowance	**2.81**	0.20
Other, net	**(0.09)**	(0.01)
Actual effective income tax rate	**27.39%**	25.94%

11. 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, 2019 and 2018:

	Yen (Millions) 2019	Yen (Millions) 2018	U.S. dollars (Thousands) 2019
Unrealized gain on securities:			
Amount arising during the fiscal year	¥19,155	¥ 6,563	$172,583
Reclassification adjustments to profit or loss	(221)	(1,180)	(1,991)
Amount of unrealized gain on securities before tax effect	18,934	5,383	170,591
Tax effect	(5,819)	(1,595)	(52,428)
Total	13,115	3,788	118,163
Deferred gain on derivatives under hedge accounting:			
Amount arising during the fiscal year	9,585	28,205	86,359
Reclassification adjustments to profit or loss	10,671	(16,308)	96,143
Amount of deferred gain on derivatives under hedge accounting before tax effect	20,256	11,897	182,502
Tax effect	(6,141)	(3,563)	(55,329)
Total	14,115	8,334	127,173
Foreign currency translation adjustments:			
Amount arising during the fiscal year	(382)	(149)	(3,441)
Total	(382)	(149)	(3,441)
Defined retirement benefit plans:			
Amount arising during the fiscal year	(345)	1,894	(3,108)
Reclassification adjustments to profit or loss	4,561	5,201	41,093
Amount of defined retirement benefit plans before tax effect	4,216	7,095	37,985
Tax effect	(1,286)	(2,151)	(11,586)
Total	2,930	4,944	26,398
Share of other comprehensive income (loss) in affiliates:			
Amount arising during the fiscal year	102	(30)	919
Reclassification adjustments to profit or loss	(87)	(30)	(783)
Total	15	(60)	135
Total other comprehensive income	¥29,793	¥ 16,857	$268,429

12. Leases

As lessee

(a) 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 (j) "Leases."

(b) Operating leases

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

	Yen (Millions) 2019	Yen (Millions) 2018	U.S. dollars (Thousands) 2019
Current portion of operating lease obligations	¥ 54,866	¥ 51,117	$ 494,332
Long-term operating lease obligations	265,832	237,363	2,395,098
Total	¥320,698	¥288,480	$2,889,431

As lessor

(a) Operating leases

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

	Yen (Millions) 2019	Yen (Millions) 2018	U.S. dollars (Thousands) 2019
Current portion of operating lease receivables	¥ 949	¥ 500	$ 8,550
Long-term operating lease receivables	6,983	4,101	62,915
Total	¥7,932	¥4,601	$71,465

13. Supplementary information for the consolidated statement of changes in net assets

Supplementary information for the consolidated statement of changes in net assets for the year ended March 31, 2019 consisted of the following:

(a) 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.

(1) Dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Yen (Millions) Amount	U.S. dollars (Thousands) Amount	Paid from	Yen Dividends per share	U.S. dollars Dividends per share	Shareholders' cut-off date	Effective date
June 28, 2018	Ordinary General Meeting of Shareholders	Common stock (*1)	¥20,084	$180,953	Retained earnings	¥60.00	$0.54	March 31, 2018	June 29, 2018

(*1) The total amount of dividends does not include ¥7 million ($63 thousand) in dividends to be paid to the subsidiaries and affiliates. This is because the shares held by subsidiaries and affiliates are recognized as treasury stock.

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

Date of approval	Resolution approved by	Type of shares	Yen (Millions) Amount	U.S. dollars (Thousands) Amount	Paid from	Yen Dividends per share	U.S. dollars Dividends per share	Shareholders' cut-off date	Effective date
June 21, 2019	Ordinary General Meeting of Shareholders	Common stock (*1)	¥25,105	$226,191	Retained earnings	¥75.00	$0.67	March 31, 2019	June 24, 2019

(*1) The total amount of dividends does not include ¥9 million ($81 thousand) in dividends to be paid to the subsidiaries and affiliates. This is because the shares held by subsidiaries and affiliates are recognized as treasury stock.

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.

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(b) Type and number of outstanding shares

As of March 31, 2019 Type of shares	Number of shares (Thousands) Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	**348,498**	**–**	**–**	**348,498**
Total	**348,498**	**–**	**–**	**348,498**
Treasury stock:				
Common stock (*1, *2, *3)	**13,866**	**10**	**7**	**13,868**
Total	**13,866**	**10**	**7**	**13,868**

(*1) The increase of 10 thousand shares of treasury stock is 10 thousand shares that the Company purchased from holders of fractional shares.
(*2) The decrease of 7 thousand shares of treasury stock is the total of 0 thousand shares that the Company sold to the holders of fractional shares at their request; and 6 thousand shares that were sold by the Trust for Delivery of Shares to Directors.
(*3) Treasury stock includes 107 thousand shares held by the Trust for Delivery of Shares to Directors.

As of March 31, 2018 Type of shares	Number of shares (Thousands) Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock (*4)	351,642	–	3,144	348,498
Total	351,642	–	3,144	348,498
Treasury stock:				
Common stock (*1, *2, *3, *4)	1,412	16,257	3,803	13,866
Total	1,412	16,257	3,803	13,866

(*1) The increase of 16,257 thousand shares of treasury stock is the total of 16,214 thousand shares, which are issued shares subsequently purchased by the Company; 38 thousand shares, which the Company purchased from holders of fractional shares; and 4 thousand shares, which is the increase associated with changes of ownership ratios of affiliates which have the Company's stock.
(*2) The decrease of 3,803 thousand shares of treasury stock is the total of 3,144 thousand shares, which is retirement of treasury stock; 3 thousand shares, which the Company sold to the holders of fractional shares at their request; 637 thousand shares, which were sold by the ESOT during the current fiscal year; and 17 thousand shares, which were sold by the Trust for Delivery of Shares to Directors. Additionally, the ESOT was terminated in July 2017.
(*3) Treasury stock includes 114 thousand shares held by the Trust for Delivery of Shares to Directors.
(*4) Since a 1-for-10 ordinary share reverse stock split was conducted effective October 1, 2017, the noted items were calculated based on the assumption that the reverse stock split was conducted at the beginning of the current fiscal year.

14. Contingencies

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥2,685 million ($24,191 thousand) at March 31, 2019.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million ($55,059 thousand) at March 31, 2019.

The Group was contingently liable as a guarantor of loans, principally to affiliates, totaling ¥3,568 million at March 31, 2018.

The Group was contingently liable as a guarantor for a stock transfer agreement between third parties, totaling ¥6,111 million at March 31, 2018.

15. Financial instruments and related disclosures

Overview

(a) 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.

(b) 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.

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.

1) 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.

2) 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.

3) 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.

(c) 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 16 "Derivatives and hedging activities" are not necessarily indicative of the actual market risk involved in derivative transactions.

Estimated fair value of financial instruments

The carrying values of financial instruments on the consolidated balance sheet as of March 31, 2019 and 2018, 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, 2019	Carrying value	Fair value	Differences
Assets:			
Cash and deposits	¥ 68,301	¥ 68,301	¥ –
Notes and accounts receivable	187,529	187,529	–
Marketable securities and investment securities	313,745	313,745	–
Total assets	¥569,575	¥ 569,575	¥ –
Liabilities:			
Accounts payable	¥229,712	¥ 229,712	¥ –
Short-term loans	336	336	–
Bonds	145,000	148,798	(3,798)
Convertible bonds with stock acquisition rights	140,000	142,625	(2,625)
Long-term loans	484,713	494,238	(9,525)
Total liabilities	¥999,761	¥1,015,709	¥(15,948)
Derivatives*	¥ 15,639	¥ 15,639	¥ –

	Yen (Millions)		
As of March 31, 2018	Carrying value	Fair value	Differences
Assets:			
Cash and deposits	¥ 78,036	¥ 78,036	¥ –
Notes and accounts receivable	174,211	174,211	–
Marketable securities and investment securities	337,935	337,935	–
Total assets	¥ 590,182	¥ 590,182	¥ –
Liabilities:			
Accounts payable	¥ 225,889	¥ 225,889	¥ –
Short-term loans	176	176	–
Bonds	135,000	138,009	(3,009)
Convertible bonds with stock acquisition rights	140,000	144,865	(4,865)
Long-term loans	502,923	514,093	(11,170)
Total liabilities	¥1,003,988	¥1,023,032	¥(19,044)
Derivatives*	¥ (4,665)	¥ (4,665)	¥ –

	U.S. dollars (Thousands)		
As of March 31, 2019	Carrying value	Fair value	Differences
Assets:			
Cash and deposits	$ 615,379	$ 615,379	$ –
Notes and accounts receivable	1,689,602	1,689,602	–
Marketable securities and investment securities	2,826,786	2,826,786	–
Total assets	$5,131,768	$5,131,768	$ –
Liabilities:			
Accounts payable	$2,069,663	$2,069,663	$ –
Short-term loans	3,027	3,027	–
Bonds	1,306,424	1,340,643	(34,219)
Convertible bonds with stock acquisition rights	1,261,374	1,285,025	(23,650)
Long-term loans	4,367,177	4,452,995	(85,818)
Total liabilities	$9,007,667	$9,151,355	$(143,688)
Derivatives*	$ 140,904	$ 140,904	$ –

* 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.

