NYK GROUP

Financial Results 2025

Year Ended March 31, 2025

Nippon Yusen Kabushiki Kaisha

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2025)

(Consolidated Statement of Income)	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
REVENUES (Note 24)	¥2,588,700	¥2,387,240	$17,313,402
COSTS AND EXPENSES (Notes 5 and 7)	2,119,361	1,973,970	14,174,431
Gross profit	469,338	413,269	3,138,964
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 4 and 7)	258,518	238,589	1,728,986
Operating profit	210,820	174,679	1,409,978
NON-OPERATING INCOME:			
Interest income	6,720	5,586	44,943
Dividend income	8,161	9,478	54,581
Equity in earnings of unconsolidated subsidiaries and affiliates	293,388	99,610	1,962,199
Other	10,768	4,770	72,017
Total non-operating income	319,038	119,445	2,133,747
NON-OPERATING EXPENSES:			
Interest expenses	20,151	13,826	134,771
Foreign exchange losses	14,050	13,447	93,967
Other	4,790	5,510	32,035
Total non-operating expenses	38,991	32,784	260,774
Recurring profit	490,866	261,341	3,282,945
OTHER GAINS:			
Gain on sales of non-current assets (Note 6)	24,870	15,549	166,332
Other	7,494	48,057	50,120
Total other gains	32,364	63,607	216,452
OTHER LOSSES:			
Loss on sales of non-current assets	55	582	367
Loss on retirement of non-current assets	1,241	1,086	8,299
Impairment losses	1,545	162	10,333
Loss on sales of shares of subsidiaries and affiliates	3,120	971	20,866
Other	1,845	3,304	12,339
Total other losses	7,808	6,106	52,220
PROFIT BEFORE INCOME TAXES	515,422	318,842	3,447,177
Income taxes - Current	39,219	74,429	262,299
Income taxes - Deferred	(10,507)	9,149	(70,271)
Total income taxes (Note 22)	28,711	83,578	192,021
PROFIT	486,711	235,263	3,255,156
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	9,003	6,660	60,212
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	477,707	228,603	3,194,937

Per share of common stock (Note 27):	Yen		U.S. dollars (Note 2)
Basic profit	¥1,070.32	¥468.13	$7.16
Cash dividends applicable to the year	325.00	140.00	2.17

(Consolidated Statement of Comprehensive Income)	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Profit	¥486,711	¥235,263	$3,255,156
Other comprehensive income (Note 8)			
Unrealized gain (loss) on available-for-sale securities	6,028	17,697	40,315
Deferred gain (loss) on hedges	23,896	(973)	159,818
Foreign currency translation adjustments	4,979	37,520	33,299
Remeasurements of defined benefit plans	(33,371)	65,640	(223,187)
Share of other comprehensive income of affiliates accounted for using equity method	16,622	167,875	111,169
Total other comprehensive income	18,155	287,760	121,421
Comprehensive income	504,866	523,023	3,376,578
Comprehensive income attributable to owners of parent	492,872	514,146	3,296,361
Comprehensive income attributable to non-controlling interests	11,994	8,877	80,216

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2025)

	Millions of yen											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available–forsale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance, March 31, 2023	¥144,319	¥44,897	¥2,018,915	¥(3,793)	¥2,204,338	¥32,909	¥6,583	¥207,437	¥27,371	¥274,302	¥46,352	¥2,524,993
Dividends from surplus	-	-	(115,964)	-	(115,964)	-	-	-	-	-	-	(115,964)
Profit attributable to owners of the parent company	-	-	228,603	-	228,603	-	-	-	-	-	-	228,603
Purchase of treasury stock	-	-	-	(200,044)	(200,044)	-	-	-	-	-	-	(200,044)
Disposal of treasury stock	-	0	-	241	241	-	-	-	-	-	-	241
Change in equity of parent related to transactions with non-controlling shareholders	-	202	-	-	202	-	-	-	-	-	-	202
Change in scope of consolidation	-	-	631	-	631	-	-	-	-	-	-	631
Change in equity in subsidiaries of foreign affiliated companies	-		(26,663)	-	(26,663)	-	-	-	-	-	-	(26,663)
Other	-	-	-	0	0	-	-	-	-	-	-	0
Net change of items other than shareholders' capital	-	-	-	-	-	17,890	1,430	199,908	65,494	284,724	(3,359)	281,365
Total changes of items during the period	-	202	86,606	(199,802)	(112,994)	17,890	1,430	199,908	65,494	284,724	(3,359)	168,371
Balance, March 31, 2024	144,319	45,099	2,105,521	(203,595)	2,091,344	50,800	8,014	407,345	92,866	559,026	42,993	2,693,365
Transfer from retained earnings to capital surplus	-	194,731	(194,731)	-	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	(95,121)	-	(95,121)	-	-	-	-	-	-	(95,121)
Profit attributable to owners of the parent company	-	-	477,707	-	477,707	-	-	-	-	-	-	477,707
Purchase of treasury stock	-	-	-	(125,044)	(125,044)	-	-	-	-	-	-	(125,044)
Disposal of treasury stock	-	0	-	251	251	-	-	-	-	-	-	251
Retirement of treasury stock	-	(196,420)	-	196,420	-	-	-	-	-	-	-	-
Change in equity of parent related to transactions with non-controlling shareholders	-	687	-	-	687	-	-	-	-	-	-	687
Change in scope of consolidation	-	-	(61)	-	(61)	-	-	-	-	-	-	(61)
Put options granted to non-controlling interests	-	(5,073)	-	-	(5,073)	-	-	-	-	-	-	(5,073)
Other	-	(15)	-	-	(15)	-	-	-	-	-	-	(15)
Net change of items other than shareholders' capital	-	-	-	-	-	6,014	28,819	13,922	(33,582)	15,173	8,103	23,276
Total changes of items during the period	-	(6,090)	187,793	71,627	253,331	6,014	28,819	13,922	(33,582)	15,173	8,103	276,607
Balance, March 31, 2025	144,319	39,009	2,293,314	(131,968)	2,344,675	56,815	36,833	421,267	59,284	574,200	51,097	2,969,973

	Thousands of U.S. dollars (Note 2)											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available–forsale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance, March 31, 2024	$965,215	$301,625	$14,081,868	($1,361,657)	$13,987,051	$339,753	$53,598	$2,724,351	$621,094	$3,738,804	$287,540	$18,013,409
Transfer from retained earnings to capital surplus	-	1,302,374	(1,302,374)	-	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	(636,175)	-	(636,175)	-	-	-	-	-	-	(636,175)
Profit attributable to owners of the parent company	-	-	3,194,937	-	3,194,937	-	-	-	-	-	-	3,194,937
Purchase of treasury stock	-	-	-	(836,302)	(836,302)	-	-	-	-	-	-	(836,302)
Disposal of treasury stock	-	0	-	1,678	1,678	-	-	-	-	-	-	1,678
Retirement of treasury stock	-	(1,313,670)	-	1,313,670	-	-	-	-	-	-	-	-
Change in equity of parent related to transactions with non-controlling shareholders	-	4,594	-	-	4,594	-	-	-	-	-	-	4,594
Change in scope of consolidation	-	-	(407)	-	(407)	-	-	-	-	-	-	(407)
Put options granted to non-controlling interests	-	(33,928)	-	-	(33,928)	-	-	-	-	-	-	(33,928)
Other	-	(100)	-	-	(100)	-	-	-	-	-	-	(100)
Net change of items other than shareholders' capital	-	-	-	-	-	40,222	192,743	93,111	(224,598)	101,478	54,193	155,671
Total changes of items during the period	-	(40,730)	1,255,972	479,046	1,694,295	40,222	192,743	93,111	(224,598)	101,478	54,193	1,849,966
Balance, March 31, 2025	965,215	260,894	15,337,841	(882,611)	15,681,346	379,982	246,341	2,817,462	396,495	3,840,288	341,740	19,863,382

See notes to consolidated financial statements.

Consolidated Balance Sheet

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(March 31, 2025)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 10, 16, and 18)	¥156,012	¥156,163	$1,043,418
Notes and operating accounts receivable-trade, and contract assets (Notes 10, 18, and 24)	349,821	354,656	2,339,626
Inventories (Notes 10 and 11)	64,641	69,886	432,323
Deferred and prepaid expenses (Note 10)	31,297	29,862	209,316
Other	97,258	96,857	650,468
Allowance for doubtful accounts	(2,696)	(3,909)	(18,031)
Total current assets	696,334	703,517	4,657,129
NON-CURRENT ASSETS:			
VESSELS, PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 10, 14, 15, and 23)**:**			
Vessels	753,731	787,035	5,041,004
Buildings and structures	158,322	149,154	1,058,868
Aircraft	82,255	90,273	550,127
Machinery, equipment, and vehicles	32,785	29,678	219,268
Furniture and fixtures	9,462	8,367	63,282
Land	75,219	75,747	503,069
Construction in progress	174,690	223,454	1,168,338
Other	8,888	9,417	59,443
Total vessels, property, plant and equipment	1,295,356	1,373,126	8,663,429
INTANGIBLE ASSETS:			
Leasehold right	5,683	5,599	38,008
Software (Note 10)	6,911	7,443	46,221
Goodwill	27,168	27,743	181,701
Other	18,531	12,518	123,936
Total intangible assets	58,294	53,305	389,874
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 10, 12, 18, and 19)	1,987,760	1,813,157	13,294,275
Long-term loans receivable (Note 18)	37,767	51,671	252,588
Net defined benefit asset (Note 21)	159,211	186,211	1,064,814
Deferred tax assets (Note 22)	11,097	7,717	74,217
Other (Note 10)	79,759	71,496	533,433
Allowance for doubtful accounts (Note 18)	(5,607)	(5,671)	(37,500)
Total investments and other assets	2,269,988	2,124,582	15,181,835
Total non-current assets	3,623,640	3,551,014	24,235,152
DEFERRED ASSETS	293	238	1,959
TOTAL ASSETS	4,320,269	4,254,770	28,894,254

