NYK GROUP

Financial Results 2024

Year Ended March 31, 2024

Nippon Yusen Kabushiki Kaisha

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2024)

(Consolidated Statement of Income)	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
REVENUES (Note 24)	¥2,387,240	¥2,616,066	$15,766,726
COSTS AND EXPENSES (Notes 5 and 7)	1,973,970	2,105,915	13,037,249
Gross profit	413,269	510,150	2,729,469
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 4 and 7)	238,589	213,799	1,575,780
Operating profit	174,679	296,350	1,153,682
NON-OPERATING INCOME:			
Interest income	5,586	4,320	36,893
Dividend income	9,478	12,224	62,598
Equity in earnings of unconsolidated subsidiaries and affiliates	99,610	811,957	657,882
Other	4,770	7,638	31,503
Total non-operating income	119,445	836,141	788,884
NON-OPERATING EXPENSES:			
Interest expenses	13,826	15,388	91,314
Foreign exchange losses	13,447	3,182	88,811
Other	5,510	4,132	36,391
Total non-operating expenses	32,784	22,702	216,524
Recurring profit	261,341	1,109,790	1,726,048
OTHER GAINS:			
Gain on sales of non-current assets (Note 6)	15,549	7,355	102,694
Gain on sales of investment securities	32,689	597	215,897
Gain on sales of shares of subsidiaries and associates	9,938	1,171	65,636
Other	5,429	4,229	35,856
Total other gains	63,607	13,352	420,097
OTHER LOSSES:			
Loss on sales of non-current assets	582	46	3,843
Loss on retirement of non-current assets	1,086	383	7,172
Loss on sales of shares of subsidiaries and associates	971	-	6,413
Provision of allowance for doubtful accounts	889	-	5,871
Bad debts expenses	1,112	101	7,344
Other	1,464	39,169	9,669
Total other losses	6,106	39,701	40,327
PROFIT BEFORE INCOME TAXES	318,842	1,083,441	2,105,818
Income taxes - Current	74,429	45,189	491,572
Income taxes - Deferred	9,149	12,900	60,425
Total income taxes (Note 22)	83,578	58,089	551,997
PROFIT	235,263	1,025,352	1,553,814
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	6,660	12,828	43,986
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	228,603	1,012,523	1,509,827

Per share of common stock (Note 27):	Yen		U.S. dollars (Note 2)
Basic profit	¥468.13	¥1,993.71	$3,091
Cash dividends applicable to the year	(Note 27)	(Note 27)	(Note 27)

(Consolidated Statement of Comprehensive Income)	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Profit	¥235,263	¥1,025,352	$1,553,814
Other comprehensive income (Note 8)			
Unrealized gain (loss) on available-for-sale securities	17,697	706	116,881
Deferred gain (loss) on hedges	(973)	(3,509)	(6,426)
Foreign currency translation adjustments	37,520	21,743	247,803
Remeasurements of defined benefit plans	65,640	(2,262)	433,524
Share of other comprehensive income of associates accounted for using equity method	167,875	126,422	1,108,744
Total other comprehensive income	287,760	143,099	1,900,534
Comprehensive income	523,023	1,168,452	3,454,349
Comprehensive income attributable to owners of parent	514,146	1,154,618	3,395,720
Comprehensive income attributable to non-controlling interests	8,877	13,834	58,628

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2024)

	Millions of yen											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available–forsale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Noncontrolling interests	Total equity
Balance, March 31, 2022	¥144,319	¥44,314	¥1,396,300	¥(3,428)	¥1,581,506	¥32,136	¥(15,452)	¥85,785	¥29,737	¥132,207	¥45,359	¥1,759,073
Dividends from surplus	-	-	(389,957)	-	(389,957)	-	-	-	-	-	-	(389,957)
Profit attributable to owners of the parent company	-	-	1,012,523	-	1,012,523	-	-	-	-	-	-	1,012,523
Purchase of treasury stock	-	-	-	(1,537)	(1,537)	-	-	-	-	-	-	(1,537)
Disposal of treasury stock	-	1	-	1,173	1,174	-	-	-	-	-	-	1,174
Change in equity of parent related to transactions with non–controlling shareholders	-	703	-	-	703	-	-	-	-	-	-	703
Change in scope of consolidation	-	-	11	-	11	-	-	-	-	-	-	11
Other	-	(122)	37	-	(85)	-	-	-	-	-	-	(85)
Net change of items other than shareholders' capital	-	-	-	-	-	773	22,035	121,652	(2,365)	142,094	993	143,087
Total changes of items during the period	-	582	622,614	(364)	622,832	773	22,035	121,652	(2,365)	142,094	993	765,920
Balance, March 31, 2023	144,319	44,897	2,018,915	(3,793)	2,204,338	32,909	6,583	207,437	27,371	274,302	46,352	2,524,993
Dividends from surplus	-	-	(115,964)	-	(115,964)	-	-	-	-	-	-	(115,964)
Profit attributable to owners of the parent company	-	-	228,603	-	228,603	-	-	-	-	-	-	228,603
Purchase of treasury stock	-	-	-	(200,044)	(200,044)	-	-	-	-	-	-	(200,044)
Disposal of treasury stock	-	0	-	241	241	-	-	-	-	-	-	241
Change in equity of parent related to transactions with non–controlling shareholders	-	202	-	-	202	-	-	-	-	-	-	202
Change in scope of consolidation	-	-	631	-	631	-	-	-	-	-	-	631
Change in equity in subsidiaries of foreign affiliated companies	-	-	(26,663)	-	(26,663)	-	-	-	-	-	-	(26,663)
Other	-	-	-	0	0	-	-	-	-	-	-	0
Net change of items other than shareholders' capital	-	-	-	-	-	17,890	1,430	199,908	65,494	284,724	(3,359)	281,365
Total changes of items during the period	-	202	86,606	(199,802)	(112,994)	17,890	1,430	199,908	65,494	284,724	(3,359)	168,371
Balance, March 31, 2024	144,319	45,099	2,105,521	(203,595)	2,091,344	50,800	8,014	407,345	92,866	559,026	42,993	2,693,365

	Thousands of U.S. dollars (Note 2)											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available–forsale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Noncontrolling interests	Total equity
Balance, March 31, 2023	$1,080,798	$336,231	$15,119,561	$(28,405)	$16,508,185	$246,453	$49,299	$1,553,486	$204,980	$2,054,235	$347,127	$18,909,555
Dividends from surplus	-	-	(765,893)	-	(765,893)	-	-	-	-	-	-	(765,893)
Profit attributable to owners of the parent company	-	-	1,509,827	-	1,509,827	-	-	-	-	-	-	1,509,827
Purchase of treasury stock	-	-	-	(1,321,207)	(1,321,207)	-	-	-	-	-	-	(1,321,207)
Disposal of treasury stock	-	0	-	1,591	1,591	-	-	-	-	-	-	1,591
Change in equity of parent related to transactions with non-controlling shareholders	-	1,334	-	-	1,334	-	-	-	-	-	-	1,334
Change in scope of consolidation	-	-	4,167	-	4,167	-	-	-	-	-	-	4,167
Change in equity in subsidiaries of foreign affiliated companies	-	-	(176,098)	-	(176,098)	-	-	-	-	-	-	(176,098)
Other	-	-	-	0	0	-	-	-	-	-	-	0
Net change of items other than shareholders' capital	-	-	-	-	-	118,156	9,444	1,320,309	432,560	1,880,483	(22,184)	1,858,298
Total changes of items during the period	-	1,334	571,996	(1,319,609)	(746,278)	118,156	9,444	1,320,309	432,560	1,880,483	(22,184)	1,112,020
Balance, March 31, 2024	953,166	297,860	13,906,089	(1,344,660)	13,812,456	335,512	52,929	2,690,344	613,341	3,692,133	283,950	17,788,554

See notes to consolidated financial statements.

Consolidated Balance Sheet

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(March 31, 2024)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 10, 16, and 18)	¥156,163	¥204,817	$1,031,391
Notes and operating accounts receivable-trade, and contract assets (Notes 10, 18, and 24)	354,656	337,702	2,342,355
Inventories (Notes 10 and 11)	69,886	57,593	461,567
Deferred and prepaid expenses (Note 10)	29,862	30,897	197,226
Other	96,857	91,693	639,700
Allowance for doubtful accounts	(3,909)	(2,562)	(25,817)
Total current assets	703,517	720,142	4,646,436
NON-CURRENT ASSETS:			
VESSELS, PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 10, 14, 15, and 23)**:**			
Vessels	787,035	637,257	5,198,038
Buildings and structures	149,154	143,069	985,100
Aircraft	90,273	98,573	596,215
Machinery, equipment, and vehicles	29,678	32,311	196,010
Furniture and fixtures	8,367	7,536	55,260
Land	75,747	89,882	500,277
Construction in progress	223,454	126,324	1,475,820
Other	9,417	8,795	62,195
Total vessels, property, plant and equipment	1,373,126	1,143,751	9,068,925
INTANGIBLE ASSETS:			
Leasehold right	5,599	5,365	36,979
Software (Note 10)	7,443	8,390	49,157
Goodwill	27,743	13,712	183,230
Other	12,518	13,923	82,676
Total intangible assets	53,305	41,392	352,057
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 10, 12, 18, and 19)	1,813,157	1,688,380	11,975,146
Long-term loans receivable (Note 18)	51,671	27,642	341,265
Net defined benefit asset (Note 21)	186,211	88,404	1,229,846
Deferred tax assets (Note 22)	7,717	9,120	50,967
Other (Note 10)	71,496	62,947	472,201
Allowance for doubtful accounts (Note 18)	(5,671)	(5,174)	(37,454)
Total investments and other assets	2,124,582	1,871,320	14,031,979
Total non-current assets	3,551,014	3,056,464	23,452,968
DEFERRED ASSETS	238	190	1,571
TOTAL ASSETS	4,254,770	3,776,797	28,100,984

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
LIABILITIES			
CURRENT LIABILITIES:			
Notes and operating accounts payable–trade (Notes 10, 18, and 24)	¥228,287	¥206,153	$1,507,740
Current portion of bonds payable (Notes 18 and 29)	33,000	10,000	217,951
Short-term loans payable (Notes 10, 18, and 29)	194,716	73,581	1,286,018
Commercial papers (Notes 18 and 29)	53,000	-	350,042
Leases liabilities (Notes 10, 18, and 29)	22,649	26,412	149,587
Income taxes payable	15,282	17,914	100,931
Contract liabilities	53,430	50,562	352,882
Provision for bonuses	17,502	20,736	115,593
Provision for directors’ bonuses	434	617	2,866
Provision for stock payment	258	241	1,703
Provision for losses related to contracts	213	146	1,406
Other	125,779	92,668	830,717
Total current liabilities	744,554	499,034	4,917,469
NON-CURRENT LIABILITIES:			
Bonds payable (Notes 18 and 29)	74,000	87,000	488,739
Long-term loans payable (Notes 10, 18, and 29)	461,294	422,691	3,046,654
Leases liabilities (Notes 10, 18, and 29)	75,145	74,406	496,301
Deferred tax liabilities (Note 22)	120,575	71,676	796,347
Net defined benefit liability (Note 21)	16,086	15,302	106,241
Provision for directors’ retirement benefits	895	862	5,911
Provision for stock payment	116	54	766
Provision for periodic dry docking of vessels	28,225	20,892	186,414
Provision for losses related to contracts	5,425	8,883	35,829
Provision for related to business restructuring	276	256	1,822
Other	34,808	50,741	229,892
Total non-current liabilities	816,850	752,769	5,394,954
Total liabilities	1,561,404	1,251,803	10,312,423
EQUITY (Notes 9 and 28)			
SHAREHOLDERS’ CAPITAL:			
Common stock	144,319	144,319	953,166
Capital surplus	45,099	44,897	297,860
Retained earnings	2,105,521	2,018,915	13,906,089
Treasury stock	(203,595)	(3,793)	(1,344,660)
Total shareholders’ capital	2,091,344	2,204,338	13,812,456
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized gain (loss) on available-for-sale securities	50,800	32,909	335,512
Deferred gain (loss) on hedges	8,014	6,583	52,929
Foreign currency translation adjustments	407,345	207,437	2,690,344
Remeasurements of defined benefit plans	92,866	27,371	613,341
Total accumulated other comprehensive income (loss)	559,026	274,302	3,692,133
Non-controlling interests	42,993	46,352	283,950
Total equity	2,693,365	2,524,993	17,788,554
TOTAL LIABILITIES AND EQUITY	4,254,770	3,776,797	28,100,984

	Yen		U.S. dollars (Note 2)
	2024	2023	2024
Equity per share (Note 27)	¥5,772.50	¥4,877.55	$38,124

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2024)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
OPERATING ACTIVITIES			
Profit before income taxes	¥318,842	¥1,083,441	$2,105,818
Adjustments for:			
Depreciation and amortization	141,605	121,658	935,242
Impairment losses	162	27,951	1,069
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(13,881)	(6,925)	(91,678)
Loss (gain) on sales of short-term and long-term investment securities	(41,531)	(1,341)	(274,294)
Loss (gain) on valuation of short-term and long-term investment securities	-	482	-
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(99,610)	(811,957)	(657,882)
Interest and dividend income	(15,065)	(16,544)	(99,498)
Interest expenses	13,826	15,388	91,314
Foreign exchange losses (gains)	11,140	607	73,575
Decrease (increase) in notes and accounts receivable-trade, and contract assets	(10,100)	35,645	(66,706)
Decrease (increase) in inventories	(11,829)	(236)	(78,125)
Increase (decrease) in notes and accounts payable–trade	12,105	(20,282)	79,948
Other, net	19,895	2,385	131,398
Subtotal	325,560	430,272	2,150,188
Interest and dividend income received	171,571	457,209	1,133,155
Interest expenses paid	(12,615)	(14,444)	(83,316)
Income taxes paid	(83,101)	(48,183)	(548,847)
Net cash provided by operating activities	401,414	824,853	2,651,172
INVESTING ACTIVITIES			
Purchase of vessels, property, plant, and equipment and intangible assets	(336,281)	(198,360)	(2,220,995)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	79,835	29,009	527,276
Purchase of investment securities	(48,197)	(57,423)	(318,321)
Proceeds from sales and redemption of investment securities	65,492	9,957	432,547
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(13,574)	(23,055)	(89,650)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	7,286	-
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(599)	-	(3,956)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	18,182	2,919	120,084
Payments of loans receivable	(25,015)	(7,040)	(165,213)
Collections of loans receivable	6,815	8,333	45,010
Other, net	(32,287)	(24,592)	(213,242)
Net cash used in investing activities	(285,631)	(252,964)	(1,886,473)
FINANCING ACTIVITIES			
Net increase (decrease) in short-term loans payable	90,133	(4,450)	595,290
Net increase (decrease) in commercial papers	53,000	-	350,042
Proceeds from long-term loans payable	103,935	16,663	686,447
Repayments of long-term loans payable	(69,305)	(135,545)	(457,730)
Proceeds from issuance of bonds	19,885	-	131,332
Redemption of bonds	(10,000)	(30,000)	(66,045)
Repayments of leases liabilities	(27,037)	(24,226)	(178,568)
Proceeds from share issuance to non-controlling shareholders	-	987	-
Purchase of treasury stock	(200,044)	(1,537)	(1,321,207)
Proceeds from sales of treasury stock	241	2,950	1,591
Cash dividends paid to shareholders	(115,964)	(389,957)	(765,893)
Cash dividends paid to non-controlling interests	(7,175)	(12,001)	(47,387)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(108)	-
Other, net	(1,088)	(3,976)	(7,185)
Net cash used in financing activities	(163,420)	(581,203)	(1,079,321)
Effect of exchange rate change on cash and cash equivalents	(3,735)	(22,836)	(24,668)
Net increase (decrease) in cash and cash equivalents	(51,372)	(32,150)	(339,290)
Cash and cash equivalents at beginning of period	196,231	226,694	1,296,024
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	898	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	614	-
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	-	173	-
Cash and cash equivalents at end of period (Note 16)	144,858	196,231	956,726

See notes to consolidated financial statements.

