



Nippon Yusen Kabushiki Kaisha

Financial Results

Year Ended March 31, 2020



Consolidated Balance Sheet

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(March 31, 2020)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 4 and 13)	¥ 81,861	¥ 79,915	\$ 752,197
Notes and operating accounts receivable—trade (Note 4)	191,813	219,937	1,762,502
Short-term investment securities (Notes 4 and 5)	134	140	1,231
Inventories (Note 7)	32,532	39,308	298,932
Deferred and prepaid expenses	61,162	63,211	561,997
Other	77,091	71,909	708,365
Allowance for doubtful accounts (Note 4)	(2,173)	(2,299)	(19,975)
Total current assets	442,421	472,123	4,065,251
NON-CURRENT ASSETS:			
VESSELS, PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 8, 10, 11, and 13):			
Vessels	603,317	620,212	5,543,667
Buildings and structures	107,643	84,827	989,099
Aircraft	38,023	39,692	349,387
Machinery, equipment, and vehicles	28,856	29,310	265,148
Equipment	5,145	5,729	47,281
Land	83,504	68,543	767,289
Construction in progress	44,903	44,172	412,600
Other	4,935	5,372	45,347
Total vessels, property, plant and equipment	916,329	897,861	8,419,820
INTANGIBLE ASSETS:			
Leasehold right	4,926	4,553	45,271
Software	5,915	6,562	54,354
Goodwill	11,055	16,404	101,589
Other	3,670	3,815	33,726
Total intangible assets	25,568	31,335	234,941
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4,5,9, and 13)	449,267	478,996	4,128,155
Long-term loans receivable (Note 4)	11,876	21,445	109,124
Net defined benefit asset (Note 22)	41,430	55,997	380,691
Deferred tax assets (Note 15)	4,910	6,361	45,122
Other	46,694	44,146	429,056
Allowance for doubtful accounts (Note 4)	(5,567)	(6,847)	(51,158)
Total investments and other assets	548,611	600,099	5,040,992
Total non-current assets	1,490,509	1,529,295	13,695,755
DEFERRED ASSETS	333	285	3,065
TOTAL ASSETS	1,933,264	2,001,704	17,764,072

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
LIABILITIES			
CURRENT LIABILITIES:			
Notes and operating accounts payable-trade (Note 4)	¥ 137,911	¥ 160,258	\$ 1,267,217
Current portion of bonds	20,000	30,000	183,772
Short-term loans payable (Notes 4, 12, and 13)	162,675	196,849	1,494,764
Commercial papers	19,000	11,000	174,584
Leases liabilities (Notes 4 and 12)	18,740	4,151	172,201
Income taxes payable	5,340	7,536	49,069
Advances received	39,349	39,879	361,568
Provision for bonuses	9,360	9,264	86,008
Provision for directors' bonuses	310	333	2,852
Provision for stock payment	–	734	–
Provision for losses related to contracts	–	4,731	–
Provision for related to business restructuring	20	351	187
Other	60,906	62,461	559,652
Total current liabilities	473,615	527,553	4,351,879
NON-CURRENT LIABILITIES:			
Bonds payable (Notes 4 and 12)	132,000	125,000	1,212,900
Long-term loans payable (Notes 4, 12, and 13)	616,234	663,305	5,662,356
Leases liabilities (Notes 4 and 12)	81,203	15,875	746,148
Deferred tax liabilities (Note 15)	44,632	49,540	410,108
Net defined benefit liability (Note 22)	15,920	16,837	146,290
Provision for directors' retirement benefits	1,067	1,375	9,808
Provision for stock payment	285	–	2,625
Provision for periodic dry docking of vessels	18,536	20,136	170,326
Provision for losses related to contracts	23,078	30,734	212,058
Provision for related to business restructuring	1,001	1,220	9,206
Provision for loss on guarantees	224	–	2,060
Other	26,624	28,400	244,641
Total non-current liabilities	960,809	952,424	8,828,532
Total liabilities	1,434,424	1,479,978	13,180,411
EQUITY (Notes 16 and 26)			
SHAREHOLDERS' CAPITAL:			
Common stock	144,319	144,319	1,326,103
Capital surplus	45,737	42,894	420,269
Retained earnings	311,892	293,719	2,865,865
Treasury stock	(3,429)	(3,715)	(31,509)
Total shareholders' capital	498,520	477,218	4,580,728
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized gain (loss) on available-for-sale securities	9,474	23,156	87,054
Deferred gain (loss) on hedges	(27,752)	(15,685)	(255,007)
Foreign currency translation adjustments	(18,966)	(9,988)	(174,276)
Remeasurements of defined benefit plans	1,388	12,731	12,760
Total accumulated other comprehensive income (loss)	(35,856)	10,214	(329,468)
Non-controlling interests	36,175	34,293	332,400
Total equity	498,839	521,725	4,583,660
TOTAL LIABILITIES AND EQUITY	1,933,264	2,001,704	17,764,072

	Yen		U.S. dollars (Note 2)
	2020	2019	2020
Equity per share	¥2,740.41	¥2,889.26	\$25.18

See notes to consolidated financial statements.

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2020)

(Consolidated Statement of Income)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
REVENUES	¥1,668,355	¥1,829,300	\$15,329,925
COST AND EXPENSES	1,461,434	1,634,188	13,428,599
Gross profit	206,921	195,111	1,901,325
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	168,225	184,026	1,545,761
Operating profit	38,696	11,085	355,564
NON-OPERATING INCOME:			
Interest income	3,576	3,475	32,861
Dividend income	7,826	8,473	71,911
Equity in earnings of unconsolidated subsidiaries and affiliates	22,517	–	206,904
Foreign exchange gains	–	368	–
Other	3,387	6,522	31,122
Total non-operating income	37,306	18,841	342,800
NON-OPERATING EXPENSES:			
Interest expenses	25,958	24,343	238,526
Equity in losses of unconsolidated subsidiaries and affiliates	–	2,538	–
Foreign exchange losses	1,399	–	12,854
Other	4,158	5,097	38,208
Total non-operating expenses	31,516	31,978	289,590
Recurring profit (loss)	44,486	(2,052)	408,774
OTHER GAINS:			
Gain on sales of non-current assets	29,245	12,577	268,728
Gain on sales of investment securities	6,373	19,474	58,562
Other	1,829	20,713	16,811
Total other gains	37,448	52,766	344,103
OTHER LOSSES:			
Loss on sales of non-current assets	530	674	4,878
Impairment loss	20,655	18,886	189,794
Loss on valuation of investment securities	10,886	757	100,033
Provision for losses related to contracts (Note 18)	–	35,465	–
Other	7,337	16,912	67,422
Total other losses	39,410	72,697	362,129
PROFIT (LOSS) BEFORE INCOME TAXES	42,525	(21,983)	390,748
Income taxes - Current	1,359	15,869	12,487
Income taxes - Deferred	5,466	3,359	50,226
Total income taxes (Note 15)	6,825	19,229	62,714
PROFIT (LOSS)	35,699	(41,212)	328,033
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	4,569	3,288	41,991
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT	31,129	(44,501)	286,042

	Per share of common stock (Note 3.L):	Yen	U.S. dollars (Note 2)
Basic profit (loss)	¥184.39	¥(263.80)	\$1.69
Cash dividends applicable to the year	40.00	20.00	0.37

(Consolidated Statement of Comprehensive Income)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Profit (Loss)	¥ 35,699	¥(41,212)	\$ 328,033
Other comprehensive income (Note 19)			
Unrealized gain (loss) on available-for-sale securities	(13,577)	(16,550)	(124,758)
Deferred gain (loss) on hedges	(5,745)	(2,810)	(52,790)
Foreign currency translation adjustments	(6,335)	(5,574)	(58,211)
Remeasurements of defined benefit plans	(11,319)	1,390	(104,012)
Share of other comprehensive income of associates accounted for using equity method	(9,939)	4,449	(91,328)
Total other comprehensive income	(46,916)	(19,095)	(431,102)
Comprehensive income	(11,216)	(60,308)	(103,068)
Comprehensive income attributable to owners of parent	(14,940)	(63,307)	(137,285)
Comprehensive income attributable to non-controlling interests	3,723	2,999	34,216

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2020)

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, April 1, 2018	¥144,319	¥35,112	¥345,404	¥(3,801)	¥521,035	¥ 41,637	¥(18,929)	¥ (3,101)	¥ 11,245	¥ 30,851	¥36,368	¥588,255
Cumulative effects of changes in accounting policies	-	-	-	-	-	(1,822)	-	-	-	(1,822)	45	(1,777)
Restated Balance, March 31, 2018	144,319	35,112	345,404	(3,801)	521,035	39,814	(18,929)	(3,101)	11,245	29,028	36,414	586,478
Dividends from surplus	-	-	(6,783)	-	(6,783)	-	-	-	-	-	-	(6,783)
Profit (loss) attributable to owners of the parent company	-	-	(44,501)	-	(44,501)	-	-	-	-	-	-	(44,501)
Purchase of treasury stock	-	-	-	(13)	(13)	-	-	-	-	-	-	(13)
Disposal of treasury stock	-	(1)	-	99	98	-	-	-	-	-	-	98
Change in equity of parent related to transactions with non-controlling shareholders	-	7,783	-	-	7,783	-	-	-	-	-	-	7,783
Adjustments due to change in the fiscal period of consolidated subsidiaries	-	-	26	-	26	-	-	-	-	-	-	26
Change in scope of consolidation	-	-	(290)	-	(290)	-	-	-	-	-	-	(290)
Change in scope of equity method	-	-	(22)	-	(22)	-	-	-	-	-	-	(22)
Decrease by merger	-	-	(108)	-	(108)	-	-	-	-	-	-	(108)
Other	-	-	(4)	(0)	(4)	-	-	-	-	-	-	(4)
Net change of items other than shareholders' capital	-	-	-	-	-	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(20,934)
Total changes of items during the period	-	7,781	(51,685)	85	(43,817)	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(64,752)
Balance, March 31, 2019	144,319	42,894	293,719	(3,715)	477,218	23,156	(15,685)	(9,988)	12,731	10,214	34,293	521,725
Cumulative effects of changes in accounting policies	-	-	(8,505)	-	(8,505)	-	-	-	-	-	(355)	(8,860)
Restated Balance, March 31, 2019	144,319	42,894	285,214	(3,715)	468,713	23,156	(15,685)	(9,988)	12,731	10,214	33,937	512,865
Dividends from surplus	-	-	(5,087)	-	(5,087)	-	-	-	-	-	-	(5,087)
Profit (loss) attributable to owners of the parent company	-	-	31,129	-	31,129	-	-	-	-	-	-	31,129
Purchase of treasury stock	-	-	-	(482)	(482)	-	-	-	-	-	-	(482)
Disposal of treasury stock	-	(0)	-	768	768	-	-	-	-	-	-	768
Change in equity of parent related to transactions with non-controlling shareholders	-	2,844	-	-	2,844	-	-	-	-	-	-	2,844
Adjustments due to change in the fiscal period of consolidated subsidiaries	-	-	22	-	22	-	-	-	-	-	-	22
Change in scope of consolidation	-	-	65	-	65	-	-	-	-	-	-	65
Change in scope of equity method	-	-	(177)	-	(177)	-	-	-	-	-	-	(177)
Other	-	(1)	723	-	722	-	-	-	-	-	-	722
Net change of items other than shareholders' capital	-	-	-	-	-	(13,682)	(12,067)	(8,978)	(11,342)	(46,070)	2,237	(43,833)
Total changes of items during the period	-	2,843	26,677	286	29,807	(13,682)	(12,067)	(8,978)	(11,342)	(46,070)	2,237	(14,025)
Balance, March 31, 2020	144,319	45,737	311,892	(3,429)	498,520	9,474	(27,752)	(18,966)	1,388	(35,856)	36,175	498,839