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
LIABILITIES			
CURRENT LIABILITIES:			
Notes and operating accounts payable–trade (Notes 10, 18, and 24)	¥231,949	¥228,287	$1,551,290
Current portion of bonds payable (Notes 18 and 29)	-	33,000	-
Short-term loans payable (Notes 10, 18, and 29)	54,412	194,716	363,911
Commercial papers (Notes 18 and 29)	-	53,000	-
Lease liabilities (Notes 10, 18, and 29)	26,894	22,649	179,868
Income taxes payable	20,797	15,282	139,091
Contract liabilities	54,047	53,430	361,470
Provision for bonuses	20,814	17,502	139,205
Provision for directors' bonuses	476	434	3,183
Provision for stock payment	539	258	3,604
Provision for losses related to contracts	978	213	6,540
Other	112,195	125,779	750,367
Total current liabilities	523,106	744,554	3,498,568
NON-CURRENT LIABILITIES:			
Bonds payable (Notes 18 and 29)	99,000	74,000	662,118
Long-term loans payable (Notes 10, 18, and 29)	465,763	461,294	3,115,054
Lease liabilities (Notes 10, 18, and 29)	92,392	75,145	617,924
Deferred tax liabilities (Note 22)	85,200	120,575	569,823
Net defined benefit liability (Note 21)	16,472	16,086	110,165
Provision for directors' retirement benefits	791	895	5,290
Provision for stock payment	-	116	-
Provision for periodic dry docking of vessels	28,736	28,225	192,188
Provision for losses related to contracts	2,850	5,425	19,060
Provision for related to business restructuring	68	276	454
Other	35,913	34,808	240,188
Total non-current liabilities	827,189	816,850	5,532,296
Total liabilities	1,350,295	1,561,404	9,030,865
EQUITY (Notes 9 and 28)			
SHAREHOLDERS' CAPITAL:			
Common stock	144,319	144,319	965,215
Capital surplus	39,009	45,099	260,894
Retained earnings	2,293,314	2,105,521	15,337,841
Treasury stock	(131,968)	(203,595)	(882,611)
Total shareholders' capital	2,344,675	2,091,344	15,681,346
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized gain (loss) on available-for-sale securities	56,815	50,800	379,982
Deferred gain (loss) on hedges	36,833	8,014	246,341
Foreign currency translation adjustments	421,267	407,345	2,817,462
Remeasurements of defined benefit plans	59,284	92,866	396,495
Total accumulated other comprehensive income (loss)	574,200	559,026	3,840,288
Non-controlling interests	51,097	42,993	341,740
Total equity	2,969,973	2,693,365	19,863,382
TOTAL LIABILITIES AND EQUITY	4,320,269	4,254,770	28,894,254

	Yen		U.S. dollars (Note 2)
	2025	2024	2025
Equity per share (Note 27)	¥6,735.03	¥5,772.50	$45.04

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2025)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
OPERATING ACTIVITIES			
Profit before income taxes	¥515,422	¥318,842	$3,447,177
Adjustments for:			
Depreciation and amortization	154,632	141,605	1,034,189
Impairment losses	1,545	162	10,333
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(23,572)	(13,881)	(157,651)
Loss (gain) on sales of short-term and long-term investment securities	(1,306)	(41,531)	(8,734)
Loss (gain) on valuation of short-term and long-term investment securities	557	-	3,725
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(293,388)	(99,610)	(1,962,199)
Interest and dividend income	(14,881)	(15,065)	(99,525)
Interest expenses	20,151	13,826	134,771
Foreign exchange losses (gains)	22,128	11,140	147,993
Decrease (increase) in notes and accounts receivable-trade, and contract assets	5,642	(10,100)	37,734
Decrease (increase) in inventories	5,747	(11,829)	38,436
Increase (decrease) in notes and accounts payable–trade	1,188	12,105	7,945
Other, net	(24,217)	19,895	(161,964)
Subtotal	369,647	325,560	2,472,224
Interest and dividend income received	189,256	171,571	1,265,757
Interest expenses paid	(20,649)	(12,615)	(138,101)
Income taxes paid	(27,499)	(83,101)	(183,915)
Net cash provided by operating activities	510,755	401,414	3,415,964
INVESTING ACTIVITIES			
Purchase of vessels, property, plant, and equipment and intangible assets	(206,506)	(336,281)	(1,381,126)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	88,346	79,835	590,864
Purchase of investment securities	(56,537)	(48,197)	(378,123)
Proceeds from sales and redemption of investment securities	29,358	65,492	196,348
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,981)	(13,574)	(66,753)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(1,838)	(599)	(12,292)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	97,643	18,182	653,043
Payments of loans receivable	(10,277)	(25,015)	(68,733)
Collections of loans receivable	25,283	6,815	169,094
Other, net	(15,273)	(32,287)	(102,146)
Net cash used in investing activities	(59,783)	(285,631)	(399,832)
FINANCING ACTIVITIES			
Net increase (decrease) in short-term loans payable	(80,271)	90,133	(536,857)
Net increase (decrease) in commercial papers	(53,000)	53,000	(354,467)
Proceeds from long-term loans payable	37,673	103,935	251,959
Repayments of long-term loans payable	(70,888)	(69,305)	(474,103)
Proceeds from issuance of bonds	24,868	19,885	166,318
Redemption of bonds	(33,000)	(10,000)	(220,706)
Repayments of lease liabilities	(25,955)	(27,037)	(173,588)
Purchase of treasury stock	(125,044)	(200,044)	(836,302)
Proceeds from sales of treasury stock	251	241	1,678
Cash dividends paid to shareholders	(95,121)	(115,964)	(636,175)
Cash dividends paid to non-controlling interests	(5,124)	(7,175)	(34,269)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,189)	-	(7,952)
Other, net	(945)	(1,088)	(6,320)
Net cash used in financing activities	(427,747)	(163,420)	(2,860,801)
Effect of exchange rate change on cash and cash equivalents	(18,263)	(3,735)	(122,144)
Net increase (decrease) in cash and cash equivalents	4,961	(51,372)	33,179
Cash and cash equivalents at beginning of period	144,858	196,231	968,820
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	39	-	260
Cash and cash equivalents at end of period (Note 16)	149,859	144,858	1,002,267

See notes to consolidated financial statements.

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards.

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

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

2. U.S. Dollar Amounts

The accompanying consolidated financial statements are stated in yen, and the U.S. dollar amounts represent the arithmetical results of translating yen to U.S. dollars using the exchange rate prevailing at March 31, 2025, which was ¥149.52 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 514 consolidated subsidiaries (the “NYK Group”) at March 31, 2025.

During the fiscal year ended March 31, 2025, the Company newly established 20 companies that were included within the scope of consolidation as they were newly established.

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

A total of 9 companies were included in the scope of consolidation due to the acquisition of shares.

A total of 16 companies were excluded from the scope of consolidation as they were liquidated.

A total of 11 companies were excluded from the scope of consolidation due to mergers.

A total of 7 companies were excluded from the scope of consolidation due to the disposal of its shares.

There are no significant unconsolidated subsidiaries that require particular mention.

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

(2) Investments in unconsolidated subsidiaries and affiliates are accounted for either using the cost method or using the equity method, depending on the extent of influence or fiscal significance each carries. The Company accounted for 3 unconsolidated subsidiaries and 235 affiliates using the equity method at March 31, 2025.

In the consolidated fiscal year ended March 31, 2025, the Company newly established 14 companies and judged 3 companies to have a material impact on the consolidated financial statements. Consequently, these companies were newly included in the scope of companies accounted for using the equity method.

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

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

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

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

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

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

B. Accounting Period

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

During the fiscal year ended March 31, 2025, December 31 was used by 43 consolidated subsidiaries as the closing date for their financial statements. Necessary adjustments have been made to address transactions that occurred between closing dates different to that of the Company.

A total of 7 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 investment securities and investment securities are classified and accounted for, depending on management's intent, as follows:
- i) Held-to-maturity debt securities are reported at amortized cost (primarily straight-line method).
- ii) Available-for-sale securities
  - (a) Securities other than nonmarketable shares
    Fair value method (Unrealized gains and losses are reported as accumulated other comprehensive income (loss), and the costs of securities sold are determined by the moving-average method)
  - (b) Nonmarketable shares
    Primarily, cost method determined by the moving-average method

(2) Derivatives are stated at fair value.

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

E. Depreciation and Amortization

(1) Vessels, property, plant and equipment, except for lease assets, are depreciated as follows:
Vessels, property, plant and equipment are depreciated generally by the straight-line method.

(2) Intangible assets, except for lease assets, are amortized as follows:
Computer software is amortized by the straight-line method based principally on the length of period it can be used internally (five years). Other intangible assets are amortized by the straight-line method.

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

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

F. Disposition Method of Deferred Assets

Bond issuance costs:

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

G. Provisions and Allowances

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

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

(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 current fiscal year.

(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 current fiscal year, to prepare for the payment of the Company stocks to Directors and Executive Officers based on the Share Delivery Rules.

(6) Provision for periodic dry docking of vessels:

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

(7) Provision for losses related to contracts:

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

(8) Provision related to business restructuring:

Provision for losses resulting from business restructuring is provided in preparation for estimated future losses.

H. Accounting Method for Retirement Benefits

(1) Method of attributing estimated amounts of retirement benefits to periods:

In calculating defined benefit obligations, the estimated amount of retirement benefits attributed to a period up to the current fiscal year is primarily determined based on a benefit formula basis.

(2) Amortization of unrecognized actuarial gain (loss) and prior service cost:

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

Prior service cost is amortized by the straight-line method over a certain period (primarily eight years), which is not more than the average remaining service period of employees.

I. Revenue and Expense Recognition

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

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

(Overall businesses)

The Group operates mainly Liner Trade Business, Automotive Business, Dry Bulk Business, Energy Business, Air Cargo Transportation Business, Logistics Business, and Other Business.

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

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

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

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

In recognizing revenue, we identify the performance obligations of Liner Trade Business, Automotive Business, Dry Bulk Business, Energy Business, Air Cargo Transportation Business, Logistics Business, and Other Business, respectively, based on contracts with customers. In some cases, performance obligations are satisfied, and revenue is recognized at a point in time. In other cases, performance obligations are satisfied and revenue is recognized over time by using an estimate of the progress towards complete satisfaction of the performance obligations, based primarily on the number of days within the performance period. Normally, revenues are recognized on the following timing when the Group's performance obligations are considered to have been fulfilled. Furthermore, among matters relating to the five steps mentioned above (from Step 1 to Step 5), matters which the Group believes it would be more appropriate to disclose by business segment are stated hereunder.

(1) Revenues from shipping operation (Liner Trade Business, Automotive Business, Dry Bulk Business, and Energy Business)

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

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

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

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

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

(2) Revenues from the air cargo operation (Air Cargo Transportation Business)

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

(3) Revenues from logistics operation (Logistics Business)

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

(4) Other revenues (Other Business)

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

We also engage in property leasing business, etc., where revenues derive mainly from property leasing transactions, thus outside the scope of the Accounting Standard for Revenue Recognition, etc. Revenues are hence recognized in accordance with the Accounting Standard for Lease Transactions, etc.

J. Method of Accounting for Material Hedge Transactions

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

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

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

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

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

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

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

K. Method and Period of Amortization of Goodwill

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, as the case may be, and amortized over a period of 5 to 20 years on a straight-line basis.

