NYK GROUP

Financial Results 2026

Year Ended March 31, 2026

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, 2026)

(Consolidated Statement of Income)	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
REVENUES (Notes 25 and 26)	¥2,423,689	¥2,588,700	$15,159,425
COSTS AND EXPENSES (Notes 5 and 7)	1,994,295	2,119,361	12,473,699
Gross profit	429,393	469,338	2,685,720
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 4 and 7)	290,792	258,518	1,818,814
Operating profit	138,601	210,820	866,906
NON-OPERATING INCOME:			
Interest income (Note 26)	7,059	6,720	44,151
Dividend income	9,822	8,161	61,433
Equity in earnings of unconsolidated subsidiaries and affiliates (Note 26)	85,016	293,388	531,748
Other	6,326	10,768	39,567
Total non-operating income	108,224	319,038	676,907
NON-OPERATING EXPENSES:			
Interest expenses (Note 26)	22,728	20,151	142,156
Foreign exchange losses	4,030	14,050	25,206
Other	8,930	4,790	55,854
Total non-operating expenses	35,690	38,991	223,229
Recurring profit	211,135	490,866	1,320,584
OTHER GAINS:			
Gain on sales of non-current assets (Note 6)	25,539	24,870	159,738
Gain on sales of investment securities (Note 19)	37,814	1,445	236,514
Gain on sales of shares of subsidiaries and affiliates	9,796	2,981	61,270
Other	9,136	3,067	57,142
Total other gains	82,286	32,364	514,673
OTHER LOSSES:			
Loss on sales of non-current assets	180	55	1,125
Loss on valuation of investment securities (Note 19)	2,016	450	12,609
Loss on share exchange of subsidiaries and affiliates	7,057	-	44,139
Other	7,404	7,302	46,309
Total other losses	16,658	7,808	104,190
PROFIT BEFORE INCOME TAXES	276,763	515,422	1,731,067
Income taxes - Current	59,685	39,219	373,311
Income taxes - Deferred	1,405	(10,507)	8,787
Total income taxes (Note 22)	61,090	28,711	382,099
PROFIT	215,673	486,711	1,348,967
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	3,922	9,003	24,530
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	211,750	477,707	1,324,430

Per share of common stock (Note 28):	Yen		U.S. dollars (Note 2)
Basic profit	¥504.85	¥1,070.32	$3.16
Cash dividends applicable to the year	230.00	325.00	1.44

(Consolidated Statement of Comprehensive Income)	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
PROFIT	¥215,673	¥486,711	$1,348,967
OTHER COMPREHENSIVE INCOME (Note 8)			
Unrealized gain (loss) on available-for-sale securities	4,878	6,028	30,510
Deferred gain (loss) on hedges	2,915	23,896	18,232
Foreign currency translation adjustments	59,478	4,979	372,016
Remeasurements of defined benefit plans	87,144	(33,371)	545,058
Share of other comprehensive income of affiliates accounted for using equity method	61,793	16,622	386,496
Total other comprehensive income	216,212	18,155	1,352,339
COMPREHENSIVE INCOME	431,885	504,866	2,701,307
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF PARENT	423,212	492,872	2,647,060
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	8,672	11,994	54,240

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2026)

	Millions of yen											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available–for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
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
Cumulative effects of changes in accounting policies	-	-	4,893	-	4,893	-	(4)	-	-	(4)	-	4,889
Restated balance, March 31, 2024	144,319	45,099	2,110,414	(203,595)	2,096,238	50,800	8,009	407,345	92,866	559,022	42,993	2,698,254
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	9,481	24,654
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	9,481	277,985
Balance, March 31, 2025	144,319	39,009	2,298,208	(131,968)	2,349,569	56,815	36,828	421,267	59,284	574,195	52,475	2,976,240
Transfer from retained earnings to capital surplus	-	258,975	(258,975)	-	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	(132,974)	-	(132,974)	-	-	-	-	-	-	(132,974)
Profit attributable to owners of the parent company	-	-	211,750	-	211,750	-	-	-	-	-	-	211,750
Purchase of treasury stock	-	-	-	(144,060)	(144,060)	-	-	-	-	-	-	(144,060)
Disposal of treasury stock	-	0	-	566	566	-	-	-	-	-	-	566
Retirement of treasury stock	-	(258,975)	-	258,975	-	-	-	-	-	-	-	-
Change in equity of parent related to transactions with non-controlling shareholders	-	647	-	-	647	-	-	-	-	-	-	647
Change in scope of consolidation	-	-	(37)	-	(37)	-	-	-	-	-	-	(37)
Net change of items other than shareholders' capital	-	-	-	-	-	5,210	(7,041)	126,773	87,395	212,337	18,967	231,304
Total changes of items during the period	-	647	(180,236)	115,480	(64,108)	5,210	(7,041)	126,773	87,395	212,337	18,967	167,196
Balance, March 31, 2026	144,319	39,657	2,117,971	(16,487)	2,285,461	62,025	29,787	548,040	146,679	786,533	71,442	3,143,437

	Thousands of U.S. dollars (Note 2)											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available–for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance, March 31, 2025	$902,670	$243,989	$14,374,580	$(825,419)	$14,695,828	$355,360	$230,347	$2,634,894	$370,803	$3,591,412	$328,214	$18,615,461
Transfer from retained earnings to capital surplus	-	1,619,808	(1,619,808)	-	-	-	-	-	-	-	-	-
Dividends from surplus	-	-	(831,711)	-	(831,711)	-	-	-	-	-	-	(831,711)
Profit attributable to owners of the parent company	-	-	1,324,430	-	1,324,430	-	-	-	-	-	-	1,324,430
Purchase of treasury stock	-	-	-	(901,050)	(901,050)	-	-	-	-	-	-	(901,050)
Disposal of treasury stock	-	0	-	3,540	3,540	-	-	-	-	-	-	3,540
Retirement of treasury stock	-	(1,619,808)	-	1,619,808	-	-	-	-	-	-	-	-
Change in equity of parent related to transactions with non-controlling shareholders	-	4,046	-	-	4,046	-	-	-	-	-	-	4,046
Change in scope of consolidation	-	-	(231)	-	(231)	-	-	-	-	-	-	(231)
Net change of items other than shareholders' capital	-	-	-	-	-	32,586	(44,039)	792,925	546,628	1,328,102	118,632	1,446,735
Total changes of items during the period	-	4,046	(1,127,320)	722,291	(400,975)	32,586	(44,039)	792,925	546,628	1,328,102	118,632	1,045,759
Balance, March 31, 2026	902,670	248,042	13,247,254	(103,121)	14,294,852	387,947	186,308	3,427,820	917,431	4,919,520	446,847	19,661,227

See notes to consolidated financial statements.