Thousands of U.S. dollars (Note 2)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, March 31, 2019	\$1,326,103	\$394,143	\$2,698,884	\$(34,142)	\$4,384,988	\$ 212,779	\$(144,126)	\$ (91,777)	\$ 116,983	\$ 93,858	\$315,107	\$4,793,953
Cumulative effects of changes in accounting policies	-	-	(78,150)	-	(78,150)	-	-	-	-	-	(3,266)	(81,417)
Restated Balance, March 31, 2019	1,326,103	394,143	2,620,733	(34,142)	4,306,837	212,779	(144,126)	(91,777)	116,983	93,858	311,841	4,712,536
Dividends from surplus	-	-	(46,743)	-	(46,743)	-	-	-	-	-	-	(46,743)
Profit (loss) attributable to owners of the parent company	-	-	286,042	-	286,042	-	-	-	-	-	-	286,042
Purchase of treasury stock	-	-	-	(4,429)	(4,429)	-	-	-	-	-	-	(4,429)
Disposal of treasury stock	-	(4)	-	7,062	7,058	-	-	-	-	-	-	7,058
Change in equity of parent related to transactions with non-controlling shareholders	-	26,140	-	-	26,140	-	-	-	-	-	-	26,140
Adjustments due to change in the fiscal period of consolidated subsidiaries	-	-	207	-	207	-	-	-	-	-	-	207
Change in scope of consolidation	-	-	600	-	600	-	-	-	-	-	-	600
Change in scope of equity method	-	-	(1,626)	-	(1,626)	-	-	-	-	-	-	(1,626)
Other	-	(9)	6,651	-	6,641	-	-	-	-	-	-	6,641
Net change of items other than shareholders' capital	-	-	-	-	-	(125,724)	(110,881)	(82,498)	(104,222)	(423,327)	20,559	(402,767)
Total changes of items during the period	-	26,126	245,131	2,632	273,891	(125,724)	(110,881)	(82,498)	(104,222)	(423,327)	20,559	(128,876)
Balance, March 31, 2020	1,326,103	420,269	2,865,865	(31,509)	4,580,728	87,054	(255,007)	(174,276)	12,760	(329,468)	332,400	4,583,660

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2020)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
OPERATING ACTIVITIES			
Profit (loss) before income taxes	¥ 42,525	¥ (21,983)	\$ 390,748
Adjustments for:			
Depreciation and amortization	104,057	89,713	956,143
Impairment loss	20,655	18,886	189,794
Provision for losses related to contracts	–	35,465	–
Losses related to business restructuring	–	925	–
Loss (Gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(28,384)	(11,259)	(260,812)
Loss (Gain) on sales of short-term and long-term investment securities	(7,179)	(36,515)	(65,966)
Loss (Gain) on valuation of short-term and long-term investment securities	10,938	812	100,513
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(22,517)	2,538	(206,904)
Interest and dividend income	(11,402)	(11,949)	(104,773)
Interest expenses	25,958	24,343	238,526
Foreign exchange losses (gains)	401	(7,944)	3,692
Decrease (increase) in notes and accounts receivable-trade	20,999	32,476	192,955
Decrease (increase) in inventories	7,041	7,788	64,704
Increase (decrease) in notes and accounts payable-trade	(17,712)	(43,775)	(162,756)
Other, net	(16,001)	2,144	(147,032)
Subtotal	129,380	81,666	1,188,832
Interest and dividend income received	21,851	22,028	200,782
Interest expenses paid	(25,866)	(23,994)	(237,675)
Paid expenses related to antitrust law	–	(18,997)	–
Income taxes paid	(8,434)	(15,442)	(77,497)
Net cash provided by operating activities	116,931	45,260	1,074,442
INVESTING ACTIVITIES			
Purchase of securities	–	(84)	–
Proceeds from sales and redemption of securities	–	100	–
Purchase of vessels, property, plant, and equipment and intangible assets	(138,766)	(169,614)	(1,275,079)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	70,837	85,356	650,900
Purchase of investment securities	(13,728)	(100,799)	(126,146)
Proceeds from sales and redemption of investment securities	20,729	36,855	190,477
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(2,756)	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation (Note 14)	(424)	(948)	(3,902)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation (Note 14)	379	11,414	3,486
Payments of loans receivable	(11,803)	(5,844)	(108,456)
Collections of loans receivable	15,767	8,410	144,883
Other, net	2,141	5,618	19,680
Net cash used in investing activities	(54,867)	(132,292)	(504,155)
FINANCING ACTIVITIES			
Net increase (decrease) in short-term loans payable	(37,136)	97,487	(341,233)
Net increase (decrease) in commercial papers	8,000	11,000	73,509
Proceeds from long-term loans payable	85,939	112,236	789,669
Repayments of long-term loans payable	(90,950)	(139,028)	(835,710)
Proceeds from issuance of bonds	26,856	9,937	246,779
Redemption of bonds	(30,000)	(30,000)	(275,659)
Repayments of leases liabilities	(19,275)	(2,402)	(177,114)
Proceeds from share issuance to non-controlling shareholders	3,271	–	30,063
Purchase of treasury stock	(482)	(13)	(4,429)
Proceeds from sales of treasury stock	334	106	3,071
Cash dividends paid to shareholders	(5,087)	(6,783)	(46,743)
Cash dividends paid to non-controlling interests	(4,436)	(4,965)	(40,761)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(1,565)	–
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	3,058	12,846	28,105
Other, net	(1,827)	3,859	(16,794)
Net cash provided by (used in) financing activities	(61,733)	62,715	(567,248)
Effect of exchange rate change on cash and cash equivalents	(1,550)	(1,201)	(14,244)
Net increase (decrease) in cash and cash equivalents	(1,219)	(25,519)	(11,206)
Cash and cash equivalents at beginning of period	78,280	103,278	719,290
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	26	486	247
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	30	6	279
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(26)	28	(241)
Cash and cash equivalents at end of period (Note 14)	77,092	78,280	708,370

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2020)

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, 2020, which was ¥108.83 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 501 consolidated subsidiaries (the "NYK Group") at March 31, 2020.

During the fiscal year ended March 31, 2020, the Company newly established 11 companies and judged 15 companies to have a material impact on the consolidated financial statements. Consequently, the Company brought these companies under the scope of consolidation in the consolidated fiscal year ended March 31, 2020.

Three companies were changed from consolidated subsidiaries to affiliates accounted for by the equity method due to the partial sell-off of their shares.

A total of 25 companies were excluded from the scope of consolidation due to liquidation.

Five companies were excluded from the scope of consolidation due to mergers.

Two companies were excluded from the scope of consolidation due to the sell-off of their shares.

(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 7 unconsolidated subsidiaries and 199 affiliates using the equity method at March 31, 2020.

In the consolidated fiscal year ended March 31, 2020, the Company judged five companies to have a material impact on the consolidated financial statements. Consequently, these companies are newly included in the scope of companies accounted for using the equity method.

Three companies were changed from consolidated subsidiaries to equity-method affiliates following the partial sell-offs of their shares.

One company was excluded from the scope of companies accounted for using the equity method due to liquidation.

Three companies were excluded from the scope of companies accounted for using the equity method following the sell-offs of their shares.

(3) 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.

(4) 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, 2020, December 31 was used by 33 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.

Nine 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.

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 and long-term investment securities are classified and accounted for, depending on management's intent, as follows:
 - i) Held-to-maturity debt securities to maturity are reported at amortized cost.
 - ii) (a) Available-for-sale securities with fair value, which are not classified as the aforementioned securities, are reported at fair values, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity and (b) available-for-sale securities whose fair values are not readily determinable are reported at cost using the moving average method.
- (2) Derivatives are valued at market.
- (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.

As described in "Changes in Accounting Policies," from the fiscal year under review, some overseas consolidated subsidiaries applied IFRS 16 "Leases." Consequently, as a general rule, each of the lessees' leases is recorded as either an asset or liability on the consolidated balance sheet, and recognized right-of-use assets are depreciated using the straight-line method.

F. Capitalization of Interest Expenses

Interest expenses are generally charged to income 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.

G. Provisions

- (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, purchase of non-current assets, as well as performance of lease contracts is 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.
- (9) Provision for loss on guarantees:
Provision for possible losses on guarantees, etc. to subsidiaries or affiliates, is recorded based on the estimated amount of losses, individually taking into account the financial condition etc., of the guaranteed.

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 8 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 8 years), which is not more than the average remaining service period of employees.

I. 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.

J. Freight Revenue and Expense Recognition

Freight revenues and expenses are recognized by two different methods depending on types of cargo transportation.

- (1) Transportation by containerships:
Revenues and expenses arising from ocean transportation of containers are recognized proportionately as shipments move.

- (2) Transportation by vessels other than containerships:
Revenues and expenses from transportation by vessels other than containerships are principally recognized upon the voyage completion method.

K. 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.

L. Per Share Information

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.

M. 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.

N. Additional Information

(1) Changes in Accounting Policies

Application of IFRS 16 Leases

From the fiscal year under review, NYK Group companies that prepare financial reports in accordance with International Financial Reporting Standards (IFRS) applied IFRS 16 Leases. Consequently, as a general rule, each of the lessees' leases is recorded as either an asset or liability on the consolidated balance sheet. These affiliates apply the standard by employing the method of retrospectively recognizing the cumulative effect of application at the date of initial application.

As a result of the application of the standard, at the beginning of the fiscal year under review, mainly vessels, buildings and structures, land and lease liabilities increased by ¥19,346 million, ¥35,821 million, ¥23,348 million, and ¥90,117 million, respectively. These increases had no material impact on retained earnings.

For the fiscal year under review, operating profit increased by ¥2,924 million, while recurring profit and profit before income taxes each decreased by ¥2,935 million.