Notes:

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

Assets

(a) Cash and deposits
The carrying values of cash and deposits approximate fair value because of their short maturities.

(b) Notes and accounts receivable
The carrying values of notes and accounts receivable approximate fair value because of their short maturities.

(c) Marketable securities and investment securities
The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from financial institutions for certain debt instruments. The information on the fair values of marketable and investment securities by classification is included in Note 4 “Marketable securities and investment securities” of the notes to the consolidated financial statements.

Liabilities

(a) Accounts payable
The carrying values of notes and accounts payable approximate fair value because of their short maturities.

(b) Short-term loans
The carrying values of short-term loans approximate fair value because of their short maturities.

(c) Bonds
The fair value of bonds issued by the Company is measured at the present value of the total of principal and interest discounted by an interest rate determined by taking into account the remaining period of each bond and current credit risk.

(d) Long-term loans
The fair values of long-term loans are determined by discounting the cash flows related to the debt at the Group’s assumed corporate borrowing rate.

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

	Yen (Millions)		U.S. dollars (Thousands)
As of March 31, 2019	2019	2018	2019
Unlisted stocks	¥32,234	¥25,476	$290,422

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 redemption schedule for receivables and available-for-sale and held-to-maturity securities with maturities as of March 31, 2019 and 2018 is summarized as follows:

	Yen (Millions)			
As of March 31, 2019	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	¥ 67,546	¥–	¥ –	¥–
Notes and accounts receivable	187,529	–	–	–
Held-to-maturity bonds	–	–	–	–
Other securities with maturities	225,360	–	6,389	–
Total	¥480,435	¥–	¥6,389	¥–

	Yen (Millions)			
As of March 31, 2018	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	¥ 77,206	¥ –	¥ –	¥ –
Notes and accounts receivable	174,211	–	–	–
Held-to-maturity bonds	–	–	–	–
Other securities with maturities	279,540	139	3,062	164
Total	¥530,957	¥139	¥3,062	¥164

	U.S. dollars (Thousands)			
As of March 31, 2019	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	$ 608,577	$–	$ –	$–
Notes and accounts receivable	1,689,602	–	–	–
Held-to-maturity bonds	–	–	–	–
Other securities with maturities	2,030,453	–	57,563	
Total	$4,328,633	$–	$57,563	$–

4. The redemption schedule for bonds, loans and other interest-bearing liabilities as of March, 2019 and 2018 is summarized as follows:

	Yen (Millions)			
As of March 31, 2019	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	¥ 336	¥ –	¥ –	¥ –
Bonds	30,000	50,000	25,000	40,000
Convertible bonds with stock acquisition rights	–	70,000	70,000	–
Long-term loans	77,883	239,514	126,097	41,219
Total	¥108,219	¥359,514	¥221,097	¥81,219

	Yen (Millions)			
As of March 31, 2018	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	¥ 176	¥ –	¥ –	¥ –
Bonds	10,000	50,000	45,000	30,000
Convertible bonds with stock acquisition rights	–	70,000	70,000	–
Long-term loans	84,738	249,566	129,927	38,692
Total	¥94,914	¥369,566	¥244,927	¥68,692

	U.S. dollars (Thousands)			
As of March 31, 2019	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	$ 3,027	$ –	$ –	$ –
Bonds	270,294	450,491	225,245	360,392
Convertible bonds with stock acquisition rights	–	630,687	630,687	–
Long-term loans	701,711	2,157,978	1,136,111	371,375
Total	$975,033	$3,239,156	$1,992,044	$731,768

16. 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 as of March 31, 2019 and 2018 for which hedged accounting has been applied.

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

(1) Currency-related transactions

		Yen (Millions)		
		Notional amount		
As of March 31, 2019		Total	Maturing after one year	Fair value
Forward foreign exchange contracts:				
Sell:				
	USD	¥ –	¥–	¥–
	EUR	–	–	–
	Other	166	–	0
Buy:				
	USD	5,540	–	2
	EUR	–	–	–
	Other	355	–	0
Total		¥6,061	¥–	¥2

		Yen (Millions)		
		Notional amount		
As of March 31, 2018		Total	Maturing after one year	Fair value
Forward foreign exchange contracts:				
Sell:				
	USD	¥ –	¥–	¥ –
	EUR	–	–	–
	Other	206	–	0
Buy:				
	USD	23,857	–	42
	EUR	–	–	–
	Other	–	–	–
Total		¥24,063	¥–	¥42

		U.S. dollars (Thousands)		
		Notional amount		
As of March 31, 2019		Total	Maturing after one year	Fair value
Forward foreign exchange contracts:				
Sell:				
	USD	$ –	$–	$ –
	EUR	–	–	–
	Other	1,495	–	0
Buy:				
	USD	49,914	–	18
	EUR	–	–	–
	Other	3,198	–	0
Total		$54,608	$–	$18

(b) Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions

		Yen (Millions)		
		Notional amount		
As of March 31, 2019		Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:				
	USD	¥ 6,165	¥ –	¥ (64)
	EUR	0	–	0
	Other	77	–	0
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:				
	USD	334,460	169,059	7,843
	EUR	188	–	(8)
	Other	138	–	(2)
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:				
	USD (Put)	45,366	32,274	1,575
Buy:				
	USD (Call)	41,012	29,221	(643)
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:				
	USD	302	–	(*)
	EUR	48	–	(*)
	Other	39	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:				
	USD	17,931	–	(*)
	EUR	999	–	(*)
	Other	4	–	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY		–	–	(*)
Total		¥446,729	¥230,554	¥8,701

Notes to Consolidated Financial Statements

As of March 31, 2018		Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:				
	USD	¥ 7,722	¥ –	¥ (222)
	EUR	11	–	0
	Other	286	–	(5)
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:				
	USD	376,353	185,135	(13,404)
	EUR	98	–	(2)
	Other	108	–	(1)
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	49,622	24,084	(2,440)
Buy:	USD (Call)	54,516	26,638	619
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:				
	USD	432	–	(*)
	EUR	23	–	(*)
	Other	–	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:				
	USD	14,730	–	(*)
	EUR	835	–	(*)
	Other	49	–	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY		537	–	(*)
Total		¥505,322	¥235,857	¥(15,455)

As of March 31, 2019		U.S. dollars (Thousands) Notional amount Total	Maturing after one year	Fair value
Forward foreign exchange contracts for accounts receivable, accounted for by the deferral method:				
Sell:				
	USD	$ 55,545	$ –	$ (576)
	EUR	0	–	0
	Other	693	–	0
Forward foreign exchange contracts for accounts payable, accounted for by the deferral method:				
Buy:				
	USD	3,013,424	1,523,191	70,664
	EUR	1,693	–	(72)
	Other	1,243	–	(18)
Currency option contracts for accounts payable, accounted for by the deferral method:				
Sell:	USD (Put)	408,739	290,782	14,190
Buy:	USD (Call)	369,510	263,275	(5,793)
Forward foreign exchange contracts, accounted for as part of accounts receivable:				
Sell:				
	USD	2,720	–	(*)
	EUR	432	–	(*)
	Other	351	–	(*)
Forward foreign exchange contracts, accounted for as part of accounts payable:				
Buy:				
	USD	161,555	–	(*)
	EUR	9,000	–	(*)
	Other	36	–	(*)
Currency swap contracts for accounts payable, accounted for as part of accounts payable:				
Receive/USD and pay/JPY		–	–	(*)
Total		$4,024,948	$2,077,250	$78,394

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 15 "Financial instruments and related disclosures" for additional information.

(2) Interest-related transactions

As of March 31, 2019	Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans:			
Receive/floating and pay/fixed	¥111,253	¥82,333	(*)

As of March 31, 2018	Yen (Millions) Notional amount Total	Maturing after one year	Fair value
Interest rate swap hedging long-term loans:			
Receive/floating and pay/fixed	¥145,035	¥111,253	(*)

As of March 31, 2019	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	$1,002,369	$741,805	(*)

(*) 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.

(3) Commodity-related transactions

As of March 31, 2019		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		**¥ 74,591**	**¥29,073**	**¥5,234**
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	**34,350**	**17,211**	**(445)**
Buy:	Crude oil (Call)	**44,114**	**21,989**	**2,147**
Total		**¥153,055**	**¥68,273**	**¥6,936**

As of March 31, 2018		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		¥ 59,826	¥26,374	¥ 7,710
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	34,052	13,366	489
Buy:	Crude oil (Call)	44,389	17,600	2,549
Total		¥138,267	¥57,340	¥10,748

As of March 31, 2019		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		**$ 672,051**	**$261,942**	**$47,157**
Commodity (crude oil) option contracts, accounted for by the deferral method:				
Sell:	Crude oil (Put)	**309,487**	**155,068**	**(4,009)**
Buy:	Crude oil (Call)	**397,459**	**198,116**	**19,344**
Total		**$1,378,998**	**$615,127**	**$62,492**

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

17. Segment information

(a) 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.

(b) Methods of measurement for the amounts of sales, profit, 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 current market prices.