Consolidated Balance Sheet

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(March 31, 2026)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
ASSETS			
CURRENT ASSETS:			
Cash and deposits (Notes 10, 16, and 18)	¥214,584	¥156,012	$1,342,156
Notes and operating accounts receivable-trade, and contract assets (Notes 10, 18, and 25)	398,050	349,821	2,489,679
Inventories (Note 11)	72,572	64,641	453,915
Deferred and prepaid expenses	36,877	31,297	230,654
Other	147,206	97,258	920,728
Allowance for doubtful accounts	(3,830)	(2,696)	(23,955)
Total current assets	865,461	696,334	5,413,191
NON-CURRENT ASSETS:			
VESSELS, PROPERTY, PLANT AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION (Notes 10, 14, 15, 24 and 26)**:**			
Vessels	911,111	759,655	5,698,717
Buildings and structures	253,327	158,322	1,584,482
Aircraft	-	82,255	-
Machinery, equipment, and vehicles	58,731	32,785	367,344
Furniture and fixtures	15,778	9,462	98,686
Land	106,919	75,219	668,745
Construction in progress	276,625	174,690	1,730,203
Other	8,158	8,888	51,025
Total vessels, property, plant and equipment	1,630,650	1,301,280	10,199,211
INTANGIBLE ASSETS:			
Leasehold right	6,823	5,683	42,675
Software (Note 10)	7,543	6,911	47,179
Goodwill (Note 26)	250,566	22,866	1,567,212
Other	28,362	18,531	177,395
Total intangible assets	293,296	53,992	1,834,475
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 10, 12, 18, and 19)	1,975,423	1,992,649	12,355,660
Long-term loans receivable (Note 18)	44,751	37,767	279,903
Net defined benefit asset (Note 21)	297,028	159,211	1,857,818
Deferred tax assets (Note 22)	12,211	11,097	76,376
Other (Note 10)	88,080	79,759	550,913
Allowance for doubtful accounts	(5,640)	(5,607)	(35,276)
Total investments and other assets	2,411,854	2,274,878	15,085,401
Total non-current assets	4,335,800	3,630,151	27,119,089
DEFERRED ASSETS	408	293	2,551
TOTAL ASSETS	5,201,670	4,326,780	32,534,838

See notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
LIABILITIES			
CURRENT LIABILITIES:			
Notes and operating accounts payable–trade (Notes 10 and 18)	¥269,166	¥231,949	$1,683,550
Current portion of bonds payable (Notes 18 and 30)	20,000	-	125,093
Short-term loans payable (Notes 10, 18, and 30)	155,156	54,412	970,452
Commercial papers (Notes 18 and 30)	40,000	-	250,187
Lease liabilities (Notes 18 and 30)	41,557	26,894	259,926
Income taxes payable	34,332	20,797	214,736
Contract liabilities (Note 25)	63,411	54,047	396,616
Provision for bonuses	22,063	20,814	137,997
Provision for directors' bonuses	576	476	3,602
Provision for stock payment	250	539	1,563
Provision for losses related to contracts	369	978	2,307
Other	226,971	112,195	1,419,633
Total current liabilities	873,855	523,106	5,465,693
NON-CURRENT LIABILITIES:			
Bonds payable (Notes 18, 29 and 30)	122,000	99,000	763,072
Long-term loans payable (Notes 10, 18, and 30)	609,512	465,763	3,812,309
Lease liabilities (Notes 18 and 30)	213,237	92,392	1,333,731
Deferred tax liabilities (Note 22)	150,240	85,443	939,704
Net defined benefit liability (Note 21)	16,014	16,472	100,162
Provision for directors' retirement benefits	663	791	4,146
Provision for stock payment	75	-	469
Provision for periodic dry docking of vessels	35,533	28,736	222,247
Provision for losses related to contracts	712	2,850	4,453
Provision for related to business restructuring	56	68	350
Other	36,330	35,913	227,232
Total non-current liabilities	1,184,377	827,432	7,407,912
Total liabilities	2,058,233	1,350,539	12,873,611
EQUITY (Notes 9 and 29)			
SHAREHOLDERS' CAPITAL:			
Common stock	144,319	144,319	902,670
Capital surplus	39,657	39,009	248,042
Retained earnings	2,117,971	2,298,208	13,247,254
Treasury stock	(16,487)	(131,968)	(103,121)
Total shareholders' capital	2,285,461	2,349,569	14,294,852
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):			
Unrealized gain (loss) on available-for-sale securities	62,025	56,815	387,947
Deferred gain (loss) on hedges	29,787	36,828	186,308
Foreign currency translation adjustments	548,040	421,267	3,427,820
Remeasurements of defined benefit plans	146,679	59,284	917,431
Total accumulated other comprehensive income (loss)	786,533	574,195	4,919,520
NON-CONTROLLING INTERESTS	71,442	52,475	446,847
Total equity	3,143,437	2,976,240	19,661,227
TOTAL LIABILITIES AND EQUITY	5,201,670	4,326,780	32,534,838

	Yen		U.S. dollars (Note 2)
	2026	2025	2026
Equity per share (Note 28)	¥7,575.98	¥6,746.31	$47.39

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Yusen Kabushiki Kaisha and Consolidated Subsidiaries
(Year ended March 31, 2026)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
OPERATING ACTIVITIES			
Profit before income taxes	¥276,763	¥515,422	$1,731,067
Adjustments for:			
Depreciation and amortization	175,182	154,632	1,095,709
Impairment losses	1,382	1,545	8,643
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(24,578)	(23,572)	(153,727)
Loss (gain) on sales of short-term and long-term investment securities	(47,532)	(1,306)	(297,297)
Loss (gain) on valuation of short-term and long-term investment securities	2,119	557	13,253
Loss on share exchange of subsidiaries and affiliates	7,057	-	44,139
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(85,016)	(293,388)	(531,748)
Interest and dividend income	(16,881)	(14,881)	(105,585)
Interest expenses	22,728	20,151	142,156
Foreign exchange losses (gains)	18,862	22,128	117,975
Decrease (increase) in notes and operating accounts receivable-trade, and contract assets	(18,871)	5,642	(118,032)
Decrease (increase) in inventories	(6,056)	5,747	(37,878)
Increase (decrease) in notes and operating accounts payable–trade	16,667	1,188	104,246
Other, net	(6,683)	(24,217)	(41,800)
Subtotal	315,142	369,647	1,971,115
Interest and dividend income received	225,466	189,256	1,410,220
Interest expenses paid	(20,849)	(20,649)	(130,404)
Income taxes paid	(46,400)	(27,499)	(290,217)
Net cash provided by operating activities	473,358	510,755	2,960,708
INVESTING ACTIVITIES			
Purchase of vessels, property, plant, and equipment and intangible assets	(304,502)	(206,506)	(1,904,565)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	82,297	88,346	514,742
Purchase of investment securities	(23,474)	(56,537)	(146,822)
Proceeds from sales and redemption of investment securities	67,057	29,358	419,420
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(263,061)	(9,981)	(1,645,365)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(1,838)	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	97,643	-
Payments of loans receivable	(9,166)	(10,277)	(57,330)
Collections of loans receivable	85,986	25,283	537,815
Other, net	(6,376)	(15,273)	(39,879)
Net cash used in investing activities	(371,238)	(59,783)	(2,321,978)
FINANCING ACTIVITIES			
Net increase (decrease) in short-term loans payable	30,765	(80,271)	192,425
Net increase (decrease) in commercial papers	40,000	(53,000)	250,187
Proceeds from long-term loans payable	217,016	37,673	1,357,368
Repayments of long-term loans payable	(41,663)	(70,888)	(260,589)
Proceeds from issuance of bonds	42,791	24,868	267,644
Redemption of bonds	-	(33,000)	-
Repayments of lease liabilities	(29,405)	(25,955)	(183,919)
Purchase of treasury stock	(144,060)	(125,044)	(901,050)
Proceeds from sales of treasury stock	566	251	3,540
Cash dividends paid to shareholders	(132,974)	(95,121)	(831,711)
Cash dividends paid to non-controlling interests	(13,516)	(5,124)	(84,538)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,088)	(1,189)	(13,059)
Other, net	(816)	(945)	(5,103)
Net cash used in financing activities	(33,386)	(427,747)	(208,819)
Effect of exchange rate change on cash and cash equivalents	(6,310)	(18,263)	(39,467)
Net increase (decrease) in cash and cash equivalents	62,422	4,961	390,430
Cash and cash equivalents at beginning of period	149,859	144,858	937,321
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	15	39	93
Increase (decrease) in cash and cash equivalents resulting from share exchange	(1,481)	-	(9,263)
Cash and cash equivalents at end of period (Note 16)	210,815	149,859	1,318,582