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements 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 conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards.

In preparing these consolidated financial statements, additional information is provided in order to present the consolidated financial statements in a format familiar to international readers. The result of this does not affect the financial position, results of operations, and cash flows of the consolidated companies as reported in the original consolidated financial statements.

Yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data.

2. U.S. Dollar Amounts

The accompanying consolidated financial statements are stated in yen, and the U.S. dollar amounts represent the arithmetical results of translating yen to U.S. dollars using the exchange rate prevailing at March 31, 2024, which was ¥151.41 to $1.00. The statements in such dollar amounts are solely for the convenience of readers outside Japan and are not intended to imply that the yen amounts have been, or could be, readily converted, realized, or settled in dollars at that rate, or any other rates, of exchange.

3. Summary of Significant Accounting Policies

A. Consolidation Policies

(1) The consolidated financial statements include the accounts of Nippon Yusen Kabushiki Kaisha (the “Company”) and its 505 consolidated subsidiaries (the “NYK Group”) at March 31, 2024.

During the fiscal year ended March 31, 2024, the Company newly established 18 companies that were included within the scope of consolidation as they were newly established.

A total of 14 companies were included in the scope of consolidation as their total assets, revenues, profit, and retained earnings, etc., increased to material amounts.

A total of 11 companies were included in the scope of consolidation due to the acquisition of shares.

One company was changed from affiliates accounted for by the equity method to consolidated subsidiaries due to the acquisition of shares.

A total of 25 companies were excluded from the scope of consolidation as they were liquidated.

A total of 2 companies were excluded from the scope of consolidation due to mergers.

A total of 5 companies were excluded from the scope of consolidation due to the disposal of its shares.

There are no significant unconsolidated subsidiaries that require particular mention.

The total amounts of total assets, net sales, equity in net profits, and equity in retained earnings of unconsolidated subsidiaries are all insignificant compared with the total amounts of total assets, net sales, equity in net profits, and retained earnings of the Company’s consolidated subsidiaries, and since they do not exert a material impact on the consolidated financial statements as a whole, they have been excluded.

(2) Investments in unconsolidated subsidiaries and affiliates are accounted for either using the cost method or using the equity method, depending on the extent of influence or fiscal significance each carries. The Company accounted for 3 unconsolidated subsidiaries and 222 affiliates using the equity method at March 31, 2024.

In the consolidated fiscal year ended March 31, 2024, the Company newly established 3 companies and judged 13 companies to have a material impact on the consolidated financial statements. Consequently, these companies were newly included in the scope of companies accounted for using the equity method.

A total of 6 companies were included in the scope of companies accounted for using the equity method due to the acquisition of shares.

One company was changed from affiliates accounted for by the equity method to consolidated subsidiaries due to the acquisition of shares.

A total of 2 companies were excluded from the scope of application of the equity method as they were liquidated.

A total of 2 companies were excluded from the scope of application of the equity method due to mergers.

There are no unconsolidated subsidiaries or affiliated companies not accounted for by the equity method that require particular mention.

The total amounts of equity in net profits and retained earnings of unconsolidated subsidiaries or affiliated companies not accounted for by the equity method are insignificant compared with the total amounts of equity in net profits of the Company’s consolidated subsidiaries and affiliated companies accounted for by the equity method, and their impact on retained earnings is thus negligible. Since they do not exert a material impact on the consolidated financial statements as a whole, they have been excluded.

For one of the companies accounted for by the equity method whose closing date for their financial statements is December 31, the Company has used financial statements based on a provisional closing conducted as of the closing date for the consolidated financial statements. For the other companies with closing dates that differ from the consolidated closing date, the Company has used the financial statements for each company's financial year.

(3) All significant intercompany balances, transactions, and material unrealized profit within the consolidated group have been eliminated in consolidation.

B. Accounting Period

The Company's accounting period begins each year on April 1 and ends the following year on March 31.

During the fiscal year ended March 31, 2024, December 31 was used by 40 consolidated subsidiaries as the closing date for their financial statements. Necessary adjustments have been made to address transactions that occurred between closing dates different to that of the Company.

A total of 9 companies with a fiscal year end of December 31 provide financial statements based on provisional settlement of accounts as of March 31 to facilitate preparation of the consolidated financial statements.

From the fiscal year under review, a consolidated subsidiary has changed its closing date of account from December 31 to March 31.

C. Foreign Currency Financial Statements

The balance sheet accounts of consolidated foreign subsidiaries are translated into yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity and "Non-controlling interests."

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

D. Valuation of Assets

(1) Short-term investment securities and investment securities are classified and accounted for, depending on management's intent, as follows:

i) Held-to-maturity debt securities are reported at amortized cost (primarily straight-line method).

ii) Available-for-sale securities

(a) Securities other than nonmarketable shares

Fair value method (Unrealized gains and losses are reported as accumulated other comprehensive income (loss), and the costs of securities sold are determined by the moving-average method)

(b) Nonmarketable shares

Primarily, cost method determined by the moving-average method

(2) Derivatives are stated at fair value.

(3) Inventories are stated at the lower of cost, determined by the first-in, first-out method, or net selling value, which is defined as the selling price, less additional estimated manufacturing costs and estimated direct selling expenses.

E. Depreciation and Amortization

(1) Vessels, property, plant and equipment, except for lease assets, are depreciated as follows:

Vessels, property, plant and equipment are depreciated generally by the straight-line method.

(2) Intangible assets, except for lease assets, are amortized as follows:

Computer software is amortized by the straight-line method based principally on the length of period it can be used internally (five years). Other intangible assets are amortized by the straight-line method.

(3) Leased assets are depreciated as follows:

Leased assets related to financial leases that transfer ownership rights are depreciated by the same depreciation method that is applied to fixed assets owned by the Company. Leased assets related to financial leases that do not transfer ownership rights are depreciated under the straight-line method based on the lease term as the useful life and assuming no residual value.

Some overseas consolidated subsidiaries applied IFRS 16 "Leases" or ASU No. 2016-02 "Leases." As a general rule, each of the lessees' leases is recorded as an asset and a liability on the consolidated balance sheet, and recognized right-of-use assets are depreciated using the straight-line method.

F. Disposition method of deferred assets

Bond issuance costs:

Bond issuance costs are amortized equally each month over the period of redemption of the bond.

G. Provisions and Allowances

(1) Allowance for doubtful accounts:
The allowance for doubtful accounts is provided to prepare for credit losses on sales receivables, loans, and so forth. It is stated as the projected unrecoverable amount, calculated based on the historical default rate for general receivables and on individual collectability for specific receivables such as doubtful accounts.

(2) Provision for bonuses:
To provide for bonuses paid to employees, provision for bonuses is recorded as the amount of projected future payments that is attributable to the fiscal year under review.

(3) Provision for directors' bonuses:
To provide for bonuses paid to Directors and Audit and Supervisory Board Members, provision for bonuses is recorded as the amount of projected future payments that is attributable to the fiscal year under review.

(4) Provision for directors' retirement benefits:
To provide for the payment of retirement benefits to Directors and Audit and Supervisory Board Members in accordance with internal policies, certain consolidated subsidiaries record such provisions calculated as the estimated amount that would be payable if all Directors and Audit and Supervisory Board members were to retire at the balance sheet date.

(5) Provision for stock payment:
Provision for stock payment is calculated based on the estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Executive Officers at the end of the fiscal year under review, to prepare for the payment of the Company stocks to Directors and Executive Officers based on the Share Delivery Rules.

(6) Provision for periodic dry docking of vessels:
Provision for periodic dry docking of vessels is provided based on the estimated amount of expenditures for periodic dry docking in the future.

(7) Provision for losses related to contracts:
Provision for possible losses associated with the fulfillment of fixed-term vessel charter contracts, performance of lease contracts, or early redelivery of vessels, and purchase of non-current assets are based on estimated amounts of future losses.

(8) Provision related to business restructuring:
Provision for losses resulting from business restructuring is provided in preparation for estimated future losses.

H. Accounting Method for Retirement Benefits

(1) Method of attributing estimated amounts of retirement benefits to periods:
In calculating defined benefit obligations, the estimated amount of retirement benefits attributed to a period up to the fiscal year under review is primarily determined based on a benefit formula basis.

(2) Amortization of unrecognized actuarial gain (loss) and prior service cost:
Unrecognized actuarial gain (loss) is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a certain period (primarily eight years), which is not more than the average remaining service period of employees.
Prior service cost is amortized by the straight-line method over a certain period (primarily eight years), which is not more than the average remaining service period of employees.

I. Revenue and Expense Recognition

Regarding the contracts with customers, when control of the promised goods or service transfers to the customer, the expected monetary compensation received in return to which the Company expects to be entitled is recognized as revenue based on the following Five-Step Approach.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognize revenue when a performance obligation is satisfied by transferring a promised goods or service to a customer at a point in time or over time

(Overall businesses)
The Group operates mainly liner trade business, bulk shipping business, air cargo transportation business, logistics business, real estate business, and other business services.

We determine whether we provide goods or services as a principal or as an agent in identifying performance obligations. In the cases the promise we made to a customer, by its nature, consists of a performance obligation to provide specified goods or services by ourselves, we recognize revenue at the gross amount of consideration as a principal. Whereas in the cases the performance obligation involves arranging other parties to provide such goods or services, we recognize revenue at the net amount of consideration as an agent.

The consideration receivable from customers is normally paid within one year from the fulfillment of performance obligations. This process does not involve a significant financing component.

The transaction price is measured at the amount of consideration that the Group expects to become entitled to in return for the transfer of the promised goods or services to the customer and may include variable consideration. In cases where variable consideration is included in the consideration of contracts with customers, it is included in the transaction price only to the extent that it is highly probable that a significant reduction of revenue recorded until that time will not occur when the uncertainty associated with such variable consideration is subsequently resolved.

Transaction price is allocated to each performance obligation at an amount that reflects the amount of consideration the Group expects to become entitled to in return for the transfer of the promised goods or services to the customer. In order to allocate the transaction price to each performance obligation in proportion to the stand-alone selling price, we determine at the inception of the contract the stand-alone selling price for each individual goods or services that form the basis of each performance obligation in the contract. Then transaction price shall be allocated in proportion to such stand-alone selling price.

In recognizing revenue, we identify the performance obligations of liner trade business, bulk shipping business, air cargo transportation business, logistics business, and other business services, respectively, based on contracts with customers. In some cases, performance obligations are satisfied, and revenue is recognized at a point in time. In other cases, performance obligations are satisfied and revenue is recognized over time by using an estimate of the progress towards complete satisfaction of the performance obligations, based primarily on the number of days within the performance period. Normally, revenues are recognized on the following timing when the Group's performance obligations are considered to have been fulfilled. Furthermore, among matters relating to the five steps mentioned above (from Step 1 to Step 5), matters which the Group believes it would be more appropriate to disclose by business segment are stated hereunder.

(1) Revenues from shipping operation (liner trade and bulk shipping businesses)

In shipping operations (liner trade and bulk shipping businesses), we provide customers with transportation services, etc. based on charter contracts and other types of contracts (e.g., consecutive voyage charter contract, contract of affreightment, contract for carriage of individual goods, time charter contract, etc.), in which performance obligations are deemed to be fulfilled over a certain period of time. In the case of transportation services (excluding time charter), revenue is recognized by using a reasonable estimate of the progress towards complete satisfaction of the performance obligations, based on the number of days within the voyage period. Certain bulk shipping businesses provided as transportation services involving normal voyage duration from the place of departure to the place of return (including unloaded voyage as part of the performance of transportation service, but excluding voyage not for performing transportation service or stand-by period), one voyage of a vessel carrying consignments of more than one customer is defined as a single performance obligation, and revenue is recognized over such a period of voyage. In the case of the time charter, since the Group is entitled to receive the amount of consideration directly corresponding to the customer value for the portion of completed service to date, revenue is recognized at such entitled amount.

The consideration receivable from the customer in the time charter is normally received prior to the satisfaction of performance obligations which is fulfilled within one year of such receipt. In cases other than the time charter, payment is normally received within one year of the fulfillment of performance obligation. This process does not involve a significant financing component.

Transaction price depends on variable elements such as the number of voyages, freight rate, demurrage, and dispatch money, etc., which involves variable consideration.

Allocation of variable consideration (transaction price) charged for consecutive voyage charter and contract of affreightment to the relevant performance obligations is achieved by allocating it to the transportation services in each voyage, because the allocation of the entire amount of variable consideration derived from each voyage to the transportation services in each voyage should reflect the amount of price we expect to be entitled to, in view of the condition of payment of variable consideration being individually related to the transportation services in each voyage, along with all performance obligations and payment conditions in the contract.

On the other hand, since revenue from bareboat charter contract is derived from revenue associated primarily with lease transactions, thus outside the scope of the Accounting Standard for Revenue Recognition, etc. Therefore, the revenue is recognized in accordance with the Accounting Standard for Lease Transactions, etc.

(2) Revenues from the air cargo operation (air cargo transportation business)

In the air cargo transportation business, we provide customers with air cargo transportation services and other services based on the transportation service contract, etc., in which performance obligations are deemed to be fulfilled over a certain period of time. In the case of air cargo transportation service, revenue is recognized by using a reasonable estimate of the progress towards complete satisfaction of the performance obligations, based on the number of days within the transportation period.