(c) Information about sales, profit, assets, and other items

As of and for the year ended March 31, 2019	Yen (Millions) Reportable Segments Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	**¥1,728,645**	**¥ 51,783**	**¥140,805**	**¥122,454**	**¥2,043,687**
Intersegment revenues or transfers	**85,772**	**239,268**	**9,941**	**28,225**	**363,206**
Total	**¥1,814,417**	**¥291,051**	**¥150,746**	**¥150,679**	**¥2,406,893**
Segment profit	**¥ 160,556**	**¥ 13,178**	**¥ 606**	**¥ 3,706**	**¥ 178,046**
Segment assets	**2,409,579**	**148,288**	**60,163**	**61,019**	**2,679,049**
Other items:					
Depreciation and amortization	**152,948**	**4,496**	**507**	**1,354**	**159,305**
Amortization of goodwill	**3,889**	**28**	**–**	**114**	**4,031**
Increase in property and equipment and intangible assets	**370,778**	**1,838**	**241**	**1,156**	**374,013**

As of and for the year ended March 31, 2019	Yen (Millions) Other	Total	Adjustments	Consolidated
Operating revenues:				
Operating revenues from external customers	**¥14,625**	**¥2,058,312**	**¥ –**	**¥2,058,312**
Intersegment revenues or transfers	**26,333**	**389,539**	**(389,539)**	**–**
Total	**¥40,958**	**¥2,447,851**	**¥(389,539)**	**¥2,058,312**
Segment profit	**¥ 2,275**	**¥ 180,321**	**¥ (15,302)**	**¥ 165,019**
Segment assets	**23,434**	**2,702,483**	**(15,361)**	**2,687,122**
Other items:				
Depreciation and amortization	**236**	**159,541**	**–**	**159,541**
Amortization of goodwill	**–**	**4,031**	**–**	**4,031**
Increase in property and equipment and intangible assets	**269**	**374,282**	**1,582**	**375,864**

Notes:
1. "Other" refers to all business segments that are not included in reportable segments, such as facility management, business support and other operations.
2. Adjustments are as follows:
 (a) Adjustments to segment profit consist of the elimination of intersegment transactions of ¥(8,937) million and corporate expenses of ¥(6,365) million.
 (b) Adjustments to segment assets consist of long-term investments (investment securities and stocks of subsidiaries and affiliates) in consolidated subsidiaries of ¥171,058 million and eliminations of intersegment transactions of ¥(186,419) million.
 (c) Adjustments to increase in property and equipment and intangible assets mainly consist of the elimination of intersegment transactions.
3. Segment profit is reconciled to operating income on the consolidated statement of income.

As of and for the year ended March 31, 2018	Yen (Millions) Reportable Segments Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	¥1,642,994	¥ 51,355	¥149,009	¥115,044	¥1,958,402
Intersegment revenues or transfers	88,179	232,976	10,280	27,995	359,430
Total	¥1,731,173	¥284,331	¥159,289	¥143,039	¥2,317,832
Segment profit	¥ 156,873	¥ 10,635	¥ 3,745	¥ 4,506	¥ 175,759
Segment assets	2,323,476	151,181	62,095	59,985	2,596,737
Other items:					
Depreciation and amortization	144,224	4,365	281	1,315	150,185
Amortization of goodwill	3,888	29	-	114	4,031
Increase in property and equipment and intangible assets	292,155	11,496	839	1,004	305,494

As of and for the year ended March 31, 2018	Yen (Millions) Other	Total	Adjustments	Consolidated
Operating revenues:				
Operating revenues from external customers	¥13,397	¥1,971,799	¥ –	¥1,971,799
Intersegment revenues or transfers	25,311	384,741	(384,741)	–
Total	¥38,708	¥2,356,540	¥(384,741)	¥1,971,799
Segment profit	¥ 2,767	¥ 178,526	¥ (14,010)	¥ 164,516
Segment assets	22,116	2,618,853	(56,391)	2,562,462
Other items:				
Depreciation and amortization	223	150,408	–	150,408
Amortization of goodwill	–	4,031	–	4,031
Increase in property and equipment and intangible assets	401	305,895	(1,188)	304,707

Notes:
1. "Other" refers to all business segments that are not included in reportable segments, such as facility management, business support and other operations.
2. Adjustments are as follows:
 (a) Adjustments to segment profit consist of mainly the elimination of intersegment transactions of ¥(7,367) million and corporate expenses of ¥(6,643) million.
 (b) Adjustments to segment assets consist of long-term investments (investment securities and stocks of subsidiaries and affiliates) in consolidated subsidiaries of ¥132,960 million and eliminations of intersegment transactions of ¥(189,351) million.
 (c) Adjustments to increase in property and equipment and intangible assets mainly consist of the elimination of intersegment transactions.
3. Segment profit is reconciled to operating income on the consolidated statement of income.

Notes to Consolidated Financial Statements

As of and for the year ended March 31, 2019	U.S. dollars (Thousands) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal
Operating revenues:					
Operating revenues from external customers	$15,574,781	$ 466,555	$1,268,627	$1,103,288	$18,413,253
Intersegment revenues or transfers	772,790	2,155,761	89,566	254,302	3,272,420
Total	$16,347,571	$2,622,317	$1,358,194	$1,357,590	$21,685,674
Segment profit	$ 1,446,580	$ 118,731	$ 5,459	$ 33,390	$ 1,604,162
Segment assets	21,709,874	1,336,048	542,057	549,770	24,137,751
Other items:					
Depreciation and amortization	1,378,034	40,508	4,567	12,199	1,435,309
Amortization of goodwill	35,039	252	–	1,027	36,318
Increase in property and equipment and intangible assets	3,340,643	16,560	2,171	10,415	3,369,790

As of and for the year ended March 31, 2019	U.S. dollars (Thousands): Other	Total	Adjustments	Consolidated
Operating revenues:				
Operating revenues from external customers	$131,768	$18,545,022	$ –	$18,545,022
Intersegment revenues or transfers	237,255	3,509,676	(3,509,676)	–
Total	$369,024	$22,054,698	$(3,509,676)	$18,545,022
Segment profit	$ 20,497	$ 1,624,659	$ (137,868)	$ 1,486,791
Segment assets	211,136	24,348,887	(138,399)	24,210,487
Other items:				
Depreciation and amortization	2,126	1,437,435	–	1,437,435
Amortization of goodwill	–	36,318	–	36,318
Increase in property and equipment and intangible assets	2,423	3,372,213	14,253	3,386,467

(d) Information about geographical areas

Net sales to third parties by countries or areas grouped according to geographical classification for the years ended March 31, 2019 and 2018 are summarized as follows:

	Yen (Millions) 2019	Yen (Millions) 2018	U.S. dollars (Thousands) 2019
Japan	¥1,676,226	¥1,604,604	$15,102,495
Overseas	382,086	367,195	3,442,526
Total	¥2,058,312	¥1,971,799	$18,545,022

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.

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

For the year ended March 31, 2019	Yen (Millions) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Impairment loss	¥–	¥1,997	¥–	¥–	¥–	¥–	¥1,997

For the year ended March 31, 2018	Yen (Millions) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Impairment loss	¥5,695	¥281	¥–	¥85	¥–	¥–	¥6,061

For the year ended March 31, 2019	U.S. dollars (Thousands) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Impairment loss	$–	$17,992	$–	$–	$–	$–	$17,992

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

As of and for the year ended March 31, 2019	Yen (Millions) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Amortization of goodwill	¥ 3,889	¥28	¥–	¥114	¥–	¥–	¥ 4,031
Balance at the end of the fiscal year	¥50,557	¥ 3	¥–	¥572	¥–	¥–	¥51,132

As of and for the year ended March 31, 2018	Yen (Millions) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Amortization of goodwill	¥ 3,888	¥ 29	¥–	¥114	¥–	¥–	¥ 4,031
Balance at the end of the fiscal year	¥54,446	¥204	¥–	¥686	¥–	¥–	¥55,336

As of and for the year ended March 31, 2019	U.S. dollars (Thousands) Reportable Segments: Air Transportation	Airline Related	Travel Services	Trade and Retail	Other	Adjustments	Total
Amortization of goodwill	$ 35,039	$252	$–	$1,027	$–	$–	$ 36,318
Balance at the end of the fiscal year	$455,509	$ 27	$–	$5,153	$–	$–	$460,690

18. Selling, general and administrative expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2019 and 2018 are as follows:

	Yen (Millions) 2019	Yen (Millions) 2018	U.S. dollars (Thousands) 2019
Commissions	¥105,678	¥96,991	$952,139
Advertising	12,813	13,132	115,442
Employees' salaries and bonuses	39,760	38,976	358,230
Provision for accrued bonuses to employees	7,913	8,693	71,294
Retirement benefit expenses	3,462	3,462	31,191
Depreciation	24,828	22,014	223,695

19. Amounts per share

Amounts per share as of and for the years ended March 31, 2019 and 2018 are as follows:

	Yen		U.S. dollars
	2019	2018	2019
Net assets per share	¥3,285.46	¥2,954.47	$29.60
Net income per share	331.04	417.82	2.98