L. Cash and Cash Equivalents

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

M. Other Significant Matters in The Preparation of The Consolidated Financial Statements

(1) Capitalization of interest expenses

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

(2) Adoption of group tax sharing system

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

N. Significant Accounting Estimates

(1) Impairment losses of non-current assets

• The amount recorded in the consolidated balance sheet

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Vessels	¥753,731	¥787,035	$5,041,004
Aircraft	82,255	90,273	550,127

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

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

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

(2) Recoverability of deferred tax assets

• The amount recorded in the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Deferred tax assets	¥11,097	¥7,717	$74,217

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

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

O. Changes in Accounting Policies

(Adoption of the “Accounting Standard for Current Income Taxes,” etc.)
The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised 2022 Standard”), etc. has been adopted from the beginning of the current fiscal year.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment set forth in the proviso of Paragraph 20-3 of the Revised 2022 Standard and the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised 2022 Guidance”).

This adoption has no impact on the consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains or losses on sale of shares of subsidiaries, etc. resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has adopted the Revised 2022 Guidance from the beginning of the current fiscal year.

As this change in accounting policies was applied retrospectively, the figures presented for the previous fiscal year ended March 31, 2024 in the consolidated financial statements have been restated retrospectively.

This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year ended March 31, 2024.

P. Yet to Be Adopted Accounting Standards

・“Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024, ASBJ)
・“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024, ASBJ)
Etc.

i) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration of international accounting standards, toward the development of the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied to non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is applied to record the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

ii) Scheduled date of application

To be applied upon its effective date, which is from the beginning of the consolidated fiscal year ending March 31, 2028.

iii) Effects of application of the standards

The impact of the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

・"Practical Guidelines on Accounting for Financial Instruments" (Revised Transferred Guidance No. 9, March 11, 2025, ASBJ)

i) Overview

This publication reflects a revision pertaining to investments in partnerships etc. that meet certain requirements, which permits the evaluation of all the nonmarketable shares included in the assets held by such partnerships (excluding shares of subsidiaries and affiliates of the investing entity) based on fair value as the basis for the investor's accounting treatment.

ii) Scheduled date of application

To be applied upon its effective date, which is from the beginning of the consolidated fiscal year ending March 31, 2027.

iii) Effects of application of the standards

The impact of the application of the Revised Transferred Guidance No. 9 "Practical Guidelines on Accounting for Financial Instruments" on the consolidated financial statements is currently under evaluation.

Q. Changes in Presentation

Consolidated Statement of Income

"Gain on sale of investment securities" and "Gain on sale of shares of subsidiaries and affiliates" under "Other gains," which were presented as separate items in the consolidated fiscal year ended March 31, 2024, have been included in "Other" from the current consolidated fiscal year due to decrease in its quantitative materiality. The consolidated financial statements for the consolidated fiscal year ended March 31, 2024 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amounts of ¥32,689 million for "Gain on sale of investment securities" and ¥9,938 million for "Gain on sale of shares of subsidiaries and affiliates" under "Other gains" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2024 have been reclassified as "Other."

"Impairment losses," which was included in "Other" under "Other losses" in the consolidated fiscal year ended March 31, 2024, has been presented as a separate item from the current consolidated fiscal year because its quantitative materiality increased. The consolidated financial statements for the consolidated fiscal year ended March 31, 2024 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥1,464 million for "Other" under "Other losses" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2024 has been reclassified as "Impairment losses" totaling to ¥162 million and "Other" resulting to ¥1,302 million.

"Provision of allowance for doubtful accounts" and "Bad debts expenses" under "Other losses," which were presented as separate items in the consolidated fiscal year ended March 31, 2024, have been included in "Other" from the current consolidated fiscal year due to decrease in its quantitative materiality. The consolidated financial statements for the consolidated fiscal year ended March 31, 2024 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amounts of ¥889 million for "Provision of allowance for doubtful accounts" and ¥1,112 million for "Bad debts expenses" under "Other losses" in the consolidated statement of income for the consolidated fiscal year ended March 31, 2024 have been reclassified as "Other."

R. Additional Information

(1) Transactions related to the Board Incentive Plan Trust

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

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

The Company's shares remaining in the Trust are recorded under equity as treasury stock, calculated based on the total book value (excluding incidental expenses) of the shares in the Trust

. As of March 31, 2025, the Company's treasury stock consisted of 303 thousand shares with a total book value of ¥1,019 million, compared with 378 thousand shares and a total book value of ¥1,269 million as of March 31, 2024.

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

(2) Share exchange of shares of a subsidiary

As stated in the "Notes to Consolidated Financial Statements, 3. Summary of Significant Accounting Policies, R. Additional Information, (3) Share exchange of shares of a subsidiary" of the Financial Results 2024, the Company is preparing for a share exchange (hereinafter the "Share Exchange") in which ANA HOLDINGS INC. (hereinafter "ANAHD") becomes the wholly owning parent company, and the Company's consolidated subsidiary NIPPON CARGO AIRLINES CO., LTD. (hereinafter "NCA") becomes the wholly owned subsidiary. There has been a change in the implementation schedule again.

i) Reason for the change

The Share Exchange is subject to the completion of reviews by the competition law authorities of each country and region. Considering the time required for the completion of the business combination review by the relevant authorities in China, the implementation schedule has been changed as follows. There is no change in the intention of the Company, NCA and ANAHD to execute the Share Exchange.

ii) Details of the change

	Before the change	After the change
Effective date of the Share Exchange	March 31, 2025 (planned)	August 1, 2025 (planned)

4. Selling, General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Employee salaries	¥114,061	¥105,139	$762,847
Provision for bonuses	14,840	11,986	99,250
Retirement benefit costs	(2,415)	3,614	(16,151)

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

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Provision for periodic dry docking of vessels	¥22,638	¥19,733	$151,404
Provision for bonuses	6,259	5,729	41,860
Retirement benefit expenses	(8,782)	(1,362)	(58,734)

6. Gain on Sales of Non-Current Assets

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Vessels	¥24,003	¥14,646	$160,533

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

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

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
	¥4,934	¥3,581	$32,998

8. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥11,648	¥56,823	$77,902
Reclassification adjustments to profit or loss for the year	(1,380)	(32,518)	(9,229)
Amount before income taxes and tax effects	10,267	24,304	68,666
Income taxes and tax effects	(4,238)	(6,606)	(28,344)
Total	6,028	17,697	40,315
Deferred gain (loss) on hedges:			
Gains (losses) arising during the year	3,903	(1,647)	26,103
Reclassification adjustments to profit or loss for the year	(3,060)	1,231	(20,465)
Adjustment for the acquisition cost of assets	1,751	(297)	11,710
Amount before income taxes and tax effects	2,594	(713)	17,348
Income taxes and tax effects	21,301	(260)	142,462
Total	23,896	(973)	159,818
Foreign currency translation adjustments:			
Gains (losses) arising during the year	3,493	37,778	23,361
Reclassification adjustments to profit or loss for the year	1,486	(257)	9,938
Amount before income taxes and tax effects	4,979	37,520	33,299
Income taxes and tax effects	-	-	-
Total	4,979	37,520	33,299
Remeasurements of defined benefit plans:			
Gains (losses) arising during the year	(26,317)	97,823	(176,009)
Reclassification adjustments to profit or loss for the year	(19,315)	(5,724)	(129,180)
Amount before income taxes and tax effects	(45,632)	92,098	(305,189)
Income taxes and tax effects	12,261	(26,458)	82,002
Total	(33,371)	65,640	(223,187)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Gains (losses) arising during the year	16,758	169,845	112,078
Reclassification adjustments to profit or loss for the year	(135)	(1,969)	(902)
Total	16,622	167,875	111,169
Total other comprehensive income (loss)	18,155	287,760	121,421

9. Equity

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

(1) Dividends

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

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

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

(3) Treasury stock and treasury stock acquisition rights

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

(4) Matters concerning outstanding shares

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

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

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

Changes in the number of outstanding shares in the consolidated fiscal year ended March 31, 2025, were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2024	510,165	51,027
Increase in number of shares	-	25,824
Decrease in number of shares	49,165	49,240
At March 31, 2025	461,000	27,612

(Notes)
1. The decrease of 49,165 thousand shares in the total number of issued shares of common stock is due to the retirement of treasury stock.
2. The number of shares of treasury stock includes the Company's shares held by the Board Incentive Plan trust account (378 thousand shares as of April 1, 2024; 303 thousand shares as of March 31, 2025).
3. The increase in shares of treasury stock is due to purchase on the open market and purchase of shares less than one unit.
4. The decrease in shares of treasury stock is mainly due to the retirement of treasury stock and delivery of stock by the

Board Incentive Plan trust account.

(5) Matters concerning dividends

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

	Millions of yen	Dividend per share	Base date
Approved at the ordinary general meeting of shareholders on June 21, 2023	¥86,467	¥170	March 31, 2023
Approved by the Board of Directors on November 6, 2023	29,497	60	September 30, 2023

(Notes)

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

Total dividend payments to be paid for the consolidated fiscal year ended March 31, 2025, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)	Dividend per share	Thousands of U.S. dollars (Note 2)	Base date
At the ordinary general meeting of shareholders on June 19, 2024	¥36,761	$245,860	¥80	$0.54	March 31, 2024
Approved by the Board of Directors on November 6, 2024	58,359	390,308	130	0.87	September 30, 2024

(Notes)

1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 19, 2024 includes dividends of 30 million yen on the Company shares owned by the Board Incentive Plan trust.
2. The total dividend resolved by the Board of Directors' meeting held on November 6, 2024 includes dividends of 39 million yen on the Company shares owned by the Board Incentive Plan trust.

b. The effective date for dividends, including retained earnings, as of March 31, 2025, shall be determined in the subsequent consolidated fiscal year as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)	Dividend per share	Thousands of U.S. dollars (Note 2)	Base date
At the ordinary general meeting of shareholders on June 18, 2025	¥84,571	$565,616	¥195	$1.30	March 31, 2025

(Note)

The total dividend includes dividends of 59 million yen on the Company shares owned by the Board Incentive Plan trust.

10. Pledged Assets and Secured Liabilities

As of March 31, 2025 and 2024, the following assets were pledged as collateral for short-term loans payable, long-term loans payable, and others:

	Net book value		
	Millions of yen		Thousands of U.S. dollars (Note 2)
Pledged assets	2025	2024	2025
Cash and deposits	¥776	¥638	$5,189
Notes and operating accounts receivable-trade and contract assets	2,386	1,511	15,957
Vessels*	71,786	92,823	480,109
Buildings and structures	1,949	1,942	13,035
Machinery, equipment and vehicles	493	625	3,297
Land	797	769	5,330
Construction in progress	2,921	-	19,535
Software	8	14	53
Investment securities*	187,086	116,511	1,251,243
"Other" of investments and other assets	27	98	180
Total	268,235	214,935	1,793,974

	Millions of yen		Thousands of U.S. dollars (Note 2)
Secured liabilities	2025	2024	2025
Notes and operating accounts payable - trade	¥20	¥11	$133
Short-term loans payable	10,736	29,191	71,803
Long-term loans payable	32,141	35,708	214,961
Total	42,898	64,911	286,904

* As of March 31, 2025 and March 31, 2024, vessels include ¥2,141 million ($14,319 thousand) and ¥2,322 million and as of March 31, 2025 and March 31, 2024, investment securities include ¥187,086 million ($1,251,243 thousand) and ¥115,632 million pledged as collateral for the debt of affiliates, etc.