(3) Revenues from logistics operation (logistics business)

In the logistics business, we provide customers with services including international cargo transportation services (marine/air) and logistics services (land transportation and warehousing) based on carriage contract, etc., in which performance obligations are deemed to be fulfilled over a certain period of time. In the international cargo transportation services (marine/air), revenue is recognized by using a reasonable estimate of the progress towards complete satisfaction of the performance obligations, based on the number of days in the period of transportation by sea or air, etc. In the case of logistics services (land transportation and warehousing), revenue is recognized by using a reasonable estimate of the progress towards complete satisfaction of the performance obligations, based on the number of days in the period of transportation or warehousing and other services, etc.

(4) Other revenues (real estate business and other business services)

In other business services, we provide customers with services including mainly marine fueling service and fuel sale, in which performance obligations are deemed to be fulfilled at the time of delivery, when customers obtain control over the fueling service and sale of marine fuel, etc., hence revenue is recognized at this point in time.

The real estate business primarily comprises property leasing business where revenues derive mainly from property leasing transactions, which is outside the scope of the Accounting Standard for Revenue Recognition, etc. Thus, revenues are recognized in accordance with the Accounting Standard for Lease Transactions, etc.

J. Method of Accounting for Material Hedge Transactions

For assets, liabilities, and planned transactions, the Company and its consolidated subsidiaries apply hedge accounting to derivative transactions in order to offset risks posed by fluctuations in interest rates, foreign currency exchange rates, and cash flows. In addition, hedge accounting is also applied to derivative transactions used to mitigate the risks of price fluctuations in fuel procurement and others. For hedge accounting, the Company and its consolidated subsidiaries adopt a deferred hedge method that requires the Company to mark the derivative transactions effective as hedges to market and to defer the valuation loss/gain. For forward foreign exchange contracts, etc., that meet the required conditions under the accounting standard, the Company and its consolidated subsidiaries translate hedged foreign currency assets and liabilities at the rates of these contracts. In addition, for interest rate swap contracts, etc., that meet specified conditions under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expense of the hedged financial assets and liabilities. In addition, the following hedging methods for various risks are utilized: interest rate swaps to hedge the risk of interest rate fluctuations related to borrowings, bonds, and others; currency swap contracts, forward foreign currency exchange contracts, debts, and credits in foreign currency to hedge the foreign exchange risk associated with monetary assets and liabilities, expected transactions, and others; and fuel swap contracts to hedge the risk of price fluctuations in fuel oil and others. The Company and its consolidated subsidiaries evaluate the effectiveness of hedging methods at the end of each financial quarter, except for interest rate swaps and interest rate caps that meet specified conditions under the accounting standard by analyzing the ratios of the cumulative amount of market fluctuation or cash flow among the hedging financial instruments and the hedged items.

For foreign currency transactions, both short-term and long-term receivables and payables denominated in foreign currencies are translated into yen at exchange rates in effect at the balance sheet date.

However, short-term and long-term receivables and payables covered by forward exchange contracts are translated at the contract rates.

Any differences between the foreign exchange contract rates and historical rates resulting from the translation of receivables and payables are recognized as income or expense over the lives of the related contracts.

However, interest rate swaps, etc., that are subject to special accounting treatment are excluded from the abovementioned evaluation.

Of the above hedges, all of those falling under the scope of application of “Revised Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (the Accounting Standards Board of Japan (ASBJ) the revised Practical Solution No. 40 (revised 2022), issued on March 17, 2022) were subjected to special treatment stipulated in the above solution. Details of hedges subjected to said special treatment are as follows.

Method for hedge accounting: Deferred hedge method, special accounting treatment
Hedging instruments: Interest rate swap, currency swap
Hedged items: Accounts payable, loans payable
Types of hedge transactions: To cancel out exchange fluctuations; to secure stable cash flows

K. Method of Amortization of Goodwill and Period of Amortization

Any material difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary upon inclusion in the consolidation, unless specifically identified and reclassified to the applicable accounts from which the value originates, is treated as goodwill or negative goodwill, as the case may be, and amortized over a period of 5 to 20 years on a straight-line basis.

L. Cash and Cash Equivalents

Cash and cash equivalents are composed of cash on hand, bank deposits that are able to be withdrawn on demand, and short-term investments with original maturities of three months or less that are exposed to minor value fluctuation risk.

M. Capitalization of Interest Expenses

Interest expenses are generally charged to expenses as incurred. However, interest expenses incurred in the construction of certain assets, particularly projects for vessels, are capitalized and included in the costs of assets when a construction period is substantially long, and the amount of interest incurred during such a period is significantly material.

N. Income Taxes

The Company and its subsidiaries recognize future tax consequences of temporary differences between assets and liabilities in accounting and tax treatments. Deferred taxes are computed based on the pretax income or loss included in the consolidated statement of income and measured by applying currently enacted laws to the temporary differences. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Adoption of group tax sharing system

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system.

O. Significant Accounting Estimates

(1) Impairment losses of non-current assets

• The amount recorded in the consolidated balance sheet

The amounts of non-current assets recorded are mainly as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Vessels	¥787,035	¥637,257	$5,198,038
Aircraft	90,273	98,573	596,215

• Information on the significant accounting estimate

If any impairment indicators exist for assets or asset groups ("asset groups"), the Group recognizes and measures impairment losses based on the undiscounted future cash flows, the value in use or the net selling price at disposition for asset groups. The value in use is calculated as the discounted present value of future cash flows. The significant assumptions used in the business plans which form the basis of future cash flows are mainly composed of the market conditions for freight and charter rates, and the future prospects of cargo demand.

Calculation period for future cash flows is based on the average remaining useful life of vessels and aircraft within the asset group concerned. The Group uses discount rates derived primarily based on capital cost. The net selling at disposition is primarily estimated based on the valuation results involving management’s experts.

In the event of worsened future prospects for freight rates or charterage, etc. or cargo transport demand, or devaluation of vessels or aircraft, new or additional impairment losses may be recognized.

(2) Recoverability of deferred tax assets

• The amount recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Deferred tax assets	¥7,717	¥9,120	$50,967

• Information on the significant accounting estimate

We evaluate the recoverability of deferred tax assets by estimating future taxable income concerning deductible temporary differences, etc. Significant assumptions in the business plan as the basis of estimating future taxable income mainly include future prospects of market condition for freight rates, charterages, etc., and cargo transport demand.

In the event of worsened future prospects for freight rates, charterages, etc. or cargo transport demand, which are the preconditions for business plan, deferred tax assets may be reduced.

P. Yet to Be Adopted Accounting Standards

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

・“Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)

・“Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)

i) Overview

In February 2018, ASBJ Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (hereinafter, “ASBJ Statement No. 28, etc.”) was published and the transfer of authority for practical guidelines on tax effect accounting in the Japanese Institute of Certified Public Accountants to the ASBJ was completed. In the process of the relevant deliberations, it was decided that the following two issues would be examined again after the publication of ASBJ Statement No. 28, etc. The issues were examined and released this time.

・Classification of tax expenses (taxation on other comprehensive income)

・Tax effects relating to sale of shares of subsidiaries, etc. (shares of subsidiaries or shares of associates) in the case where the group taxation regime is applied

ii) Scheduled date of application

These accounting standards and guidance will be applied effective from the beginning of the consolidated fiscal year ending March 31, 2025.

iii) Effects of application of the implementation guidance

The impact of the application of the Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements is currently under evaluation.

Q. Changes in Presentation

Consolidated Statement of Income

"Gain on sales of investment securities" and "Gain on sales of shares of subsidiaries and associates," which were included in "Other" under "Other gains" in the consolidated fiscal year ended March 31, 2023, have been presented as separate items in the consolidated fiscal year under review onward because their quantitative materiality increased. The consolidated financial statements for the consolidated fiscal year ended March 31, 2023 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥4,512 million for "Other" under "Other gains" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2023 has been reclassified as "Gain on sales of investment securities" totaling ¥597 million, "Gain on sales of shares of subsidiaries and associates" totaling ¥1,171 million, and "Other" amounting to ¥2,744 million.

"Gain on step acquisitions" under "Other gains," which was presented as a separate item in the consolidated fiscal year ended March 31, 2023, has been included in "Other" in the consolidated fiscal year under review onward because its quantitative materiality diminished. The consolidated financial statements for the consolidated fiscal year ended March 31, 2023 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥1,485 million for "Gain on step acquisitions" under "Other gains" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2023 has been reclassified as "Other."

"Loss on retirement of non-current assets" and "Bad debts expenses," which were included in "Other" under "Other losses" in the consolidated fiscal year ended March 31, 2023, have been presented as separate items in the consolidated fiscal year under review onward because their quantitative materiality increased. The consolidated financial statements for the consolidated fiscal year ended March 31, 2023 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥7,225 million for "Other" under "Other losses" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2023 has been reclassified as "Loss on retirement of non-current assets" totaling ¥383 million, "Bad debts expenses" totaling ¥101 million, and "Other" amounting to ¥6,741 million.

"Impairment losses" and "Loss on liquidation of subsidiaries and associates" under "Other losses," which were presented as separate items in the consolidated fiscal year ended March 31, 2023, have been included in "Other" in the consolidated fiscal year under review onward because their quantitative materiality diminished. The consolidated financial statements for the consolidated fiscal year ended March 31, 2023 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥27,951 million for "Impairment losses" and of ¥4,477 million for "Loss on liquidation of subsidiaries and associates" under "Other losses" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2023 have been reclassified as "Other."

R. Additional Information

(1) Transactions Related to the Board Incentive Plan Trust

Based on the resolution at the General Meeting of Shareholders held on June 20, 2016, the Company introduced the "Board Incentive Plan Trust" (the "Plan") as a performance-based stock remuneration plan, and the Plan was extended at the Board of Directors meeting held in March 2019. As the three years extension period expired, it was resolved at the Ordinary General Meeting of Shareholders held on June 22, 2022 to partially revise and continue the Plan.

The Plan is a stock remuneration plan for Directors who concurrently serve as Executive Officers, the Chairman of the Board of Directors not serving concurrently as Chairman and Executive Officer, and Executive Officers (excluding, however, Executive Officers whose main responsibilities are the execution of business of the Company's affiliates and who concurrently serve as Executive Officer of the Company, and who are paid basic compensation determined separately from the Company's Executive Officers; hereinafter referred to as "Directors, etc.") who are resident in Japan, where a trust established by the Company (Board Incentive Plan Trust) acquires the Company's shares using the cash contributed by the Company. Through this trust, the Company's shares and money equivalent to the amount obtained by converting the Company's shares into cash corresponding to the points granted based on the degree of achievement of business targets during the period covered by the Plan and according to individual position of the recipient are delivered and paid to Directors, etc. Accounting treatments related to the trust are in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015).

The Company's shares remaining in the Trust are recorded under equity as treasury stock, calculated based on the total book value (excluding incidental expenses) of the shares in the Trust. As of March 31, 2024, the Company's treasury stock consisted of 378 thousand shares with a total book value of ¥1,269 million, compared with 450 thousand shares and a total book value of ¥1,510 million as of March 31, 2023.

In addition, the estimated amount of the above Directors' remuneration allotted at the end of the consolidated fiscal year under review was recorded as provision for stock payment.

(2) Russia and Ukraine situation

Regarding the sanctions in various countries due to the situation involving Russia and Ukraine, the Company is holding discussions with the interested parties as necessary to take appropriate measures.

Although the situation involving Russia and Ukraine may have an impact on the Group's consolidated financial statements in the following fiscal year onward, it is difficult to reasonably estimate the financial impact at this time.

(3) Share exchange of shares of a subsidiary

At the Board of Directors meeting held on July 10, 2023, the Company resolved to transfer all shares of its consolidated subsidiary NIPPON CARGO AIRLINES CO., LTD. via a share exchange, and concluded a definitive agreement on the same day.

i) Name of the successor company

Wholly owning parent company in the share exchange: ANA HOLDINGS INC. (ANAHD)

ii) Details of the business to be divested

Wholly owned subsidiary in the share exchange: NIPPON CARGO AIRLINES CO., LTD. (NCA)

Description of business: Air cargo transportation business

Main transactions with the Company: The Company provides loans to NCA for its business operations.

iii) Main reason for the business divestiture

The Company has been involved in the management of NCA as a major shareholder since its establishment. However, NCA has been facing challenges in expanding its business scale at a level that is commensurate with the necessary costs. Accordingly, in order to achieve further growth and increase its corporate value from a long-term perspective, including environmental response, we have determined that the best option is to transfer the shares of NCA to ANAHD.

iv) Effective date of the business divestiture (effective date of the share exchange)

March 31, 2025 (scheduled)

The execution of the share exchange is subject to the completion of reviews by competition law authorities in the relevant countries and regions. The execution date has been changed as these reviews are still ongoing in some countries and regions. The effective date of the business divestiture represents the revised schedule.

v) Other matters pertaining to the outline of the transaction (including the legal form thereof)

A business divestiture via share exchange in which ANAHD will become the wholly owning parent company and NCA will become the wholly owned subsidiary

(a) Share exchange method

A share exchange in which the consideration received is shares of the successor company

(b) Allotment of shares in connection with the share exchange

	ANAHD (Wholly owning parent company in the share exchange)	NCA (Wholly owned subsidiary in the share exchange)
Share exchange ratio	1	0.009815
Number of shares to be delivered through the share exchange	ANAHD common stock: 3,926,000 shares (scheduled)	

vi) In segment information disclosure, the name of the segment in which the business to be divested is included

Air Cargo Transportation Business

4. Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Employee salaries	¥105,139	¥93,715	$694,399
Provision for bonuses	11,986	14,789	79,162
Retirement benefit costs	3,614	2,672	23,868

5. Retirement Benefit Costs and Provision Included in Costs and Expenses

The components of retirement benefit costs and provision included in costs and expenses are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Provision for periodic dry docking of vessels	¥19,733	¥16,143	$130,328
Provision for bonuses	5,729	6,139	37,837
Retirement benefit expenses	(1,362)	(1,550)	(8,995)

6. Gain on Sales of Non-Current Assets

The main components of gain on sales of non-current assets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Vessels	¥14,646	¥6,623	$96,730

7. Research and Development Expenses Included in Costs and Expenses and Selling, General and Administrative Expenses

The components of research and development expenses included in costs and expenses and selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
	¥3,581	¥1,808	$23,651

8. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2024 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥56,823	¥2,044	$375,292
Reclassification adjustments to profit or loss for the year	(32,518)	(62)	(214,767)
Amount before income tax effect	24,304	1,982	160,517
Income tax effect	(6,606)	(1,276)	(43,629)
Total	17,697	706	116,881
Deferred gain (loss) on hedges:			
Gains (losses) arising during the year	(1,647)	7,961	(10,877)
Reclassification adjustments to profit or loss for the year	1,231	(2,619)	8,130
Adjustment for the acquisition cost of assets	(297)	(3,803)	(1,961)
Amount before income tax effect	(713)	1,538	(4,709)
Income tax effect	(260)	(5,047)	(1,717)
Total	(973)	(3,509)	(6,426)
Foreign currency translation adjustments:			
Gains (losses) arising during the year	37,778	24,463	249,507
Reclassification adjustments to profit or loss for the year	(257)	(2,720)	(1,697)
Amount before income tax effect	37,520	21,743	247,803
Income tax effect	-	-	-
Total	37,520	21,743	247,803
Remeasurements of defined benefit plans:			
Gains (losses) arising during the year	97,823	3,294	646,080
Reclassification adjustments to profit or loss for the year	(5,724)	(6,631)	(37,804)
Amount before income tax effect	92,098	(3,337)	608,268
Income tax effect	(26,458)	1,074	(174,744)
Total	65,640	(2,262)	433,524
Share of other comprehensive income of associates accounted for using the equity method:			
Gains (losses) arising during the year	169,845	126,768	1,121,755
Reclassification adjustments to profit or loss for the year	(1,969)	(345)	(13,004)
Total	167,875	126,422	1,108,744
Total other comprehensive income (loss)	287,760	143,099	1,900,534

9. Equity

The consolidated financial statements have been reported in accordance with the provisions set forth in the Japanese Companies Act (the "Companies Act").