Notes: 1. Net income per share assuming full dilution is not disclosed as the Company had no potentially dilutive shares outstanding during the years ended March 31, 2019 and 2018.
2. Since a 1-for-10 ordinary share reverse stock split was conducted effective October 1, 2017, the noted items were calculated based on the assumption that the reverse stock split was conducted at the beginning of the previous fiscal year.
3. The basis for calculating net income per share is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
Years ended March 31	2019	2018	2019
Net income attributable to common shareholders	¥110,777	¥143,887	$998,080
Amount not attributable to common shareholders	–	–	–
Net income attributable to common stock	¥110,777	¥143,887	$998,080
Weighted-average number of shares outstanding during the fiscal year (in thousands)	334,632	344,372	334,632

Notes: 1. Since a 1-for-10 ordinary share reverse stock split was conducted effective October 1, 2017, the noted items were calculated based on the assumption that the reverse stock split was conducted at the beginning of the previous fiscal year.
2. The basis for calculating net assets per share is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
As of March 31	2019	2018	2019
Net assets	¥1,109,313	¥1,000,552	$9,994,711
Amounts deducted from total net assets:			
Non-controlling interests	(9,900)	(11,891)	(89,197)
Net assets attributable to common stock at the end of the fiscal year	¥1,099,413	¥ 988,661	$9,905,514
Number of shares of common stock at the end of the fiscal year used to determine net assets per share (in thousands)	334,629	334,632	334,629

The average number of shares of the Company held by the trust account of the ANA Group Employee Stock Ownership Trust for the year ended March 31, 2018 were 137 thousand. Also, the average number of shares held by the Trust for Delivery of Shares to Directors for the years ended March 31, 2019 and 2018 were 108 thousand and 116 thousand, respectively. The shares held by those trusts were deducted from the weighted-average number of shares outstanding during each of the years ended March 31, 2019 and 2018.

The number of shares of the Company held by the Trust for Delivery of Shares to Directors as of March 31, 2019 and 2018 were 107 thousand and 114 thousand, respectively. The shares held by those trusts were deducted from the number of shares of common stock at the end of each of the fiscal years ended March 31, 2019 and 2018, which were used to determine net assets per share.

20. Supplementary cash flow information

A reconciliation of the difference between cash and deposits stated in the consolidated balance sheet as of March 31, 2019 and 2018 and cash and cash equivalents in the consolidated statement of cash flows is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Cash and deposits	¥ 68,301	¥ 78,036	$ 615,379
Time deposits with maturities of more than three months	(26,103)	(11,097)	(235,183)
Marketable securities	225,360	279,540	2,030,453
Marketable securities with maturities of more than three months	(55,720)	(75,970)	(502,027)
Cash and cash equivalents	¥211,838	¥270,509	$1,908,622

21. Impairment loss

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2019 and 2018. As a result, the Group recognized impairment losses of ¥1,997 million ($17,992 thousand) and ¥6,061 million, included in other expenses, for the years ended March 31, 2019 and 2018, respectively. The details are as follows:

For the year ended March 31, 2019			Yen (Millions)	U.S. dollars (Thousands)
Application	Location	Category	Impairment loss	
Assets expected to be sold	Miami, Florida	Machinery, intangible assets, lease assets, and other assets	¥1,997	$17,992
		Total	¥1,997	$17,992

Note: The Group grouped its operating assets for impairment testing based on management accounting categories, and also grouped lease assets, assets to be disposed of by sale and idle assets on an individual basis. Business assets in Miami, Florida were written-down to recoverable amounts, based on the updated business plan. As a result, an impairment loss of ¥1,997 million ($17,992 thousand) was recognized. Details are as follows: ¥1,433 million ($12,911 thousand) for machinery, ¥410 million ($3,694 thousand) for Intangible assets, ¥49 million ($441 thousand) for lease assets, and ¥103 million ($928 thousand) for other assets.
The recoverable amount of the above assets was measured at its net selling price as determined by estimates of selling cost and selling price.

For the year ended March 31, 2018			Yen (Millions)
Application	Location	Category	Impairment loss
Company housing	Osaka	Land, buildings and structures	¥2,232
Company housing	Chiba	Land, buildings, structures, tools, furniture and fixtures	2,144
Company housing	Kanagawa	Land, buildings, structures, tools, furniture and fixtures	1,319
Business assets, stores and other assets	Thailand, domestic airports, etc.	Machinery, buildings, structures, etc.	366
		Total	¥6,061

Note: The Group grouped its operating assets for impairment testing based on management accounting categories, and also grouped lease assets, assets to be disposed of by sale and idle assets on an individual basis. Company housing in Osaka was written-down to recoverable amounts, since the assets were expected to be sold. As a result, an impairment loss of ¥2,232 million was recognized. Details are as follows: ¥1,192 million for land and ¥1,040 million for buildings and structures. Company housing in Chiba was written-down to recoverable amounts, since the assets were expected to be sold. As a result, an impairment loss of ¥2,144 million was recognized. Details are as follows: ¥1,883 million for land, ¥258 million for buildings and structures, and ¥3 million for tools, furniture and fixtures. Company housing in Kanagawa was written-down to recoverable amounts, since the assets were expected to be sold. As a result, an impairment loss of ¥1,319 million was recognized. Details are as follows: ¥907 million for land, ¥407 million for buildings and structures, and ¥5 million for tools, furniture and fixtures.
The recoverable amount of the above assets was measured at its net selling price as determined by estimates of selling cost and selling price.

22. Supplementary information for the consolidated statement of income

(a) 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)
	2019	2018	2019
	¥5,779	¥1,189	$52,067

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

(b) Other income (expenses), net

	Yen (Millions)		U.S. dollars (Thousands)
	2019	2018	2019
Gain on sales of property and equipment (other than aircraft-related)	¥ –	¥ 9,623	$ –
Gain on sales of investment securities	–	1,311	–
Loss on disposal of property and equipment	–	(748)	–
Loss on valuation of investments in unconsolidated subsidiaries and affiliates	–	(577)	–
Compensation payments received	6,810	–	61,356
Litigation settlement fees related to anti-trust law claims	(6,423)	–	(57,870)
Other	1,577	958	14,208
Other income (expenses), net	¥ 1,964	¥10,567	$ 17,695

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ANA HOLDINGS INC.:

We have audited the accompanying consolidated balance sheet of ANA HOLDINGS INC. and its consolidated subsidiaries as of March 31, 2019, and the related consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ANA HOLDINGS INC. and its consolidated subsidiaries as of March 31, 2019, and the consolidated results of their operations and their 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 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 21, 2019

Member of
Deloitte Touche Tohmatsu Limited

Glossary

Passenger Business Terms

Available Seat-Kilometers (ASK)
A unit of passenger transport capacity, analogous to “production capacity.” Total number of seats x Transport distance (kilometers).

Revenue Passenger-Kilometers (RPK)
Total distance flown by revenue-paying passengers aboard aircraft. Revenue-paying passengers x Transport distance (kilometers).

Load Factor
Indicates the seat occupancy ratio (status of seat sales) as the ratio of revenue passenger-kilometers to available seat-kilometers. Revenue passenger-kilometers / Available seat-kilometers.

Yield
Unit revenues per revenue passenger-kilometer. Revenues / Revenue passenger-kilometers.

Unit Revenues
Quantitatively measures revenue management performance by showing unit revenues per available seat-kilometer (Revenues / Available seat-kilometers). Calculated as yield (Revenues / Revenue passenger-kilometers) x load factor (Revenue passenger-kilometers / Available seat-kilometers).

Unit Cost
Indicates cost per unit in the airline industry. Calculated as cost per available seat-kilometer.

Revenue Management
This management technique maximizes revenues by enabling the best mix of revenue-paying passengers through yield management that involves optimum seat sales in terms of optimum timing and price based on network and fare strategy.

Optimizing Supply to Demand
Involves flexibly controlling production capacity (available seat-kilometers) according to demand trends in ways such as increasing or decreasing the frequencies on routes and adjusting aircraft size.

Cargo Business Terms

Available Ton-Kilometers (ATK)
A unit of cargo transport capacity expressed as “production capacity.” Total cargo capacity (tons) x Transport distance (kilometers).

Revenue Ton-Kilometers (RTK)
Total distance carried by each revenue-paying cargo aboard aircraft. Revenue-paying cargo (tons) x Transport distance (kilometers).

Freighter
Dedicated cargo aircraft. Seats are removed from the cabin space where passengers would normally sit, and the space is filled with containers or palletized cargo.

Belly
The space below the cabin on passenger aircraft that is used to transport cargo.

Okinawa Cargo Hub & Network
The ANA Group’s unique cargo network. With Okinawa (Naha) Airport as an international cargo hub, the network uses late-night connecting flights in a hub and spoke system servicing major Asian cities.

Airline Industry and Company Terms

IATA
The International Air Transport Association. Founded in 1945 by airlines operating flights primarily on international routes, functions include managing arrival and departure slots at airports and settling receivables and payables among airline companies. Approximately 290 airlines are IATA members.

ICAO
The International Civil Aviation Organization. A specialized agency of the United Nations created in 1944 to promote the safe and orderly development of international civil aviation. More than 190 countries are ICAO members.

Star Alliance
Established in 1997, Star Alliance was the first and is the world’s largest airline alliance. ANA became a member in October 1999. As of July 2019, 28 airlines from around the world are members.