11. Inventories

Inventories as of March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Merchandise and finished goods	¥2,663	¥2,151	$17,810
Work in progress	521	413	3,484
Raw materials, fuel, and supplies	61,456	67,321	411,021

12. Investment in Unconsolidated Subsidiaries and Affiliates

Amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2025 and 2024, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Investment securities (stocks)	¥1,842,104	¥1,675,897	$12,320,117
Other investments and other assets (investment in capital)	13,718	13,079	91,746
(Of which, amount invested in companies under joint control)	365,931	294,612	2,447,371

13. Commitments and Contingent Liabilities

(1) Commitments made by the Company and its consolidated subsidiaries as of March 31, 2025 and March 31, 2024, totaled ¥510,409 million ($3,413,650 thousand) and ¥783,301 million for the construction of vessels.

Guarantees and items of a similar nature of loans by companies other than the consolidated companies (the Company and its consolidated subsidiaries) as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Guarantees of loans	¥200,244	¥215,336	$1,339,245

(2) Current fiscal year (April 1, 2024 to March 31, 2025)

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 ¥3,151 million ($21,074 thousand). The guarantee may be paid if the companies choose to return the leased property rather than exercise the option to purchase. The operating lease agreements will expire by August 2025.

Previous fiscal year (April 1, 2023 to March 31, 2024)

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

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

14. Accumulated Depreciation

As of March 31, 2025 and 2024, accumulated depreciation of vessels, property, plant, and equipment is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Accumulated depreciation	¥1,382,360	¥1,318,045	$9,245,318

15. Deferred Capital Gains

Under certain conditions, such as exchanges of fixed assets of similar kinds, gains from insurance claims, and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer gains arising from such transactions by reducing the cost of the assets acquired. As such, deferred capital gains from insurance claims were deducted from the cost of properties acquired in replacement, which amounted to ¥4,667 million ($31,213 thousand) and ¥4,675 million as of March 31, 2025 and 2024, respectively.

16. Supplementary Information on Consolidated Statement of Cash Flows

Cash and cash equivalents in the accompanying consolidated statement of cash flows for the years ended March 31, 2025 and 2024, are reconciled to cash and deposits reflected in the accompanying consolidated balance sheets as of March 31, 2025 and 2024, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Cash and deposits	¥156,012	¥156,163	$1,043,418
Time deposits with a maturity of more than three months	(6,153)	(11,305)	(41,151)
Cash and cash equivalents	149,859	144,858	1,002,267

17. Accounting for Leases

Operating leases

As lessee

The fiscal year-end balance of unearned lease payments related to non-cancellable transactions as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Within one year	¥5,174	¥7,493	$34,604
More than one year	22,803	27,285	152,508
Total	27,978	34,778	187,118

As lessor

The fiscal year-end balance of unearned lease payments related to non-cancellable transactions as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Within one year	¥2,347	¥788	$15,696
More than one year	4,687	2,905	31,346
Total	7,035	3,693	47,050

18. Financial Instruments

(1) Disclosure on Financial Instruments

a. Policy on financial instruments

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

b. Contents and risks of financial instruments

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

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

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

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

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

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

① Hedge accounting method

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

② Principal hedging methods and items hedged

Principal hedging methods	Principal items hedged
Currency swap 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 contract assets and long-term loans receivable. In terms of held-to-maturity debt securities, in line with asset management regulations, the Company and its consolidated subsidiaries hold only highly rated debt securities, so credit risk is negligible.

② Market risk management

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

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

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

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

The derivative transactions of the Company and its consolidated subsidiaries follow the internal approval process specified in the Company's Rules for Risk Management Employing Financial Instruments and other rules and regulations, and are subject to internal controls operated principally by the divisions in charge of accounting. In addition, to prevent improper transactions, the back-office function for these transactions is performed by personnel of the Company and its consolidated subsidiaries who are not directly involved in the transactions. Information regarding the amounts, etc., of derivative transaction contracts is reported regularly to the Board of Directors.

③ Management of liquidity risk associated with capital raising activities

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

d. Supplementary explanation of fair value of financial instruments and others

As certain variables are used for the calculations of fair value of financial statements, the result of such calculations may vary if different assumptions are used.

The contract amounts of interest rate swap transactions and currency swap transactions do not represent the amounts exchanged by the parties and do not measure the Company's and its consolidated subsidiaries' exposure to credit or market risk.

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

The book value of financial instruments on the consolidated balance sheet, their fair values and differences between book value and fair values as of March 31, 2025 and 2024, are described below.

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2025			2024			2025		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
① **Short-term and long-term investment securities (Note 19)** *2									
Available-for-sale securities	¥105,083	¥105,083	¥-	¥93,130	¥93,130	¥-	$702,802	$702,802	$-
Investments in affiliates	31,070	19,776	(11,294)	29,378	22,675	(6,703)	207,798	132,263	(75,535)
② **Long-term loans receivable**	37,767	35,223	(2,544)	51,671	50,640	(1,030)	252,588	235,573	(17,014)
Total	173,920	160,082	(13,838)	174,180	166,446	(7,734)	1,163,188	1,070,639	(92,549)
① **Bonds payable**	99,000	96,282	(2,717)	107,000	107,212	212	662,118	643,940	(18,171)
② **Long-term loans payable**	465,763	461,713	(4,050)	461,294	459,396	(1,897)	3,115,054	3,087,968	(27,086)
③ **Lease liabilities**	119,286	118,134	(1,152)	97,795	96,392	(1,403)	797,792	790,088	(7,704)
Total	684,050	676,130	(7,919)	666,089	663,001	(3,088)	4,574,973	4,522,003	(52,962)
Derivative financial instruments *3	9,731	9,731	-	(5,355)	(5,355)	-	65,081	65,081	-

* 1. As of March 31, 2024, cash and deposits, notes and operating accounts receivable-trade, and contract assets, notes and operating accounts payable-trade, short-term loans payable, and commercial papers are omitted because they comprise short-term instruments whose carrying amount approximates their fair value. As of March 31, 2025, cash and deposits, notes and operating accounts receivable-trade, and contract assets, notes and operating accounts payable-trade, short-term loans payable, and commercial papers are omitted because they comprise short-term instruments whose carrying amount approximates their fair value.

2. As of March 31, 2024, nonmarketable shares are not included in (i) Short-term investment securities and investment securities. The applicable financial instruments are recognized on the consolidated balance sheet as follows. As of March 31, 2025, nonmarketable shares are not included in (i) Short-term investment securities and investment securities. The applicable financial instruments are recognized on the consolidated balance sheet as follows.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
	Book value	Book value	Book value
Investments in unconsolidated subsidiaries and affiliates	¥1,811,034	¥1,646,518	$12,112,319
Shares in unlisted companies	37,681	40,455	252,013
Others	2,890	3,673	19,328
Total	1,851,607	1,690,648	12,383,674

* 3. The total amount after offsetting receivables and payables is presented for derivative transactions.

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

	Millions of yen							
	2025				2024			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	¥156,012	¥-	¥-	¥-	¥156,163	¥-	¥-	¥-
Notes and operating accounts receivable-trade, and contract assets	349,773	47	-	-	354,413	242	-	-
Short-term and long-term investment securities:	-	-	-	-	-	-	-	-
Held-to-maturity debt securities	-	-	-	-	-	-	-	-
Government bonds	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Available-for-sale securities with maturity dates	-	-	-	-	-	-	-	-
Government bonds	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Long-term loans receivable	-	10,131	1,855	25,779	-	30,173	2,267	19,230
Total	505,786	10,178	1,855	25,779	510,577	30,415	2,267	19,230

	Thousands of U.S. dollars (Note 2)			
	2025			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	$1,043,418	$-	$-	$-
Notes and operating accounts receivable-trade, and contract assets	2,339,305	314	-	-
Short-term and long-term investment securities:	-	-	-	-
Held-to-maturity debt securities	-	-	-	-
Government bonds	-	-	-	-
Corporate bonds	-	-	-	-
Others	-	-	-	-
Available-for-sale securities with maturity dates	-	-	-	-
Government bonds	-	-	-	-
Corporate bonds	-	-	-	-
Others	-	-	-	-
Long-term loans receivable	-	67,756	12,406	172,411
Total	3,382,731	68,071	12,406	172,411

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

	Millions of yen					
	2025					
	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
Short-term loans payable	¥54,412	¥-	¥-	¥-	¥-	¥-
Lease liabilities (current)	26,894	-	-	-	-	-
Bonds payable	-	20,000	-	20,000	29,000	30,000
Long-term loans payable	-	99,238	77,741	88,457	25,909	174,417
Lease liabilities (non-current)	-	19,017	14,543	11,465	9,350	38,015
Total	81,306	138,255	92,285	119,922	64,259	242,432

	Thousands of U.S. dollars (Note 2)					
	2025					
	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
Short-term loans payable	$363,911	$-	$-	$-	$-	$-
Lease liabilities (current)	179,868	-	-	-	-	-
Bonds payable	-	133,761	-	133,761	193,953	200,642
Long-term loans payable	-	663,710	519,937	591,606	173,281	1,166,512
Lease liabilities (non-current)	-	127,186	97,264	76,678	62,533	254,246
Total	543,780	924,658	617,208	802,046	429,768	1,621,401

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

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

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

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

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

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

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

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

March 31, 2025

	Fair Values (Millions of yen)				Fair Values (Thousands of U.S. dollars (Note 2))			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities								
Available-for-sale securities								
Corporate shares	¥105,031	¥-	¥-	¥105,031	$702,454	$-	$-	$702,454
Others	52	-	-	52	347	-	-	347
Derivatives transactions								
Currency-related	-	7,674	-	7,674	-	51,324	-	51,324
Interest rate-related	-	3,842	-	3,842	-	25,695	-	25,695
Total	105,083	11,516	-	116,599	702,802	77,019	-	779,822
Derivatives transactions								
Commodity-related	-	1,814	-	1,814	-	12,132	-	12,132
Total	-	1,814	-	1,814	-	12,132	-	12,132

March 31, 2024

	Fair Values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Available-for-sale securities				
Corporate shares	¥93,077	¥-	¥-	¥93,077
Others	53	-	-	53
Derivatives transactions				
Interest rate-related	-	5,491	-	5,491
Total	93,130	5,491	-	98,622
Derivatives transactions				
Currency-related	-	6,890	-	6,890
Commodity-related	-	4,483	-	4,483
Total	-	11,373	-	11,373

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

March 31, 2025

	Fair Values (Millions of yen)				Fair Values (Thousands of U.S. dollars (Note 2))			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities								
Investments in subsidiaries and affiliates								
Investments in affiliates	¥19,776	¥-	¥-	¥19,776	$132,263	$-	$-	$132,263
Long-term loans receivable	-	35,223	-	35,223	-	235,573	-	235,573
Total	19,776	35,223	-	54,999	132,263	235,573	-	367,837
Bonds payable	-	96,282	-	96,282	-	643,940	-	643,940
Long-term loans payable	-	461,713	-	461,713	-	3,087,968	-	3,087,968
Lease liabilities	-	118,134	-	118,134	-	790,088	-	790,088
Total	-	676,130	-	676,130	-	4,522,003	-	4,522,003

March 31, 2024

	Fair Values (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Investments in subsidiaries and affiliates				
Investments in affiliates	¥22,675	¥-	¥-	¥22,675
Long-term loans receivable	-	50,640	-	50,640
Total	22,675	50,640	-	73,316
Bonds payable	-	107,212	-	107,212
Long-term loans payable	-	459,396	-	459,396
Lease liabilities	-	96,392	-	96,392
Total	-	663,001	-	663,001

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

Short-term and long-term investment securities

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

Derivatives transactions

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

Long-term loans receivable

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

Bonds payable

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

Long-term loans payable and lease liabilities

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

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

19. Securities

(1) Short-term and long-term investment securities held-to-maturity with fair value as of March 31, 2025 and 2024, are not applicable.