(1) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (a) having a Board of Directors, (b) having independent auditors, (c) having an Audit & Supervisory Board, and (d) the term of service of the directors being prescribed as one year rather than the normal two-year term by articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. Semiannual interim dividends may also be paid once a year upon resolution of the company as stipulated. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(2) Increases/decreases and transfer of common stock, reserve, and surplus

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

(3) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a component of equity. The Companies Act also provides that companies can purchase both treasury stock purchase rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(4) Stock Split

On October 1, 2022, the Company completed a 3 for 1 stock split by way of a free share distribution. 340,110 thousand shares were issued to shareholders of record on September 30, 2022.

(5) Matters concerning outstanding shares

Changes in the number of outstanding shares in the consolidated fiscal year ended March 31, 2023, were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2022	170,055	1,121
Increase in number of shares	340,110	1,472
Decrease in number of shares	-	602
At March 31, 2023	510,165	1,991

(Notes)

1. The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022.
2. The increase of 340,110 thousand shares in the total number of issued shares of common stock is due to the stock split.
3. The number of shares of treasury stock includes the Company’s shares held by the Board Incentive Plan trust account (612 thousand shares as of April 1, 2022; 450 thousand shares as of March 31, 2023).
4. The increase in shares of treasury stock is due to the stock split, acquisition of shares by the Board Incentive Plan trust account and purchase of shares less than one unit.
5. The decrease in shares of treasury stock is mainly due to delivery of stock by the Board Incentive Plan trust account.

Changes in the number of outstanding shares in the consolidated fiscal year ended March 31, 2024, were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2023	510,165	1,991
Increase in number of shares	-	49,107
Decrease in number of shares	-	72
At March 31, 2024	510,165	51,027

(Notes)

1. The number of shares of treasury stock includes the Company’s shares held by the Board Incentive Plan trust account (450 thousand shares as of April 1, 2023; 378 thousand shares as of March 31, 2024).
2. The increase in shares of treasury stock is due to purchase on the open market and purchase of shares less than one unit.
3. The decrease in shares of treasury stock is mainly due to delivery of stock by the Board Incentive Plan trust account.

(6) Matters concerning dividends

a. Total dividend payments to be paid for the consolidated fiscal year ended March 31, 2023, are as follows:

	Millions of yen	Dividend per share	Base date
Approved at the ordinary general meeting of shareholders on June 22, 2022	¥211,935	¥1,250	March 31, 2022
Approved by the Board of Directors on November 4, 2022	178,022	1,050	September 30, 2022

(Notes)

1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 22, 2022 includes dividends of 765 million yen on the Company shares owned by the Board Incentive Plan trust.
2. The total dividend resolved by the Board of Directors’ meeting held on November 4, 2022 includes dividends of 157 million yen on the Company shares owned by the Board Incentive Plan trust.
3. The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022. Dividend per share is the amount before the stock split.

Total dividend payments to be paid for the consolidated fiscal year ended March 31, 2024, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)	Dividend per share	Thousands of U.S. dollars (Note 2)	Base date
Approved at the ordinary general meeting of shareholders on June 21, 2023	¥86,467	$571,078	¥170	$1.12	March 31, 2023
Approved by the Board of Directors on November 6, 2023	29,497	194,815	60	0.40	September 30, 2023

(Notes)
1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 21, 2023 includes dividends of 76 million yen on the Company shares owned by the Board Incentive Plan trust.
2. The total dividend resolved by the Board of Directors' meeting held on November 6, 2023 includes dividends of 22 million yen on the Company shares owned by the Board Incentive Plan trust.

b. The effective date for dividends, including retained earnings, as of March 31, 2024, shall be determined in the subsequent consolidated fiscal year as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)	Dividend per share	Thousands of U.S. dollars (Note 2)	Base date
At the ordinary general meeting of shareholders on June 19, 2024	¥36,761	$242,791	¥80	$0.53	March 31, 2024

(Note)
The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 19, 2024 includes dividends of 30 million yen on the Company shares owned by the Board Incentive Plan trust.

10. Pledged Assets and Secured Liabilities

As of March 31, 2024 and 2023, the following assets were pledged as collateral for short-term loans payable, long-term loans payable, and others:

	Net book value		
	Millions of yen		Thousands of U.S. dollars (Note 2)
Pledged assets	2024	2023	2024
Cash and deposits	¥638	¥4,727	$4,213
Notes and operating accounts receivable-trade and contract assets	1,511	6,755	9,979
Inventories	-	163	-
Deferred and prepaid expenses	-	356	-
Vessels*	92,823	75,963	613,057
Buildings and structures	1,942	1,947	12,826
Machinery, equipment and vehicles	625	7,503	4,127
Furniture and fixtures	-	7	-
Land	769	730	5,078
Construction in progress	-	545	-
"Other" of vessels, property, plant and equipment	-	787	-
Software	14	278	92
Investment securities*	116,511	131,246	769,506
"Other" of investments and other assets	98	329	647
Total	214,935	231,342	1,419,556

	Millions of yen		Thousands of U.S. dollars (Note 2)
Secured liabilities	2024	2023	2024
Notes and operating accounts payable - trade	¥11	¥23	$72
Short-term loans payable	29,191	8,959	192,794
Lease liabilities of current liabilities	-	2,559	-
Long-term loans payable	35,708	46,882	235,836
Total	64,911	58,425	428,710

* As of March 31, 2024 and March 31, 2023, vessels include ¥2,322 million ($15,335 thousand) and ¥2,485 million and as of March 31, 2024 and March 31, 2023, investment securities include ¥115,632 million ($763,701 thousand) and ¥130,604 million pledged as collateral for the debt of affiliates, etc.

11. Inventories

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Products and goods	¥2,151	¥2,130	$14,206
Work in progress	413	428	2,727
Raw materials, fuel, and supplies	67,321	55,035	444,627

12. Investment in Unconsolidated Subsidiaries and Affiliates

Amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2024 and 2023, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Investment securities (stocks)	¥1,675,897	¥1,576,210	$11,068,601
Other investments and other assets (investment in capital)	13,079	12,213	86,381
(Of which, amount invested in companies under joint control)	294,612	275,200	1,945,789

13. Commitments and Contingent Liabilities

(1) Commitments made by the Company and its consolidated subsidiaries as of March 31, 2024 and March 31, 2023, totaled ¥783,301 million ($5,173,376 thousand) and ¥550,082 million for the construction of vessels.

Contingent liabilities for notes receivable discounted and endorsed, guarantees of loans as of March 31, 2024 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Guarantees of loans	¥215,336	¥188,505	$1,422,204

(2) Fiscal year under review (April 1, 2023 to March 31, 2024)

Certain operating lease agreements that the NYK Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is ¥2,895 million ($19,120 thousand). The guarantee may be paid if the companies choose to return the leased property rather than exercise the option to purchase. The operating lease agreements will expire by April 2025.

Previous fiscal year (April 1, 2022 to March 31, 2023)

Certain operating lease agreements that the NYK Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is ¥2,553 million. The guarantee may be paid if the companies choose to return the leased property rather than exercise the option to purchase. The operating lease agreements will expire by April 2025.

(3) The Group has been subject to class civil lawsuits in several regions for damages and suspension of shipments, etc. without specific amount of damage, for its conspiracy to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. It is difficult to reasonably predict the results of these lawsuits at present. There is no significant change from the previous fiscal year.

14. Accumulated Depreciation

As of March 31, 2024 and 2023, accumulated depreciation of vessels, property, plant, and equipment is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Accumulated depreciation	¥1,318,045	¥1,142,555	$8,705,138

15. Deferred Capital Gains

Under certain conditions, such as exchanges of fixed assets of similar kinds, gains from insurance claims, and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer gains arising from such transactions by reducing the cost of the assets acquired. As such, deferred capital gains from insurance claims were deducted from the cost of properties acquired in replacement, which amounted to ¥4,675 million ($30,876 thousand) and ¥5,051 million as of March 31, 2024 and 2023, respectively.

16. Supplementary Information on Consolidated Statement of Cash Flows

Cash and cash equivalents in the accompanying consolidated statement of cash flows for the years ended March 31, 2024 and 2023, are reconciled to cash and deposits reflected in the accompanying consolidated balance sheets as of March 31, 2024 and 2023, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Cash and deposits	¥156,163	¥204,817	$1,031,391
Time deposits with a maturity of more than three months	(11,305)	(8,586)	(74,664)
Cash and cash equivalents	144,858	196,231	956,726

17. Accounting for Leases

Operating leases

As lessees

The fiscal year-end balance of unearned lease payments related to non-cancellable transactions as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Within one year	¥7,493	¥3,888	$49,488
More than one year	27,285	8,701	180,206
Total	34,778	12,590	229,694

As lessors

The fiscal year-end balance of unearned lease payments related to non-cancellable transactions as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Within one year	¥788	¥2,770	$5,204
More than one year	2,905	3,311	19,186
Total	3,693	6,082	24,390

18. Financial Instruments

(1) Disclosure on Financial Instruments

a. Policy on financial instruments

Internal funding provides the Company and its consolidated subsidiaries with some of the funds they require for capital expenditures for vessels, aircraft, and transport equipment, as well as working capital. Other funds are procured from outside sources. Methods of raising funds include loans from banks and other financial institutions, as well as issuing corporate bonds. Funds are invested mainly in short-term deposits. The Company and its consolidated subsidiaries utilize derivatives to hedge risks mentioned below and do not engage in speculative financial transactions.

b. Contents and risks of financial instruments

Notes and operating accounts receivable-trade, and contract assets are subject to client credit risk. In addition, foreign currency-denominated transactions are subject to foreign exchange rate risk.

Investment securities include held-to-maturity debt securities and corporate shares, comprising primarily stocks held for reasons such as undertaking business or capital alliances with business partners, and involving exposure to the risks associated with market price fluctuations.

Notes and operating accounts payable–trade are settled in the short term. Of these, transactions denominated in foreign currencies are subject to foreign exchange rate risk.

Loans payable are subject to interest rate risk, and the Company and its consolidated subsidiaries utilize derivative financial instruments to hedge against these risks.

As for derivative financial instruments, to avert interest rate risks associated with loans payable, the Company and its consolidated subsidiaries utilize interest rate swap contracts. To avert foreign exchange risk associated with foreign currency assets and liabilities, the Company and its consolidated subsidiaries utilize forward foreign exchange contracts and currency swap contracts. Similarly, to deal with the risk of price fluctuations in fuel and chartered freight, the Company and its consolidated subsidiaries utilize fuel swap contracts, freight (chartered-freight) forward transactions, and other methods.

The details of hedge accounting for derivative financial instruments are described below. Methods for evaluating effectiveness of hedging are described above in “3. Summary of Significant Accounting Policies, J. Method of Accounting for Material Hedge Transactions.”

① Hedge accounting method

The Company and its consolidated subsidiaries primarily adopt deferral hedge accounting that requires marking the derivative financial instruments effective as hedges to market, and deferring the valuation loss/gain. For forward foreign exchange contracts, etc., that meet the required conditions for designation accounting under the accounting standard, the Company and its consolidated subsidiaries translate hedged foreign currency assets and liabilities at the rates of these contracts. In addition, for interest rate swap contracts that meet specified conditions for exceptional accounting under the accounting standard, the related interest differentials paid or received under the contracts are included in the interest income/expense of the hedged financial assets and liabilities.

② Principal hedging methods and items hedged

Principal hedging methods	Principal items hedged
Currency swap contacts	Loans payable and receivable
Interest rate swap contracts	Loans payable and receivable
Fuel swap contracts	Purchase price of fuel
Forward foreign exchange contracts	Forecasted foreign currency transactions, investment in overseas subsidiaries

③ Risks inherent in derivative transactions

Derivative transactions are subject to inherent market risk, which is derived from future changes in market prices (currency rates, interest rates, commodity prices and share prices), and credit risk, which arises from the counterparties becoming unable to perform their contractual obligations. The derivative financial instruments utilized by the Company and its consolidated subsidiaries are only those that offset the fluctuation in fair value of the underlying financial assets and liabilities; thereby, the Company and its consolidated subsidiaries are not exposed to material market risk. The counterparties in the derivative transactions are financial institutions with high credit ratings, implying that credit risk is immaterial.

c. Risk management for financial instruments

① Credit risk management

The Company utilizes credit management regulations to minimize its risk on Notes and operating accounts receivable-trade, and contract assets and long-term loans receivable. In terms of held-to-maturity debt securities, in line with asset management regulations, the Company and its consolidated subsidiaries hold only highly rated debt securities, so credit risk is negligible.

② Market risk management

To hedge exchange rate fluctuation risk associated with foreign currency assets and liabilities, the Company and its consolidated subsidiaries make use of forward foreign exchange contracts, currency swap contracts, and other methods.

The Company and its consolidated subsidiaries utilize interest rate swaps and other methods to avert the fluctuation risks of interest paid on loans payable.

The Company and its consolidated subsidiaries periodically ascertain the price of short-term and long-term investment securities and the financial conditions of their issuers (corporate business partners).

The Company and its consolidated subsidiaries review the status of their holdings in instruments other than held-to-maturity debt securities on an ongoing basis, taking into consideration their relationships with their corporate business partners.

The derivative transactions of the Company and its consolidated subsidiaries follow the internal approval process specified in the Company’s Rules for Risk Management Employing Financial Instruments and other rules and regulations, and are subject to internal controls operated principally by the divisions in charge of accounting.

In addition, to prevent improper transactions, the back-office function for these transactions is performed by personnel of the Company and its consolidated subsidiaries who are not directly involved in the transactions. Information regarding the amounts, etc., of derivative transaction contracts is reported regularly to the Board of Directors.