Code-Sharing
A system in which airline alliance partners allow each other to add their own flight numbers on other partners’ scheduled flights. The frequent result is that multiple companies sell seats on one flight. Also known as jointly operated flights.

Antitrust Immunity (ATI)
Granting of advance approval for immunity from competition laws when airlines operating international routes cooperate on planning routes, setting fares, conducting marketing activities, or other areas, so that the airlines are not in violation of the competition laws of such countries. In Japan, the United States, and South Korea, the relevant department of transportation grants ATI based on an application (in countries other than these three, it is common for a bureau such as a fair trade commission to be in charge), but in the European Union the business itself performs a self-assessment based on the law. ATI approval is generally based on the two conditions that the parties do not have the power to control the market and approval will increase user convenience.

Joint Venture
A joint business in the international airline industry between two or more airlines. Restrictions such as bilateral air agreements between countries and caps on foreign capital investments still exist in the international airline industry. Therefore, airlines form ATI-based joint ventures, instead of the commonly known methods used in other industries such as capital tie-ups and M&As, etc. By forming joint ventures, airlines in the same global alliance are able to offer travelers a broader, more flexible network along with less expensive fares, thus strengthening their competitiveness against other alliances (or joint ventures).

Full Service Carrier (FSC)
An airline company that serves a wide range of markets based on a route network that includes code-sharing connecting demand. FSCs offer multiple classes of seats and provide in-flight food and beverages that are included in advance in the fare paid. FSCs are also called network carriers or legacy carriers when compared with low cost carriers (LCCs).

Low Cost Carrier (LCC)
An airline that provides air transportation services at low fares based on a low-cost system that includes using a single type of aircraft, charging for in-flight services, and simplifying sales. Fundamentally, LCCs operate frequent short- and medium-haul point-to-point flights (flights between two locations).

Maintenance, Repair, and Overhaul (MRO) Business
A business that is contracted to provide aircraft maintenance services using its own maintenance crew and other personnel, along with dedicated facilities. Services include the maintenance, repair, and overhaul of aircraft and other equipment owned by airlines.

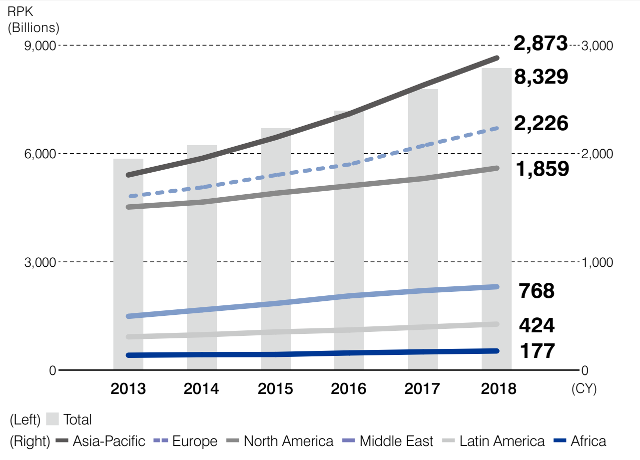
Dual Hub Network Strategy
A strategy for using the two largest airports in the Tokyo metropolitan area (Haneda and Narita) for different yet complementary strategic aims and functions. At Haneda, which offers excellent access from central Tokyo, the strategy targets overall air travel demand in the Tokyo metropolitan area, including the outskirts of Tokyo, as well as demand for connecting flights from various Japanese cities to international routes that harness ANA’s existing domestic network. Meanwhile, at Narita the strategy aims to capture transit demand for travel between third countries via Narita, focusing on Trans-Pacific travel between North America and Asia/China. This will be accomplished by upgrading and expanding the international network and enhancing connecting flights by setting efficient flight schedules.

Market Data

For further information, Fact Book 2019 can be downloaded from the ANA Group corporate website in PDF format.
https://www.ana.co.jp/group/en/investors/irdata/annual/

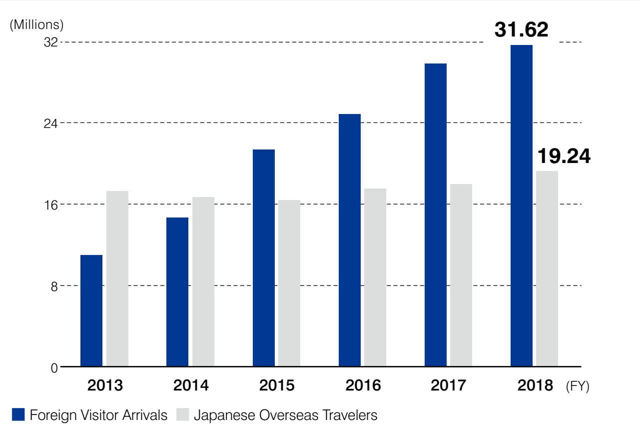
International Passenger Market

Global Air Transportation Passenger Volume by Region



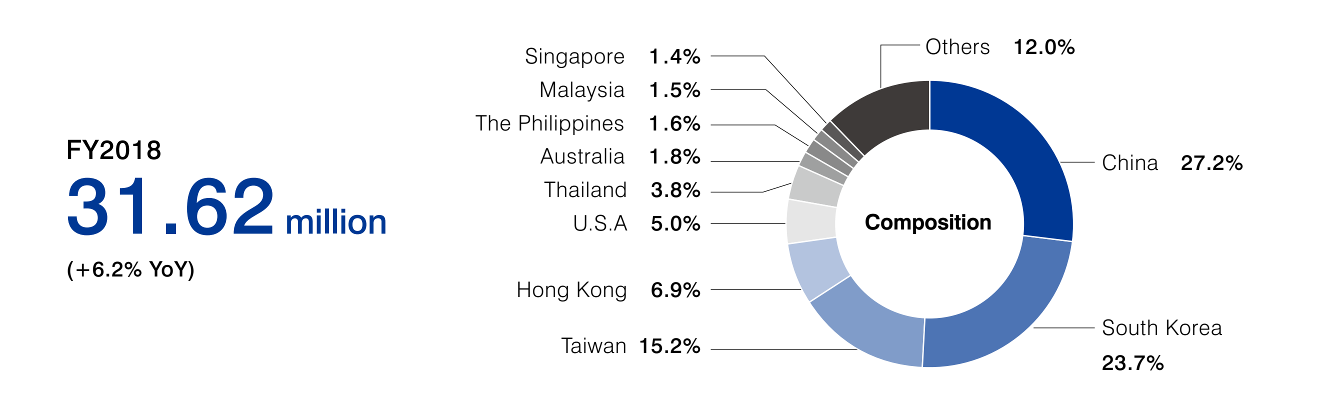
Source: International Air Transport Association (IATA), 2019

Foreign Visitor Arrivals / Number of Japanese Overseas Travelers



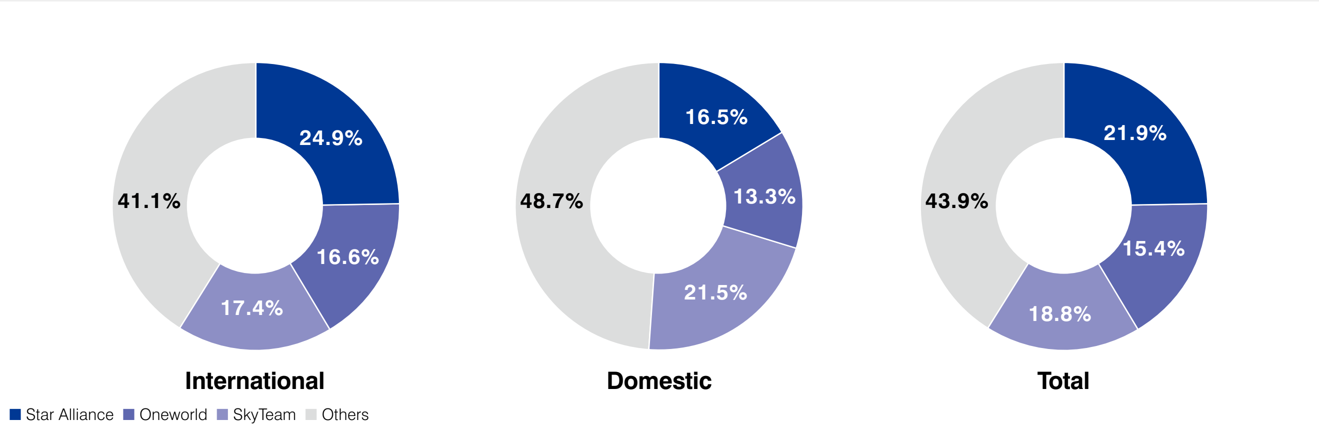
Source: Japan National Tourism Organization (JNTO), 2019

