

INFORMATION

The documents following this cover sheet exist solely to provide English translations of selected information contained in the original Japanese text of the documents provided to shareholders as of September 30, 2022 for reference only.



The 136th NYK Group Interim Report Fiscal 2022

From April 1, 2022
to September 30, 2022

● Greetings from the President

I would like to express my sincere gratitude to all of our company's shareholders and investors for your understanding and support of the NYK Group's activities. I am pleased to have this opportunity to report as follows on NYK Line's results for the second quarter of the fiscal year ending March 31, 2023.

During the first half of the current fiscal year, the Liner & Logistics Business (Liner Trade Business, Air Cargo Transportation Business, and Logistics Business) continued to strongly drive the NYK Group's operating results, as it did in the previous fiscal year. In the Liner Trade Business, Ocean Network Express Pte. Ltd. initially maintained high freight rate levels, despite disruptions to the overall supply chain caused by port congestion and the impact of the lockdowns in China. Subsequently, a combination of factors such as the buildup of inventories of consumer goods and inflation led to a decline in cargo demand mainly in Europe and the United States, and spot freight rates fell, but the Liner Trade Business achieved an increase in profit compared to the same period last year.

In the Air Cargo Transportation Business, freight rates remained high, supported by firm transportation demand for semiconductor manufacturing equipment and long-term contracts, resulting in increases in both revenue and profit compared to the same period last year.

In the Logistics Business, while the Air Freight Forwarding Business saw a gradual resumption of international passenger flights, the tight supply-demand balance eased due to lower cargo volumes in the automobile and other industries, resulting in a decline in both handling volumes and profit levels compared to the same period last year. In the Ocean Freight Forwarding Business, although the volume of cargo handled declined year on year due to lockdowns and other factors, it was possible to secure a certain level of profit through efforts to conduct agile marketing and increase sales of ancillary services. As a result of the above, revenue and profit increased compared to the same period last year for the overall Logistics Business.

For the Bulk Shipping Business, amid concerns about the impact of the global shortage of semiconductors on automobile production, the Automotive Transportation Division responded flexibly to fluctuations in transportation demand through optimized vessel deployment plans and sailing schedules, resulting in an increase in shipping volumes compared to the same period last year. In the Dry Bulk Business Division, market conditions were boosted by an increase in vessel waiting times due to lockdowns in China and brisk cargo volumes of coal, grains, and other commodities, but market prices fell back from summer, falling below the year-ago level, as concerns over a global economic slowdown became more apparent. Under these circumstances, we made efforts to reduce costs through efficient operations, in addition to securing timely and favorable transportation contracts and fixing revenues through the use of futures contracts. In the Energy Business Division, the VLCC (Very Large Crude Carrier) market remained at historical lows, but the release from the strategic petroleum reserve (SPR) in the United States triggered a drop in crude oil prices, which stimulated cargo movements and led to a sharp recovery in the market. The petrochemical tanker and VLGC (Very Large Gas Carrier) markets were at levels significantly higher than the same period last year due to an increase in sailing distances as the origin of shipments bound for Europe were changed from Russia to the United States, the Middle East, India, and other countries due to the situation in Russia and Ukraine. LNG carriers, FPSO (Floating Production, Storage and Offloading), drill ships, and shuttle tankers were generally steady as expected and trended favorably, supported by long-term contracts that generate stable earnings. As a result of the above, the Bulk Shipping Business as a whole recorded increased profit on higher revenue compared to the same period last year.

In part due to the effect of the yen's depreciation in addition to the factors above, the interim consolidated financial results for the current fiscal year were revenue of JPY1,365.8 billion, operating profit of JPY163.3 billion, recurring profit of JPY765.3 billion, and interim profit attributable to owners of parent of JPY706.0 billion, posting a record high profit for an interim period.