③ Management of liquidity risk associated with capital raising activities
Cash planning is made and updated by the financial division of the Company on a timely basis based on reports from business divisions of the Company, and the Company also enters into commitment-line contracts with a number of financial institutions in order to meet unexpected cash demand.

d. Supplementary explanation of fair value of financial instruments and others
As certain variables are used for the calculations of fair value of financial statements, the result of such calculations may vary if different assumptions are used.
The contract amounts of interest rate swap transactions and currency swap transactions do not represent the amounts exchanged by the parties and do not measure the Company's and its consolidated subsidiaries' exposure to credit or market risk.

(2) Disclosure of the Fair Value of Financial Instruments and Others

The book value of financial instruments on the consolidated balance sheet, their fair values and differences between book value and fair values as of March 31, 2024 and 2023, are described below.

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2024			2023			2024		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
① **Short-term and long-term investment securities (Note 19)** *2									
Available-for-sale securities	¥93,130	¥93,130	¥-	¥78,289	¥78,289	¥-	$615,084	$615,084	$-
Investments in affiliates	29,378	22,675	(6,703)	27,080	20,096	(6,984)	194,029	149,758	(44,270)
② **Long-term loans receivable**	51,671			27,642			341,265		
Allowance for doubtful accounts *3	-			(95)			-		
Balance	51,671	50,640	(1,030)	27,547	27,499	(47)	341,265	334,456	(6,802)
Total	174,180	166,446	(7,734)	132,917	125,885	(7,031)	1,150,386	1,099,306	(51,079)
① **Bonds payable**	107,000	107,212	212	97,000	98,444	1,444	706,690	708,090	1,400
② **Long-term loans payable**	461,294	459,396	(1,897)	422,691	422,162	(529)	3,046,654	3,034,119	(12,528)
③ **Leases liabilities**	97,795	96,392	(1,403)	100,818	100,808	(10)	645,895	636,629	(9,266)
Total	666,089	663,001	(3,088)	620,510	621,414	904	4,399,240	4,378,845	(20,394)
Derivative financial instruments *4	(5,355)	(5,355)	-	3,719	3,719	-	(35,367)	(35,367)	-

* 1. As of March 31, 2023, cash and deposits, notes and operating accounts receivable-trade, and contract assets, notes and operating accounts payable-trade, and short-term loans payable are omitted because they comprise short-term instruments whose carrying amount approximates their fair value. As of March 31, 2024, cash and deposits, notes and operating accounts receivable-trade, and contract assets, notes and operating accounts payable-trade, short-term loans payable, and commercial papers are omitted because they comprise short-term instruments whose carrying amount approximates their fair value.
2. As of March 31, 2023, nonmarketable shares are not included in (i) Short-term investment securities and investment securities. The applicable financial instruments are recognized on the consolidated balance sheet as follows. As of March 31, 2024, nonmarketable shares are not included in (i) Short-term investment securities and investment securities. The applicable financial instruments are recognized on the consolidated balance sheet as follows.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
	Book value	Book value	Book value
Investments in unconsolidated subsidiaries and affiliates	¥1,646,518	¥1,549,129	$10,874,565
Shares in unlisted companies	40,455	32,545	267,188
Others	3,673	1,335	24,258
Total	1,690,648	1,583,010	11,166,026

* 3. Allowance for doubtful accounts separately recognized in long-term loans receivable is excluded.
4. The total amount after offsetting receivables and payables is presented for derivative transactions.

(Note) 1. Maturity analysis for financial assets and securities with contractual maturities after the balance sheet date

	Millions of yen							
	2024				2023			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	¥156,163	¥-	¥-	¥-	¥204,817	¥-	¥-	¥-
Notes and operating accounts receivable-trade, and contract assets	354,413	242	-	-	336,980	722	-	-
Short-term and long-term investment securities:	-	-	-	-	-	-	-	-
Held-to-maturity debt securities	-	-	-	-	-	-	-	-
Government bonds	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Available-for-sale securities with maturity dates	-	-	-	-	-	-	-	-
Government bonds	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Long-term loans receivable	-	30,173	2,267	19,230	-	5,038	20,198	2,405
Total	510,577	30,415	2,267	19,230	541,797	5,760	20,198	2,405

	Thousands of U.S. dollars (Note 2)			
	2024			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	$1,031,391	$-	$-	$-
Notes and operating accounts receivable-trade, and contract assets	2,340,750	1,598	-	-
Short-term and long-term investment securities:	-	-	-	-
Held-to-maturity debt securities	-	-	-	-
Government bonds	-	-	-	-
Corporate bonds	-	-	-	-
Others	-	-	-	-
Available-for-sale securities with maturity dates	-	-	-	-
Government bonds	-	-	-	-
Corporate bonds	-	-	-	-
Others	-	-	-	-
Long-term loans receivable	-	199,280	14,972	127,006
Total	3,372,148	200,878	14,972	127,006

(Note) 2. Maturity analysis for bonds payable, long-term loans payable, lease liabilities and other interest-bearing liabilities after the balance sheet date

	Millions of yen					
	2024					
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
Current portion of bonds payable	¥33,000	¥-	¥-	¥-	¥-	¥-
Short-term loans payable	194,716	-	-	-	-	-
Commercial papers	53,000	-	-	-	-	-
Leases liabilities (current)	22,649	-	-	-	-	-
Bonds payable	-	-	20,000	-	20,000	34,000
Long-term loans payable	-	41,623	99,362	75,584	87,574	157,148
Leases liabilities (non-current)	-	17,670	12,011	8,976	6,948	29,538
Total	303,365	59,294	131,374	84,560	114,523	220,686

	Thousands of U.S. dollars (Note 2)					
	2024					
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
Current portion of bonds payable	$217,951	$-	$-	$-	$-	$-
Short-term loans payable	1,286,018	-	-	-	-	-
Commercial papers	350,042	-	-	-	-	-
Leases liabilities (current)	149,587	-	-	-	-	-
Bonds payable	-	-	132,091	-	132,091	224,555
Long-term loans payable	-	274,902	656,244	499,200	578,389	1,037,897
Leases liabilities (non-current)	-	116,702	79,327	59,282	45,888	195,086
Total	2,003,599	391,612	867,670	558,483	756,376	1,457,539

	Millions of yen					
	2023					
	Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years	More than five years
Current portion of bonds payable	¥10,000	¥-	¥-	¥-	¥-	¥-
Short-term loans payable	73,581	-	-	-	-	-
Leases liabilities (current)	26,412	-	-	-	-	-
Bonds payable	-	33,000	-	20,000	-	34,000
Long-term loans payable	-	79,944	46,510	89,530	75,371	131,334
Leases liabilities (non-current)	-	16,529	12,247	8,450	6,608	30,570
Total	109,993	129,474	58,757	117,981	81,979	195,904

(3) Fair value information by level within the fair value hierarchy

Fair value of financial instruments is classified into the following three levels, according to the observability and significance of the inputs used for determining the fair value.

Level 1 fair value: Fair value determined by (unadjusted) market price of the identical assets or liabilities in active markets

Level 2 fair value: Fair value determined by using directly or indirectly observable inputs other than the inputs used for Level 1 fair value

Level 3 fair value: Fair value determined by using significant but unobservable inputs

With the use of multiple inputs with significant impacts on fair value determination, such fair value is classified as the lowest priority level in determining the fair value of all levels to which each input belongs.

① Financial instruments recorded at fair value in the consolidated balance sheet

March 31, 2024

	Fair Values (Millions of yen)				Fair Values (Thousands of U.S. dollars (Note 2))			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities								
Available-for-sale securities								
Corporate shares	¥93,077	¥-	¥-	¥93,077	$614,734	$-	$-	$614,734
Others	53	-	-	53	350	-	-	350
Derivatives transactions								
Interest rate-related	-	5,491	-	5,491	-	36,265	-	36,265
Total	93,130	5,491	-	98,622	615,084	36,265	-	651,357
Derivatives transactions								
Currency-related	-	6,890	-	6,890	-	45,505	-	45,505
Commodity-related	-	4,483	-	4,483	-	29,608	-	29,608
Total	-	11,373	-	11,373	-	75,113	-	75,113

March 31, 2023

	Fair Values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Available-for-sale securities				
Corporate shares	¥78,242	¥-	¥-	¥78,242
Others	46	-	-	46
Derivatives transactions				
Currency-related	-	4,053	-	4,053
Interest rate-related	-	4,446	-	4,446
Total	78,289	8,499	-	86,789
Derivatives transactions				
Commodity-related	-	4,832	-	4,832
Total	-	4,832	-	4,832

② Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet

March 31, 2024

	Fair Values (Millions of yen)				Fair Values (Thousands of U.S. dollars (Note 2))			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities								
Investments in subsidiaries and affiliates								
Investments in affiliates	¥22,675	¥-	¥-	¥22,675	$149,758	$-	$-	$149,758
Long-term loans receivable	-	50,640	-	50,640	-	334,456	-	334,456
Total	22,675	50,640	-	73,316	149,758	334,456	-	484,221
Bonds payable	-	107,212	-	107,212	-	708,090	-	708,090
Long-term loans payable	-	459,396	-	459,396	-	3,034,119	-	3,034,119
Lease liabilities	-	96,392	-	96,392	-	636,629	-	636,629
Total	-	663,001	-	663,001	-	4,378,845	-	4,378,845

March 31, 2023

	Fair Values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Investments in subsidiaries and affiliates				
Investments in affiliates	¥20,096	¥-	¥-	¥20,096
Long-term loans receivable	-	27,499	-	27,499
Total	20,096	27,499	-	47,596
Bonds payable	-	98,444	-	98,444
Long-term loans payable	-	422,162	-	422,162
Lease liabilities	-	100,808	-	100,808
Total	-	621,414	-	621,414

(Note) Description of the valuation techniques and inputs used in determining fair value

Short-term and long-term investment securities

Fair values of short-term and long-term investment securities are classified as level 1 fair values if their fair values can be determined by using the unadjusted market price in active markets. This category largely consists of shares in listed companies and government bonds. On the other hand, they are classified as level 2 fair values, even if they are measured by using the publicly quoted market price, if such market is inactive. This category largely consists of local government bonds and corporate bonds.

Derivatives transactions

Derivative transactions comprise currency-related transactions (forward foreign currency exchange contract, currency swap, etc.), interest rate-related transactions (interest rate swap), and commodity-related transactions freight (chartered- freight) forward, fuel swaps, etc.). They involve evaluation techniques to determine fair value using the observable inputs, including primarily exchange rate, interest rate, and commodity futures price, based on the discounted present value method. They are classified as level 2 fair value.

Long-term loans receivable

The fair value of long-term loans receivable is categorized by a specified period and determined using the discounted cash flow method based on future cash flows and an interest rate obtained by adding the credit spread to TORF yields and other appropriate indicators, for each type of credit risk categorized for credit management purposes, and is classified as Level 2. In addition, the fair value of doubtful receivables is determined based on estimated cash flows discounted to the present value using similar rates or the amount expected to be recovered over collateral and guarantees, and it is classified as Level 2.

Bonds payable

The fair value of the corporate bonds issued by the Company is determined based on the market price, and classified as level 2.

Long-term loans payable and lease liabilities

Fair values of long-term loans payables and lease liabilities are determined by the discounted present value method, based on the sum of principal and interest*, and the interest rate reflecting the remaining period of the payables and liabilities as well as credit risk, which are classified as level 2.

* As to the long-term loans payable involved in the interest rate swap agreement that meet the requirements for exceptional accounting, the total amount of its principal and interest income at the post-swap rate is applied.

19. Securities

(1) Short-term and long-term investment securities held-to-maturity with fair value as of March 31, 2024 and 2023, are not applicable.

(2) Short-term and long-term investment securities classified as available-for-sale securities with fair value as of March 31, 2024 and 2023, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2024			2023			2024		
	Book value	Acquisition costs	Difference	Book value	Acquisition costs	Difference	Book value	Acquisition costs	Difference
Securities for which book value exceeds acquisition costs:									
Corporate shares	¥103,399	¥31,246	¥72,152	¥82,618	¥33,691	¥48,926	$682,907	$206,366	$476,533
Debt securities	-	-	-	-	-	-	-	-	-
Others	917	896	21	46	30	15	6,056	5,917	138
Subtotal	104,316	32,143	72,173	82,664	33,722	48,942	688,963	212,291	476,672
Securities for which book value is equal to or less than acquisition costs:									
Corporate shares	15,137	18,728	(3,590)	15,310	18,925	(3,614)	99,973	123,690	(23,710)
Debt securities	-	-	-	-	-	-	-	-	-
Others	12	14	(2)	-	-	-	79	92	(13)
Subtotal	15,150	18,742	(3,592)	15,310	18,925	(3,614)	100,059	123,783	(23,723)
Total	119,467	50,885	68,581	97,975	52,647	45,327	789,029	336,074	452,948

(3) Proceeds, gains, and losses on sales of available-for-sale securities in the fiscal years ended March 31, 2024 and 2023, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2024			2023			2024		
	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses
Corporate shares	¥41,456	¥32,689	¥125	¥1,641	¥597	¥427	$273,799	$215,897	$825
Debt securities	-	-	-	-	-	-	-	-	-
Others	0	-	0	-	-	-	0	-	0
Total	41,457	32,689	125	1,641	597	427	273,806	215,897	825

20. Derivatives

Derivative financial instruments with fair value as of March 31, 2024 and 2023, are summarized as follows:

(1) Derivative transactions not qualifying for hedge accounting

	Millions of yen								Thousands of U.S. dollars (Note 2)			
	2024				2023				2024			
	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Valuation gains (losses)	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Valuation gains (losses)	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Valuation gains (losses)
a. Currency-related												
Forward foreign currency exchange contracts:												
Buy U.S. dollar, sell Japanese yen	¥4,184	¥-	¥11	¥11	¥3,770	¥-	¥(3)	¥(3)	$27,633	$-	$72	$72
Sell U.S. dollar, buy Japanese yen	234,991	219	(6,652)	(6,652)	222,875	380	875	875	1,552,017	1,446	(43,933)	(43,933)
Sell Euro, buy Japanese yen	32,301	-	(141)	(141)	20,442	-	(106)	(106)	213,334	-	(931)	(931)
Sell Thai baht, buy Japanese yen	19,282	-	52	52	12,316	-	155	155	127,349	-	343	343
Others	3,261	-	2	2	8,629	-	(5)	(5)	21,537	-	13	13
Currency swaps:												
Receive Thai baht, pay Japanese yen	-	-	-	-	1,564	-	77	77	-	-	-	-
Interest rate currency swaps:												
Receive U.S. dollar floating, pay Mexican Peso fixed	371	354	(32)	(32)	315	301	(1)	(1)	2,450	2,338	(211)	(211)
	294,394	573	(6,760)	(6,760)	269,913	681	990	990	1,944,349	3,784	(44,646)	(44,646)
b. Interest rate-related												
Interest rate swaps:												
Receive fixed, pay floating	-	-	-	-	-	-	-	-	-	-	-	-
Receive floating, pay fixed	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
c. Commodity-related												
Market transactions:												
Freight (chartered-freight) forward transactions:												
Forward chartered-freight agreements on buyer's side	3,676	-	(654)	(654)	1,149	-	44	44	24,278	-	(4,319)	(4,319)
Forward chartered-freight agreements on seller's side	4,572	-	(806)	(806)	4,835	-	(1,018)	(1,018)	30,196	-	(5,323)	(5,323)
Off-market transactions:												
Freight (chartered-freight) forward transactions:												
Forward chartered-freight agreements on seller's side	10,397	4,946	(2,947)	(2,947)	12,845	5,902	(1,645)	(1,645)	68,667	32,666	(19,463)	(19,463)
Fuel swaps:												
Receive floating, pay fixed	1,281	-	9	9	565	-	(16)	(16)	8,460	-	59	59
Other	69	-	0	0	114	-	(0)	(0)	455	-	0	0
	19,998	4,946	(4,398)	(4,398)	19,509	5,902	(2,637)	(2,637)	132,078	32,666	(29,046)	(29,046)