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 IFRS Accounting 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, 2026, which was ¥159.88 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 575 consolidated subsidiaries (the “Group”) at March 31, 2026.

From the current fiscal year, 85 companies have been newly included in the scope of consolidation due to their significance, new establishment and other reasons, while 24 companies have been excluded from the scope of consolidation due to liquidation and other reasons.

Among the aforementioned, NIPPON CARGO AIRLINES CO., LTD. and one other company were excluded from the scope of consolidation due to a share exchange. The change in the scope of consolidation is expected to have a material effect on the consolidated financial statements for the next fiscal year. The impact includes a decrease in revenues in the consolidated statement of income.

In addition, MOVIANTO INTERNATIONAL B.V. and 41 other companies were included in the scope of consolidation due to the acquisition of shares. The change in the scope of consolidation is expected to have a material effect on the consolidated financial statements for the next fiscal year. The impact includes an increase in revenues in the consolidated statement of income.

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 effect 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 243 affiliates using the equity method at March 31, 2026.

From the current fiscal year, 12 companies have been included in the scope of application of the equity method due to their significance, share acquisitions and other reasons, while 4 companies have been excluded from the scope of application of the equity method due to share sales and other reasons.

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 effect 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 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, 2026, December 31 was used by 90 consolidated subsidiaries as the closing date for their financial statements. Necessary adjustments have been made to address transactions that occurred between closing dates different from 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. Accounting 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 the 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 where 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 where 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.

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)
	2026	2025	2026
Vessels	¥911,111	¥759,655	$5,698,717
Aircraft	-	82,255	-

• 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 net selling price for asset groups.

The value in use is calculated as the present value of future cash flows. The significant assumptions in business plans and other bases for future cash flows mainly relate to future outlooks for market conditions such as freight rates and charter hire, as well as cargo demand.

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

In the event of worsened future outlooks for market conditions such as freight rates and charter hire, as well as cargo demand, or devaluation of vessels, 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)
	2026	2025	2026
Deferred tax assets	¥12,211	¥11,097	$76,376

• 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

(Application of accounting treatment under IFRS Accounting Standards for an equity-method affiliate)

NYK STOLT TANKERS, S.A., an equity-method affiliate of the Company, previously prepared its consolidated financial statements in accordance with Japanese GAAP. However, from the beginning of the fiscal year ended March 31, 2026 (the current fiscal year), it has prepared its financial statements in accordance with IFRS Accounting Standards. Accordingly, from the beginning of the current fiscal year, the Company has applied the equity method to this investment, using the consolidated financial statements of NYK STOLT TANKERS, S.A. prepared in accordance with IFRS as the basis. As this change in accounting policies has been applied retrospectively, the consolidated financial statements for the previous fiscal year ended March 31, 2025 are restated on a retrospective basis. This change is being implemented to relocate the headquarters of NYK STOLT TANKERS, S.A. to the Netherlands and to further promote efficient global management, among other objectives. As a result, compared with the figures before the retrospective application, in the consolidated balance sheet for the previous fiscal year, investment securities increased by ¥4,889 million. In addition, the cumulative impact of these changes is reflected in the balance of net assets at the beginning of the previous fiscal year. As a result, the balance of retained earnings at the beginning of the previous fiscal year increased by ¥4,893 million, while deferred gain (loss) on hedges decreased by ¥4 million. The impact on per-share information is described in the relevant sections (Note 28).

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.

・“Accounting Standard for Subsequent Events” (ASBJ Statement No. 41, January 9, 2026, ASBJ)

・“Implementation Guidance on Accounting Standard for Subsequent Events” (ASBJ Guidance No. 35, January 9, 2026, ASBJ)

i) Overview

The “Accounting Standard for Subsequent Events,” etc. establishes, as a priority issue, the development of a comprehensive accounting standard addressing the definition of subsequent events, as well as their accounting treatment and disclosure. Based on a fundamental policy of, in principle, carrying forward the accounting-related content set out in the Japanese Institute of Certified Public Accountants, Auditing and Assurance Standards Committee, Auditing Standards Committee Statement No. 560, Practical Guidelines No. 1: Treatment of Auditing Relating to Subsequent Events, and transferring it to the Accounting Standards Board of Japan, the standard revises the wording, organizes the evaluation period for subsequent events, and newly requires notes regarding the authorization for issue of the financial statements, thereby prescribing the accounting treatment and disclosure of subsequent events.

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.

Q. Changes in Presentation

Consolidated Statement of Income

“Gain on sale of investment securities” and “Gain on sale of shares of subsidiaries and affiliates,” which were included in “Other” under “Other gains” in the consolidated fiscal year ended March 31, 2025, have been presented as separate items from the current consolidated fiscal year because their quantitative materiality increased. The consolidated financial statements for the consolidated fiscal year ended March 31, 2025 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥7,494 million for “Other” under “Other gains” in the consolidated statement of income for the consolidated fiscal year ended March 31, 2025 has been reclassified as “Gain on sale of investment securities” totaling ¥1,445 million, “Gain on sale of shares of subsidiaries and affiliates” totaling ¥2,981 million, and “Other” amounting to ¥3,067 million.