Although it remains difficult to foresee the business environment mainly due to the risk of economic recession caused by the turbulent situation in Russia and Ukraine and ongoing global inflation, the full-year consolidated financial results for the current fiscal year are forecast at this point in time to be

revenue of JPY2,700.0 billion, operating profit of JPY270.0 billion, recurring profit of JPY1,110.0 billion, and profit attributable to owners of parent of JPY1,030.0 billion. Concerning the dividend, we have designated the stable return of profits to shareholders as one of the most important management priorities, and the distribution of profits is decided after comprehensively taking into account the business forecast and other factors and generally targeting a consolidated payout ratio of 25%. Based on this basic policy, the interim dividend has been set at JPY1,050 per share (before the stock split). The year-end dividend is currently projected to be JPY160 per share (after the stock split).

We have been working toward realization of the vision of our ideals set forth in our medium-term management plan “Staying Ahead 2022 with Digitalization and Green,” which ends this fiscal year, and we have largely achieved the intended targets. We are currently in the process of formulating a new medium-term management plan that will cover the period from the next fiscal year through fiscal 2030. In order to meet the long-term greenhouse gas emission reduction target of “Net-Zero Emissions by 2050 for Oceangoing Businesses,” we intend to accelerate our decarbonization efforts by promoting the use of LNG-fueled vessels, which we position as a bridge solution until the realization of zero-emission ships in the future, and by developing ammonia-fueled vessels, etc. We will continue to aim to be a company that society and our customers consistently choose by further promoting ESG management based on our basic philosophy of “Bringing value to life.”

Going forward, I ask all of the shareholders and investors for your continued understanding and support for the NYK Group.

November 2022



Hitoshi Nagasawa
President

● **Segment results (April 1, 2022 to September 30, 2022)**

(1) Liner & Logistics

• **Liner Trade**

(In 100 million yen)

	Current interim term	The 135th Interim term	The 134th Interim term
Revenues	1,012	940	813
Recurring profit (loss)	5,670	2,903	284

• **Air Cargo Transportation**

(In 100 million yen)

	Current interim term	The 135th Interim term	The 134th Interim term
Revenues	1,239	897	544
Recurring profit (loss)	440	330	132

• **Logistics**

(In 100 million yen)

	Current interim term	The 135th Interim term	The 134th Interim term
Revenues	4,744	3,773	2,350
Recurring profit (loss)	371	284	81

(2) Bulk Shipping

(In 100 million yen)

	Current interim term	The 135th Interim term	The 134th Interim term
Revenues	6,164	4,569	3,179
Recurring profit (loss)	1,194	477	1

(3) Others

• **Real Estate**

(In 100 million yen)

	Current interim term	The 135th Interim term	The 134th Interim term
Revenues	17	24	34
Recurring profit (loss)	8	12	13

• **Other**

(In 100 million yen)

	Current interim term	The 135th Interim term	The 134th Interim term
Revenues	1,252	717	588
Recurring profit (loss)	(0)	(17)	(15)

Notes:

1. Business segment results show figures before elimination of internal transactions between segments.
2. General and administrative expenses and non-operating expenses not attributable to specific segments are recorded as corporate expenses and not included in the above figures.
3. Fractions of amounts and the numbers of shares in this report are rounded down.
4. () indicates minus.

● Consolidated Results in Interim Period Ended on September 30, 2022

Consolidated Balance Sheets

Assets	(In million yen)
Current assets	734,825
Non-current assets	3,203,054
Vessels, property, plant and equipment	1,162,552
Intangible assets	23,628
Investments and other assets	2,016,873
Deferred assets	223
Total Assets	3,938,103

Liabilities	(In million yen)
Current liabilities	625,867
Non-current liabilities	824,585
Total Liabilities	1,450,453

Equity	
Shareholders' capital	2,075,266
Accumulated other comprehensive income (loss)	365,825
Non-controlling interests	46,558
Total Equity	2,487,650
Total Liabilities and Equity	3,938,103

Summary of Consolidated Statements of Income

	(In million yen)
Revenues	1,365,878
Operating profit	163,336
Recurring profit	765,329
Extraordinary income	7,938
Extraordinary losses	22,641
Profit attributable to owners of parent	706,058

Summary of Consolidated Statements of Cash Flows

	(In million yen)
Net cash provided by operating activities	295,407
Net cash provided by investing activities	(142,450)
Net cash provided by financing activities	(260,827)

For detailed financial information, please see the Investor Relations page on the Company's website: <https://www.nyk.com/english/ir/>