(2) Derivative transactions qualifying for hedge accounting

		Millions of yen						Thousands of U.S. dollars (Note 2)		
		2024			2023			2024		
		Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value
a. Currency-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Forward foreign currency exchange contracts:	Principal items hedged:									
Sell U.S. dollar, buy Japanese yen	Investment for equity of overseas subsidiary	¥30,880	¥403	¥(357)	¥162,839	¥-	¥1,890	$203,949	$2,661	$(2,357)
Others		1,624	654	68	1,292	692	83	10,725	4,319	449
Currency swaps:	Principal items hedged:									
Receive U.S. dollar, pay Japanese yen	Charterage Loans receivable	12,267	12,267	2,587	12,267	12,267	1,116	81,018	81,018	17,086
Receive Singapore dollar, pay U.S. dollar	Loans payable	-	-	-	38	-	(1)	-	-	-
Foreign exchange contracts and other derivative transactions qualifying for designation accounting										
Forward foreign currency exchange contracts:	Principal items hedged:									
Buy U.S. dollar, sell Japanese yen	Forecasted capital expenditures	30,538	25,410	1,329	680	-	(2)	201,690	167,822	8,777
Sell U.S. dollar, buy Japanese yen		27,484	7,149	(3,231)	25,644	18,847	26	181,520	47,216	(21,339)
Others		17,966	-	(525)	1,807	-	(49)	118,657	-	(3,467)
		120,762	45,885	(129)	204,571	31,807	3,063	797,582	303,051	(851)
b. Interest rate-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	13,787	13,787	296	10,000	10,000	418	91,057	91,057	1,954
Receive floating, pay fixed		55,627	44,417	5,195	61,090	51,011	4,028	367,393	293,355	34,310
Interest rate swap derivative transactions qualifying for exceptional accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	26,820	16,820	*1	25,000	25,000	*1	177,134	111,089	*1
Receive floating, pay fixed		16,717	11,853		19,707	16,696		110,408	78,284	
		112,953	86,879	5,491	115,798	102,707	4,446	746,007	573,799	36,265
c. Commodity-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Freight (chartered-freight) forward transactions:	Principal items hedged:									
Forward chartered-freight agreements on seller's side	Charterage	2,068	-	(352)	2,229	-	(542)	13,658	-	(2,324)
Forward chartered-freight agreements on buyer's side		-	-	-	20	-	1	-	-	-
Fuel swaps:	Principal items hedged:									
Receive floating, pay fixed	Fuel	7,744	1,033	353	8,178	1,681	(811)	51,145	6,822	2,331
Fuel oil collar transactions:*2	Principal items hedged:									
Buy call option, sell put option	Fuel	19,092	-	96	18,081	-	(711)	126,094	-	634
Freight (chartered-freight) collar transactions:*2										
Buy put option, sell call option	Charterage	932	-	(182)	2,466	822	(130)	6,155	-	(1,202)
		29,837	1,033	(84)	30,977	2,503	(2,195)	197,060	6,822	(554)

* 1. As exceptional accounting for interest rate swaps is handled together with the long-term loans payable hedged, their fair value is included in that of the long-term loans payable.
2. Fuel oil collar transactions and freight (chartered-freight) collar transactions are zero-cost option transactions, and call options and put options are shown as a lump sum because they are included in integrated contracts.

21. Accounting for Employees' Retirement Benefits

1. Outline of employees' retirement benefit plans

The Company and its domestic consolidated subsidiaries maintain the following defined benefit plans: the national government's Employees' Pension Fund and a retirement lump-sum allowance system.

Some overseas consolidated subsidiaries also maintain defined contribution plans or defined benefit plans.

2. Defined benefit plans

(1) Changes in defined benefit obligation for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Balance at beginning of year	¥89,666	¥91,827	$592,206
Service costs	3,198	3,236	21,121
Interest costs	1,350	1,207	8,916
Actuarial (gains) losses	(699)	(3,427)	(4,616)
Benefits paid	(3,954)	(4,019)	(26,114)
Prior service cost	(4)	369	(26)
Others	731	474	4,827
Balance at end of year	90,289	89,666	596,321

(2) Changes in plan assets for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Balance at beginning of year	¥168,079	¥166,772	$1,110,091
Expected return on plan assets	1,864	1,727	12,310
Actuarial gains (losses)	97,328	1,108	642,810
Contributions from the employer	1,057	1,165	6,981
Benefits paid	(2,965)	(3,126)	(19,582)
Others	556	431	3,672
Balance at end of year	265,921	168,079	1,756,297

(3) Reconciliation between the balance at beginning of year and the balance at end of year in relation to net defined benefit liability for which the shortcut method was applied for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Balance at beginning of year	¥5,310	¥5,208	$35,070
Net periodic benefit costs	1,048	881	6,921
Benefits paid	(397)	(563)	(2,622)
Contributions from the employer	(362)	(294)	(2,390)
Other	(92)	79	(607)
Balance at end of year	5,507	5,310	36,371

(4) Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets as of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Funded defined benefit obligation	¥89,586	¥88,340	$591,678
Plan assets	(272,523)	(173,858)	(1,799,900)
	(182,937)	(85,517)	(1,208,222)
Unfunded defined benefit obligation	12,813	12,415	84,624
Net liability (asset) arising from defined benefit obligation	(170,124)	(73,101)	(1,123,598)
Net defined benefit liability	16,086	15,302	106,241
Net defined benefit asset	(186,211)	(88,404)	(1,229,846)
Net liability (asset) arising from defined benefit obligation	(170,124)	(73,101)	(1,123,598)

(5) Components of net periodic benefit costs for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Service costs	¥3,198	¥3,236	$21,121
Interest costs	1,350	1,207	8,916
Expected return on plan assets	(1,864)	(1,727)	(12,310)
Recognized actuarial (gains) losses	(5,478)	(6,315)	(36,179)
Amortization of prior service cost	(4)	432	(26)
Net periodic benefit costs calculated using the shortcut method	1,048	881	6,921
Other	81	(2)	534
Net periodic benefit costs	(1,667)	(2,287)	(11,009)

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Prior service cost	¥0	¥57	$0
Actuarial gains (losses)	92,098	(3,394)	608,268
Total	92,098	(3,337)	608,268

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Unrecognized prior service cost	¥0	¥362	$0
Unrecognized actuarial gains (losses)	130,686	38,624	863,126
Total	130,686	38,987	863,126

(8) Components of plan assets

① Plan assets consisted of the following as of March 31, 2024 and 2023:

	2024	2023
Debt investments	18 %	27 %
Equity investments	72 %	59 %
Cash and cash equivalents	1 %	1 %
Others	9 %	13 %
Total	100 %	100 %

A retirement benefit trust established for a corporate pension plan accounts for 62% and 45% of plan assets as of March 31, 2024 and 2023, respectively.

② Method of determining the expected rate of return on plan assets
To determine the expected long-term return on plan assets, the Group takes into account the current and expected allocation of plan assets and the current and expected long-term returns from the various assets of the plan assets.

(9) Assumptions in calculation of the above information

	2024	2023
Discount rate	Mainly 1.1%	Mainly 1.1%
Expected rate of return on plan assets	Mainly 1.6%	Mainly 1.6%
Expected rate of salary increase	Mainly 1.2%–7.2%	Mainly 1.2%–7.1%

A point system has been adopted for certain employees, and the expected rate of salary increase includes the expected rate of point increase.

3. Defined contribution plan

The Company and certain consolidated subsidiaries had ¥3,430 million and ¥3,984 million ($26,312 thousand) for the fiscal years ended March 31, 2023 and March 31, 2024, in defined contribution retirement benefit costs. Besides the retirement benefit costs shown above, certain consolidated subsidiaries treated the amount of defined contributions paid to the multi-employer plan as retirement benefit costs.

22. Income Taxes

(1) Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Deferred tax assets:			
Provision for bonuses	¥3,604	¥4,309	$23,802
Net defined benefit liabilities	3,994	3,834	26,378
Impairment losses on vessels, property, plant and equipment	26,031	29,331	171,923
Losses on revaluation of securities	4,385	4,355	28,961
Tax loss carryforwards*2	38,751	46,437	255,934
Unrealized gains on sale of vessels, property, plant and equipment	3,141	1,925	20,744
Provision for periodic dry docking of vessels	7,688	5,808	50,776
Accrued expenses	1,176	793	7,766
Deferred loss on derivatives under hedge accounting	21,762	18,688	143,728
Allowance for doubtful accounts	3,101	3,692	20,480
Provision for losses related to contracts	1,457	2,379	9,622
Others	7,619	11,080	50,320
Subtotal of deferred tax assets	122,715	132,637	810,481
Less valuation allowances for tax loss carryforwards*2	(29,282)	(29,212)	(193,395)
Less valuation allowances for temporary differences	(65,684)	(67,583)	(433,815)
Valuation allowances*1	(94,967)	(96,796)	(627,217)
Total deferred tax assets	27,747	35,841	183,257
Deferred tax liabilities:			
Net defined benefit assets	(50,359)	(22,382)	(332,600)
Gain on securities contribution to employee retirement benefit trust	(2,872)	(2,862)	(18,968)
Depreciation	(4,801)	(2,260)	(31,708)
Reserve for reduction entry	(1,767)	(1,201)	(11,670)
Valuation difference on available-for-sale securities	(19,149)	(13,390)	(126,471)
Deferred gain on derivatives under hedge accounting	(12,051)	(10,978)	(79,591)
Undistributed retained earnings of consolidated subsidiaries	(22,650)	(17,155)	(149,593)
Others	(26,952)	(28,166)	(178,006)
Total deferred tax liabilities	(140,604)	(98,397)	(928,630)
Net deferred tax (liabilities) assets	(112,857)	(62,556)	(745,373)

*1 Valuation allowances change mainly due to a decrease in the valuation allowances for temporary differences.
*2 The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2024 and 2023, were as follows:

March 31, 2024	Millions of yen						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	¥712	¥801	¥1,157	¥527	¥8,723	¥26,830	¥38,751
Less valuation allowances for tax loss carryforwards	(210)	(417)	(906)	(510)	(8,252)	(18,984)	(29,282)
Net deferred tax assets relating to tax loss carryforwards	501	383	250	16	470	7,845	9,469

* The amount of deferred tax assets relating to tax loss carryforwards was calculated using statutory tax rates.

March 31, 2023	Millions of yen						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	¥501	¥368	¥440	¥824	¥300	¥44,001	¥46,437
Less valuation allowances for tax loss carryforwards	(318)	(242)	(330)	(216)	(237)	(27,867)	(29,212)
Net deferred tax assets relating to tax loss carryforwards	182	126	110	608	62	16,133	17,224

* The amount of deferred tax assets relating to tax loss carryforwards was calculated using statutory tax rates.

March 31, 2024	Thousands of U.S. dollars (Note 2)						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	$4,702	$5,290	$7,641	$3,480	$57,611	$177,200	$255,934
Less valuation allowances for tax loss carryforwards	$(1,386)	$(2,754)	$(5,983)	$(3,368)	$(54,501)	$(125,381)	$(193,395)
Net deferred tax assets relating to tax loss carryforwards	3,308	2,529	1,651	105	3,104	51,812	62,538

* The amount of deferred tax assets relating to tax loss carryforwards was calculated using statutory tax rates.

(2) Reconciliation of the statutory income tax rate to the effective income tax rate for the years ended March 31, 2024 and 2023, was as follows:

	2024	2023
Normal statutory income tax rate	28.7 %	28.6 %
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	0.3	0.7
Equity in earnings of unconsolidated subsidiaries and affiliates	(9.0)	(21.4)
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	0.2	0.0
Changes in valuation allowance	(2.3)	(3.0)
CFC taxation regarding foreign subsidairies and associates	8.0	(0.1)
Tax exemption of shipping business	(2.2)	(0.7)
Effects of foreign tax included in deductible expenses	0.0	0.0
Other	2.5	1.2
Actual effective income tax rate	26.2 %	5.4 %

(3) Account for corporate and local corporate taxes and account for tax effect accounting

The Company and some of its domestic consolidated subsidiaries adopted the group tax sharing system. In accordance with "the Practical Solution No.42, August 12, 2021, Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System", the Group accounts for corporate and local corporate taxes and account for and disclose tax effect accounting.

23. Investment and Rental Property

The Company and some of its consolidated subsidiaries own offices and other buildings (including land) for earning rent, and other purposes in Tokyo and other regions. Profit from rental of these properties (with main rental income recorded as revenues and main rental expense recorded as costs and expenses) in the consolidated fiscal year ended March 31, 2023, totaled ¥2,638 million, and profit from sales totaled ¥32 million (with gain on sales as other gains and loss on sales as other losses).
Profit from rental of these properties (with main rental income recorded as revenues and main rental expense recorded as costs and expenses) in the consolidated fiscal year ended March 31, 2024, totaled ¥2,337 million ($15,434 thousand).

The amounts recorded in the consolidated balance sheets, the increase (decrease) during the fiscal years ended March 31, 2024 and 2023, and the fair values of the relevant investment and rental property as of March 31, 2024 and 2023, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Amount recorded in consolidated balance sheet:			
Balance at beginning of year	¥14,553	¥15,443	$96,116
Increase (decrease) during the fiscal year	(647)	(890)	(4,273)
Balance at end of year	13,905	14,553	91,836
Fair value as of current fiscal year end	70,711	70,585	467,016

* 1. The amount recorded in the consolidated balance sheet is the acquisition cost, net of accumulated depreciation and impairment losses.
2. The decreased amount in decrease during the fiscal year ended March 31, 2024, the decrease is mainly attributable to depreciation of ¥-535 million ($-3,533 thousand) and change of application ¥-530 million ($-3,500 thousand).
3. The fair value as of the fiscal year end is the amount calculated primarily based on the Real Estate Appraisal Standard (including adjustments made using indexes).