(2) Short-term and long-term investment securities classified as available-for-sale securities with fair value as of March 31, 2025 and 2024, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2025			2024			2025		
	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	¥113,000	¥28,945	¥84,054	¥103,399	¥31,246	¥72,152	$755,751	$193,586	$562,158
Debt securities	10	0	10	-	-	-	66	0	66
Government bonds and others	10	0	10	-	-	-	66	0	66
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Others	1,819	1,800	19	917	896	21	12,165	12,038	127
Subtotal	114,830	30,746	84,084	104,316	32,143	72,173	767,990	205,631	562,359
Securities for which book value is equal to or less than acquisition costs:									
Corporate shares	12,324	16,598	(4,274)	15,137	18,728	(3,590)	82,423	111,008	(28,584)
Debt securities	-	-	-	-	-	-	-	-	-
Government bonds and others	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Others	13	15	(2)	12	14	(2)	86	100	(13)
Subtotal	12,337	16,614	(4,276)	15,150	18,742	(3,592)	82,510	111,115	(28,598)
Total	127,167	47,360	79,807	119,467	50,885	68,581	850,501	316,746	533,754

(3) Proceeds, gains, and losses on sales of available-for-sale securities in the fiscal years ended March 31, 2025 and 2024, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2025			2024			2025		
	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses	Proceeds from sales	Gross realized gains	Gross realized losses
Corporate shares	¥2,608	¥1,445	¥-	¥41,456	¥32,689	¥125	$17,442	$9,664	$-
Debt securities	-	-	-	-	-	-	-	-	-
Others	0	0	-	0	-	0	0	0	-
Total	2,608	1,445	-	41,457	32,689	125	17,442	9,664	-

20. Derivatives

Derivative financial instruments with fair value as of March 31, 2025 and 2024, are summarized as follows:

(1) Derivative transactions not qualifying for hedge accounting

	Millions of yen								Thousands of U.S. dollars (Note 2)			
	2025				2024				2025			
	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Valuation gains (losses)	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Valuation gains (losses)	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Valuation gains (losses)
a. Currency-related												
Forward foreign currency exchange contracts:												
Buy U.S. dollar, sell Japanese yen	¥2,354	¥-	¥3	¥3	¥4,184	¥-	¥11	¥11	$15,743	$-	$20	$20
Sell U.S. dollar, buy Japanese yen	328,003	6,297	4,788	4,788	234,991	219	(6,652)	(6,652)	2,193,706	42,114	32,022	32,022
Sell Euro, buy Japanese yen	-	-	-	-	32,301	-	(141)	(141)	-	-	-	-
Sell Thai baht, buy Japanese yen	-	-	-	-	19,282	-	52	52	-	-	-	-
Buy Thai baht, sell Japanese yen	28,302	-	119	119	-	-	-	-	189,285	-	795	795
Others	11,672	-	(119)	(119)	3,261	-	2	2	78,063	-	(795)	(795)
Interest rate currency swaps:												
Receive U.S. dollar floating, pay Mexican Peso fixed	284	270	23	23	371	354	(32)	(32)	1,899	1,805	153	153
	370,617	6,567	4,815	4,815	294,394	573	(6,760)	(6,760)	2,478,711	43,920	32,203	32,203
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	1,699	-	(25)	(25)	3,676	-	(654)	(654)	11,363	-	(167)	(167)
Forward chartered-freight agreements on seller's side	7,104	-	(81)	(81)	4,572	-	(806)	(806)	47,512	-	(541)	(541)
Off-market transactions:												
Freight (chartered-freight) forward transactions:												
Forward chartered-freight agreements on seller's side	5,635	2,015	(1,061)	(1,061)	10,397	4,946	(2,947)	(2,947)	37,687	13,476	(7,096)	(7,096)
Fuel swaps:												
Receive floating, pay fixed	611	-	(32)	(32)	1,281	-	9	9	4,086	-	(214)	(214)
Other	80	-	1	1	69	-	0	0	535	-	6	6
	15,130	2,015	(1,199)	(1,199)	19,998	4,946	(4,398)	(4,398)	101,190	13,476	(8,018)	(8,018)

(2) Derivative transactions qualifying for hedge accounting

		Millions of yen						Thousands of U.S. dollars (Note 2)		
		2025			2024			2025		
		Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value	Contracts outstanding	Contracts outstanding (more than one year)	Fair value
a. Currency-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Forward foreign currency exchange contracts:	Principal items hedged:									
Sell U.S. dollar, buy Japanese yen	Accounts receivable, etc.	¥1,419	¥71	¥(76)	¥-	¥-	¥-	$9,490	$474	$(508)
	Investment for equity of overseas subsidiary	-	-	-	30,880	403	(357)	-	-	-
Others		916	516	47	1,624	654	68	6,126	3,451	314
Currency swaps:	Principal items hedged:									
Receive U.S. dollar, pay Japanese yen	Charterage	12,267	12,267	2,813	12,267	12,267	2,587	82,042	82,042	18,813
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	31,324	10,721	2,367	30,538	25,410	1,329	209,497	71,702	15,830
Sell U.S. dollar, buy Japanese yen		29,041	5,713	(2,263)	27,484	7,149	(3,231)	194,228	38,208	(15,135)
Others		2,602	-	(28)	17,966	-	(525)	17,402	-	(187)
		77,571	29,290	2,858	120,762	45,885	(129)	518,800	195,893	19,114
b. Interest rate-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	10,000	10,000	73	13,787	13,787	296	66,880	66,880	488
Receive floating, pay fixed		45,335	41,984	3,768	55,627	44,417	5,195	303,203	280,791	25,200
Interest rate swap derivative transactions qualifying for exceptional accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	15,000	5,000	*1	26,820	16,820	*1	100,321	33,440	*1
Receive floating, pay fixed		13,259	10,471		16,717	11,853		88,677	70,030	
		83,595	67,455	3,842	112,953	86,879	5,491	559,089	451,143	25,695
c. Commodity-related										
Derivative transactions qualifying for general accounting policies, deferral hedge accounting										
Freight (chartered-freight) forward transactions:	Principal items hedged:									
Forward chartered-freight agreements on seller's side	Charterage	3,250	-	(143)	2,068	-	(352)	21,736	-	(956)
Fuel swaps:	Principal items hedged:									
Receive floating, pay fixed	Fuel	6,796	1,698	(362)	7,744	1,033	353	45,452	11,356	(2,421)
Fuel oil collar transactions:[*2]	Principal items hedged:									
Buy call option, sell put option	Fuel	17,221	-	(109)	19,092	-	96	115,175	-	(728)
Freight (chartered-freight) collar transactions:[*2]										
Buy put option, sell call option	Charterage	-	-	-	932	-	(182)	-	-	-
		27,268	1,698	(615)	29,837	1,033	(84)	182,370	11,356	(4,113)

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

21. Accounting for Employees' Retirement Benefits

1. Outline of employees' retirement benefit plans

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

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

2. Defined benefit plans

(1) Changes in defined benefit obligation for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Balance at beginning of year	¥90,289	¥89,666	$603,859
Service costs	3,317	3,198	22,184
Interest costs	1,391	1,350	9,303
Actuarial (gains) losses	(9,123)	(699)	(61,015)
Benefits paid	(4,494)	(3,954)	(30,056)
Prior service cost	10	(4)	66
Others	162	731	1,083
Balance at end of year	81,553	90,289	545,432

(2) Changes in plan assets for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Balance at beginning of year	¥265,921	¥168,079	$1,778,497
Expected return on plan assets	2,035	1,864	13,610
Actuarial gains (losses)	(35,444)	97,328	(237,051)
Contributions from the employer	1,012	1,057	6,768
Benefits paid	(3,530)	(2,965)	(23,608)
Others	(89)	556	(595)
Balance at end of year	229,905	265,921	1,537,620

(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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Balance at beginning of year	¥5,507	¥5,310	$36,831
Net periodic benefit costs	1,004	1,048	6,714
Benefits paid	(548)	(397)	(3,665)
Contributions from the employer	(369)	(362)	(2,467)
Other	19	(92)	127
Balance at end of year	5,612	5,507	37,533

(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, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Funded defined benefit obligation	¥80,878	¥89,586	$540,917
Plan assets	(236,500)	(272,523)	(1,581,728)
	(155,622)	(182,937)	(1,040,810)
Unfunded defined benefit obligation	12,883	12,813	86,162
Net liability (asset) arising from defined benefit obligation	(142,738)	(170,124)	(954,641)
Net defined benefit liability	16,472	16,086	110,165
Net defined benefit asset	(159,211)	(186,211)	(1,064,814)
Net liability (asset) arising from defined benefit obligation	(142,738)	(170,124)	(954,641)

(5) Components of net periodic benefit costs for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Service costs	¥3,317	¥3,198	$22,184
Interest costs	1,391	1,350	9,303
Expected return on plan assets	(2,035)	(1,864)	(13,610)
Recognized actuarial (gains) losses	(19,377)	(5,478)	(129,594)
Amortization of prior service cost	10	(4)	66
Net periodic benefit costs calculated using the shortcut method	1,004	1,048	6,714
Other	28	81	187
Net periodic benefit costs	(15,661)	(1,667)	(104,741)

(6) Amounts recognized in other comprehensive income (before income taxes and tax effects) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Prior service cost	¥0	¥0	$0
Actuarial gains (losses)	(45,632)	92,098	(305,189)
Total	(45,632)	92,098	(305,189)

(7) Amounts recognized in accumulated other comprehensive income (before income taxes and tax effects) in respect of defined retirement benefit plans as of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Unrecognized prior service cost	¥0	¥0	$0
Unrecognized actuarial gains (losses)	84,725	130,686	566,646
Total	84,725	130,686	566,646

(8) Components of plan assets

① Plan assets consisted of the following as of March 31, 2025 and 2024:

	2025	2024
Debt investments	22 %	18 %
Equity investments	64 %	72 %
Cash and cash equivalents	2 %	1 %
Others	13 %	9 %
Total	100 %	100 %

A retirement benefit trust established for a corporate pension plan accounts for 55% and 62% of plan assets as of March 31, 2025 and 2024, respectively.