“Loss on valuation of investment securities,” which was included in “Other” under “Other losses” in the consolidated fiscal year ended March 31, 2025, 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, 2025 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amount of ¥1,845 million for “Other” under “Other losses” in the consolidated statement of income for the consolidated fiscal year ended March 31, 2025 has been reclassified as “Loss on valuation of investment securities” totaling ¥450 million and “Other” amounting to ¥1,394 million.

“Loss on retirement of non-current assets,” “Impairment losses,” and “Loss on sales of shares of subsidiaries and affiliates” under “Other losses,” which were presented as separate items in the consolidated fiscal year ended March 31, 2025, have been included in “Other” from the current consolidated fiscal year because their quantitative materiality diminished. The consolidated financial statements for the consolidated fiscal year ended March 31, 2025 were restated in order to reflect this change in the presentation method.

Consequently, the previously stated amounts of ¥1,241 million for “Loss on retirement of non-current assets” and ¥1,545 million for “Impairment losses”, and ¥3,120 million for “Loss on sales of shares of subsidiaries and affiliates” under “Other losses” in the consolidated statement of income for the consolidated fiscal year ended March 31, 2025 have been reclassified as “Other.”

R. Additional Information

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. The Plan was extended pursuant to a resolution of the Board of Directors adopted in March 2019, and resolutions were adopted at the Ordinary General Meetings of Shareholders held on June 22, 2022 and June 18, 2025 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, 2026, the Company’s treasury stock consisted of 264 thousand shares with a total book value of ¥1,062 million, compared with 303 thousand shares and a total book value of ¥1,019 million as of March 31, 2025.

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.

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)
	2026	2025	2026
Employee salaries	¥123,688	¥114,061	$773,630
Provision for bonuses	15,129	14,840	94,627
Retirement benefit costs	120	(2,415)	750

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)
	2026	2025	2026
Provision for periodic dry docking of vessels	¥24,167	¥22,638	$151,157
Provision for bonuses	6,636	6,259	41,506
Retirement benefit expenses	(6,439)	(8,782)	(40,273)

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)
	2026	2025	2026
Vessels	¥24,764	¥24,003	$154,891

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)
	2026	2025	2026
	¥6,359	¥4,934	$39,773

8. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥42,186	¥11,648	$263,860
Reclassification adjustments to profit or loss for the year	(36,203)	(1,380)	(226,438)
Amount before income taxes and tax effects	5,982	10,267	37,415
Income taxes and tax effects	(1,103)	(4,238)	(6,898)
Total	4,878	6,028	30,510
Deferred gain (loss) on hedges:			
Gains (losses) arising during the year	1,276	3,903	7,980
Reclassification adjustments to profit or loss for the year	1,732	(3,060)	10,833
Adjustment for the acquisition cost of assets	405	1,751	2,533
Amount before income taxes and tax effects	3,414	2,594	21,353
Income taxes and tax effects	(498)	21,301	(3,114)
Total	2,915	23,896	18,232
Foreign currency translation adjustments:			
Gains (losses) arising during the year	59,630	3,493	372,967
Reclassification adjustments to profit or loss for the year	(151)	1,486	(944)
Amount before income taxes and tax effects	59,478	4,979	372,016
Income taxes and tax effects	-	-	-
Total	59,478	4,979	372,016
Remeasurements of defined benefit plans:			
Gains (losses) arising during the year	138,849	(26,317)	868,457
Reclassification adjustments to profit or loss for the year	(15,005)	(19,315)	(93,851)
Amount before income taxes and tax effects	123,843	(45,632)	774,599
Income taxes and tax effects	(36,699)	12,261	(229,540)
Total	87,144	(33,371)	545,058
Share of other comprehensive income of affiliates accounted for using the equity method:			
Gains (losses) arising during the year	61,761	16,758	386,295
Reclassification adjustments to profit or loss for the year	31	(135)	193
Adjustment for the acquisition cost of assets	0	-	0
Total	61,793	16,622	386,496
Total other comprehensive income (loss)	216,212	18,155	1,352,339

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, 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.

Changes in the number of outstanding shares in the consolidated fiscal year ended March 31, 2026, were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
At March 31, 2025	461,000	27,612
Increase in number of shares	-	28,050
Decrease in number of shares	52,220	52,375
At March 31, 2026	408,780	3,288

(Notes)

1. The decrease of 52,220 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 (303 thousand shares as of April 1, 2025; 264 thousand shares as of March 31, 2026).

3. The increase in shares of treasury stock is due to purchase on the open market, acquisition of shares by the Board Incentive Plan trust account 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. Dividends paid for the consolidated fiscal year ended March 31, 2025, are as follows:

	Millions of yen	Dividend per share	Base date
At the ordinary general meeting of shareholders on June 19, 2024	¥36,761	¥80	March 31, 2024
Approved by the Board of Directors on November 6, 2024	58,359	130	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.

Dividends paid for the consolidated fiscal year ended March 31, 2026, 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 18, 2025	¥84,571	$528,965	¥195	$1.22	March 31, 2025
Approved by the Board of Directors on November 6, 2025	48,403	302,745	115	0.72	September 30, 2025

(Notes)
1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 18, 2025 includes dividends of 59 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, 2025 includes dividends of 30 million yen on the Company shares owned by the Board Incentive Plan trust.

b. Dividends whose record date falls within the current fiscal year and whose effective date falls in the following fiscal year, 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 17, 2026	¥46,662	$291,856	¥115	$0.72	March 31, 2026

(Note)
The total dividend includes dividends of 30 million yen on the Company shares owned by the Board Incentive Plan trust.

10. Pledged Assets and Secured Liabilities

As of March 31, 2026 and 2025, 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	2026	2025	2026
Cash and deposits	¥672	¥776	$4,203
Notes and operating accounts receivable-trade and contract assets	5,618	2,386	35,138
Vessels*	58,563	71,786	366,293
Buildings and structures	2,161	1,949	13,516
Machinery, equipment and vehicles	586	493	3,665
Land	932	797	5,829
Construction in progress	-	2,921	-
Software	31	8	193
Investment securities*	261,460	187,086	1,635,351
"Other" of investments and other assets	131	27	819
Total	330,159	268,235	2,065,042

Secured liabilities	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 2) 2026
Notes and operating accounts payable - trade	¥2	¥20	$12
Short-term loans payable	13,241	10,736	82,818
Long-term loans payable	30,837	32,141	192,875
Total	44,081	42,898	275,713

* As of March 31, 2026 and March 31, 2025, vessels include ¥1,973 million ($12,340 thousand) and ¥2,141 million and as of March 31, 2026 and March 31, 2025, investment securities include ¥261,460 million ($1,635,351 thousand) and ¥187,086 million pledged as collateral for the debt of affiliates, etc.