24. Revenue recognition

1. Information regarding the disaggregation of revenue from contracts with customers

“Revenues” stated in the consolidated statement of income for the previous fiscal year and the fiscal year under review primarily represent “revenues derived from the contracts with customers.” Revenues recognized from other sources are mainly derived from leasing transactions and are disclosed as part of revenues due to their financial insignificance.
Disaggregated revenue is provided in Segment Information (Note 25).

2. Useful information in understanding revenue from contracts with customers

Notes are omitted because the identical information is stated in Note 3 "I. Revenue and Expense Recognition".

3. Basic Information for understanding the amount of revenues in the current fiscal year and from the next fiscal year onward

(i) Balances at the beginning and end of the fiscal year of receivables from contracts with customers, contracts assets, and contract liabilities

	Millions of yen			
	2024		2023	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Receivables from contracts with customers*	¥319,011	¥329,068	¥335,673	¥319,011
Contract assets	18,691	25,587	23,485	18,691
Contract liabilities	50,562	53,430	39,792	50,562

	Thousands of U.S. dollars (Note 2)	
	2024	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Receivables from contracts with customers*	$2,106,934	$2,173,357
Contract assets	123,446	168,991
Contract liabilities	333,940	352,882

* Receivables from contracts with customers include the amount related to leasing transactions. Such amount is disclosed as part of receivables from contracts with customers due to its financial insignificance.

Group’s rights to receive payment of consideration in return for the transfer of goods or services to a customer in the normal business activities, those subject to conditions other than the passage of time, are presented as contract assets.

Contract assets normally increase when the Group transfers goods or services to the customer before customer pays consideration or the due date, while they decrease when the Group's rights to consideration become unconditional. Group's obligation to transfer goods or services to a customer in its normal business activities, those for which the payment of consideration has been received from the customer or for which payment of consideration has become due are presented as contract liabilities. In liner trade business and bulk shipping business other than time charter business, freight (excluding demurrage and dispatch money, etc.) becomes determined as a legal claim primarily at the point in time when a consignment is loaded onto the ship at the loading port. Contract assets arise in certain bulk shipping businesses, including unloaded voyages during the period of transportation service (excluding time charter business), which is transferred to receivables from contracts with customers primarily at the point in time when a consignment is loaded onto the ship at the loading port.

Contract liabilities normally increase when the Group receives payment of consideration from a customer before the transfer of goods or services to the customer, while they decrease when the Group fulfills performance obligations. The main cause of a decrease in contract liabilities is the fulfillment of performance obligations, while the main cause of an increase in contract liabilities is an increase in advances received.

The portion of the revenues recognized in the consolidated fiscal year ended March 31, 2023, which was included in the balance of contract liabilities at the beginning of the consolidated fiscal year under review, was ¥35,917 million. The amount of revenues recognized in the consolidated fiscal year due to fulfilling performance obligations in the past period was financially insignificant.

The portion of the revenues recognized in the current consolidated fiscal year ended March 31, 2024, which is included in the balance of contract liabilities at the beginning of the consolidated fiscal year under review, is ¥46,470 million ($306,914 thousand). The amount of revenues recognized in the current consolidated fiscal year due to fulfilling performance obligations in the past period is financially insignificant.

(ii) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations at the end of the current fiscal year and the previous fiscal year is financially insignificant except that the transactions omitted from the reference in the notes for the practical expedient. The total amount of consideration received from contracts with customers does not contain any significant financing portion, which is not included in the transaction price.

Concerning the transaction price allocated to the following remaining performance obligations, notes are omitted for the practical expedient. With respect to consecutive voyage charter and contract of affreightment in shipping operation (liner trade business and bulk shipping business), we are focusing on gaining long-term contracts with customers to level out the impact of the changes in the market environment. Meanwhile, revenues derived from consecutive voyage charter and contract of affreightment are classified as variable considerations due to the variable elements involved in the transaction price, such as the number of voyages and freight rates. Such variable consideration is the type of variable consideration allocated to transportation service provided in each voyage, as required by Article 72 of the Accounting Standard for Revenue Recognition, and thus is deemed to be a variable consideration to be allocated to performance obligations not fully fulfilled, and notes are omitted. This type of variable consideration is eliminated as performance obligations are fulfilled progressively, where revenues are recognized over a period not exceeding 25 years for the current fiscal year and the previous fiscal year.

A time charter contract is a contract involving rights to claim for payment based on the length of time during which service is provided, where revenues are recognized at an amount we are entitled to claim as required by Article 19 of the Implementation Guidance on the Accounting Standard for Revenue Recognition, and notes are omitted.

Notes are also omitted for the contracts initially expected to terminate within one year.

25. Segment Information

1. Outline of reportable segments

The Company's reportable segments are constituent units of the Company and its consolidated subsidiaries for which separate financial information is obtainable. The segments are periodically reviewed by the Company's management to evaluate the allocation of management resources and business performance.

The NYK Group operates comprehensive logistics businesses covering maritime, land, and air transportation on a global scale. These operations are categorized under six reportable segments: Liner Trade, Air Cargo Transportation, Logistics, Bulk Shipping, Real Estate, and Other. The main operations and services of each reportable segment are listed as follows.

Reportable segment	Major operation and services in each segment
Liner Trade	Ocean cargo shipping, ship owning and chartering, shipping agency, container terminals business, harbor transport services, tugboat operation
Air Cargo Transportation	Air cargo transport
Logistics	Warehouse operation, cargo transport/handling business, coastal cargo shipping
Bulk Shipping	Ocean cargo shipping, ship owning and chartering, shipping agency
Real Estate	Rental, management and sale of real estate properties
Other	Ownership and operation of passenger ships, wholesaling of ship machinery and furniture, other services related to transport, information-processing business, wholesaling of oil products, others

2. Method for calculating revenues, profits and losses, assets, and other financial items of reportable segments

The accounting methods for the reportable segments are the same as those described in "3. Summary of Significant Accounting Policies." The profits and losses recorded under reportable segments are based on recurring profits or losses. Intra-segment revenues and transfers are primarily based on third-party transaction prices.

Change in measurement method

Beginning with the consolidated fiscal year under review, the Company has changed the method of calculating the amount of interest, etc. attributable to each segment to reflect the business performance of each reportable segment more appropriately. This change has no impact on revenues of each segment and amounts reported on the consolidated statement of income.

Please note that information on revenues, profit (loss), assets and other items by reportable segment for the year ended March 31, 2023 has been prepared and disclosed based on the revised measurement method.

3. Information on revenues, profit (loss), assets, and other items by reportable segments

The table below presents certain segment information for the years ended March 31, 2024 and 2023.

Year ended March 31, 2024:

	Millions of yen								
	Liner & Logistics				Others				
	Liner Trade	Air Cargo Transportation	Logistics	Bulk Shipping	Real Estate	Others	Total	Adjustments*	Consolidated Total
I Revenues:									
(1) Revenues from customers	¥186,593	¥154,560	¥699,296	¥1,230,737	¥3,127	¥112,923	¥2,387,240	¥-	¥2,387,240
(2) Intersegment revenues	5,759	6,625	3,002	916	-	106,680	122,984	(122,984)	-
Total	192,353	161,186	702,299	1,231,654	3,127	219,604	2,510,225	(122,984)	2,387,240
Segment profit (loss)	67,891	5,758	25,950	170,296	1,593	2,033	273,524	(12,183)	261,341
Segment assets	1,409,631	130,927	513,834	2,235,788	30,266	350,632	4,671,081	(416,311)	4,254,770
II Other items:									
Depreciation and amortization	9,468	9,933	31,402	88,452	531	1,852	141,640	(34)	141,605
Amortization of goodwill and negative goodwill	-	-	1,918	903	-	-	2,821	-	2,821
Interest income	1,072	23	1,572	6,653	112	21,724	31,159	(25,572)	5,586
Interest expenses	3,550	954	2,746	27,685	-	4,431	39,368	(25,541)	13,826
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	54,809	-	80	48,229	199	(3,710)	99,608	2	99,610
Investments in equity method affiliates	1,228,586	-	3,929	428,634	2,805	573	1,664,528	(2,002)	1,662,526
Increase in vessels, property, plant, and equipment and intangible assets	3,857	1,510	18,009	308,162	1,652	1,782	334,973	842	335,816
III Information about impairment losses by reportable segments:									
Impairment losses	-	-	158	3	-	-	162	-	162

IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	-	-	24,418	3,325	-	-	27,743	-	27,743

	Thousands of U.S. dollars (Note 2)								
	Liner & Logistics				Others				
	Liner Trade	Air Cargo Transportation	Logistics	Bulk Shipping	Real Estate	Others	Total	Adjustments*	Consolidated Total
I Revenues:									
(1) Revenues from customers	$1,232,369	$1,020,804	$4,618,558	$8,128,505	$20,652	$745,809	$15,766,726	$-	$15,766,726
(2) Intersegment revenues	38,035	43,755	19,826	6,049	-	704,576	(812,258)	(812,258)	-
Total	1,270,411	1,064,566	4,638,392	8,134,561	20,652	1,450,392	16,578,990	(812,258)	15,766,726
Segment (loss) profit	448,391	38,029	171,388	1,124,734	10,521	13,427	1,806,512	(80,463)	1,726,048
Segment assets	9,310,025	864,718	3,393,659	14,766,448	199,894	2,315,778	30,850,544	(2,749,560)	28,100,984
II Other items:									
Depreciation and amortization	62,532	65,603	207,397	584,188	3,507	12,231	935,473	(224)	935,242
Amortization of goodwill and negative goodwill	-	-	12,667	5,963	-	-	18,631	-	18,631
Interest income	7,080	151	10,382	43,940	739	143,477	205,792	(168,892)	36,893
Interest expenses	23,446	6,300	18,136	182,847	-	29,264	260,009	(168,687)	91,314
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	361,990	-	528	318,532	1,314	(24,503)	657,869	13	657,882
Investments in equity method affiliates	8,114,298	-	25,949	2,830,949	18,525	3,784	10,993,514	(13,222)	10,980,291
Increase in vessels, property, plant, and equipment and intangible assets	25,473	9,972	118,941	2,035,281	10,910	11,769	2,212,357	5,561	2,217,924
III Information about impairment losses by reportable segments:									
Impairment losses	-	-	1,043	19	-	-	1,069	-	1,069
IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	-	-	161,270	21,960	-	-	183,230	-	183,230

* Adjustments of segment profit or loss are ¥48 million ($317 thousand) of internal exchanges or transfers among segments and ¥–12,232 million ($-80,787 thousand) of corporate expenses. The Company accounts general and administrative expenses and non-operating expenses that do not belong to any single segment as corporate expenses. Adjustments of segment assets are ¥–450,586 million ($-2,975,932 thousand) of receivables or assets relating to internal exchanges among segments and ¥34,275 million ($226,372 thousand) of corporate assets. Major corporate assets are the excess of operating funds (cash and deposits).

Year ended March 31, 2023:

	Liner & Logistics: Liner Trade	Liner & Logistics: Air Cargo Transportation	Liner & Logistics: Logistics	Bulk Shipping	Others: Real Estate	Others: Others	Total	Adjustments*	Consolidated Total
	Millions of yen								
I Revenues:									
(1) Revenues from customers	¥195,265	¥206,785	¥858,644	¥1,240,166	¥3,352	¥111,851	¥2,616,066	¥-	¥2,616,066
(2) Intersegment revenues	5,439	11,310	3,802	649	-	122,661	143,863	(143,863)	-
Total	200,705	218,095	862,446	1,240,816	3,352	234,512	2,759,929	(143,863)	2,616,066
Segment profit (loss)	790,637	61,556	54,284	210,440	1,323	592	1,118,834	(9,044)	1,109,790
Segment assets	1,379,232	135,103	473,901	1,754,550	26,562	247,344	4,016,695	(239,897)	3,776,797
II Other items:									
Depreciation and amortization	9,771	9,427	25,130	75,506	534	1,331	121,702	(43)	121,658
Amortization of goodwill and negative goodwill	-	-	916	839	-	-	1,755	-	1,755
Interest income	421	9	1,469	3,885	65	6,896	12,747	(8,426)	4,320
Interest expenses	1,754	428	2,054	14,317	67	5,140	23,763	(8,374)	15,388
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	771,925	-	(27)	42,226	131	(2,303)	811,953	4	811,957
Investments in equity method affiliates	1,177,198	-	2,228	351,833	2,586	508	1,534,355	(2,004)	1,532,350
Increase in vessels, property, plant, and equipment and intangible assets	5,718	4,903	13,169	175,440	741	1,158	201,133	(2,267)	198,865
III Information about impairment losses by reportable segments:									
Impairment losses	-	-	1,781	25,108	29	1,031	27,951	-	27,951
IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	-	-	9,555	4,156	-	-	13,712	-	13,712

* Adjustments of segment profit or loss are ¥19 million of internal exchanges or transfers among segments and ¥–9,063 million of corporate expenses. The Company accounts general and administrative expenses and non-operating expenses that do not belong to any single segment as corporate expenses. Adjustments of segment assets are ¥–335,927 million of receivables or assets relating to internal exchanges among segments and ¥96,029 million of corporate assets. Major corporate assets are the excess of operating funds (cash and deposits).

4. Related Information

Information by geographical segment is as follows. As there were no customers that accounted for more than 10% of consolidated revenues, information about revenues from major customers is omitted.

Year ended March 31, 2024:

	Japan	North America	Europe	Asia	Others	Total
	Millions of yen					
I Revenues	¥1,676,592	¥141,494	¥257,113	¥283,250	¥28,788	¥2,387,240
II Vessels, property, plant and equipment	820,442	71,146	335,603	141,766	4,167	1,373,126

	Japan	North America	Europe	Asia	Others	Total
	Thousands of U.S. dollars (Note 2)					
I Revenues	$11,073,191	$934,508	$1,698,124	$1,870,748	$190,132	$15,766,726
II Vessels, property, plant and equipment	5,418,677	469,889	2,216,518	936,305	27,521	9,068,925

Year ended March 31, 2023:

	Japan	North America	Europe	Asia	Others	Total
	Millions of yen					
I Revenues	¥1,784,521	¥168,434	¥264,396	¥374,398	¥24,315	¥2,616,066
II Vessels, property, plant and equipment	690,657	84,535	244,374	119,951	4,232	1,143,751

26. Related Party Disclosures

(1) Related-party transactions

Fiscal year under review (April 1, 2023 to March 31, 2024)
No matters of importance to report.

Previous fiscal year (April 1, 2022 to March 31, 2023)
No matters of importance to report.