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

(9) Assumptions in calculation of the above information

	2025	2024
Discount rate	Mainly 2.4%	Mainly 1.1%
Expected rate of return on plan assets	Mainly 1.6%	Mainly 1.6%
Expected rate of salary increase	Mainly 1.2%–7.4%	Mainly 1.2%–7.2%

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

3. Defined contribution plan

The Company and certain consolidated subsidiaries had ¥3,984 million and ¥4,552 million ($30,444 thousand) for the fiscal years ended March 31, 2024 and March 31, 2025, in defined contribution retirement benefit costs. Besides the retirement benefit costs shown above, certain consolidated subsidiaries treated the amount of defined contributions paid to the multi-employer plan as retirement benefit costs.

22. Income Taxes

(1) Significant components of deferred tax assets and liabilities as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Deferred tax assets:			
Provision for bonuses	¥4,154	¥3,604	$27,782
Net defined benefit liabilities	4,067	3,994	27,200
Impairment losses on vessels, property, plant and equipment	15,236	26,031	101,899
Losses on revaluation of securities	5,508	4,385	36,837
Tax loss carryforwards*2	31,036	38,751	207,570
Unrealized gains on sale of vessels, property, plant and equipment	3,887	3,141	25,996
Provision for periodic dry docking of vessels	8,006	7,688	53,544
Accrued expenses	1,278	1,176	8,547
Deferred loss on derivatives under hedge accounting	22,398	21,762	149,799
Allowance for doubtful accounts	2,449	3,101	16,379
Provision for losses related to contracts	992	1,457	6,634
Others	31,096	7,619	207,972
Subtotal of deferred tax assets	130,111	122,715	870,191
Less valuation allowances for tax loss carryforwards*2	(21,971)	(29,282)	(146,943)
Less valuation allowances for temporary differences	(29,890)	(65,684)	(199,906)
Valuation allowances*1	(51,861)	(94,967)	(346,849)
Total deferred tax assets	78,249	27,747	523,334
Deferred tax liabilities:			
Net defined benefit assets	(44,082)	(50,359)	(294,823)
Gain on securities contribution to employee retirement benefit trust	(2,969)	(2,872)	(19,856)
Depreciation	(6,402)	(4,801)	(42,817)
Reserve for reduction entry	(1,752)	(1,767)	(11,717)
Valuation difference on available-for-sale securities	(24,168)	(19,149)	(161,637)
Deferred gain on derivatives under hedge accounting	(12,342)	(12,051)	(82,544)
Undistributed retained earnings of consolidated subsidiaries	(28,651)	(22,650)	(191,619)
Others	(31,983)	(26,952)	(213,904)
Total deferred tax liabilities	(152,352)	(140,604)	(1,018,940)
Net deferred tax (liabilities) assets	(74,102)	(112,857)	(495,599)

*1 Valuation allowances change mainly due to a decrease in the deferred loss on derivatives under hedge accounting.
*2 The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2025 and 2024, were as follows:

	Millions of yen						
March 31, 2025	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	¥673	¥861	¥496	¥3,284	¥8,001	¥17,718	¥31,036
Less valuation allowances for tax loss carryforwards	(220)	(293)	(188)	(2,124)	(7,967)	(11,177)	(21,971)
Net deferred tax assets relating to tax loss carryforwards	453	567	308	1,159	33	6,541	9,065

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

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

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

March 31, 2025	Thousands of U.S. dollars (Note 2)						
	One year or less	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Deferred tax assets relating to tax loss carryforwards*	$4,501	$5,758	$3,317	$21,963	$53,511	$118,499	$207,570
Less valuation allowances for tax loss carryforwards	(1,471)	(1,959)	(1,257)	(14,205)	(53,283)	(74,752)	(146,943)
Net deferred tax assets relating to tax loss carryforwards	3,029	3,792	2,059	7,751	220	43,746	60,627

* 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, 2025 and 2024, was as follows:

	2025	2024
Normal statutory income tax rate	28.7 %	28.7 %
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	0.2	0.3
Equity in earnings of unconsolidated subsidiaries and affiliates	(16.4)	(9.0)
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	0.1	0.2
Changes in valuation allowance	(5.9)	(2.3)
CFC taxation regarding foreign subsidairies and affiliates	0.1	8.0
Tax exemption of shipping business	(2.0)	(2.2)
Effects of foreign tax included in deductible expenses	0.0	0.0
Other	0.8	2.5
Actual effective income tax rate	5.6 %	26.2 %

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

(4) Revision of amounts for deferred tax assets and deferred tax liabilities due to a change in the income tax rate
Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) of the Japanese Diet on March 31, 2025, the “Special Defense Corporate Tax” will be imposed from the consolidated fiscal years beginning on or after April 1, 2026.
Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences, etc. expected to be reversed in the consolidated fiscal year beginning on April 1, 2026 and subsequent fiscal years are calculated by changing the statutory effective tax rate from 28.7% to 29.6%. The impact of this change in the tax rate on the consolidated financial statements for the consolidated fiscal year ended March 31, 2025 is negligible.

23. Investment and Rental Property

The Company and some of its consolidated subsidiaries own offices and other buildings (including land) for earning rent, and other purposes in Tokyo and other regions. Profit from rental of these properties (with main rental income recorded as revenues and main rental expense recorded as costs and expenses) in the consolidated fiscal year ended March 31, 2024, totaled ¥2,337 million ($15,434 thousand).
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, 2025, totaled ¥2,295 million ($15,349 thousand), and profit from sales totaled ¥72 million ($481 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, 2025 and 2024, and the fair values of the relevant investment and rental property as of March 31, 2025 and 2024, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2025	2024	2025
Amount recorded in consolidated balance sheet:			
Balance at beginning of year	¥13,905	¥14,553	$92,997
Increase (decrease) during the fiscal year	(1,893)	(647)	(12,660)
Balance at end of year	12,011	13,905	80,330
Fair value as of current fiscal year end	70,112	70,711	468,913

* 1. The amount recorded in the consolidated balance sheet is the acquisition cost, net of accumulated depreciation and impairment losses.
2. The decreased amount in increase (decrease) during the fiscal year ended March 31, 2025, is mainly attributable to impairment losses of ¥-942 million ($-6,300 thousand), change of application of ¥-504 million ($-3,370 thousand) and depreciation of ¥-461 million ($-3,083 thousand).
3. The fair value as of the fiscal year end is the amount calculated primarily based on the Real Estate Appraisal Standard (including adjustments made using indexes).

24. Revenue recognition

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

“Revenues” stated in the consolidated statement of income for the previous fiscal year and the current fiscal year primarily represent “revenues derived from the contracts with customers.” Revenues recognized from other sources are mainly derived from leasing transactions and are disclosed as part of revenues due to their financial insignificance.

Disaggregated revenue is provided in Segment Information (Note 25).

2. Useful information in understanding revenue from contracts with customers

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

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

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

	Millions of yen			
	2025		2024	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Receivables from contracts with customers*	¥329,068	¥320,387	¥319,011	¥329,068
Contract assets	25,587	29,434	18,691	25,587
Contract liabilities	53,430	54,047	50,562	53,430

	Thousands of U.S. dollars (Note 2)	
	2025	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Receivables from contracts with customers*	$2,200,829	$2,142,770
Contract assets	171,127	196,856
Contract liabilities	357,343	361,470

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

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

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

The portion of the revenues recognized in the consolidated fiscal year ended March 31, 2024, which was included in the balance of contract liabilities at the beginning of the current consolidated fiscal year, was ¥46,470 million. The amount of revenues recognized in the consolidated fiscal year due to fulfilling performance obligations in the past period was financially insignificant.

The portion of the revenues recognized in the current consolidated fiscal year ended March 31, 2025, which is included in the balance of contract liabilities at the beginning of the current consolidated fiscal year, is ¥48,778 million ($326,230 thousand). The amount of revenues recognized in the current consolidated fiscal year due to fulfilling performance obligations in the past period is financially insignificant.

(ii) Transaction price allocated to remaining performance obligations

Current fiscal year (April 1, 2024 to March 31, 2025)

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

Concerning the transaction price allocated to the following remaining performance obligations, notes are omitted for the practical expedient. With respect to consecutive voyage charter and contract of affreightment in shipping operation (Liner Trade Business, Automotive Business, Dry Bulk Business, and Energy Business), we are focusing on gaining long-term contracts with customers to level out the impact of the changes in the market environment. Meanwhile, revenues derived from consecutive voyage charter and contract of affreightment are classified as variable considerations due to the variable elements involved in the transaction price, such as the number of voyages and freight rates. Such variable consideration is the type of variable consideration allocated to transportation service provided in each voyage, as required by Article 72 of the Accounting Standard for Revenue Recognition, and thus is deemed to be a variable consideration to be allocated to performance obligations not fully fulfilled, and notes are omitted. This type of variable consideration is eliminated as performance obligations are fulfilled progressively, where revenues are recognized over a period not exceeding 24 years for the current fiscal year and the previous fiscal year.

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

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

Previous fiscal year (April 1, 2023 to March 31, 2024)

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

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

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

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

25. Segment Information

1. Outline of reportable segments

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

The NYK Group operates comprehensive logistics businesses covering maritime, land, and air transportation on a global scale. These operations are categorized under seven reportable segments: Liner Trade Business, Air Cargo Transportation Business, Logistics Business, Automotive Business, Dry Bulk Business, Energy Business, and Others Business. The main operations and services of each reportable segment are listed as follows.