(2) Yet to Be Adopted Accounting Standards

In the fiscal year under review, the Company had not yet adopted the following standards:

"Accounting Standard for Revenue Recognition" (Statement No. 29), the "Implementation Guidance on Accounting Standard for Revenue Recognition" (Guidance No. 30), and the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Guidance No. 19), all issued by the ASBJ on March 31, 2020.

i) Background

The International Accounting Standards Board (IASB) and the U.S.-based Financial Accounting Standards Board (FASB) have been jointly developing a comprehensive accounting standard related to revenue recognition, and announced a new guidance, "Revenue from Contracts with Customers" (issued as IFRS 15 by the IASB and Topic 606 by the FASB), in May 2014. Given that IFRS 15 could be adopted effective from fiscal years starting from January 1, 2018, or later, and

Topic 606 could be adopted effective from fiscal years starting from December 15, 2017, or later, the ASBJ also established a comprehensive accounting standard related to revenue recognition and announced it together with the implementation guidance.

As its basic policy when developing its standard, the ASBJ reflected the fundamental principles of IFRS 15 in order to ensure that financial statements disclosed in Japan would be comparable, recognizing that as one of the benefits of maintaining consistency with this particular international financial reporting standard. Furthermore, to deal with cases of accounting entries that could arise in consideration of business procedures that have been carried out in Japan in the past, the ASBJ included alternative treatments within a scope that would not compromise the comparability of financial statements.

ii) Scheduled date of adoption

The Company plans to adopt the standards, above, from April 1, 2021.

iii) Impact of adopting the accounting standards

At the time of preparing this report, the Company was in the process of assessing the monetary impact of adopting the "Accounting Standard for Revenue Recognition" and other related matters on its statements of consolidated financial results.

"Accounting Standard for Fair Value Measurement" (Statement No. 30), "Accounting Standard for Measurement of Inventories" (Statement No. 9), "Accounting Standard for Financial Instruments" (Statement No. 10), and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Guidance No. 31), all issued by the ASBJ on July 4, 2019, and the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (Guidance No. 19), issued by the ASBJ on March 31, 2020

i) Background

The ASBJ announced the "Accounting Standard for Fair Value Measurement" and so forth having conducted initiatives to achieve compatibility with Japanese and international accounting standards regarding guidance and disclosure related mainly to the fair values of financial instruments. The ASBJ's action takes into consideration the status of IFRS 13 Fair Value Measurement under the International Financial Reporting Standards (IFRS) and Accounting Standards Codification Topic 820 Fair Value Measurement, in which the International Accounting Standards Board (IASB) and the U.S.-based Financial Accounting Standards Board (FASB) offer substantially the same guidance on measurement of fair values.

As its basic policy for developing its standard, the ASBJ has generally incorporated all of the provisions of IFRS 13 with

a view to improving the comparability of financial statements between Japanese and overseas corporations by using a unified method for measurement. Furthermore, in consideration of business procedures that have been carried out in Japan in the past, the ASBJ has prescribed other treatments for individual items within a scope that does not substantially compromise the comparability of financial statements.

ii) Scheduled date of adoption

The Company will adopt the standard, above, from April 1, 2021.

iii) Impact of adopting the accounting standards

At the time of preparing this report, the Company was in the process of assessing the monetary impact of adopting the "Accounting Standard for Fair Value Measurement" and other related matters on its statements of consolidated financial results.

Accounting Standard for Disclosure of Accounting Estimates (Standard No. 31) issued by ASBJ on March 31, 2020

i) Background

There have been requests for the ASBJ to consider making the Japanese accounting standards require the disclosure of notes regarding "sources of uncertainty" as required in disclosures under paragraph 125 of International Accounting Standard (IAS) 1 Presentation of Financial Statements, announced by the International Accounting Standards Board (IASB) in 2003, given the high utility of such information for users of financial statements. In response, the ASBJ has developed and announced the Accounting Standard for Disclosure of Accounting Estimates (the "Accounting Standard").

As its basic policy for developing the Accounting Standard, the ASBJ has presented principles (purpose of disclosure) rather than expanding on individual notes, with specific disclosure content to be determined by the company making reference to the purpose of disclosure. In the development, the ASBJ referred to the prescription of IAS 1 paragraph 125.

ii) Scheduled date of adoption

The Company plans to adopt the standard from March 31, 2021.

Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (Statement No. 24) issued by the ASBJ on March 31, 2020

i) Background

In response to a recommendation to consider the enhancement of the information in notes regarding accounting principles and procedures adopted when the relevant accounting standards are not clear, the ASBJ carried out the required revisions and announced the Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.

When enhancing information in notes regarding accounting principles and procedures adopted when the relevant accounting standards are not clear, the prescription of note 1-2 in the Annotations to Corporate Accounting Principles are continued to avoid influencing the practice to date in cases where the relevant accounting standards are clear.

ii) Scheduled date of adoption

The Company plans to adopt the standard from March 31, 2021.

(3) Changes in presentation

Consolidated Statement of Income

"Gain on sales of shares of subsidiaries and affiliates," which was presented as a separate item under "Other gains" in the consolidated statement of income for the fiscal year ended March 31, 2019, has been included in "Other" in the fiscal year under review because the amount was less than 10% of "Total other gains." The consolidated financial statement for the fiscal year ended March 31, 2019, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥17,513 million for "Gain on sales of shares of subsidiaries and affiliates" under "Other gains" in the consolidated statement of income for the fiscal year ended March 31, 2019, has been reclassified as "Other."

Meanwhile, "Loss on valuation of investment securities," which was included in "Other" under "Other losses" in the fiscal year ended March 31, 2019, has been presented as a separate item in the fiscal year under review because the amount exceeded 10% of "Total other losses." The consolidated financial statement for the fiscal year ended March 31, 2019, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥17,670 million for "Other" under "Other losses" in the consolidated statement of income for the fiscal year ended March 31, 2019, has been reclassified as "Loss on valuation of investment securities" totaling ¥757 million and "Other" amounting to ¥16,912 million.

Consolidated Balance Sheet

Meanwhile, "Leases liabilities" that were included in "Other" under "Current liabilities" and "Leases liabilities" that were included in "Other" under "Non-current liabilities" in the fiscal year ended March 31, 2019, have been presented as a separate item in the fiscal year under review because their financial importance has increased. The consolidated financial statement for the fiscal year ended March 31, 2019, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥66,613 million presented as "Other" in "Current liabilities" in the consolidated balance sheets for the fiscal year ended March 31, 2019 has been reclassified as "Leases liabilities" amounting to ¥4,151 million and "Other" totaling ¥62,461 million, and the previously stated amount of ¥44,275 million presented as "Other" under non-current

liabilities has been reclassified as "Leases liabilities" amounting to ¥15,875 million and "Other" totaling ¥28,400 million.

Consolidated Statement of Cash Flows

Meanwhile, "Repayments of leases liabilities" that was included in "Other" under "Financing activities" in the fiscal year ended March 31, 2019, has been presented as a separate item in the fiscal year under review because its financial importance has increased. The consolidated financial statement for the fiscal year ended March 31, 2019, was reclassified in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥1,457 million for "Other, net" under "Financing activities" in the consolidated statement of cash flows for the fiscal year ended March 31, 2019, has been reclassified as "Repayments of leases liabilities" totaling ¥(2,402) million and "Other, net" amounting to ¥3,859 million.

(4) 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. 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 Plan is a stock remuneration plan for Directors and Executive Officers of the Company (excluding Outside Directors, and Directors and Executive Officers who are non-residents of Japan, foreign nationals, and/or directors of listed subsidiaries; hereinafter collectively referred to as "Director(s), etc."), wherein a trust established by the Company (Board Incentive Plan Trust) acquires the Company shares using the cash contributed by the

Company, and through this trust the Company shares and money equivalent to the amount obtained by converting the Company shares into cash corresponding to the points granted based on the degree of achievement of business performance of each fiscal year and according to individual position of the recipient are delivered and paid to Directors, etc.

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, 2020, the Company's treasury stock consisted of 730 thousand shares with a total book value of ¥1,280 million, compared with 861 thousand shares and a total book value of ¥1,577 million as of March 31, 2019.

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

(5) Assumptions Regarding the Effects of COVID-19 in Making Accounting Estimates

The Company expects the spread of COVID-19 to have the effects such as decreasing revenues and operating profit of the NYK Group. With regard to such effects, the Company, in light of the various measures undertaken by each country to bring the pandemic under control and the trends of economic policies, assumes that the period from April to June 2020 will be the most difficult period, followed by a gradual recovery. Under these assumptions, the Company has weighed in the elements that may be considered at present, in line with the characteristics of the business of each segment, and has formulated a financial results forecast. Based on this financial results forecast, the Company has made accounting estimates such as the impairment losses of non-current assets.

4. 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 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. The Company and its consolidated subsidiaries mainly used the current value method to evaluate investment securities that have explicit market values, taking as the market value the average market price during the one-month period preceding the end of the fiscal year. Consequently, shifts in stock market conditions could affect the operating performance and financial condition of the Company and its consolidated subsidiaries.

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, K. 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

<u>Principal hedging methods</u>	<u>Principal items hedged</u>
Currency swap contracts	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 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.

The contract amounts and other information related to derivative financial instruments are reported to the Board of Directors periodically.

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

The fair value of financial instruments includes, in addition to the value determined based on market prices, valuations calculated on a reasonable basis if no market price is available. However, as certain variables are used for these calculations, 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 table below shows the book value of financial instruments as indicated in the consolidated balance sheets as of March 31, 2020 and 2019, as well as their fair values and unrealized gains or losses. Note that financial instruments for which fair value cannot be reliably determined are not included in this table (refer to Note b).

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2020			2019			2020		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
① Cash and deposits	¥ 81,861	¥ 81,861	¥ -	¥ 79,915	¥ 79,915	¥ -	\$ 752,197	\$ 752,197	\$ -
② Notes and operating accounts receivable-trade	191,813	-	-	219,937	-	-	1,762,502	-	-
Allowance for doubtful accounts *1	(906)	-	-	(1,340)	-	-	(8,330)	-	-
Balance	190,906	190,906	-	218,597	218,597	-	1,754,171	1,754,171	-
③ Short-term and long-term investment securities (Note 5)									
Available-for-sale securities	73,298	73,298	-	112,129	112,129	-	673,512	673,512	-
Investments in affiliates	16,809	8,220	(8,588)	15,739	12,598	(3,141)	154,454	75,534	(78,919)
④ Long-term loans receivable	11,876	-	-	21,445	-	-	109,124	-	-
Allowance for doubtful accounts *1	(553)	-	-	(1,547)	-	-	(5,084)	-	-
Balance	11,322	13,147	1,825	19,898	20,826	928	104,040	120,810	16,769
Subtotal	374,198	367,434	(6,763)	446,279	444,066	(2,213)	3,438,377	3,376,226	(62,150)
① Notes and operating accounts payable-trade	137,911	137,911	-	160,258	160,258	-	1,267,217	1,267,217	-
② Current portion of bonds	20,000	20,000	-	30,000	30,000	-	183,772	183,772	-
③ Short-term loans payable	162,675	162,675	-	196,849	196,849	-	1,494,764	1,494,764	-
④ Commercial papers	19,000	19,000	-	11,000	11,000	-	174,584	174,584	-
⑤ Leases liabilities (current)	18,740	18,740	-	-	-	-	172,201	172,201	-
⑥ Bonds payable	132,000	133,180	1,180	125,000	130,011	5,011	1,212,900	1,223,743	10,842
⑦ Long-term loans payable	616,234	626,263	10,028	663,305	673,968	10,663	5,662,356	5,754,509	92,152
⑧ Leases liabilities (non-current)	81,203	86,775	5,571	-	-	-	746,148	797,345	51,196
Subtotal	1,187,764	1,204,545	16,780	1,186,413	1,202,087	15,674	10,913,946	11,068,138	154,192
Derivative financial instruments *2	(5,199)	(5,199)	-	1,069	1,069	-	(47,776)	(47,776)	-

* 1. An individual listing of allowance for doubtful accounts on notes and operating accounts receivable-trade and long-term loans receivable has been omitted.