(2) Summarized financial information as of and for the years ended March 31, 2024 and 2023, for OCEAN NETWORK EXPRESS PTE. LTD., which was classified as a significant affiliated company, is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2024	2023	2024
Total current assets	¥3,033,677	¥2,780,024	$20,036,173
Total non-current assets	1,651,445	1,409,715	10,907,106
Total current liabilities	599,347	505,014	3,958,437
Total non-current liabilities	820,937	638,284	5,421,947
Total equity	3,264,839	3,046,440	21,562,902
Revenues	2,088,033	3,955,092	13,790,588
Profit before income taxes	157,398	2,051,717	1,039,548
Profit attributable to owners of parent	133,662	2,024,453	882,781

27. Per Share Information

Equity per share is computed by dividing equity other than non-controlling interests by the year-end number of common shares, retroactively adjusted for stock or reverse stock splits.

Basic profit per share is computed by dividing profit available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock or reverse stock splits.

Cash dividends per share consist of interim dividends paid during the year and dividends to be paid after the end of the year.

When calculating equity per share, the shares held by the performance- based stock remuneration Board Incentive Plan (BIP) trust are included in the treasury shares deducted from the total number of issued shares at the fiscal year-end. Also, when calculating profit per share, the shares held by the BIP trust are included in the treasury shares deducted when calculating the weighted-average number of common shares outstanding for the period.

The number of treasury shares deducted when calculating equity per share was 450 thousand shares in the previous consolidated fiscal year and 378 thousand shares in the consolidated fiscal year under review. Also, the average number of treasury shares for the period deducted when calculating profit per share was 771 thousand shares in the previous consolidated fiscal year and 411 thousand shares in the consolidated fiscal year under review.

Date of record		Dividend per share				
		First quarter	Second quarter	Third quarter	Year-end	Full year
Year ended March 31, 2024	Yen	-	¥60	-	¥80	¥140
Year ended March 31, 2023	Yen	-	¥1,050	-	¥170	-
Year ended March 31, 2024	U.S. dollars (Note 2)	-	$0.40	-	$0.53	$0.92

(Note) A 3-for-1 common stock split was conducted with an effective date of October 1, 2022. The year-end dividend per share for the fiscal year ending March 31, 2023 indicated above is based on the number of shares after the stock split, and the full-year dividend is stated as “-”. Based on the number of shares prior to the stock split, the year-end dividend for the fiscal year March 31, 2023 would be ¥510.00 for a full-year dividend of ¥1,560.00 per share.

28. Subsequent Events

1. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2024, was approved at the Company's shareholders' meeting held on June 19, 2024.

	Millions of yen	Thousands of U.S. dollars (Note 2)
Year-end cash dividends, ¥80.00 ($0.53) per share	¥36,761	$242,791

2. Issuance of corporate bonds

On April 10, 2024, the Company decided to issue unsecured straight bonds, and the issuance of the bonds was conducted on April 17, 2024. The details of the issuance are as follows.

Unsecured Straight Bond No. 47
(1) Issue amount: 15,000 million yen
(2) Issue price: 100 yen per par value of 100 yen
(3) Coupon rate: 0.722% per annum
(4) Maturity date: April 17, 2029 (lump-sum payment upon maturity)
(5) Closing date and issuance date: April 17, 2024
(6) Use of proceeds: Investment in LNG-fueled vessels, LPG-fueled vessels, etc.

Unsecured Straight Bond No. 48
(1) Issue amount: 10,000 million yen
(2) Issue price: 100 yen per par value of 100 yen
(3) Coupon rate: 1.175% per annum
(4) Maturity date: April 17, 2034 (lump-sum payment upon maturity)
(5) Closing date and issuance date: April 17, 2024
(6) Use of proceeds: Investment in ammonia-fueled medium gas carrier, etc.

3. Retirement of treasury stock

On April 18, 2024, the Company decided the retirement of its treasury stock pursuant to Article 178 of the Companies Act and Article 25 of the Company's Articles of Incorporation, and conducted the retirement on April 30, 2024.

(1) Reason for the retirement of treasury stock
As part of efforts to implement shareholder returns focused on improving capital efficiency, based on the policy in the medium-term management plan announced on March 10, 2023
(2) Class of shares to be retired
Common stock
(3) Total number of shares to be retired
49,165,294 shares
(9.64% of the issued shares prior to the retirement (510,165,294 shares))
(4) Retirement date
April 30, 2024
(5) Total number of issued shares after retirement
461,000,000 shares
(6) Retirement method
Deducted from capital surplus and retained earnings

The total number of treasury stock repurchased in accordance with the resolution by the Board of Directors meeting held on August 3, 2023 is 49,096,700 shares.

4. Acquisition and retirement of treasury stock

At the Board of Directors meeting held on May 8, 2024, the Company resolved the acquisition of treasury stock pursuant to Article 459, Paragraph 1 of the Companies Act and Article 44 of the Company's Articles of Incorporation. The Company also decided to retire the stock pursuant to Article 178 of the Companies Act and Article 25 of the Company's Articles of Incorporation.

(1) Reason for the acquisition and retirement of treasury stock
In its Medium-term Management plan "Sail Green, Drive Transformations 2026 – A Passion for Planetary Wellbeing," formulated in March 2023, the Company developed a business strategy to realize a corporate group that contributes to society and continues to grow sustainably and a new financial strategy to promote management replete with capital efficiency. Under this plan, concerning shareholder returns, it has set forth a policy of nimbly providing returns with an awareness of both increasing capital efficiency and sustainable growth.

Based on this policy, the Company acquired treasury stock of approximately 200 billion yen during the acquisition period spanning August 4, 2023 to March 7, 2024. On top of this, based on the current outlook of investment opportunities and the business environments, the Company has decided to once again implement an acquisition, and to retire all of the stock acquired in order to further improve capital efficiency.

(2) Details regarding the acquisition

(I) Class of shares to be acquired
Common stock

(II) Total number of shares to be acquired
35,000,000 shares (maximum)
(7.6% of total issued shares (excluding treasury stock))

(III) Total value of the stock acquisition
100 billion yen (maximum)

(IV) Acquisition period
May 9, 2024 to April 30, 2025

(V) Acquisition method
Purchase on the open market in the Tokyo Stock Exchange based on discretionary trading contracts

All or part of the stock acquisition may not be executed depending on market trends and other factors.

(3) Details regarding the retirement

(I) Class of shares to be retired
Common stock

(II) Total number of shares to be retired
Total number of treasury stock based on (2) above

(III) Scheduled retirement date
May 30, 2025

5. Acquisition of treasury stock

The Company implemented the acquisition of treasury stock pursuant to Article 459, Paragraph 1 of the Companies Act and Article 44 of the Company’s Articles of Incorporation, which was resolved at the Board of Directors meeting held on May 8, 2024, as follows.

(1) Class of shares acquired
Common stock

(2) Total number of shares acquired
4,318,000 shares

(3) Total value of the stock acquisition
20,854,106,194 yen

(4) Acquisition period
May 9, 2024 to June 30, 2024

(5) Acquisition method
Purchase on the open market in the Tokyo Stock Exchange based on discretionary trading contracts

29. Short-Term and Long-Term Debt

(1) Bonds as of March 31, 2024 and 2023, consisted of the following:

			Millions of yen		Thousands of U.S. dollars (Note 2)
			2024	2023	2024
	Interest rate	Maturity date			
Unsecured Straight Bonds No. 23*	2.36%	June 7, 2024	¥10,000	¥10,000	$66,045
Unsecured Straight Bonds No. 25	2.65%	June 22, 2026	10,000	10,000	66,045
Unsecured Straight Bonds No. 32	2.13%	September 9, 2031	10,000	10,000	66,045
Unsecured Straight Bonds No. 39*	0.53%	May 31, 2024	10,000	10,000	66,045
Unsecured Straight Bonds No. 40*	0.29%	May 24, 2023	-	10,000	-
Unsecured Straight Bonds No. 41*	0.29%	August 29, 2024	13,000	13,000	85,859
Unsecured Straight Bonds No. 42	0.65%	August 29, 2029	14,000	14,000	92,464
Unsecured Straight Bonds No. 43	0.26%	July 29, 2026	10,000	10,000	66,045
Unsecured Straight Bonds No. 44	0.38%	July 28, 2028	10,000	10,000	66,045
Unsecured Straight Bonds No. 45	0.439%	July 21, 2028	10,000	-	66,045
Unsecured Straight Bonds No. 46	0.91%	July 21, 2033	10,000	-	66,045
Total			107,000	97,000	706,690

* The Company plans to redeem Unsecured Straight Bonds No.40 within one year from March 31, 2023, and Unsecured Straight Bonds No.23, Unsecured Straight Bonds No.39 and Unsecured Straight Bonds No.41 within one year from March 31, 2024.

The aggregate annual maturities of convertible bonds and bonds as of March 31, 2024, were as follows:

Millions of yen				
Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
¥33,000	¥-	¥20,000	¥-	¥20,000

Thousands of U.S. dollars (Note 2)				
Within one year	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
$217,951	$-	$132,091	$-	$132,091

(2) Loans payable, leases liabilities (current / non-current), and other interest-bearing liabilities as of March 31, 2024 and 2023, were as follows:

			Millions of yen		Thousands of U.S. dollars (Note 2)
			2024	2023	2024
Classification	Average interest rate	Repayment deadline			
Short-term loans payable(including overdraft)	5.38%	-	¥91,121	¥1,204	$601,816
Current portion of long-term loans payable	5.09%	-	103,594	72,377	684,195
Leases liabilities (current)	4.48%	-	22,649	26,412	149,587
Long-term loans payable	3.86%	2025-2037	461,294	422,691	3,046,654
Leases liabilities (non-current)	4.14%	2025-2061	75,145	74,406	496,301
Commercial papers (current)	-	-	53,000	-	350,042
Total			806,806	597,091	5,328,617

Average interest rate is the weighted average interest rate for amounts outstanding as of the fiscal year end.

Long-term loans payable, Leases liabilities (non-current), and long-term accounts payable (excluding current portion) scheduled for repayment within five years from March 31, 2024, are as follows:

	Millions of yen			
	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
Long-term loans payable	¥41,623	¥99,362	¥75,584	¥87,574
Leases liabilities (non-current)	17,670	12,011	8,976	6,948

	Thousands of U.S. dollars (Note 2)			
	More than one year, within two years	More than two years, within three years	More than three years, within four years	More than four years, within five years
Long-term loans payable	$274,902	$656,244	$499,200	$578,389
Leases liabilities (non-current)	116,702	79,327	59,282	45,888

30. Schedule of Asset Retirement Obligations

Because the amounts of asset retirement obligations at the beginning and the end of the fiscal year under review were not more than 1% of the total amount of liabilities and equity at the beginning and the end of the fiscal year under review, this information is omitted in accordance with Article 92-2 of the Regulation on Consolidated Financial Statements.

Quarterly information, etc., in the consolidated fiscal year under review

(Cumulative period)		First quarter	Second quarter	Third quarter	Total
Revenues	Millions of yen	¥567,515	¥1,168,335	¥1,789,217	¥2,387,240
Amount of profit before income taxes	Millions of yen	93,536	177,643	231,625	318,842
Amount of profit attributable to owners of parent	Millions of yen	73,490	113,390	153,574	228,603
Profit per share	Yen	144.62	224.99	309.89	468.13

(Fiscal period)		First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	Yen	¥144.62	¥79.66	¥83.76	¥160.95

(Cumulative period)		First quarter	Second quarter	Third quarter	Total
Revenues	Thousands of U.S. dollars (Note 2)	$3,748,200	$7,716,366	$11,817,033	$15,766,726
Amount of profit before income taxes	Thousands of U.S. dollars (Note 2)	617,766	1,173,258	1,529,786	2,105,818
Amount of profit attributable to owners of parent	Thousands of U.S. dollars (Note 2)	485,370	748,893	1,014,292	1,509,827
Profit per share	U.S. dollars (Note 2)	955	1,485	2,046	3,091

(Fiscal period)		First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share	U.S. dollars (Note 2)	$955	$526	$553	$1,063

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Yusen Kabushiki Kaisha:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Nippon Yusen Kabushiki Kaisha and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Impairment Losses of Non-current Assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As presented in the consolidated balance sheet, the Group recorded ¥787,035 million ($5,198,038 thousand) for vessels and ¥90,273 million ($596,215 thousand) for aircrafts as of March 31, 2024, and these amounts represented 18.5% and 2.1% of total assets, respectively. As stated in the notes to consolidated financial statements 3. Summary of Significant Accounting Policies N. Significant Accounting Estimates (1) Impairment losses of non-current assets, if any impairment indicators exist for assets or asset groups ("asset groups"), the Group recognizes and measures impairment losses based on the undiscounted future cash flows, the value in use or the net selling price at disposition for asset groups. The value in use is calculated as the discounted present value of future cash flows. The significant assumptions used in the business plans which form the basis of future cash flows are mainly composed of the market conditions for freight and charter rates, and the future prospects of cargo demand. Since the shipping and air cargo markets are highly volatile considering the trends in environmental laws and regulations in the future, forecasting them requires a high degree of judgment. Due to this uncertainty, there is a high degree of subjectivity and dependence on management's judgment regarding market conditions in estimating the future cash flows. Additionally, complex calculation is required in deriving the discount rate used to determine the discounted present value, and involves management's judgment. The net selling at disposition is primarily estimated based on the valuation results involving management's experts. For some asset groups, for which there may be no observable markets, the valuation methods and results may be highly dependent on management's judgment. Although no material impairment losses were recorded for the year ended March 31, 2024, we identified the valuation of non-current assets as a key audit matter because the application of impairment accounting involves significant judgments made by management and the impact on the consolidated financial statements can be quantitatively material and as a result, it requires a high degree of judgment in our audit.	Our audit procedures related to the impairment test of non-current assets included the following, among others: (Value in use and future cash flows) • We tested the design and operating effectiveness of the Group's internal controls relevant to developing future cash flows, including assumptions made by management regarding market conditions for freight and charter rates and future prospects of cargo demand. • We evaluated the accuracy of management's historical estimates by comparing the budgets and business plans for past fiscal years with actual results. • Our audit procedures to evaluate the reasonableness of key assumptions, such as freight, charter rates and cargo demand, included the following, among others: —For estimates of freight and charter rates, we conducted trend analysis using past results and comparisons with external data, such as market research reports, etc. —For estimates of cargo demand, we conducted trend analysis using past results and inspection of related supporting documents, etc. • For the discount rate, we evaluated the appropriateness of the calculation method adopted by management with the assistance of our valuation specialists, who used available external data. We also checked the consistency of the input data used against available external data. (Net selling price at disposition) • With the assistance of our asset valuation specialists, we evaluated the reliability of management's experts and the appropriateness of valuation methodologies. • In cases where there were comparable sales transactions related to similar assets and so forth, we tested the appropriateness of valuation results made by management's experts by comparing them with those sales transactions.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Financial Results 2024, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

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

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

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Nippon Yusen Kabushiki Kaisha and its subsidiaries were ¥749 million and ¥186 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC

July 10, 2024

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