Foreign Visitor Arrivals by Country / Region



Source: Japan National Tourism Organization (JNTO), 2019

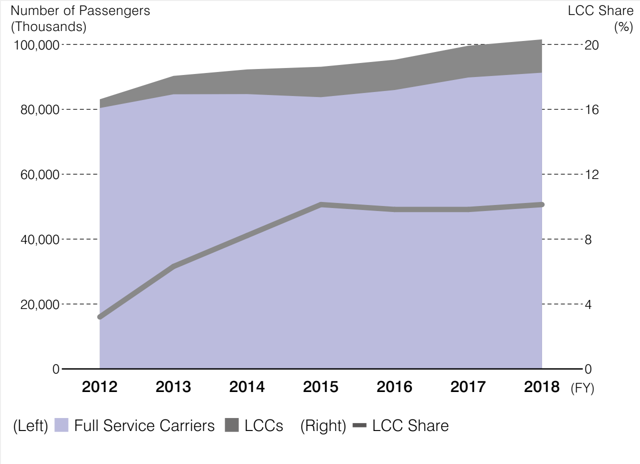
Shares by Alliance (RPK)



Source: International Air Transport Association (IATA), 2019

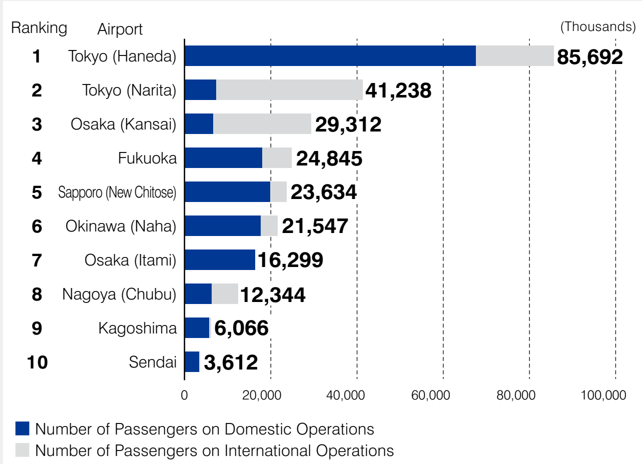
Domestic Passenger Market

Number of Domestic Passengers and LCC Share



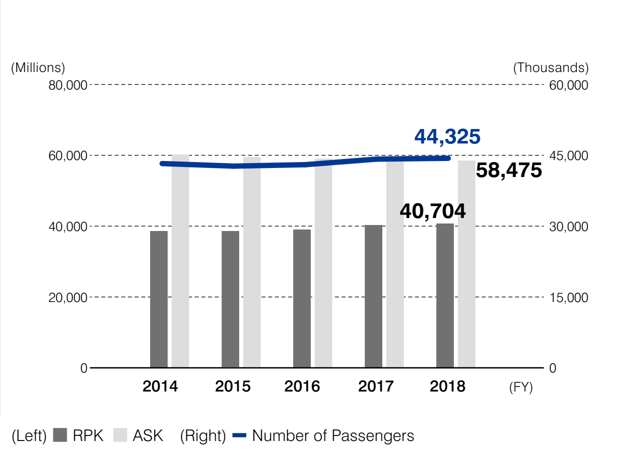
Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal 2018

Top 10 Airports in Japan by Number of Passengers

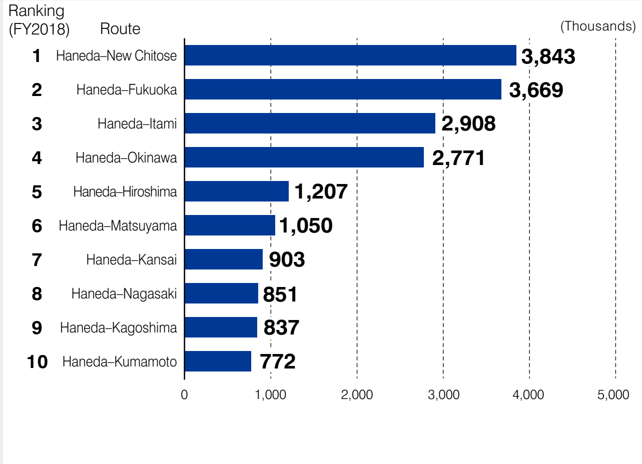


Note: Compilation from reports on Status of Airport Operations, fiscal 2018
Source: Ministry of Land, Infrastructure, Transport and Tourism, fiscal 2018

ANA Domestic Passenger Business: ASK, RPK, and Number of Passengers

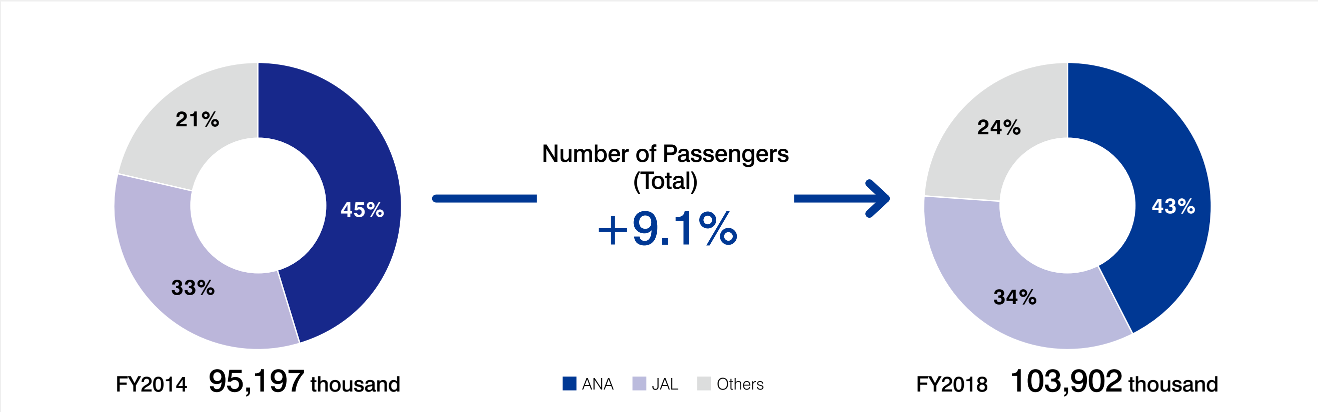


ANA's Top 10 Domestic Scheduled Flights by Number of Passengers



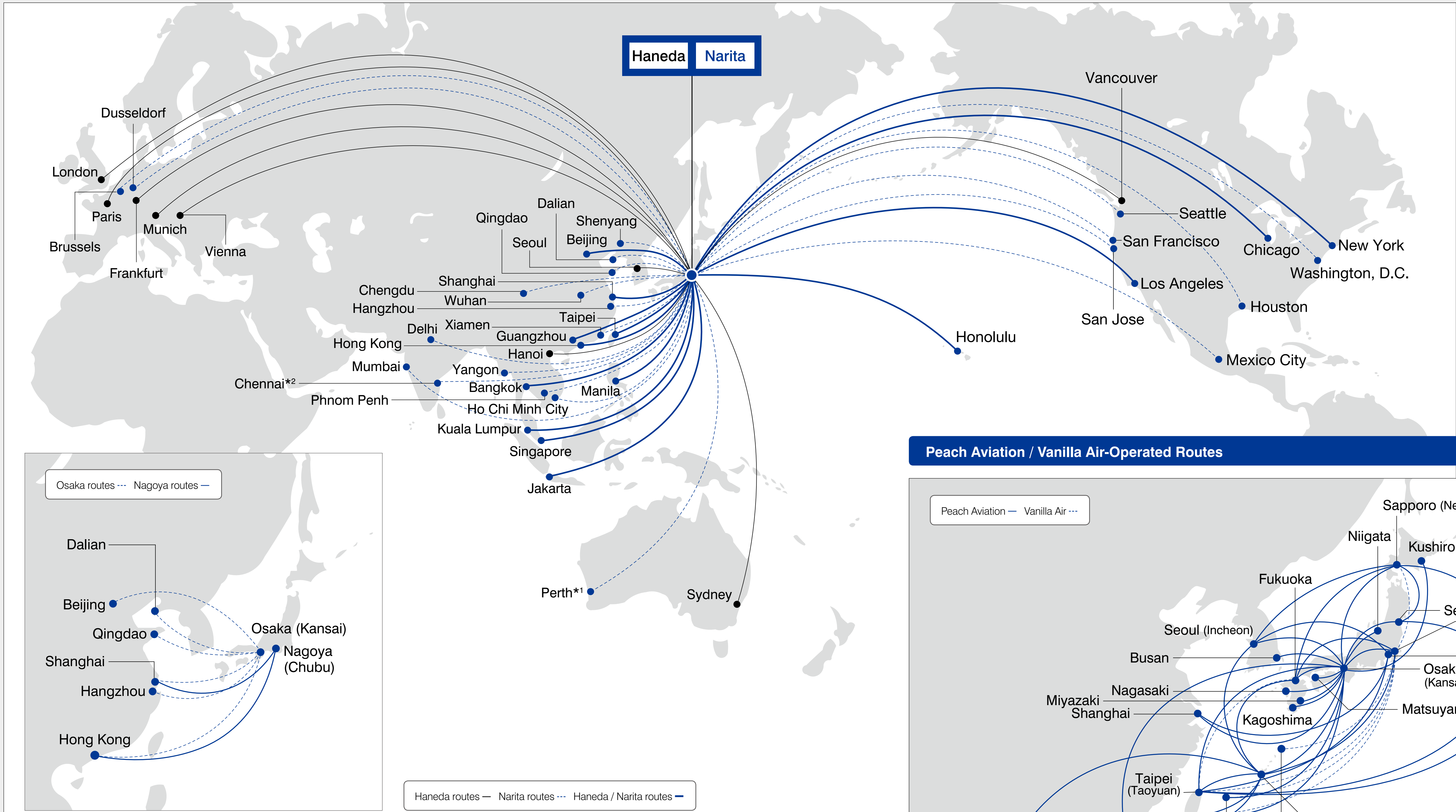
Note: Figures include revenue passengers on ANA flights and code-share flights operated by partner airlines.