* 2. Amount of derivative financial instruments is net of related assets and liabilities.

a. Calculation method for the market value of financial instruments and matters concerning marketable securities and derivative transactions

Assets

① Cash and deposits

These assets are stated at book value as they are settled in the short term and their market values approximate book values.

② Notes and operating accounts receivable-trade

These assets are stated at book value as they are settled in the short term and their market values approximate book values.

Claims with default possibility are stated at adjusted book value. The expected amount of doubtful accounts on these assets is calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral or guarantees; hence, their market values approximate their book values at the closing date, less the current expected amount of doubtful accounts.

③ Short-term and long-term investment securities

Shares are stated at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions.

④ Long-term loans receivable

Long-term loans receivable with variable interest rates are stated at book value. The interest rate on these assets reflects the market rate in the short term; therefore, their market values approximate book values. Those with fixed-interest rates are stated at market value, which is calculated by discounting the principal and interest using the assumed rate applied to a similar type of new loan. Meanwhile, loans with default possibility are stated at adjusted book value. The expected amount of doubtful accounts on these assets is calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral or guarantees; hence, their market values approximate their book values at the closing date, less the current expected amount of doubtful accounts.

Liabilities

- ① Notes and operating accounts payable-trade, ② Current portion of bonds, ③ Short-term loans payable, ④ Commercial papers and ⑤ Leases liabilities (current)

These liabilities are stated at book value as they are settled in the short term and their market values approximate book values.

- ⑥ Bonds payable

The market value of the corporate bonds issued by the Company is calculated based on the market price.

- ⑦ Long-term loans payable

Long-term loans payable with variable interest rates are stated at book value as the interest rate on these loans reflects the market rate in the short term and their market values approximate book values. Long-term loans payable with fixed interest rates are

stated at present value. The present value is calculated by discounting a periodically divided portion of the principal and interest of these loans *, using the assumed rate applied to a similar loan.

* As to the long-term loans payable involved in the interest rate swap agreement that meets the requirements for exceptional accounting (refer to "6. Derivatives"), the total amount of principal and interest income at the post-swap rate is applied.

- ⑧ Leases liabilities (non-current)

The market value of each lease liability is stated at its present value, which is calculated by discounting the total amount of principal and interest, using the assumed rate applied to a similar type of new lease transaction.

Derivative financial instruments

Refer to "6. Derivatives."

b. Financial instruments for which fair value cannot be reliably determined

Segment	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
	Book value	Book value	Book value
Investments in unconsolidated subsidiaries and affiliates	¥348,992	¥340,458	\$3,206,763
Shares in unlisted companies	7,814	7,929	71,804
Others	2,486	2,880	22,851
Total	359,293	351,267	3,301,419

As these instruments do not have readily available market values, and their fair values cannot be reliably determined, they are not included in "③ Short-term and long-term investment securities."

c. Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen				Millions of yen			
	2020				2019			
	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	¥ 81,861	¥ -	¥ -	¥ -	¥ 79,915	¥ -	¥ -	¥ -
Notes and operating accounts receivable-trade	190,863	949	-	-	219,011	926	-	-
Short-term and long-term investment securities:								
Held-to-maturity debt securities (government bonds)	-	-	-	-	-	-	-	-
Held-to-maturity debt securities (corporate bonds)	-	-	-	-	-	-	-	-
Held-to-maturity debt securities (others)	-	-	-	-	-	-	-	-
Available-for-sale securities with maturity dates (government bonds)	-	-	-	-	-	-	-	-
Available-for-sale securities with maturity dates (others)	-	-	-	-	-	-	-	-
Long-term loans receivable	-	5,583	1,779	4,512	-	6,654	6,889	7,901
Total	272,725	6,532	1,779	4,512	298,926	7,581	6,889	7,901

Thousands of U.S. dollars (Note 2)

	2020			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	\$ 752,197	\$ -	\$ -	\$ -
Notes and operating accounts receivable-trade	1,753,778	8,723	-	-
Short-term and long-term investment securities:				
Held-to-maturity debt securities (government bonds)	-	-	-	-
Held-to-maturity debt securities (corporate bonds)	-	-	-	-
Held-to-maturity debt securities (others)	-	-	-	-
Available-for-sale securities with maturity dates (government bonds)	-	-	-	-
Available-for-sale securities with maturity dates (others)	-	-	-	-
Long-term loans receivable	-	51,301	16,355	41,467
Total	2,505,976	60,024	16,355	41,467

d. Maturity analysis for corporate bonds and long-term loans after the balance sheet date

Millions of yen

	2020					
	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	¥ 20,000	¥ -	¥ -	¥ -	¥ -	¥ -
Short-term loans payable	162,675	-	-	-	-	-
Commercial papers	19,000	-	-	-	-	-
Leases liabilities (current)	18,740	-	-	-	-	-
Bonds payable	-	25,000	30,000	10,000	33,000	34,000
Long-term loans payable	-	159,981	122,361	67,323	41,229	225,338
Leases liabilities (non-current)	-	15,068	14,129	14,587	8,126	29,291
Total	220,415	200,049	166,491	91,910	82,355	288,629

Thousands of U.S. dollars (Note 2)

	2020					
	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	\$ 183,772	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term loans payable	1,494,764	-	-	-	-	-
Commercial papers	174,584	-	-	-	-	-
Leases liabilities (current)	172,201	-	-	-	-	-
Bonds payable	-	229,716	275,659	91,886	303,225	312,413
Long-term loans payable	-	1,470,014	1,124,335	618,612	378,840	2,070,553
Leases liabilities (non-current)	-	138,455	129,834	134,037	74,673	269,147
Total	2,025,322	1,838,186	1,529,829	844,536	756,739	2,652,114

Millions of yen

	2019					
	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	¥ 30,000	¥ -	¥ -	¥ -	¥ -	¥ -
Short-term loans payable	196,849	-	-	-	-	-
Commercial papers	11,000	-	-	-	-	-
Bonds payable	-	20,000	25,000	30,000	10,000	40,000
Long-term loans payable	-	102,617	163,803	126,852	60,564	209,466
Total	237,849	122,617	188,803	156,852	70,564	249,466

5. Securities

(1) Short-term and long-term investment securities held-to-maturity with fair value as of March 31, 2020 and 2019, are not applicable.

(2) Short-term and long-term investment securities classified as available-for-sale securities with fair value as of March 31, 2020 and 2019, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2020			2019			2020		
	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	¥47,973	¥26,496	¥21,476	¥ 84,708	¥43,714	¥40,994	\$440,811	\$243,469	\$197,341
Government bonds and others	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	157	138	19	149	141	7	1,450	1,269	181
Subtotal	48,131	26,634	21,496	84,857	43,855	41,002	442,262	244,738	197,523
Securities for which book value is equal to or less than acquisition costs:									
Corporate shares	25,160	30,937	(5,777)	27,254	35,102	(7,847)	231,192	284,275	(53,083)
Government bonds and others	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	6	8	(2)	17	22	(4)	58	78	(19)
Subtotal	25,167	30,946	(5,779)	27,271	35,124	(7,852)	231,250	284,353	(53,102)
Total	73,298	57,581	15,717	112,129	78,979	33,149	673,512	529,092	144,420

(3) Proceeds, gains, and losses on sales of available-for-sale securities in the fiscal years ended March 31, 2020 and 2019, are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Proceeds from sales	¥15,224	¥25,684	\$139,889
Gross realized gains	6,373	19,474	58,562
Gross realized losses	(1)	(34)	(12)

(4) Impairment losses were recognized in the fiscal year ended March 31, 2020, and were recorded as a loss on valuation of investment securities in the amount of ¥10,886 million (\$100,033 thousand).

6. Derivatives

Derivative financial instruments with fair value as of March 31, 2020 and 2019, are summarized as follows:

(1) Derivative transactions not qualifying for hedge accounting

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2020			2019			2020		
	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									
Forward foreign currency exchange contracts:									
Buy U.S. dollar, sell Japanese yen	¥34,632	¥ -	¥ 79	¥56,092	¥ -	¥ 30	\$318,228	\$ -	\$ 734
Sell U.S. dollar, buy Japanese yen	9,549	-	(113)	7,611	-	(75)	87,748	-	(1,039)
Sell EURO, buy U.S. dollar	2,328	-	9	2,478	-	29	21,397	-	87
Sell Thai baht, buy Japanese yen	2,173	-	30	2,379	-	(59)	19,974	-	284
Others	7,381	-	46	6,775	-	(27)	67,824	-	429
Currency swaps:									
Receive Japanese yen, pay U.S. dollar	-	-	-	5,867	-	117	-	-	-
Receive U.S. dollar, pay Japanese yen	-	-	-	1,474	-	(22)	-	-	-
Receive Thai baht, pay Euro	488	-	17	974	-	47	4,489	-	162
Receive Thai baht, pay Japanese yen	2,388	-	(117)	6,750	-	134	21,947	-	(1,076)
Interest rate currency swaps:									
Receive U.S. dollar floating, pay Mexican Peso fixed	219	210	66	300	289	32	2,016	1,935	614
	59,162	210	21	90,704	289	205	543,627	1,935	196
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	30	-	(5)	-	-	-	278	-	(53)
Forward chartered-freight agreements on seller's side	247	-	61	1,450	-	105	2,270	-	562
Freight (chartered-freight) collar transactions:*2									
Buy call option, sell put option	-	-	-	351	-	3	-	-	-
Off-market transactions									
Freight (chartered-freight) forward transactions:									
Forward chartered-freight agreements on buyer's side	215	-	(67)	373	-	(80)	1,979	-	(616)
Forward chartered-freight agreements on seller's side	1,579	-	418	1,047	-	242	14,512	-	3,849
Fuel swaps:									
Receive floating, pay fixed	1,522	18	(647)	249	-	3	13,993	167	(5,949)
Freight (chartered-freight) collar transactions:*2									
Buy put option, sell call option	-	-	-	351	-	(3)	-	-	-
	3,595	18	(240)	3,823	-	271	33,034	167	(2,207)

* 1. Method for calculating derivative amounts as of the balance sheet dates: The amounts of market transactions were calculated according to the closing prices of relevant stock exchanges as of the final day of the Company's fiscal year, while amounts of off-market transactions were calculated based on the values and discounted present values reported by the financial institutes handling the transactions.