Reportable segment	Major operation and services in each segment
Liner Trade	Ocean cargo shipping, ship owning and chartering, shipping agency, container terminals business, harbor transport services, tugboat operation
Air Cargo Transportation	Air cargo transport
Logistics	Warehouse operation, cargo transport/handling business, coastal cargo shipping
Automotive	Ocean cargo shipping, automotive logistics, others (including shipping business)
Dry Bulk	Ocean cargo shipping, ship owning and chartering, others (including shipping business)
Energy	Ocean cargo shipping, ship owning and chartering, others (including shipping business)
Others	Rental, management and sale of real estate properties, ownership and operation of passenger ships, wholesaling of ship machinery and furniture, other services related to transport, information-processing business, wholesaling of oil products, others

Following a partial revision of the management control system, the reporting segments have been reconsidered. As a result, the previous "Bulk Shipping" has been divided into "Automotive Business," "Dry Bulk Business," and "Energy Business" for reporting purposes, from the fiscal year ended March 31, 2025. In addition, the "Real Estate" is now included in the "Other Business" in consideration of its relative business scale. Accordingly, the figures for the previous consolidated fiscal year ended March 31, 2024 have been reclassified to align with the new segments.

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

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

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

The table below presents certain segment information for the years ended March 31, 2025 and 2024.

Year ended March 31, 2025:

	Millions of yen									
	Liner & Logistics									
	Liner Trade	Air Cargo Transportation	Logistics	Auto-motive	Dry Bulk	Energy	Others	Total	Adjustments*	Consolidated Total
I Revenues:										
(1) Revenues from customers	¥174,412	¥179,225	¥808,997	¥531,867	¥601,322	¥178,225	¥114,650	¥2,588,700	¥-	¥2,588,700
(2) Intersegment revenues	6,012	6,497	3,151	524	5,934	339	89,984	112,444	(112,444)	-
Total	180,424	185,723	812,148	532,392	607,256	178,565	204,634	2,701,145	(112,444)	2,588,700
Segment profit (loss)	274,366	21,070	21,271	113,380	18,104	46,172	6,954	501,321	(10,454)	490,866
Segment assets	1,469,103	120,316	546,357	500,821	631,110	1,102,588	424,854	4,795,151	(474,882)	4,320,269
II Other items:										
Depreciation and amortization	9,018	9,727	35,440	29,672	27,630	40,543	2,590	154,624	8	154,632
Amortization of goodwill and negative goodwill	-	-	2,697	529	247	63	-	3,538	-	3,538
Interest income	501	28	1,715	1,604	2,127	5,101	21,667	32,745	(26,025)	6,720
Interest expenses	2,399	1,238	3,349	10,487	10,106	13,419	5,162	46,164	(26,013)	20,151
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	249,060	-	187	11,008	3,171	31,386	(1,426)	293,388	-	293,388
Investments in equity method affiliates	1,306,626	-	4,438	51,276	35,310	421,444	8,485	1,827,580	(1,719)	1,825,861
Increase in vessels, property, plant, and equipment and intangible assets	3,422	1,747	21,819	30,417	91,522	65,051	3,021	217,002	(9,199)	207,803
III Information about impairment losses by reportable segments:										
Impairment losses	-	-	148	-	-	-	1,397	1,545	-	1,545
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	-	-	17,647	1,120	1,083	7,316	-	27,168	-	27,168

	Thousands of U.S. dollars (Note 2)									
	Liner & Logistics									
	Liner Trade	Air Cargo Transportation	Logistics	Auto-motive	Dry Bulk	Energy	Others	Total	Adjustments*	Consolidated Total
I Revenues:										
(1) Revenues from customers	$1,166,479	$1,198,669	$5,410,627	$3,557,162	$4,021,682	$1,191,981	$766,787	$17,313,402	$-	$17,313,402
(2) Intersegment revenues	40,208	43,452	21,074	3,504	39,686	2,267	601,819	752,033	(752,033)	-
Total	1,206,688	1,242,128	5,431,701	3,560,674	4,061,369	1,194,254	1,368,606	18,065,442	(752,033)	17,313,402
Segment (loss) profit	1,834,978	140,917	142,261	758,293	121,080	308,801	46,508	3,352,869	(69,917)	3,282,945
Segment assets	9,825,461	804,681	3,654,073	3,349,525	4,220,906	7,374,184	2,841,452	32,070,298	(3,176,043)	28,894,254
II Other items:										
Depreciation and amortization	60,313	65,054	237,025	198,448	184,791	271,154	17,322	1,034,135	53	1,034,189
Amortization of goodwill and negative goodwill	-	-	18,037	3,537	1,651	421	-	23,662	-	23,662
Interest income	3,350	187	11,470	10,727	14,225	34,115	144,910	219,000	(174,056)	44,943
Interest expenses	16,044	8,279	22,398	70,137	67,589	89,747	34,523	308,747	(173,976)	134,771
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	1,665,730	-	1,250	73,622	21,207	209,911	(9,537)	1,962,199	-	1,962,199
Investments in equity method affiliates	8,738,804	-	29,681	342,937	236,155	2,818,646	56,748	12,222,980	(11,496)	12,211,483
Increase in vessels, property, plant, and equipment and intangible assets	22,886	11,684	145,926	203,430	612,105	435,065	20,204	1,451,324	(61,523)	1,389,800
III Information about impairment losses by reportable segments:										
Impairment losses	-	-	989	-	-	-	9,343	10,333	-	10,333
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	-	-	118,024	7,490	7,243	48,929	-	181,701	-	181,701

* Adjustments of segment profit or loss are ¥–111 million ($-742 thousand) of internal exchanges or transfers among segments and ¥–10,343 million ($-69,174 thousand) of corporate expenses. The Company accounts general and administrative expenses and non-operating expenses that do not belong to any single segment as corporate expenses. Adjustments of segment assets are ¥–508,643 million ($-3,401,839 thousand) of receivables or assets relating to internal exchanges among segments and ¥33,761 million ($225,795 thousand) of corporate assets. Major corporate assets are the excess of operating funds (cash and deposits).

Year ended March 31, 2024:

	Millions of yen									
	Liner & Logistics									
	Liner Trade	Air Cargo Transportation	Logistics	Auto-motive	Dry Bulk	Energy	Others	Total	Adjustments*	Consolidated Total
I Revenues:										
(1) Revenues from customers	¥186,593	¥154,560	¥699,296	¥490,553	¥567,042	¥173,142	¥116,051	¥2,387,240	¥-	¥2,387,240
(2) Intersegment revenues	5,759	6,625	3,002	349	6,289	230	106,631	128,888	(128,888)	-
Total	192,353	161,186	702,299	490,902	573,331	173,372	222,683	2,516,128	(128,888)	2,387,240
Segment profit (loss)	67,891	5,758	25,950	105,855	18,040	46,393	3,627	273,518	(12,176)	261,341
Segment assets	1,409,631	130,927	513,834	479,015	609,926	1,150,262	377,785	4,671,383	(416,613)	4,254,770
II Other items:										
Depreciation and amortization	9,468	9,933	31,402	24,054	26,308	38,097	2,383	141,648	(43)	141,605
Amortization of goodwill and negative goodwill	-	-	1,918	529	310	63	-	2,821	-	2,821
Interest income	1,072	23	1,572	1,070	1,722	3,859	21,839	31,161	(25,575)	5,586
Interest expenses	3,550	954	2,746	8,104	9,787	9,793	4,428	39,365	(25,538)	13,826
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	54,809	-	80	8,643	3,300	36,284	(3,510)	99,608	2	99,610
Investments in equity method affiliates	1,228,586	-	3,929	42,952	33,643	352,038	3,095	1,664,245	(1,719)	1,662,526
Increase in vessels, property, plant, and equipment and intangible assets	3,857	1,510	18,009	72,096	58,188	177,877	3,434	334,973	842	335,816
III Information about impairment losses by reportable segments:										
Impairment losses	-	-	158	3	-	-	-	162	-	162
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	-	-	24,418	1,652	1,331	341	-	27,743	-	27,743

* Adjustments of segment profit or loss are ¥55 million of internal exchanges or transfers among segments and ¥–12,232 million of corporate expenses. The Company accounts general and administrative expenses and non-operating expenses that do not belong to any single segment as corporate expenses. Adjustments of segment assets are ¥–450,889 million of receivables or assets relating to internal exchanges among segments and ¥34,275 million of corporate assets. Major corporate assets are the excess of operating funds (cash and deposits).

4. Related Information

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

Year ended March 31, 2025:

	Millions of yen					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	¥1,802,142	¥123,307	¥302,118	¥337,246	¥23,885	¥2,588,700
II Vessels, property, plant and equipment	868,947	71,148	246,014	104,970	4,275	1,295,356

	Thousands of U.S. dollars (Note 2)					
	Japan	North America	Europe	Asia	Others	Total
I Revenues	$12,052,849	$824,685	$2,020,585	$2,255,524	$159,744	$17,313,402
II Vessels, property, plant and equipment	5,811,577	475,842	1,645,358	702,046	28,591	8,663,429

Year ended March 31, 2024:

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

26. Related Party Disclosures

(1) Related-party transactions

Current fiscal year (April 1, 2024 to March 31, 2025)
No matters of importance to report.

Previous fiscal year (April 1, 2023 to March 31, 2024)
No matters of importance to report.

(2) Summarized financial information as of and for the years ended March 31, 2025 and 2024, 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)
	2025	2024	2025
Total current assets	¥2,504,906	¥3,033,677	$16,752,982
Total non-current assets	2,725,598	1,651,445	18,228,986
Total current liabilities	679,891	599,347	4,547,157
Total non-current liabilities	1,072,490	820,937	7,172,886
Total equity	3,478,123	3,264,839	23,261,924
Revenues	2,937,390	2,088,033	19,645,465
Profit before income taxes	661,888	157,398	4,426,752
Profit attributable to owners of parent	638,224	133,662	4,268,485

27. Per Share Information

Diluted net income per share is not presented as there are no potential shares.

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

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

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

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

The number of treasury shares deducted when calculating equity per share was 378 thousand shares in the previous consolidated fiscal year and 303 thousand shares in the current consolidated fiscal year. Also, the average number of treasury shares for the period deducted when calculating profit per share was 411 thousand shares in the previous consolidated fiscal year and 338 thousand shares in the current consolidated fiscal year.

Date of record		Dividend per share				
		First quarter	Second quarter	Third quarter	Year-end	Full year
Year ended March 31, 2025	Yen	-	¥130	-	¥195	¥325
Year ended March 31, 2024	Yen	-	¥60	-	¥80	¥140
Year ended March 31, 2025	U.S. dollars (Note 2)	-	$0.87	-	$1.30	$2.17

28. Subsequent Events

1. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2025, was approved at the Company's shareholders' meeting held on June 18, 2025.

	Millions of yen	Thousands of U.S. dollars (Note 2)
Year-end cash dividends, ¥195.00 ($1.30) per share	¥84,571	$565,616

2. Acquisition of treasury stock

At meetings of the Board of Directors held on May 8, 2024 and November 6, 2024, the Company resolved to acquire its treasury stock pursuant to Article 459, Paragraph 1 of the Companies Act and Article 44 of the Company's Articles of Incorporation. The acquisition of treasury stock was implemented as follows. With this acquisition, the acquisition of treasury stock in accordance with the resolutions by the Board of Directors meetings above has been completed.