11. Inventories

Inventories as of March 31, 2026 and 2025, consisted of the following:

	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 2) 2026
Merchandise and finished goods	¥5,878	¥2,663	$36,765
Work in progress	476	521	2,977
Raw materials, fuel, and supplies	66,216	61,456	414,160

12. Investment in Unconsolidated Subsidiaries and Affiliates

Amounts corresponding to unconsolidated subsidiaries and affiliates as of March 31, 2026 and 2025, are as follows:

	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 2) 2026
Investment securities (stocks)	¥1,814,848	¥1,842,104	$11,351,313
Other investments and other assets (investment in capital)	13,067	13,718	81,730
(Of which, amount invested in companies under joint control)	359,264	365,931	2,247,085

13. Contingent Liabilities

(1) 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, 2026 and 2025, were as follows:

	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 2) 2026
Guarantees of loans	¥231,586	¥200,244	$1,448,498

(2) Current fiscal year (April 1, 2025 to March 31, 2026)

Certain operating lease agreements that the Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is ¥29,665 million ($185,545 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 October 2032.

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

Certain operating lease agreements that the 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. 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.

(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, 2026 and 2025, accumulated depreciation of vessels, property, plant, and equipment is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Accumulated depreciation	¥1,548,378	¥1,382,360	$9,684,625

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 ¥4,779 million ($29,891 thousand) and ¥4,667 million as of March 31, 2026 and 2025, respectively.

16. Supplementary Information on Consolidated Statement of Cash Flows

(1) Cash and cash equivalents in the accompanying consolidated statement of cash flows for the years ended March 31, 2026 and 2025, are reconciled to cash and deposits reflected in the accompanying consolidated balance sheets as of March 31, 2026 and 2025, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Cash and deposits	¥214,584	¥156,012	$1,342,156
Time deposits with a maturity of more than three months	(3,768)	(6,153)	(23,567)
Cash and cash equivalents	210,815	149,859	1,318,582

(2) Major components of assets and liabilities of newly consolidated subsidiaries acquired by purchase of shares

(Year ended March 31, 2026)

The components of assets and liabilities of MOVIANTO INTERNATIONAL B.V. and its 41 subsidiaries at the start of consolidation due to the purchase of shares, and the relationship between the acquisition cost of shares of the newly consolidated subsidiaries and the payment for purchasing the newly consolidated subsidiaries (net amount) are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2026	2026
Current assets	¥114,543	$716,431
Non-current assets	98,802	617,975
Goodwill	210,858	1,318,851
Current liabilities	(130,141)	(813,991)
Non-current liabilities	(59,716)	(373,505)
Non-controlling interests	(171)	(1,069)
Acquisition cost of shares of the newly consolidated subsidiaries	234,174	1,464,686
Cash and cash equivalents of the newly consolidated subsidiaries	(39,676)	(248,161)
Foreign currency translation differences	(13,378)	(83,675)
Payment for purchasing the newly consolidated subsidiaries	181,120	1,132,849

(3) Details of significant non-cash transactions

(Year ended March 31, 2026)

The components of assets and liabilities of NIPPON CARGO AIRLINES CO., LTD. and its one subsidiary, which have been excluded from the scope of consolidation due to share exchange, at the time of deconsolidation are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 2)
	2026	2026
Current assets	¥27,387	$171,297
Non-current assets	92,225	576,838
Total assets	119,612	748,136
Current liabilities	36,457	228,027
Non-current liabilities	65,002	406,567
Total liabilities	101,459	634,594

The current assets include cash and cash equivalents of ¥1,481 million ($9,263 thousand) at the time of deconsolidation, which are recorded under “Decrease in cash and cash equivalents resulting from share exchange.”

17. Leases

(1) Finance leases

As lessee

Non-transfer-of-ownership finance lease transactions
(I) Details of leased assets
Vessels, property, plant and equipment, primarily including vessels, buildings and structures, and land.
(II) Depreciation method for leased assets
As described in “3. Summary of Significant Accounting Policies, E. Depreciation and Amortization” which serves as the basis for the preparation of the consolidated financial statements.

(2) Operating leases

As lessee

The fiscal year-end balances of unearned lease payments related to non-cancellable transactions as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Within one year	¥6,951	¥5,174	$43,476
More than one year	29,064	22,803	181,786
Total	36,015	27,978	225,262

As lessor

The fiscal year-end balances of unearned lease payments related to non-cancellable transactions as of March 31, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Within one year	¥580	¥2,347	$3,627
More than one year	4,258	4,687	26,632
Total	4,839	7,035	30,266

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 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

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 instruments, 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, 2026 and 2025, are described below.

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2026			2025			2026		
	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	¥114,753	¥114,753	¥-	¥105,083	¥105,083	¥-	$717,744	$717,744	$-
Investments in affiliates	34,411	36,639	2,227	31,070	19,776	(11,294)	215,230	229,165	13,929
② Long-term loans receivable	44,751	42,154	(2,596)	37,767	35,223	(2,544)	279,903	263,660	(16,237)
Total	193,916	193,547	(368)	173,920	160,082	(13,838)	1,212,884	1,210,576	(2,301)
① Bonds payable	142,000	137,073	(4,926)	99,000	96,282	(2,717)	888,166	857,349	(30,810)
② Long-term loans payable	609,512	603,366	(6,145)	465,763	461,713	(4,050)	3,812,309	3,773,867	(38,435)
③ Lease liabilities	254,795	255,533	737	119,286	118,134	(1,152)	1,593,663	1,598,279	4,609
Total	1,006,307	995,974	(10,333)	684,050	676,130	(7,919)	6,294,139	6,229,509	(64,629)
Derivative financial instruments *3	89	89	-	9,731	9,731	-	556	556	-

* 1. 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. As of March 31, 2026, 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, 2025, nonmarketable shares are not included in ① Short-term investment securities and investment securities. The applicable financial instruments are recognized on the consolidated balance sheet as follows. As of March 31, 2026, nonmarketable shares are not included in ① 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)
	2026	2025	2026
	Book value	Book value	Book value
Investments in unconsolidated subsidiaries and affiliates	¥1,780,436	¥1,815,923	$11,136,077
Shares in unlisted companies	42,059	37,681	263,066
Others	3,762	2,890	23,530
Total	1,826,258	1,856,496	11,422,679

* 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							
	2026				2025			
	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	¥214,584	¥-	¥-	¥-	¥156,012	¥-	¥-	¥-
Notes and operating accounts receivable-trade, and contract assets	397,865	185	-	-	349,773	47	-	-
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	-	13,339	266	31,144	-	10,131	1,855	25,779
Total	612,450	13,524	266	31,144	505,786	10,178	1,855	25,779

	Thousands of U.S. dollars (Note 2)			
	2026			
	Within one year	More than one year, within five years	More than five years, within ten years	More than ten years
Cash and deposits	$1,342,156	$-	$-	$-
Notes and operating accounts receivable-trade, and contract assets	2,488,522	1,157	-	-
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	-	83,431	1,663	194,796
Total	3,830,685	84,588	1,663	194,796