2. Freight (chartered-freight) collar transactions are zero-cost option transactions, and call option and put option are shown as a lump sum because they are included in integrated contracts.

(2) Derivative transactions qualifying for hedge accounting

		Millions of yen						Thousands of U.S. dollars (Note 2)		
		2020			2019			2020		
		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:									
	Investment for equity of overseas subsidiary	¥ 80,590	¥ 1,308	¥ 56	¥133,194	¥ 8,939	¥ 1,581	\$ 740,514	\$ 12,021	\$ 523
Sell U.S. dollar, buy Japanese yen		5,566	-	(78)	6,088	-	205	51,145	-	(725)
Sell Euro, buy Japanese yen		91	0	0	292	-	5	840	1	0
Others										
Currency swaps:										
	Principal items hedged:									
Receive U.S. dollar, pay Malaysian ringgit	Loans payable	-	-	-	9,517	7,879	22	-	-	-
Receive Singapore dollar, pay U.S. dollar	Loans receivable	206	147	(29)	284	221	(21)	1,899	1,356	(273)
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	42,364	29,407	2,244	23,859	14,514	1,398	389,269	270,215	20,624
Sell U.S. dollar, buy Japanese yen		1,184	-	(2)	435	-	(0)	10,879	-	(18)
Others		-	-	-	257	-	(0)	-	-	-
Integration treatment of interest rate and currency swaps (qualifying for designation accounting and exceptional accounting)										
Interest rate and currency swaps:	Principal items hedged:									
Receive fixed U.S. dollar, pay floating Japanese yen	Accounts payable	2,041	680	209	3,402	2,041	367	18,760	6,253	1,929
		132,044	31,544	2,400	177,333	33,597	3,559	1,213,308	289,847	22,059
b. Interest rate-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating		10,000	10,000	951	10,000	10,000	1,020	91,886	91,886	8,741
Receive floating, pay fixed	Long-term loans payable	111,231	96,647	(6,595)	146,719	116,515	(4,514)	1,022,063	888,063	(60,604)
Interest rate swap derivative transactions qualifying for exceptional accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	25,000	25,000	*2	25,000	25,000	*2	229,716	229,716	*2
Receive floating, pay fixed		34,341	29,828		43,854	37,051		315,551	274,082	
		180,572	161,476	(5,644)	225,574	188,566	(3,493)	1,659,217	1,483,748	(51,862)
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 buyer's side	Charterage	-	-	-	218	-	(52)	-	-	-
Fuel swaps:	Principal items hedged:									
Receive floating, pay fixed	Fuel	72	-	(6)	7,403	143	625	668	-	(56)
Fuel oil collar transactions:*3	Principal items hedged:									
Buy call option, sell put option	Fuel	9,990	-	(1,810)	8,325	-	(51)	91,799	-	(16,633)
Freight (chartered-freight) collar transactions:*3										
Buy put option, sell call option	Charterage	6,020	4,683	288	6,630	6,630	372	55,320	43,038	2,647
		16,083	4,683	(1,528)	22,577	6,774	894	147,788	43,038	(14,042)

* 1. Market values as of the date of the financial statement were calculated based on the values reported by the financial institutes handling the transactions and the discounted present values.

2. 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.

3. 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.

7. Inventories

Inventories as of March 31, 2020 and 2019, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Products and goods	¥ 1,778	¥ 2,763	\$ 16,339
Work in progress	583	710	5,363
Raw materials, fuel, and supplies	30,170	35,834	277,230

8. Accumulated Depreciation

As of March 31, 2020 and 2019, accumulated depreciation of vessels, property, plant, and equipment is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Accumulated depreciation	¥1,042,003	¥1,039,876	\$9,574,597

9. Investment in Non-Consolidated Subsidiaries and Affiliates

Amounts corresponding to non-consolidated subsidiaries and affiliates as of March 31, 2020 and 2019, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Investment securities (stocks)	¥365,801	¥356,197	\$3,361,218
Other investments and other assets (investment in capital)	10,301	10,192	94,653

10. 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, 2020, totaled ¥4,345 million (\$39,925 thousand), and profit from sales totaled ¥16,397 million (\$150,668 thousand) (with gain on sales as other gains and loss on sales as other losses).

The amounts recorded in the consolidated balance sheets, the increase (decrease) during the fiscal years ended March 31, 2020 and 2019, and the fair values of the relevant investment and rental property as of March 31, 2020 and 2019, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Amount recorded in consolidated balance sheet:			
Balance at beginning of year	¥ 46,306	¥ 47,666	\$ 425,494
Increase (decrease) during the fiscal year	(357)	(1,360)	(3,283)
Balance at end of year	45,949	46,306	422,210
Fair value as of current fiscal year end	133,601	121,439	1,227,612

* 1. The amount recorded in the consolidated balance sheet is the acquisition cost, net of accumulated depreciation and impairment losses.

* 2. The market value as of the fiscal year end is the amount calculated primarily based on the Real Estate Appraisal Standard (including adjustments made using indexes).

11. 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 ¥5,839 million (\$53,652 thousand) and ¥6,595 million as of March 31, 2020 and 2019, respectively.

12. Short-Term and Long-Term Debt

(1) Bonds as of March 31, 2020 and 2019, consisted of the following:

	Interest rate	Maturity date	Millions of yen		Thousands of U.S. dollars (Note 2)
			2020	2019	2020
Unsecured Straight Bonds No. 23	2.36%	June 7, 2024	¥ 10,000	¥ 10,000	\$ 91,886
Unsecured Straight Bonds No. 25	2.65%	June 22, 2026	10,000	10,000	91,886
Unsecured Straight Bonds No. 29	1.782%	August 9, 2019	–	30,000	–
Unsecured Straight Bonds No. 31	1.218%	September 9, 2021	25,000	25,000	229,716
Unsecured Straight Bonds No. 32	2.13%	September 9, 2031	10,000	10,000	91,886
Unsecured Straight Bonds No. 35	1.177%	June 17, 2022	10,000	10,000	91,886
Unsecured Straight Bonds No. 37*	0.939%	September 11, 2020	20,000	20,000	183,772
Unsecured Straight Bonds No. 38	0.39%	May 31, 2022	20,000	20,000	183,772
Unsecured Straight Bonds No. 39	0.53%	May 31, 2024	10,000	10,000	91,886
Unsecured Straight Bonds No. 40	0.29%	May 24, 2023	10,000	10,000	91,886
Unsecured Straight Bonds No. 41	0.29%	August 29, 2024	13,000	–	119,452
Unsecured Straight Bonds No. 42	0.65%	August 29, 2029	14,000	–	128,640
Total			152,000	155,000	1,396,673

* The Company plans to redeem Unsecured Straight Bonds No. 37 within one year.

The aggregate annual maturities of convertible bonds and bonds as of March 31, 2020, 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
¥20,000	¥25,000	¥30,000	¥10,000	¥33,000

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
\$183,772	\$229,716	\$275,659	\$91,886	\$303,225

(2) Loans payable, Leases liabilities (current / non-current), and other interest-bearing liabilities as of March 31, 2020 and 2019, were as follows:

Classification	Average interest rate	Repayment deadline	Millions of yen		Thousands of U.S. dollars (Note 2)
			2020	2019	2020
Short-term loans payable(including overdraft)	1.82%	–	¥ 67,661	¥110,394	\$ 621,716
Current portion of long-term loans payable	1.58%	–	95,013	86,455	873,047
Leases liabilities (current)	3.25%	–	18,740	4,151	172,201
Long-term loans payable	1.60%	2021–2036	616,234	663,305	5,662,356
Leases liabilities (non-current)	2.99%	2021–2061	81,203	15,875	746,148
Other interest-bearing liabilities					
Commercial papers	0.05%	–	19,000	11,000	174,584
Current portion of long-term accounts payable	1.61%	–	1,361	1,361	12,506
Long-term accounts payable	2.03%	2021	3,680	5,100	33,816
Total			902,894	897,644	8,296,377

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, 2020, 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	¥159,981	¥122,361	¥67,323	¥41,229
Leases liabilities (non-current)	15,068	14,129	14,587	8,126
Long-term accounts payable	3,680	–	–	–

	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	\$1,470,014	\$1,124,335	\$618,612	\$378,840
Leases liabilities (non-current)	138,455	129,834	134,037	74,673
Long-term accounts payable	33,816	–	–	–

13. Pledged Assets and Secured Liabilities

As of March 31, 2020, the following assets were pledged as collateral for short-term loans payable, long-term loans payable, and others:

Pledged assets	Net book value	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Cash and deposits	¥ 429	\$ 3,949
Vessels *	146,282	1,344,137
Buildings and structures	242	2,229
Land	39	365
Non-current assets-Other	375	3,446
Investment securities *	93,138	855,812
Total	240,507	2,209,940

Secured liabilities	Thousands of U.S. dollars (Note 2)	
	Millions of yen	Thousands of U.S. dollars (Note 2)
Notes and operating accounts payable - trade	¥ 101	\$ 932
Short-term loans payable	14,311	131,507
Long-term loans payable	107,643	989,096
Total	122,056	1,121,535

* Vessels include ¥243 million (\$2,238thousand) and investment securities include ¥93,138million (\$855,812thousand) pledged as collateral for the debt of affiliates, etc.

14. Supplementary Information on Consolidated Statement of Cash Flows

(1) Cash and cash equivalents in the accompanying consolidated statement of cash flows for the years ended March 31, 2020 and 2019, are reconciled to cash and deposits reflected in the accompanying consolidated balance sheets as of March 31, 2020 and 2019, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Cash and deposits	¥81,861	¥79,915	\$752,197
Time deposits with a maturity of more than three months	(4,769)	(1,635)	(43,826)
Cash and cash equivalents	77,092	78,280	708,370

(2) Payments for sales of shares of subsidiaries resulting in change in scope of consolidation

Breakdown of main assets and liabilities of subsidiaries excluded from the scope of consolidation due to sell-offs of their shares

Previous fiscal year (April 1, 2018 to March 31, 2019)

Four subsidiaries were excluded from the scope of consolidation due to the sell-off of their shares in the fiscal year under review.