(1) Classes of shares acquired: Common stock
(2) Total number of shares acquired: 1,082,600 shares
(3) Total value of the stock acquisition: 4,999,784,300 yen
(4) Acquisition period: April 1, 2025 to April 4, 2025
(5) Acquisition method: Purchase on the open market in the Tokyo Stock Exchange based on discretionary trading contracts

(Reference)

(1) Details of the resolution by the Board of Directors meeting held on November 6, 2024

(I) Classes of shares to be acquired	Common stock
(II) Total number of shares to be acquired	35,000,000 shares (maximum)
	(7.6% of total issued shares (excluding treasury stock))
(III) Total value of the stock acquisition	¥130 billion (maximum)
(IV) Acquisition period	May 9, 2024 to April 30, 2025
(V) Acquisition method	Purchase on the open market in the Tokyo Stock Exchange based on discretionary trading contracts

(2) The total number of treasury stock acquired in accordance with the resolution by the Board of Directors meeting above
  (I) Total number of shares acquired: 26,898,400 shares
  (II) Total value of the stock acquisition: 129,999,549,191 yen
(3) Treasury stock retired in accordance with the resolution by the Board of Directors meeting above
  (I) Total number of shares retired: 26,898,400 shares
  (II) Scheduled retirement date: May 30, 2025

3. Issuance of corporate bonds

On April 15, 2025, the Company decided to issue unsecured straight bonds, and the issuance of the bonds was conducted on April 21, 2025. The details of the issuance are as follows:

Unsecured Straight Bond No. 49
(1) Issue amount: ¥16,000 million
(2) Issue price: 100 yen per par value of 100 yen
(3) Coupon rate: 1.241% per annum
(4) Maturity date: April 19, 2030 (lump-sum payment upon maturity)
(5) Closing date and issuance date: April 21, 2025
(6) Use of proceeds: Investment in LNG-fueled vessels, etc.

4. Acquisition of treasury stock

At the meeting of the Board of Directors held on May 8, 2025, the Company resolved the acquisition of treasury stock pursuant to Article 459, Paragraph 1 of the Companies Act and Article 44 of the Company's Articles of Incorporation.

(1) Reason for the acquisition of treasury stock

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

Based on this policy, the Company acquired up to approximately ¥330.0 billion of treasury stock since FY2023, and in light of the outlook of the latest investment opportunities, the business environment, and other factors, the Company has decided to newly acquire up to ¥150.0 billion of treasury stock in order to further improve capital efficiency. In principle, the acquired treasury stock will be retired.

(2) Details regarding the acquisition

(I) Classes of shares to be acquired: Common stock

(II) Total number of shares to be acquired: 48,000,000 shares (maximum)

(11.1% of total issued shares (excluding treasury stock))

(III) Total value of the stock acquisition: ¥150.0 billion (maximum)

(IV) Acquisition period: May 9, 2025 to April 30, 2026

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

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

5. Acquisition of treasury stock

The Company implemented the acquisition of treasury stock pursuant to Article 459, Paragraph 1 of the Companies Act and Article 44 of the Company's Articles of Incorporation, which was resolved at the Board of Directors meeting held on May 8, 2025, as follows.

(1) Class of shares acquired

Common stock

(2) Total number of shares acquired

4,899,500 shares

(3) Total value of the stock acquisition

25,048,400,600 yen

(4) Acquisition period

May 9, 2025 to June 30, 2025

(5) Acquisition method

Purchase on the open market in the Tokyo Stock Exchange based on discretionary trading contracts

29. Short-Term and Long-Term Debt

(1) Bonds as of March 31, 2025 and 2024, consisted of the following:

			Millions of yen		Thousands of U.S. dollars (Note 2)
			2025	2024	2025
	Interest rate	Maturity date			
Unsecured Straight Bonds No. 23*	2.36%	June 7, 2024	¥-	¥10,000	$-
Unsecured Straight Bonds No. 25	2.65%	June 22, 2026	10,000	10,000	66,880
Unsecured Straight Bonds No. 32	2.13%	September 9, 2031	10,000	10,000	66,880
Unsecured Straight Bonds No. 39*	0.53%	May 31, 2024	-	10,000	-
Unsecured Straight Bonds No. 41*	0.29%	August 29, 2024	-	13,000	-
Unsecured Straight Bonds No. 42	0.65%	August 29, 2029	14,000	14,000	93,632
Unsecured Straight Bonds No. 43	0.26%	July 29, 2026	10,000	10,000	66,880
Unsecured Straight Bonds No. 44	0.38%	July 28, 2028	10,000	10,000	66,880
Unsecured Straight Bonds No. 45	0.439%	July 21, 2028	10,000	10,000	66,880
Unsecured Straight Bonds No. 46	0.91%	July 21, 2033	10,000	10,000	66,880
Unsecured Straight Bonds No. 47	0.722%	April 17, 2029	15,000	-	100,321
Unsecured Straight Bonds No. 48	1.175%	April 17, 2034	10,000	-	66,880
Total			99,000	107,000	662,118

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

The aggregate annual maturities of convertible bonds and bonds as of March 31, 2025, 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	¥-	¥20,000	¥29,000

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
$-	$133,761	$-	$133,761	$193,953

(2) Loans payable, lease liabilities (current / non-current), and other interest-bearing liabilities as of March 31, 2025 and 2024, were as follows:

			Millions of yen		Thousands of U.S. dollars (Note 2)
			2025	2024	2025
Classification	Average interest rate	Repayment deadline			
Short-term loans payable(including overdraft)	5.10%	-	¥11,850	¥91,121	$79,253
Current portion of long-term loans payable	2.97%	-	42,561	103,594	284,650
Lease liabilities (current)	4.46%	-	26,894	22,649	179,868
Long-term loans payable	3.36%	2026-2037	465,763	461,294	3,115,054
Lease liabilities (non-current)	4.37%	2026-2061	92,392	75,145	617,924
Commercial papers (current)	-	-	-	53,000	-
Total			639,462	806,806	4,276,765

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

Long-term loans payable, Lease liabilities (non-current), and long-term accounts payable (excluding current portion) scheduled for repayment within five years from March 31, 2025, 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	¥99,238	¥77,741	¥88,457	¥25,909
Lease liabilities (non-current)	19,017	14,543	11,465	9,350

	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	$663,710	$519,937	$591,606	$173,281
Lease liabilities (non-current)	127,186	97,264	76,678	62,533

30. Schedule of Asset Retirement Obligations

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

Semi-annual information, etc., within the current consolidated fiscal year

(Cumulative period)		Semi-annual consolidated accounting period (April 1, 2024 to September 30, 2024)	Current consolidated fiscal year (April 1, 2024 to March 31, 2025)
Revenues	Millions of yen	¥1,316,816	¥2,588,700
Amount of profit before income taxes	Millions of yen	299,198	515,422
Amount of profit attributable to owners of parent	Millions of yen	265,892	477,707
Profit per share	Yen	585.60	1,070.32

(Cumulative period)		Semi-annual consolidated accounting period (April 1, 2024 to September 30, 2024)	Current consolidated fiscal year (April 1, 2024 to March 31, 2025)
Revenues	Thousands of U.S. dollars (Note 2)	$8,806,955	$17,313,402
Amount of profit before income taxes	Thousands of U.S. dollars (Note 2)	2,001,056	3,447,177
Amount of profit attributable to owners of parent	Thousands of U.S. dollars (Note 2)	1,778,303	3,194,937
Profit per share	U.S. dollars (Note 2)	3.92	7.16

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Yusen Kabushiki Kaisha:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of Nippon Yusen Kabushiki Kaisha and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2025, 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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Basis for Opinion

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

Key Audit Matter

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

Impairment Losses of Non-current Assets	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As presented in the consolidated balance sheet, the Group recorded ¥753,731 million ($5,041,004 thousand) for vessels and ¥82,255 million ($550,127 thousand) for aircraft as of March 31, 2025, and these amounts represented 17.4% and 1.9% of total assets, respectively. As stated in the notes to consolidated financial statements 3. Summary of Significant Accounting Policies N. Significant Accounting Estimates (1) Impairment losses of non-current assets, if any impairment indicators exist for assets or asset groups ("asset groups"), the Group recognizes and measures impairment losses based on the undiscounted future cash flows, the value in use or the net selling price at disposition for asset groups. The value in use is calculated as the discounted present value of future cash flows. The significant assumptions used in the business plans which form the basis of future cash flows are mainly composed of the market conditions for freight and charter rates, and the future prospects of cargo demand. Since the shipping and air cargo markets are highly volatile considering the trends in environmental laws and regulations in the future, forecasting them requires a high degree of judgment. Due to this uncertainty, there is a high degree of subjectivity and dependence on management's judgment regarding market conditions in estimating the future cash flows. Additionally, complex calculation is required in deriving the discount rate used to determine the discounted present value, and involves management's judgment. The net selling at disposition is primarily estimated based on the valuation results involving management's experts. For some asset groups, for which there may be no observable markets, the valuation methods and results may be highly dependent on management's judgment. Although no material impairment losses were recorded for the year ended March 31, 2025, we identified the valuation of non-current assets as a key audit matter because the application of impairment accounting involves significant judgments made by management and the impact on the consolidated financial statements can be quantitatively material and as a result, it requires a high degree of judgment in our audit.	Our audit procedures related to the impairment test of non-current assets included the following, among others: (Value in use and future cash flows) • We tested the design and operating effectiveness of the Group's internal controls relevant to developing future cash flows, including assumptions made by management regarding market conditions for freight and charter rates and future prospects of cargo demand. • We evaluated the accuracy of management's historical estimates by comparing the budgets and business plans for past fiscal years with actual results. • Our audit procedures to evaluate the reasonableness of key assumptions, such as freight, charter rates and cargo demand, included the following, among others: —For estimates of freight and charter rates, we conducted trend analysis using past results and comparisons with external data, such as market research reports, etc. —For estimates of cargo demand, we conducted trend analysis using past results and inspection of related supporting documents, etc. • For the discount rate, we evaluated the appropriateness of the calculation method adopted by management with the assistance of our valuation specialists, who used available external data. We also checked the consistency of the input data used against available external data. (Net selling price at disposition) • With the assistance of our asset valuation specialists, we evaluated the reliability of management's experts and the appropriateness of valuation methodologies. • In cases where there were comparable sales transactions related to similar assets and so forth, we tested the appropriateness of valuation results made by management's experts by comparing them with those sales transactions.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in Financial Results 2025, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Nippon Yusen Kabushiki Kaisha and its subsidiaries were ¥775 million and ¥66 million, respectively.

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

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

Deloitte Touche Tohmatsu LLC

July 9, 2025

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