(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					
	2026					
	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	¥20,000	¥-	¥-	¥-	¥-	¥-
Short-term loans payable	155,156	-	-	-	-	-
Commercial papers	40,000	-	-	-	-	-
Lease liabilities (current)	41,557	-	-	-	-	-
Bonds payable	-	-	20,000	29,000	43,000	30,000
Long-term loans payable	-	80,217	96,929	34,560	145,953	251,850
Lease liabilities (non-current)	-	32,660	27,978	23,898	19,932	108,768
Total	256,714	112,877	144,908	87,459	208,885	390,619

	Thousands of U.S. dollars (Note 2)					
	2026					
	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	$125,093	$-	$-	$-	$-	$-
Short-term loans payable	970,452	-	-	-	-	-
Commercial papers	250,187	-	-	-	-	-
Lease liabilities (current)	259,926	-	-	-	-	-
Bonds payable	-	-	125,093	181,386	268,951	187,640
Long-term loans payable	-	501,732	606,260	216,162	912,890	1,575,243
Lease liabilities (non-current)	-	204,278	174,993	149,474	124,668	680,310
Total	1,605,666	706,010	906,354	547,029	1,306,511	2,443,201

	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

(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, 2026

	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	¥114,700	¥-	¥-	¥114,700	$717,413	$-	$-	$717,413
Others	52	-	-	52	325	-	-	325
Derivatives transactions								
Currency-related	-	-	-	-	-	-	-	-
Interest rate-related	-	3,178	-	3,178	-	19,877	-	19,877
Total	114,753	3,178	-	117,931	717,744	19,877	-	737,621
Derivatives transactions								
Currency-related	-	2,498	-	2,498	-	15,624	-	15,624
Commodity-related	-	399	-	399	-	2,495	-	2,495
Total	-	2,897	-	2,897	-	18,119	-	18,119

March 31, 2025

	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	¥105,031	¥-	¥-	¥105,031
Others	52	-	-	52
Derivatives transactions				
Currency-related	-	7,674	-	7,674
Interest rate-related	-	3,842	-	3,842
Total	105,083	11,516	-	116,599
Derivatives transactions				
Commodity-related	-	1,814	-	1,814
Total	-	1,814	-	1,814

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

March 31, 2026

	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	¥36,639	¥-	¥-	¥36,639	$229,165	$-	$-	$229,165
Long-term loans receivable	-	42,154	-	42,154	-	263,660	-	263,660
Total	36,639	42,154	-	78,794	229,165	263,660	-	492,832
Bonds payable	-	137,073	-	137,073	-	857,349	-	857,349
Long-term loans payable	-	603,366	-	603,366	-	3,773,867	-	3,773,867
Lease liabilities	-	255,533	-	255,533	-	1,598,279	-	1,598,279
Total	-	995,974	-	995,974	-	6,229,509	-	6,229,509

March 31, 2025

	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	¥19,776	¥-	¥-	¥19,776
Long-term loans receivable	-	35,223	-	35,223
Total	19,776	35,223	-	54,999
Bonds payable	-	96,282	-	96,282
Long-term loans payable	-	461,713	-	461,713
Lease liabilities	-	118,134	-	118,134
Total	-	676,130	-	676,130

(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 payable 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 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, 2026 and 2025, are not applicable.

(2) Short-term and long-term investment securities classified as available-for-sale securities with fair value as of March 31, 2026 and 2025, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2026			2025			2026		
	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	¥114,938	¥23,182	¥91,755	¥113,000	¥28,945	¥84,054	$718,901	$144,996	$573,899
Debt securities	-	-	-	10	0	10	-	-	-
Government bonds and others	-	-	-	10	0	10	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Others	2,119	2,101	18	1,819	1,800	19	13,253	13,141	112
Subtotal	117,057	25,284	91,773	114,830	30,746	84,084	732,155	158,143	574,011
Securities for which book value is equal to or less than acquisition costs:									
Corporate shares	23,681	27,263	(3,582)	12,324	16,598	(4,274)	148,117	170,521	(22,404)
Debt securities	-	-	-	-	-	-	-	-	-
Government bonds and others	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Others	-	-	-	13	15	(2)	-	-	-
Subtotal	23,681	27,263	(3,582)	12,337	16,614	(4,276)	148,117	170,521	(22,404)
Total	140,739	52,547	88,191	127,167	47,360	79,807	880,278	328,665	551,607

(3) Proceeds, gains, and losses on sales of available-for-sale securities in the fiscal years ended March 31, 2026 and 2025, are summarized as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
	2026			2025			2026		
	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	¥44,084	¥37,814	¥-	¥2,608	¥1,445	¥-	$275,731	$236,514	$-
Debt securities	-	-	-	-	-	-	-	-	-
Others	-	-	-	0	0	-	-	-	-
Total	44,084	37,814	-	2,608	1,445	-	275,731	236,514	-

(4) Impairment Losses on Securities

In the previous consolidated fiscal year, an impairment loss of ¥450 million was recognized on securities. In the current consolidated fiscal year, an impairment loss of ¥2,016 million ($12,609 thousand) was recognized on securities.

As a general rule, impairment losses are recognized when the fair value at the fiscal year-end declines by 50% or more compared with the acquisition cost, based on an assessment of recoverability and other relevant factors.

20. Derivatives

Derivative financial instruments with fair value as of March 31, 2026 and 2025, are summarized as follows:

(1) Derivative transactions not qualifying for hedge accounting

	Millions of yen								Thousands of U.S. dollars (Note 2)			
	2026				2025				2026			
	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	¥987	¥-	¥1	¥1	¥2,354	¥-	¥3	¥3	$6,173	$-	$6	$6
Sell U.S. dollar, buy Japanese yen	242,219	6,297	(8,395)	(8,395)	328,003	6,297	4,788	4,788	1,515,005	39,385	(52,508)	(52,508)
Sell Euro, buy Japanese yen	85,066	-	(1,748)	(1,748)	-	-	-	-	532,061	-	(10,933)	(10,933)
Buy Thai baht, sell Japanese yen	9,354	-	(106)	(106)	28,302	-	119	119	58,506	-	(662)	(662)
Buy U.S. dollar, sell British pound	16,064	-	80	80	-	-	-	-	100,475	-	500	500
Others	8,209	-	134	134	11,672	-	(119)	(119)	51,344	-	838	838
Currency swaps:												
Receive U.S. dollar, pay Japanese yen	6,181	6,181	1,962	1,962	-	-	-	-	38,660	38,660	12,271	12,271
Interest rate currency swaps:												
Receive U.S. dollar floating, pay Mexican peso fixed	325	-	(21)	(21)	284	270	23	23	2,032	-	(131)	(131)
	368,409	12,479	(8,093)	(8,093)	370,617	6,567	4,815	4,815	2,304,284	78,052	(50,619)	(50,619)
b. Interest rate-related	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
c. Commodity-related												
Market transactions:												
Freight (chartered-freight) forward transactions:												
Forward chartered-freight agreements on buyer's side	2,877	-	(106)	(106)	1,699	-	(25)	(25)	17,994	-	(662)	(662)
Forward chartered-freight agreements on seller's side	5,063	-	254	254	7,104	-	(81)	(81)	31,667	-	1,588	1,588
Off-market transactions:												
Freight (chartered-freight) forward transactions:												
Forward chartered-freight agreements on seller's side	4,131	1,356	(1,940)	(1,940)	5,635	2,015	(1,061)	(1,061)	25,838	8,481	(12,134)	(12,134)
Fuel swaps:												
Receive floating, pay fixed	421	-	203	203	611	-	(32)	(32)	2,633	-	1,269	1,269
Other	134	-	0	0	80	-	1	1	838	-	0	0
	12,629	1,356	(1,589)	(1,589)	15,130	2,015	(1,199)	(1,199)	78,990	8,481	(9,938)	(9,938)