Their main assets and liabilities at the time of the sell-offs are listed as follows:

	Millions of yen
	2019
Current assets	¥17,924
Non-current assets	3,562
Total assets	21,487
Current liabilities	14,009
Non-current liabilities	2,534
Total liabilities	16,544

Fiscal year under review (April 1, 2019 to March 31, 2020)

Not presented because it is not important.

(3) Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation

Breakdown of main assets and liabilities of subsidiaries excluded from the scope of consolidation due to sell-offs of their shares

Previous fiscal year (April 1, 2018 to March 31, 2019)

Fifteen subsidiaries were excluded from the scope of consolidation due to the sell-off of their shares in the fiscal year under review.

Their main assets and liabilities at the time of the sell-offs are listed as follows:

	Millions of yen
	2019
Current assets	¥10,168
Non-current assets	35,241
Total assets	45,410
Current liabilities	7,225
Non-current liabilities	22,467
Total liabilities	29,692

Fiscal year under review (April 1, 2019 to March 31, 2020)

Not presented because it is not important.

(4) Important non-financial transactions

The amounts of assets and liabilities related to lease transactions are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Amount of assets related to lease transactions	¥ 93,679	¥-	\$860,790
Amount of liabilities related to lease transactions	102,329	-	940,270

* 1. The amounts of assets and liabilities related to lease transactions in the previous fiscal year are not presented as they are not important.

2. From the fiscal year under review, NYK Group companies that prepare financial reports in accordance with International Financial Reporting Standards (IFRS) applied IFRS 16 Leases. Consequently, for lease transactions executed by consolidated subsidiaries that have adopted IFRS, the above amounts of assets and liabilities related to lease transactions include the balance at the beginning of the year added upon initial adoption.

15. Income Taxes

(1) Significant components of deferred tax assets and liabilities as of March 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Deferred tax assets:			
Provision for bonuses	¥ 1,976	¥ 2,115	\$ 18,160
Net defined benefit liabilities	3,930	4,371	36,119
Impairment loss on vessels, property, plant and equipment	42,620	46,606	391,622
Losses on revaluation of securities	8,707	6,355	80,013
Tax loss carryforwards*	99,627	90,445	915,439
Unrealized gains on sale of vessels, property, plant and equipment	1,424	1,459	13,090
Provision for periodic dry docking of vessels	5,174	5,595	47,543
Accrued expenses	453	1,195	4,163
Deferred loss on derivatives under hedge accounting	11,164	9,655	102,586
Allowance for doubtful accounts	1,968	2,543	18,091
Provision for losses related to contracts	6,594	10,128	60,593
Others	7,797	7,983	71,650
Subtotal of deferred tax assets	191,440	188,456	1,759,075
Less valuation allowances for tax loss carryforwards*	(93,110)	(87,308)	(855,563)
Less valuation allowances for temporary differences	(85,864)	(89,513)	(788,978)
Valuation allowances	(178,975)	(176,821)	(1,644,542)
Total deferred tax assets	12,464	11,634	114,533
Deferred tax liabilities:			
Net defined benefit assets	(9,356)	(13,480)	(85,976)
Gain on securities contribution to employee retirement benefit trust	(2,882)	(2,859)	(26,484)
Depreciation	(1,596)	(2,758)	(14,667)
Reserve for reduction entry	(3,771)	(3,684)	(34,652)
Valuation difference on available-for-sale securities	(5,062)	(10,451)	(46,514)
Deferred gain on derivatives under hedge accounting	(7,006)	(5,559)	(64,382)
Undistributed retained earnings of consolidated subsidiaries	(4,658)	(4,959)	(42,806)
Others	(17,851)	(11,059)	(164,034)
Total deferred tax liabilities	(52,186)	(54,812)	(479,519)
Net deferred tax (liabilities) assets	(39,721)	(43,178)	(364,986)

* The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 and 2019, were as follows:

March 31, 2019	Millions of yen						Total
	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	
Deferred tax assets relating to tax loss carryforwards*	¥ 452	¥ 12,222	¥ 4,300	¥ 3,655	¥ 2,290	¥ 67,523	¥ 90,445
Less valuation allowances for tax loss carryforwards	(450)	(12,209)	(4,300)	(3,655)	(558)	(66,134)	(87,308)
Net deferred tax assets relating to tax loss carryforwards	2	13	–	0	1,731	1,389	3,137

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

March 31, 2020	Millions of yen						Total
	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	
Deferred tax assets relating to tax loss carryforwards*	¥ 12,265	¥ 4,078	¥ 3,809	¥ 1,813	¥ 10,616	¥ 67,044	¥ 99,627
Less valuation allowances for tax loss carryforwards	(12,224)	(4,010)	(3,744)	(1,616)	(10,610)	(60,904)	(93,110)
Net deferred tax assets relating to tax loss carryforwards	40	67	65	197	5	6,139	6,516

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

March 31, 2020	Thousands of U.S. dollars (Note 2)						Total
	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	
Deferred tax assets relating to tax loss carryforwards*	\$ 112,704	\$ 37,476	\$ 35,004	\$ 16,661	\$ 97,549	\$ 616,043	\$ 915,439
Less valuation allowances for tax loss carryforwards	(112,327)	(36,852)	(34,406)	(14,849)	(97,495)	(559,632)	(855,563)
Net deferred tax assets relating to tax loss carryforwards	376	623	598	1,812	54	56,411	59,875

* 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, 2020 and 2019, was as follows:

	2020	2019
Normal statutory income tax rate	28.8%	28.5%
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	2.9	–
Equity in earnings of unconsolidated subsidiaries and affiliates	(13.9)	–
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	1.2	–
Changes in valuation allowance	6.1	–
Tax exemption of shipping business	(3.2)	–
Effects of foreign tax included in deductible expenses	1.5	–
Effect of U.S. tax reform	(7.5)	–
Other	0.1	–
Actual effective income tax rate	16.0%	–

* For the fiscal year ended March 31, 2019, the reconciliation of the statutory tax rate to the effective income tax rate is not stated as the Company and its consolidated subsidiaries recorded loss before income taxes.

(3) Application of the consolidated taxation system

The Company and some of its consolidated subsidiaries applied for approval for the adoption of the consolidated taxation system during the fiscal year under review and are set to begin implementing the system from the fiscal year ending March 31, 2021. Accordingly, from the fiscal year under review, these companies employed an accounting treatment based on the adoption of the consolidated taxation system in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (the Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 5 issued on January 16, 2015) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7 issued on January 16, 2015).

(4) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax relief system
With regard to items that were shifted to the Japanese group tax relief system, which was established by the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), and those for which the non-consolidated taxation system was reviewed in line with the shift to the Japanese group tax relief system, the Company and some of its consolidated subsidiaries do not apply the provisions of Item 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28 issued on February 16, 2018) in accordance with the treatment provided for under Item 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39 issued on March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are instead accounted for by following the provisions of the tax law before amendment.

16. 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.

(A) Matters concerning outstanding shares

Changes in the number of outstanding shares in the consolidated fiscal year ended March 31, 2020, were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2019	170,055	1,349
Increase in number of shares	–	294
Decrease in number of shares	–	419
At March 31, 2020	170,055	1,224

(B) Matters concerning dividends

(1) Total dividend payments to be paid for the consolidated fiscal year ended March 31, 2020, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Approved at the ordinary general meeting of shareholders on June 19, 2019	¥1,695	\$15,581
Approved by the Board of Directors on October 31, 2019	3,391	31,161

(2) The effective date for dividends, including retained earnings, as of March 31, 2020, shall be determined in the subsequent consolidated fiscal year as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
At the ordinary general meeting of shareholders on June 29, 2020	¥3,391	\$31,161

17. Impairment Losses

In principle, the Company and its consolidated subsidiaries categorize operating assets under each business for which investment decisions concerning the assets are made, while leased properties, properties held for sale, idle properties, and other types of properties are categorized separately as individual properties.

During the fiscal year under review, the expected sale price of properties held for sale was below their total book value, and the book values of certain categories of operating assets, which had become less profitable due to sluggish performance and other factors, were reduced to their recoverable amounts. The combined amount of these reductions was recorded as an "impairment loss" of ¥20,655 million (\$189,794 thousand) under "other losses."

The breakdown is as follows:

Location	Application	Type	Millions of yen	Thousands of U.S. dollars (Note 2)
Japan	Business assets	Aircraft, etc.	¥16,151	\$148,406
Australia	Business assets	Building and Structure. etc.	1,442	13,252
China	Business assets	Building and Structure	1,097	10,083
Others	Assets held for sale, etc.	Vessels, etc.	1,964	18,051
Total			20,655	189,794

The recoverable amount for these asset groups will be the higher of the net selling price of the asset or its value in use.

The net selling price is based on an appraisal value reasonably calculated by a third party, etc., and the value in use is calculated from the projected future cash flows discounted mainly at 5.91%.

18. Amount Transferred to Provision for Losses Related to Contracts

In preparation for losses mainly resulting from the fulfillment of fixed-term vessel charter contracts, an amount equivalent to the expected future losses was transferred to a reserve in the previous fiscal year.

19. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥(20,102)	¥ (4,454)	\$(184,718)
Reclassification adjustments to profit or loss for the year	1,229	(17,993)	11,293
Amount before income tax effect	(18,873)	(22,447)	(173,424)
Income tax effect	5,296	5,897	48,665
Total	(13,577)	(16,550)	(124,758)
Deferred gain (loss) on hedges:			
Gains (losses) arising during the year	(5,343)	(2,476)	(49,103)
Reclassification adjustments to profit or loss for the year	1,089	(126)	10,008
Adjustment for the acquisition cost of assets	(82)	(94)	(753)
Amount before income tax effect	(4,336)	(2,697)	(39,848)
Income tax effect	(1,408)	(112)	(12,942)
Total	(5,745)	(2,810)	(52,790)
Foreign currency translation adjustments:			
Gains (losses) arising during the year	(6,046)	(3,011)	(55,559)
Reclassification adjustments to profit or loss for the year	(288)	(2,563)	(2,652)
Amount before income tax effect	(6,335)	(5,574)	(58,211)
Income tax effect	–	–	–
Total	(6,335)	(5,574)	(58,211)
Remeasurements of defined benefit plans:			
Gains (losses) arising during the year	(13,438)	5,057	(123,482)
Reclassification adjustments to profit or loss for the year	(2,500)	(3,114)	(22,978)
Amount before income tax effect	(15,939)	1,942	(146,460)
Income tax effect	4,619	(551)	42,448
Total	(11,319)	1,390	(104,012)
Share of other comprehensive income of associates accounted for using the equity method:			
Gains (losses) arising during the year	(12,940)	1,930	(118,909)
Reclassification adjustments to profit or loss for the year	3,001	2,519	27,580
Adjustment for the acquisition cost of assets	–	–	–
Total	(9,939)	4,449	(91,328)
Total other comprehensive income (loss)	(46,916)	(19,095)	(431,102)

20. Commitments and Contingent Liabilities

(1) Commitments made by the Company and its consolidated subsidiaries as of March 31, 2020, totaled ¥202,317 million (\$1,859,022 thousand) for the construction of vessels.