Share of Passengers on Domestic Operations by Airline



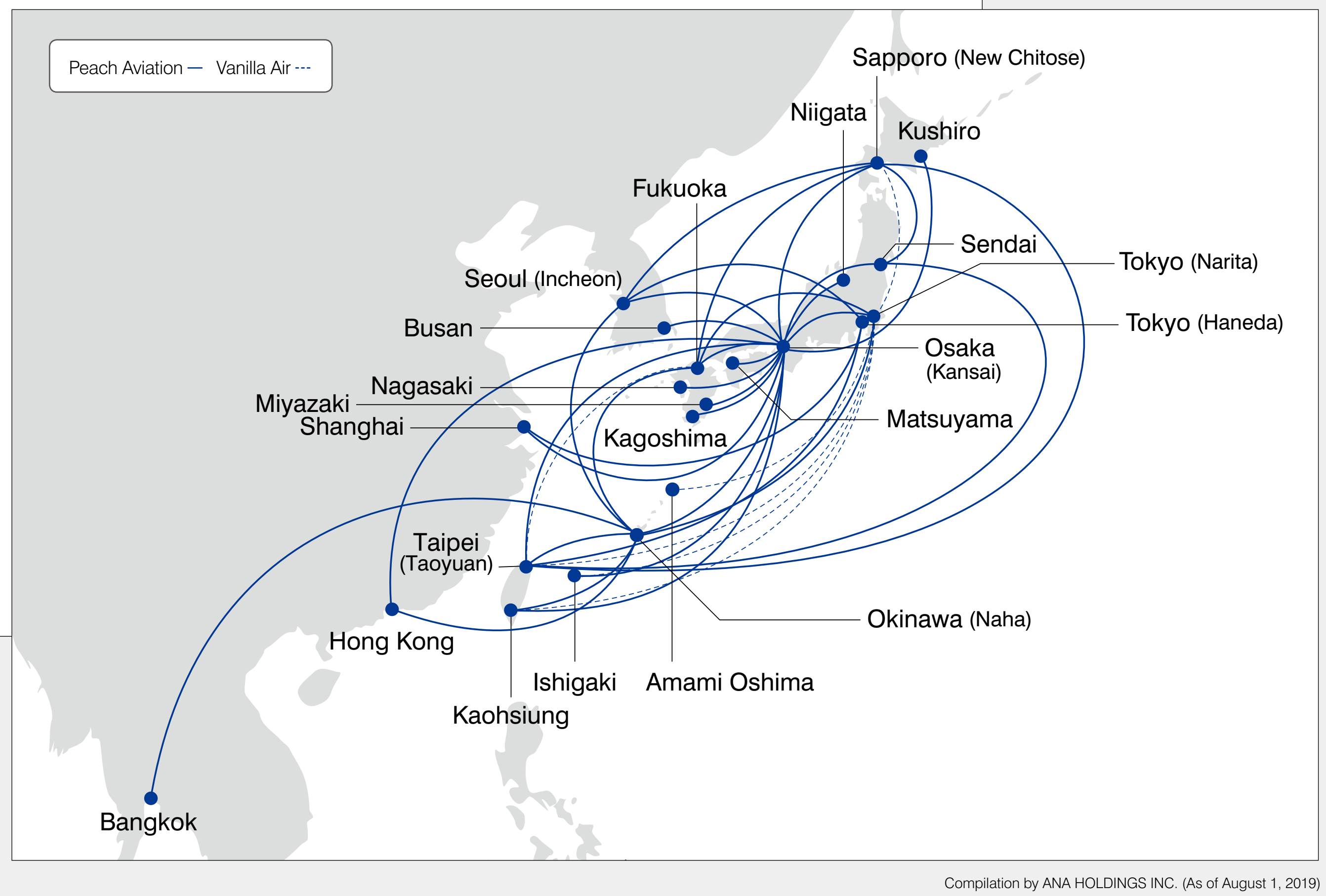
Note: Figures for ANA exclude Vanilla Air Inc. and Peach Aviation Limited
Sources: 1. Figures for ANA, JAL: The companies' annual securities reports (consolidated basis)
2. Figures for total: Ministry of Land, Infrastructure, Transport and Tourism, a preliminary report for fiscal 2018

ANA-Operated International Routes



*1 Narita–Perth service planned to begin September 1, 2019
*2 Narita–Chennai service planned to begin October 27, 2019

Peach Aviation / Vanilla Air-Operated Routes



Compilation by ANA HOLDINGS INC. (As of August 1, 2019)

Social Data

Human Resources Data (ANA)

	Unit	2015	2016	2017	2018	2019
Number of employees (As of March 31 of each year)	People	12,360	12,859	13,518	13,928	14,242
Number of employees hired overseas (As of March 31 of each year)	People	1,341	1,387	1,454	1,475	1,442
Average age of employees (As of March 31 of each year)	Years	36.0	36.0	37.4	37.4	37.5
Average years worked (As of March 31 of each year)	Years	10.0	10.0	13.3	13.8	14.2
Ratio of female managers (As of April 1 of each year, excluding individuals 60 years old and over)	%	10.9	12.2	13.3	13.9	14.6
Ratio of female directors (As of April 1 of each year)	%	10.5	10.5	10.5	10.0	11.9
Number of employees on pregnancy or childcare leave / Male (As of March 31 of each year)	People	595/5	586/5	545/13	587/19	629/20
Number of employees on nursing care leave (As of March 31 of each year)	People	8	12	14	15	16
Ratio of employees with disabilities*1 (As of June 1 of each year)	%	2.10	2.32	2.38	2.49	2.57
Work-related accidents (As of March 31 of each year)		77	66	109	82	111
Ratio of employees with healthy BMI*2 (As of March 31 of each year)						
Male	%	—	63.1	69.1	70.2	72.9
Female	%	—	75.2	69.8	72.0	72.6
Ratio of employees that smoke (As of March 31 of each year)						
Male	%	—	22.9	19.4	19.1	17.2
Female	%	—	4.9	4.0	3.9	3.7
Employee obesity rate*3 (As of March 31 of each year)						
Male	%	—	13.4	14.9	15.7	11.1
Female	%	—	0.9	1.2	1.3	1.4

*1 Total of ANA HOLDINGS INC., ANA, and qualified ANA Group companies (total of 12 companies including 1 special subsidiary)
*2 Ratio of employees with BMI of 18.5%–25.0%
*3 Changing calculation standards from 2018
Before 2017: Ratio of employees receiving guidance from designated healthcare professionals
2018 and later: Ratio of employees meeting criteria for metabolic syndrome

Flight-Related Data (All Passenger Flights on ANA International and Domestic Services)

(FY)	Unit	2014	2015	2016	2017	2018
In-service rate	%	98.9	98.9	98.9	98.8	98.2
On-time departure rate*4	%	91.4	91.9	89.4	88.0	88.4
On-time arrival rate*4	%	87.6	88.7	86.1	84.8	86.5

*4 Delays of 15 minutes or less, excluding canceled flights

Customer-Related Data

(FY)	Unit	2014	2015	2016	2017	2018
Number of customer feedback reports		70,472	73,688	73,892	114,273	105,723
[Breakdown by route type]						
Domestic	%	47.8	46.1	48.3	56.0	62.4
International	%	38.5	39.5	37.4	40.1	34.8
Other	%	13.8	14.5	14.3	3.9	2.7
[Breakdown by report type]						
Complaint	%	32.2	35.8	43.4	41.1	45.8
Compliment	%	20.6	21.2	16.8	18.5	19.8
Comment/Request	%	27.9	26.1	21.5	20.8	16.5
Other	%	19.3	16.9	18.3	19.5	17.8

See the ANA Group corporate website for more:
https://www.ana.co.jp/group/en/csr/data/

Environmental Data

Environmental data is from fiscal 2018 and was compiled from ANA and certain consolidated subsidiaries (those responsible for air transportation, aircraft maintenance, ground handling, vehicle maintenance, building management, etc.).
Increase in ground equipment and vehicle CO_2 emissions, ground energy consumption due to increase in number of consolidated companies beginning fiscal 2017