(2) Derivative transactions qualifying for hedge accounting

		Millions of yen						Thousands of U.S. dollars (Note 2)		
		2026			2025			2026		
		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.	¥1,185	¥-	¥(27)	¥1,419	¥71	¥(76)	$7,411	$-	$(168)
Others		589	-	2	916	516	47	3,684	-	12
Currency swaps:	Principal items hedged:									
Receive U.S. dollar, pay Japanese yen	Charterage	6,085	6,085	1,792	12,267	12,267	2,813	38,059	38,059	11,208
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	29,939	16,689	5,065	31,324	10,721	2,367	187,259	104,384	31,680
Sell U.S. dollar, buy Japanese yen		24,039	12,176	(1,359)	29,041	5,713	(2,263)	150,356	76,157	(8,500)
Others		3,625	-	121	2,602	-	(28)	22,673	-	756
		65,467	34,951	5,594	77,571	29,290	2,858	409,475	218,607	34,988
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	1	10,000	10,000	73	62,546	62,546	6
Receive floating, pay fixed		44,708	41,926	3,177	45,335	41,984	3,768	279,634	262,234	19,871
Interest rate swap derivative transactions qualifying for exceptional accounting										
Interest rate swaps:	Principal items hedged:									
Receive fixed, pay floating	Long-term loans payable	5,000	5,000	*1	15,000	5,000	*1	31,273	31,273	*1
Receive floating, pay fixed		9,620	6,866		13,259	10,471		60,170	42,944	
		69,328	63,792	3,178	83,595	67,455	3,842	433,625	398,999	19,877
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	5,627	-	81	3,250	-	(143)	35,195	-	506
Fuel swaps:	Principal items hedged:									
Receive floating, pay fixed	Fuel	5,106	1,166	1,108	6,796	1,698	(362)	31,936	7,292	6,930
Fuel oil collar transactions:*2	Principal items hedged:									
Buy call option, sell put option	Fuel	-	-	-	17,221	-	(109)	-	-	-
		10,734	1,166	1,190	27,268	1,698	(615)	67,137	7,292	7,443

* 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 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. 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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Balance at beginning of year	¥81,553	¥90,289	$510,088
Service costs	2,956	3,317	18,488
Interest costs	2,115	1,391	13,228
Actuarial (gains) losses	(7,693)	(9,123)	(48,117)
Benefits paid	(5,050)	(4,494)	(31,586)
Prior service cost	106	10	662
Others	1,048	162	6,554
Balance at end of year	75,035	81,553	469,320

(2) Changes in plan assets for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Balance at beginning of year	¥229,905	¥265,921	$1,437,984
Expected return on plan assets	2,037	2,035	12,740
Actuarial gains (losses)	131,519	(35,444)	822,610
Contributions from the employer	878	1,012	5,491
Benefits paid	(3,715)	(3,530)	(23,236)
Others	1,011	(89)	6,323
Balance at end of year	361,636	229,905	2,261,921

(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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Balance at beginning of year	¥5,612	¥5,507	$35,101
Net periodic benefit costs	966	1,004	6,042
Benefits paid	(496)	(548)	(3,102)
Contributions from the employer	(423)	(369)	(2,645)
Other	(72)	19	(450)
Balance at end of year	5,586	5,612	34,938

(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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Funded defined benefit obligation	¥74,619	¥80,878	$466,718
Plan assets	(369,272)	(236,500)	(2,309,682)
	(294,652)	(155,622)	(1,842,957)
Unfunded defined benefit obligation	13,638	12,883	85,301
Net liability (asset) arising from defined benefit obligation	(281,014)	(142,738)	(1,757,655)
Net defined benefit liability	16,014	16,472	100,162
Net defined benefit asset	(297,028)	(159,211)	(1,857,818)
Net liability (asset) arising from defined benefit obligation	(281,014)	(142,738)	(1,757,655)

(5) Components of net periodic benefit costs for the years ended March 31, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Service costs	¥2,956	¥3,317	$18,488
Interest costs	2,115	1,391	13,228
Expected return on plan assets	(2,037)	(2,035)	(12,740)
Recognized actuarial (gains) losses	(15,048)	(19,377)	(94,120)
Amortization of prior service cost	106	10	662
Net periodic benefit costs calculated using the shortcut method	966	1,004	6,042
Other	13	28	81
Net periodic benefit costs	(10,927)	(15,661)	(68,345)

(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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Prior service cost	¥-	¥-	$-
Actuarial gains (losses)	123,843	(45,632)	774,599
Total	123,843	(45,632)	774,599

(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, 2026 and 2025

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Unrecognized prior service cost	¥-	¥-	$-
Unrecognized actuarial gains (losses)	212,697	84,725	1,330,354
Total	212,697	84,725	1,330,354

(8) Components of plan assets

① Plan assets consisted of the following as of March 31, 2026 and 2025:

	2026	2025
Debt investments	15 %	22 %
Equity investments	77 %	64 %
Cash and cash equivalents	2 %	2 %
Others	7 %	13 %
Total	100 %	100 %

A retirement benefit trust established for a corporate pension plan accounts for 69% and 55% of plan assets as of March 31, 2026 and 2025, 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

	2026	2025
Discount rate	Mainly 3.4%	Mainly 2.4%
Expected rate of return on plan assets	Mainly 1.6%	Mainly 1.6%
Expected rate of salary increase	Mainly 1.2%–7.5%	Mainly 1.2%–7.4%