Contingent liabilities for notes receivable discounted and endorsed, guarantees of loans as of March 31, 2020, were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Notes receivable discounted and endorsed	¥ -	\$ -
Guarantees of loans	123,209	1,132,130

(2) 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 ¥4,490 million (\$41,261 thousand). The guarantee may be paid if the companies choose to return the leased property rather than exercise an option to buy it. The operating lease agreements will expire by January 2021.

(3) Some operating lease agreements that the NYK Group concluded on its aircraft incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is ¥42,110 million (\$386,942 thousand). The companies may pay the guarantee if they choose to return the leased properties at the end of the lease term. The operating lease agreements will expire by December 2026.

(4) The Company has been under investigation by some authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Company has been sued in class civil lawsuits in several regions for damages and suspension of shipments, etc. without a specific amount of damage, for its conspiracy to fix prices of shipping with major automobile shipping companies concerning marine transportation of assembled automobiles, etc. With the exception of the recorded provision for losses related to antitrust law, it is difficult to reasonably predict the results of the investigations by overseas authorities and civil lawsuits at present.

21. Accounting for Leases

Operating leases

As lessees

Future lease payments as of March 31, 2020, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	¥24,443	\$224,600
More than one year	66,701	612,895
Total	91,144	837,495

As lessors

Future lease income as of March 31, 2020, is as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
Within one year	¥10,371	\$ 95,301
More than one year	48,236	443,230
Total	58,608	538,531

22. 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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Balance at beginning of year	¥86,226	¥86,215	\$792,308
Service costs	3,356	3,249	30,838
Interest costs	1,059	1,094	9,731
Actuarial (gains) losses	496	(79)	4,562
Benefits paid	(3,212)	(3,667)	(29,520)
Prior service cost	170	131	1,566
Others	(308)	(717)	(2,831)
Balance at end of year	87,788	86,226	806,654

(2) Changes in plan assets for the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Balance at beginning of year	¥131,302	¥127,710	\$1,206,488
Expected return on plan assets	1,621	1,520	14,895
Actuarial gains (losses)	(13,259)	4,057	(121,838)
Contributions from the employer	1,096	1,068	10,073
Benefits paid	(2,282)	(2,670)	(20,976)
Others	(23)	(383)	(211)
Balance at end of year	118,453	131,302	1,088,430

(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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Balance at beginning of year	¥ 5,915	¥6,824	\$54,354
Net periodic benefit costs	1,082	1,279	9,948
Benefits paid	(448)	(753)	(4,124)
Contributions from the employer	(346)	(470)	(3,180)
Other	(1,047)	(965)	(9,623)
Balance at end of year	5,155	5,915	47,375

(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, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Funded defined benefit obligation	¥ 86,453	¥ 85,832	\$ 794,386
Plan assets	(124,133)	(138,368)	(1,140,617)
	(37,680)	(52,536)	(346,230)
Unfunded defined benefit obligation	12,170	13,376	111,829
Net liability (asset) arising from defined benefit obligation	(25,509)	(39,159)	(234,401)
Net defined benefit liability	15,920	16,837	146,290
Net defined benefit asset	(41,430)	(55,997)	(380,691)
Net liability (asset) arising from defined benefit obligation	(25,509)	(39,159)	(234,401)

(5) Components of net periodic benefit costs for the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Service costs	¥ 3,356	¥ 3,249	\$ 30,838
Interest costs	1,059	1,094	9,731
Expected return on plan assets	(1,621)	(1,520)	(14,895)
Recognized actuarial (gains) losses	(2,546)	(1,757)	(23,399)
Amortization of prior service cost	171	65	1,574
Net periodic benefit costs calculated using the shortcut method	1,082	1,279	9,948
Other	69	3	637
Net periodic benefit costs	1,570	2,414	14,434

(6) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Prior service cost	¥ 2	¥ (67)	\$ 25
Actuarial gains (losses)	(15,942)	2,010	(146,486)
Total	(15,939)	1,942	(146,460)

(7) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2020	2019	2020
Unrecognized prior service cost	¥ 0	¥ (75)	\$ 8
Unrecognized actuarial gains (losses)	2,079	18,256	19,106
Total	2,080	18,181	19,114

(8) Components of plan assets

① Plan assets consisted of the following as of March 31, 2020 and 2019:

	2020	2019
Debt investments	38%	33%
Equity investments	47%	53%
Cash and cash equivalents	1%	1%
Others	14%	13%
Total	100%	100%

A retirement benefit trust established for a corporate pension plan accounts for 31% and 38% of plan assets as of March 31, 2020 and 2019, respectively.

② Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(9) Assumptions in calculation of the above information

	2020	2019
Discount rate	Mainly 1.1%	Mainly 1.1%
Expected rate of return on plan assets	Mainly 1.8%	Mainly 1.6%
Expected rate of salary increase	Mainly 1.2%–7.1%	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

Certain consolidated subsidiaries had ¥2,175 million and ¥1,899 million (\$17,450 thousand) for the fiscal years ended March 31, 2019 and March 31, 2020, 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.

23. Segment Information

The Company and its consolidated subsidiaries operate in six businesses: Liner Trade, Bulk Shipping, Logistics, Air Cargo Transport, Real Estate, and Others.

The table below presents certain segment information for the years ended March 31, 2020 and 2019.

Year ended March 31, 2020:

	Millions of yen						Total	Adjustments*	Consolidated Total
	Global Logistics			Others					
	Liner Trade	Air Cargo Transport	Logistics	Bulk Shipping	Real Estate	Others			
I Revenues:									
(1) Revenues from customers	¥196,530	¥ 70,237	¥474,352	¥ 819,776	¥ 6,344	¥101,114	¥1,668,355	¥ -	¥1,668,355
(2) Intersegment revenues	5,717	4,920	1,973	31	1,002	64,575	78,220	(78,220)	-
Total	202,248	75,157	476,326	819,807	7,346	165,690	1,746,576	(78,220)	1,668,355
Segment profit (loss)	13,442	(15,583)	4,721	44,187	2,564	1,773	51,106	(6,619)	44,486
Segment assets	296,981	63,205	281,608	1,269,819	54,948	159,032	2,125,594	(192,330)	1,933,264
II Other items:									
Depreciation and amortization	11,668	4,006	19,881	65,982	1,355	1,216	104,110	(53)	104,057
Amortization of goodwill and negative goodwill	44	-	680	3,605	-	-	4,329	-	4,329
Interest income	454	283	577	2,834	2	1,595	5,747	(2,170)	3,576
Interest expenses	5,633	276	2,192	14,488	58	3,595	26,245	(286)	25,958
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	5,742	-	21	17,427	-	(660)	22,531	(14)	22,517
Investments in equity method affiliates	121,936	-	2,059	227,135	-	1,360	352,492	(118)	352,373
Increase in vessels, property, plant, and equipment and intangible assets	5,659	16,989	7,797	106,482	1,205	801	138,935	296	139,232
III Information about impairment loss by reportable segments:									
Impairment loss	1	16,151	2,507	1,989	-	5	20,655	-	20,655
IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	131	-	4,259	6,664	-	-	11,055	-	11,055

Thousands of U.S. dollars (Note 2)

	Global Logistics			Others			Total	Adjustments*	Consolidated Total
	Liner Trade	Air Cargo Transport	Logistics	Bulk Shipping	Real Estate	Others			
I Revenues:									
(1) Revenues from customers	\$1,805,849	\$ 645,389	\$4,358,656	\$ 7,532,630	\$ 58,292	\$ 929,106	\$15,329,925	\$ -	\$15,329,925
(2) Intersegment revenues	52,535	45,208	18,136	287	9,210	593,364	718,744	(718,744)	-
Total	1,858,385	690,598	4,376,792	7,532,917	67,503	1,522,471	16,048,669	(718,744)	15,329,925
Segment profit (loss)	123,521	(143,190)	43,384	406,022	23,562	16,297	469,597	(60,823)	408,774
Segment assets	2,728,853	580,770	2,587,599	11,667,914	504,899	1,461,295	19,531,333	(1,767,260)	17,764,072
II Other items:									
Depreciation and amortization	107,215	36,818	182,680	606,290	12,453	11,177	956,636	(493)	956,143
Amortization of goodwill and negative goodwill	405	-	6,250	33,129	-	-	39,785	-	39,785
Interest income	4,179	2,602	5,305	26,042	21	14,657	52,808	(19,946)	32,861
Interest expenses	51,762	2,540	20,144	133,129	540	33,041	241,159	(2,633)	238,526
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	52,767	-	202	160,135	-	(6,069)	207,035	(131)	206,904
Investments in equity method affiliates	1,120,428	-	18,926	2,087,070	-	12,503	3,238,928	(1,093)	3,237,834
Increase in vessels, property, plant, and equipment and intangible assets	52,002	156,111	71,648	978,432	11,074	7,363	1,276,632	2,727	1,279,360
III Information about impairment loss by reportable segments:									
Impairment loss	15	148,406	23,044	18,278	-	49	189,794	-	189,794
IV Information about balance of goodwill by reportable segments:									
Balance of goodwill (negative goodwill) at the end of current period	1,212	-	39,137	61,239	-	-	101,589	-	101,589

Adjustments of segment assets are ¥-207,063 million (\$-1,902,633 thousand) of receivables or assets relating to internal exchanges among segments and ¥14,732 million (\$135,373 thousand) of corporate assets.

Major corporate assets are the excess of operating funds (cash and deposits).

Year ended March 31, 2019:

	Millions of yen								Consolidated Total	
	Global Logistics				Others			Total		Adjustments*
	Liner Trade	Air Cargo Transport	Logistics	Bulk Shipping	Real Estate	Others				
I Revenues:										
(1) Revenues from customers	¥277,998	¥ 53,112	¥523,621	¥ 839,624	¥ 6,405	¥128,537	¥1,829,300	¥ –	¥1,829,300	
(2) Intersegment revenues	8,341	3,637	2,204	1,734	1,212	59,620	76,751	(76,751)	–	
Total	286,339	56,750	525,826	841,358	7,617	188,158	1,906,051	(76,751)	1,829,300	
Segment profit (loss)	(26,401)	(15,969)	7,728	33,791	2,747	3,082	4,979	(7,031)	(2,052)	
Segment assets	361,893	64,122	281,834	1,285,305	57,328	171,748	2,222,234	(220,530)	2,001,704	
II Other items:										
Depreciation and amortization	11,754	4,485	9,088	60,465	1,285	2,672	89,751	(37)	89,713	
Amortization of goodwill and negative goodwill	349	–	904	1,204	–	–	2,458	–	2,458	
Interest income	455	358	538	2,869	1	1,729	5,952	(2,476)	3,475	
Interest expenses	6,380	273	1,462	13,536	76	3,951	25,680	(1,337)	24,343	
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(22,073)	–	115	19,335	22	61	(2,538)	–	(2,538)	
Investments in equity method affiliates	121,471	–	1,544	223,217	–	2,398	348,631	(66)	348,565	
Increase in vessels, property, plant, and equipment and intangible assets	19,454	10,643	15,300	124,730	2,013	770	172,912	(2,135)	170,776	
III Information about impairment loss by reportable segments:										
Impairment loss	1,945	10,295	1,842	4,792	–	10	18,886	–	18,886	
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	179	–	6,006	10,217	–	–	16,404	–	16,404	

Adjustments of segment profit or loss are ¥59 million (\$548 thousand) of internal exchanges or transfers among segments and ¥–7,091 million (\$–65,161 thousand) of corporate expenses which are not attributed to specific segments.