Climate Change Countermeasures

(FY)	Unit	2014	2015	2016	2017	2018
Carbon dioxide (CO_2) emissions						
Total	10,000 tons	1,031	1,074	1,126	1,161	1,156
[Breakdown]						
Aircraft		1,016	1,062	1,114	1,148	1,143
Passenger		(961)	(1,005)	(1,058)	(1,097)	(1,098)
Cargo		(55)	(57)	(56)	(50)	(45)
Ground equipment and vehicles		14.3	11.5	11.8	13.5	12.7
[Scope 1/2/3]						
Scope 1		1,021	1,065	1,118	1,152	1,147
Scope 2		9.8	8.3	8.3	9.2	8.5
Scope 3		—	0.1	0.4	0.4	0.4
Aircraft CO_2 emissions per RTK	kg-CO_2	1.04	1.05	1.00	0.96	0.97
Total energy consumption						
Total	Crude oil equipment: 10,000 kl	397	414	434	448	445
Aircraft energy consumption		390	408	428	441	439
Ground energy consumption		6.5	5.5	5.5	6.5	6.4
Fuel-efficient aircraft (ANA-brand jet aircraft only)*						
Number of fuel-efficient aircraft	Aircraft	132	148	155	162	183
Ratio of fuel-efficient aircraft	%	62.0	64.9	66.0	69.5	75.9
Ozone depletion						
Fluorocarbon (Aircraft)	kg	—	16.4	8.8	5.3	9.4
Halon	kg	—	8.3	29.4	5.0	28.8

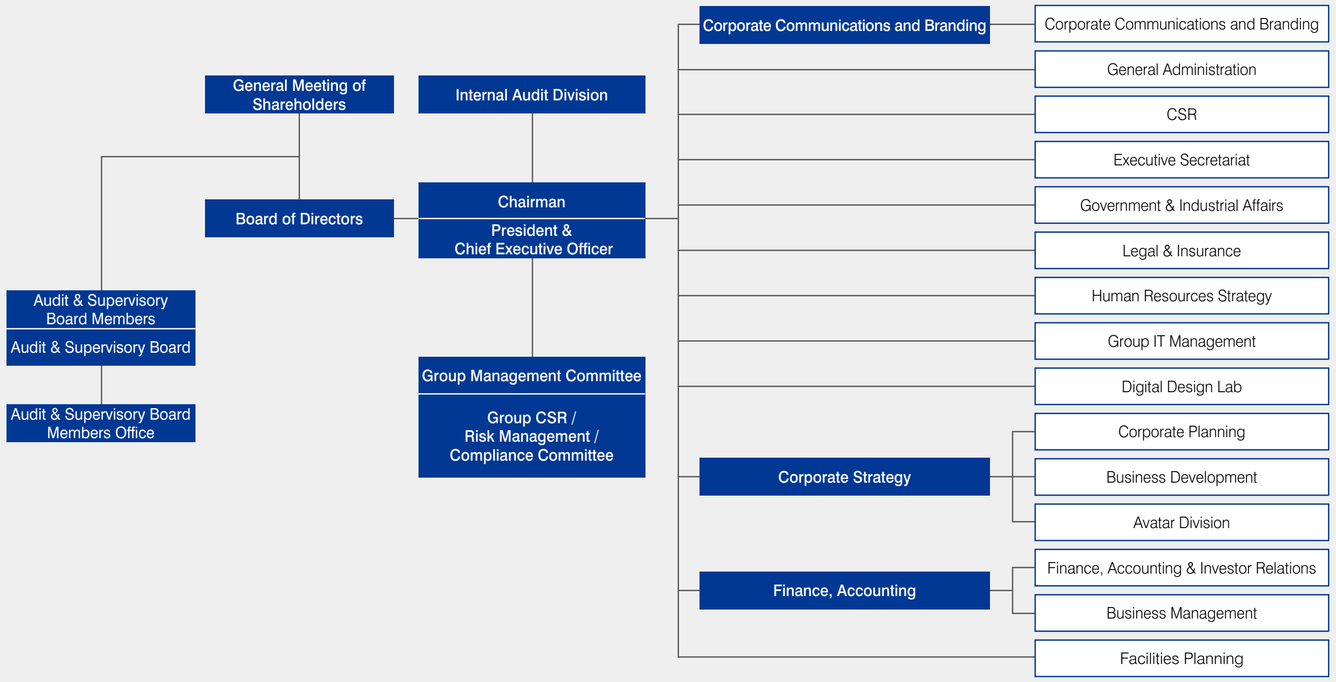
* Boeing 777, 787, 737-700, -800, Airbus A320neo, and A321neo

Resource Savings

(FY)	Unit	2014	2015	2016	2017	2018
Waste produced						
Total	1,000 tons	28.9	28.9	36.8	37.5	34.3
[Breakdown]						
General waste (Cabin waste and sewage included)		21.8	22.4	28.7	31.5	28.4
General waste (Ground waste included)		2.6	2.9	3.0	2.6	2.7
Industrial waste		4.5	3.6	5.1	3.4	3.2
Total paper consumption	1,000 tons	4.7	4.7	4.6	4.0	3.2
Total water consumption						
Clean water	10,000 kl	53.5	51.5	57.8	61.4	51.5
Non-potable water	10,000 kl	6.9	6.3	7.2	9.4	7.6
Total waste water	10,000 tons	14.6	16.3	16.0	12.7	13.2

The ANA Group Profile

ANA HOLDINGS INC. Organization (As of July 1, 2019)



Number of Subsidiaries and Affiliates (As of March 31, 2019)

Operating segment	Total of subsidiaries	of which, consolidated	of which, equity method	Total of affiliates	of which, equity method
Air Transportation	5	5	—	3	1
Airline Related	48	36	—	5	2
Travel Services	5	4	—	3	1
Trade and Retail	61	9	—	3	1
Others	9	8	1	30	10
Total	128	62	1	44	15

Major Subsidiaries (As of March 31, 2019)

Company name	Amount of capital (¥ Millions)	Ratio of voting rights holding (%)	Principal business
Air Transportation			
ALL NIPPON AIRWAYS CO., LTD.	25,000	100.0	Air transportation
Air Japan Co., Ltd.	50	100.0	Air transportation
ANA WINGS CO., LTD.	50	100.0	Air transportation
Peach Aviation Limited	7,515	77.9	Air transportation
Airline Related			
ANA Cargo Inc.	100	100.0	Cargo operations
Overseas Courier Service Co., Ltd.	100	91.5	Express shipping business
ANA Systems Co., Ltd.	80	100.0	Innovation and operation of IT systems
Travel Services			
ANA Sales Co., Ltd.	1,000	100.0	Planning and sales of travel packages, etc.
Trade and Retail			
ALL NIPPON AIRWAYS TRADING Co., Ltd.	1,000	100.0	Trading and retailing

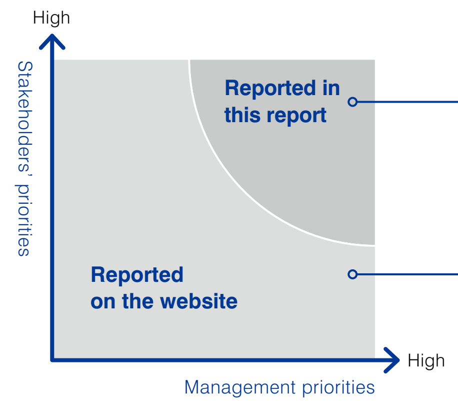
Note: No specified wholly owned subsidiaries as of the end of the fiscal year under review.

Corporate Data (As of March 31, 2019)

Corporate Profile

Trade Name	ANA HOLDINGS INC.
Date of Foundation	December 27, 1952
Head Office	Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku Tokyo 105-7140, Japan
Number of Employees	43,466 (Consolidated)
Paid-In Capital	¥318,789 million
Fiscal Year-End	March 31
Number of Shares of Common Stock	Authorized: 510,000,000 shares Issued: 348,498,361 shares
Number of Shareholders	485,514
Stock Listing	Tokyo
Ticker Code	9202
Administrator of Register of Shareholders	Sumitomo Mitsui Trust Bank, Limited (Stock Transfer Agency Department) 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Independent Auditor	Deloitte Touche Tohmatsu LLC
American Depositary	Receipts Ratio (ADR:ORD): 5:1 Exchange: OTC (Over-the-Counter) Symbol: ALNPY CUSIP: 032350100 Depositary: The Bank of New York Mellon 240 Greenwich Street New York, NY 10286, U.S.A. Tel: 1-201-680-6825 U.S. Toll Free: 1-888-269-2377 (888-BNY-ADRS) URL: https://www.adrbnymellon.com

Scope of This Report



Annual Report (Hard Copy and PDF)
PDF version https://www.ana.co.jp/group/en/investors/irdata/annual/

For Further Information (Website)
Corporate Profile https://www.ana.co.jp/group/en/about-us/
Investor Relations https://www.ana.co.jp/group/en/investors/
CSR https://www.ana.co.jp/group/en/csr/

Fact Book 2019
Fact Book 2019 can be downloaded from the Company's corporate website in PDF format. This document contains financial data and information on the domestic and international markets and LCC status.
https://www.ana.co.jp/group/en/investors/irdata/annual/

Forward-Looking Statements

This report contains statements based on the ANA Group's current plans, estimates, strategies, and beliefs; all statements that are not statements of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Group's management based on currently available information. Air Transportation Business, the Group's core business, involves government-mandated costs that are beyond the Company's control, such as airport utilization fees and fuel taxes.

In addition, conditions in the markets served by the ANA Group are subject to significant fluctuations. Factors that could affect actual results include, but are not limited to, economic trends, sharp changes in exchange rates, fluctuations in the price of crude oil, and disasters.

Due to these risks and uncertainties, the Group's future performance may differ significantly from the contents of this report. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.

Contact

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