The Company treats general and administrative expenses that do not belong to any single segment as corporate expenses.

In the fiscal year under review, the Company partially revised its operational management methods for each reportable segment, and, consequently, interest and other expenses for each segment were changed. The impact of the revisions on segment profits and losses was insignificant, and there was no impact on each segment's revenues, consolidated revenues, or consolidated recurring loss.

Adjustments of segment assets are ¥–233,591 million (\$–2,146,386 thousand) of receivables or assets relating to internal exchanges among segments and ¥13,061 million (\$120,013 thousand) of corporate assets.

Major corporate assets are the excess of operating funds (cash and deposits).

24. 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, 2020:

	Millions of yen					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	¥1,173,036	¥91,839	¥165,294	¥218,986	¥19,199	¥1,668,355
II Tangible fixed assets	599,989	33,771	198,502	81,286	2,778	916,329

	Thousands of U.S. dollars (Note 2)					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	\$10,778,615	\$843,879	\$1,518,827	\$2,012,185	\$176,417	\$15,329,925
II Tangible fixed assets	5,513,091	310,317	1,823,969	746,913	25,528	8,419,820

Year ended March 31, 2019:

	Millions of yen					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	¥1,234,760	¥162,933	¥172,241	¥237,358	¥22,006	¥1,829,300
II Tangible fixed assets	642,646	35,303	159,017	59,387	1,506	897,861

25. Related Party Disclosures

(1) Related-party transactions

Previous fiscal year (April 1, 2018 to March 31, 2019)

The Company was underwriting capital increase of OCEAN NETWORK EXPRESS PTE. LTD., a related party, as follows:

Millions of yen

2019

¥88,816

Fiscal year under review (April 1, 2019 to March 31, 2020)

No matters of importance to report.

(2) Summarized financial information as of and for the years ended March 31, 2020 and 2019, 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)
	2020	2019	2020
Total current assets	¥ 385,905	¥ 375,656	\$ 3,545,943
Total non-current assets	611,750	35,865	5,621,157
Total current liabilities	249,219	167,288	2,289,984
Total non-current liabilities	508,869	5,320	4,675,822
Total equity	239,566	238,913	2,201,293
Revenues	1,378,435	1,254,587	12,665,953
Profit (loss) before income taxes	14,217	(67,537)	130,638
Profit (loss) attributable to owners of parent	8,141	(70,951)	74,810

26. Subsequent Events

Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2020, was approved at the Company's shareholders' meeting held on June 29, 2020.

Millions of yen

Thousands of U.S. dollars (Note 2)

Year-end cash dividends, ¥20.00 (\$0.18) per share

¥3,391

\$31,161

27. Other

In addition to the items detailed in 20. Commitments and Contingent Liabilities, in connection with the collision of ACX Crystal, a containership chartered by the Company, with U.S. Navy Destroyer Fitzgerald in June 17, 2017 (Japan time) off the coast of Shimoda, Shizuoka Prefecture, lawsuits for damages totaling \$308 million have been filed by bereaved family members of the crew members of Fitzgerald who died in the collision and crew members who claim

to have been injured against the Company. On June 4, 2020 (U.S. time), the U.S. District Court for the Eastern District of Louisiana in which the lawsuit was filed made a decision to dismiss the lawsuit. However, on June 18, 2020 (U.S. time) an appeal was filed against the decision in the United States Court of Appeals for the 5th Circuit, which is a higher court.

Management's Report on Internal Control Over Financial Reporting

1. Matters relating to the basic framework of internal control over financial reporting

Hitoshi Nagasawa, President, Representative Director, President and Chief Executive Officer, and Eiichi Takahashi, Representative Director, Senior Managing Executive Officer, are responsible for designing and operating effective internal control over financial reporting of the Company and have designed and operated internal control over financial reporting of the consolidated financial statements in accordance with the basic framework for internal control set forth in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that material misstatements may not be completely prevented or detected by internal control over financial reporting.

2. Matters relating to the scope of assessment, the basis date of assessment, and the assessment procedures

The assessment of internal control over financial reporting was performed as of March 31, 2020, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on our entire financial reporting on a consolidated basis ("company-level controls"), and based on the results of this assessment, we selected business processes to be tested. We analyzed these selected business processes, identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of the internal controls of the Company.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of their financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts on financial reporting. In light of the results of assessment of company-level controls conducted for the Company and consolidated subsidiaries, we reasonably determined the scope of assessment of process-level controls. Regarding the consolidated subsidiaries and the equity-method affiliated companies that do not have a material effect on financial reporting, we did not include them in the scope of assessment of company-level controls.

Regarding the scope of assessment of process-level controls, we selected locations and business units to be tested in descending order of revenues, and the companies whose combined revenues reach two thirds of revenues on a consolidated basis were selected as "significant locations and/or business units." We included in the scope of assessment, at the selected significant locations and/or business units, business processes leading to revenues, costs and expenses, and accounts receivable-trade as significant accounts that may have a material impact on the business objectives of the Company. Further, in addition to selected significant locations and/or business units, we also selected for testing the business processes having greater materiality, taking into account their impact on the financial reporting.

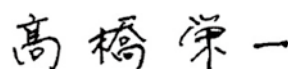
3. Matters relating to the results of the assessment

As a result of the assessment described above, as of the end of this fiscal year, we concluded that the Company's internal control over financial reporting of the consolidated financial statements was effectively maintained.



Hitoshi Nagasawa

President, Representative Director,
President and Chief Executive Officer
June 29, 2020



Eiichi Takahashi

Representative Director, Senior Managing Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Yusen Kabushiki Kaisha:

Report on the 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, 2020, 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, 2020, 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.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

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

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

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Internal Control

Opinion

We have audited management's report on internal control over financial reporting of the consolidated financial statements of Nippon Yusen Kabushiki Kaisha as of March 31, 2020.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the consolidated financial statements of Nippon Yusen Kabushiki Kaisha as of March 31, 2020, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial

reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit 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.

Responsibility of Management and Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement 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 for internal control over financial reporting generally accepted in Japan will always detect a material misstatement when it exists.

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

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Yuji Takei



Yuji Takei
Designated Engagement Partner
Certified Public Accountant

Takuya Sumita



Takuya Sumita
Designated Engagement Partner
Certified Public Accountant

Katsuhiro Shibata



Katsuhiro Shibata
Designated Engagement Partner
Certified Public Accountant

Deloitte Touche Tohmatsu LLC

DELOITTE TOUCHE TOHMATSU LLC
Tokyo, Japan
June 29, 2020

Major Consolidated Subsidiaries

(As of March 31, 2020)

			(Millions of yen)	
	Company	Voting rights held (%)	Paid-in capital	
Domestic	Liner	UNI-X NCT CORPORATION	100.00	¥ 934
		ASAHI UNYU KAISHA, LTD.	100.00	100
		YUSEN KOUN CO., LTD.	100.00	100
		SHIN-NIPPON KAIYOSHA CORP.	100.00	490
		NIPPON CONTAINER YUSO CO., LTD.	51.00	250
		NAIKAI TUG BOAT SERVICE CO., LTD.	100.00	97
	Air Cargo Transportation	NIPPON CARGO AIRLINES CO., LTD.	100.00	10,000
	Logistics	YUSEN LOGISTICS CO., LTD.	100.00	4,301
		KINKAI YUSEN KAISHA LTD.	100.00	465
		CAMELLIA LINE CO., LTD.	51.00	400
	Bulk Shipping	NYK BULK & PROJECTS CARRIERS LTD.	100.00	2,100
		ASAHI SHIPPING CO.,LTD.	69.67	495
		HACHIUMA STEAMSHIP CO., LTD.	75.86	500
		NS UNITED KAIUN KAISHA, LTD.	18.57	10,300
		KYOEI TANKER CO., LTD.	30.06	2,850
	Real Estate	YUSEN REAL ESTATE CORPORATION	100.00	450
	Others	NYK CRUISES CO., LTD.	50.00	2,000
		NYK BUSINESS SYSTEMS CO., LTD.	100.00	99
		SANYO TRADING CO., LTD.	50.37	100
		NYK TRADING CORPORATION	79.25	1,246

			(Millions of indicated units)	
	Company	Voting rights held (%)	Paid-in capital	
Overseas	Liner	YUSEN TERMINALS LLC	100.00	US\$ 2
		CERES HALIFAX INC.	100.00	CA\$ 0.0
		ACX PEARL CORPORATION	100.00	¥ 0.1
		OCEAN NETWORK EXPRESS PTE. LTD.	0.00	US\$ 3,000
	Logistics	YUSEN LOGISTICS (AMERICAS) INC.	100.00	US\$ 70
		YUSEN LOGISTICS (CHINA) CO., LTD.	100.00	CHY 158
		YUSEN LOGISTICS (UK) LTD.	100.00	£ 44
		YUSEN LOGISTICS (THAILAND) CO., LTD.	100.00	B 70
		YUSEN LOGISTICS (HONG KONG) LTD.	100.00	HK\$ 55
	Bulk Shipping	INTERNATIONAL CAR OPERATORS N.V.	100.00	€ 104
		NYK BULKSHIP (ASIA) PTE. LTD.	100.00	US\$ 7
		SAGA SHIPHOLDING (NORWAY) AS	100.00	US\$ 6
		NYK BULKSHIP (ATLANTIC) N.V.	100.00	US\$ 555
		NYK AUTOMOTIVE LOGISTICS (CHINA) CO., LTD.	100.00	CHY 245
		NYK ENERGY TRANSPORT (ATLANTIC) LTD.	100.00	US\$ 51
		NYK BULKSHIP (KOREA) CO., LTD.	100.00	KRW 11,386
		NYK SHIPMANAGEMENT PTE. LTD.	100.00	US\$ 0.4
		ADAGIO MARITIMA S.A.	100.00	¥ 0.1

Currencies: B: Thai Baht CA\$: Canada dollar CHY: Chinese yuan HK\$: Hong Kong dollar KRW: Korean won US\$: U.S dollar £ Pound sterling € EURO



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