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 ¥4,552 million and ¥4,706 million ($29,434 thousand) for the fiscal years ended March 31, 2025 and March 31, 2026, 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, 2026 and 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Deferred tax assets:			
Provision for bonuses	¥4,108	¥4,154	$25,694
Net defined benefit liabilities	3,538	4,067	22,129
Impairment losses on vessels, property, plant and equipment	11,127	15,236	69,595
Losses on revaluation of securities	8,536	5,508	53,390
Tax loss carryforwards*2	24,327	31,036	152,157
Unrealized gains on sale of vessels, property, plant and equipment	4,937	3,887	30,879
Provision for periodic dry docking of vessels	10,225	8,006	63,954
Accrued expenses	1,505	1,278	9,413
Deferred loss on derivatives under hedge accounting	21,733	22,398	135,933
Allowance for doubtful accounts	2,546	2,449	15,924
Provision for losses related to contracts	248	992	1,551
Others	48,212	31,096	301,551
Subtotal of deferred tax assets	141,048	130,111	882,211
Less valuation allowances for tax loss carryforwards*2	(16,514)	(21,971)	(103,289)
Less valuation allowances for temporary differences	(32,013)	(29,890)	(200,231)
Valuation allowances*1	(48,527)	(51,861)	(303,521)
Total deferred tax assets	92,520	78,249	578,684
Deferred tax liabilities:			
Net defined benefit assets	(84,847)	(44,082)	(530,691)
Gain on securities contribution to employee retirement benefit trust	(2,971)	(2,969)	(18,582)
Depreciation	(7,940)	(6,402)	(49,662)
Reserve for reduction entry	(1,097)	(1,752)	(6,861)
Valuation difference on available-for-sale securities	(25,370)	(24,168)	(158,681)
Deferred gain on derivatives under hedge accounting	(12,901)	(12,342)	(80,691)
Undistributed retained earnings of consolidated subsidiaries	(32,645)	(28,651)	(204,184)
Others	(62,775)	(32,226)	(392,638)
Total deferred tax liabilities	(230,549)	(152,595)	(1,442,012)
Net deferred tax (liabilities) assets	(138,028)	(74,346)	(863,322)

*1 Valuation allowances decreased mainly due to a decrease in valuation allowances for tax loss carryforwards.

*2 The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2026 and 2025, were as follows:

	Millions of yen						
March 31, 2026	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*	¥402	¥803	¥305	¥427	¥940	¥21,449	¥24,327
Less valuation allowances for tax loss carryforwards	(135)	(223)	(112)	(425)	(940)	(14,677)	(16,514)
Net deferred tax assets relating to tax loss carryforwards	266	579	192	1	-	6,772	7,812

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

	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.

March 31, 2026	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*	$2,514	$5,022	$1,907	$2,670	$5,879	$134,156	$152,157
Less valuation allowances for tax loss carryforwards	$(844)	$(1,394)	$(700)	$(2,658)	$(5,879)	$(91,800)	$(103,289)
Net deferred tax assets relating to tax loss carryforwards	1,663	3,621	1,200	6	-	42,356	48,861

* 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, 2026 and 2025, was as follows:

	2026	2025
Normal statutory income tax rate	28.8 %	28.7 %
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	0.5	0.2
Equity in earnings of unconsolidated subsidiaries and affiliates	(8.9)	(16.4)
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	0.3	0.1
Changes in valuation allowance	1.7	(5.9)
CFC taxation regarding foreign subsidiaries and affiliates	(0.2)	0.1
Retained earnings of foreign subsidiaries and affiliates	1.4	1.2
Withholding tax on dividends from foreign subsidiaries and other related taxes	2.5	0.5
Tax exemption of shipping business	(4.1)	(2.0)
Effects of foreign tax included in deductible expenses	0.0	0.0
Other	0.1	(0.9)
Actual effective income tax rate	22.1 %	5.6 %

(3) Accounting method for corporate and local corporate taxes, and related tax effect accounting

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

23. Business Combination and business divestiture

1. Business combination through share acquisition

The Company decided to acquire the entire share capital of MOVIANTO INTERNATIONAL B.V. (“MOVIANTO”) at the Board of Directors meeting held on July 7, 2025. Based on the decision, its consolidated subsidiary YUSEN LOGISTICS (EUROPE) B.V. (“YLEU”) concluded a Put Option Agreement with Walden Group International Holding B.V. (“Walden”), the sole shareholder of MOVIANTO, on July 16, 2025, and executed a Share Purchase Agreement with Walden on August 1, 2025 following the exercise of the put option by Walden. The share acquisition was carried out on December 10, 2025, and the Company acquired the entire share capital of MOVIANTO.

(1) Outline of business combination

(I) Name and business of the acquiree

Name of the acquiree: MOVIANTO INTERNATIONAL B.V.

Description of business: Comprehensive logistics and transportation services across the healthcare and pharmaceutical supply chain

(II) Main reasons for business combination

Yusen Logistics Group has positioned healthcare logistics as a key growth area and has been strengthening its capabilities in medical and pharmaceutical logistics globally through its group companies. With the Walden healthcare operations joining the Yusen Logistics Group through this acquisition, not only will the scale of the healthcare logistics business in Europe dramatically increase, but the combination of its expertise and Yusen Logistics Group’s global network will also enable the provision of higher value-added services to a broader market.

The group has positioned Logistics Business as a core business segment in its medium-term management plan announced in March 2023. This transaction follows the acquisition of an e-commerce logistics platform company in the UK in February 2024 and an auto parts logistics company in the Netherlands in April 2024, further enhancing the groups service offerings and significantly strengthening its business foundation.

(III) Effective date of the business combination
December 10, 2025 (deemed acquisition date, December 31, 2025)
(IV) Legal form of business combination
Share acquisition in exchange for cash
(V) Name of company after combination
MOVIANTO INTERNATIONAL B.V.
(VI) Share of voting rights acquired
100%
(VII) Main basis for determining the acquirer
The acquisition of shares by its consolidated subsidiary, YLEU, in exchange for cash, resulting in the acquisition of 100% of the voting rights.

(2) Period of the acquiree’s results included in the consolidated financial statements
Since MOVIANTO and its group companies have a December fiscal year-end, the performance of the acquired companies is not included in the consolidated financial statements for the current fiscal year.

(3) Matters relating to calculation, etc. of acquisition cost
(I) Acquisition cost for the acquiree and breakdown by type of consideration

Consideration for acquisition	Cash	Approx. EUR1,270 million (approx. ¥234,174 million*)
Acquisition cost		Approx. EUR1,270 million (approx. ¥234,174 million*)

*Exchange rate: 1 EUR = 184.33 JPY
(II) Details and amount of major acquisition-related expenses
Advisory fees, etc. ¥2,060 million

(4) Matters relating to allocation of acquisition cost
(I) Amounts of assets received and liabilities assumed on the date of the business combination and the major components thereof

Current assets	¥114,543 million
Non-current assets	¥98,802 million
Total assets	¥213,345 million
Current liabilities	¥130,141 million
Non-current liabilities	¥59,716 million
Total liabilities	¥189,857 million

(II) Allocation of acquisition cost
The allocation of the acquisition cost has not been completed because the evaluation procedures for assets and liabilities by experts are still underway.
(III) Amount, cause of occurrence, and period and method of amortization of goodwill

Amount of goodwill	¥210,858 million (before allocation of acquisition cost)
Cause of occurrence	Goodwill has occurred from the difference between the acquisition cost and the net amount allocated to the acquired assets and assumed liabilities. Any changes in the net amount of assets and liabilities resulting from the allocation of acquisition cost, which is scheduled to be carried out in the next fiscal year, will be accounted for as adjustments to the amount of goodwill.
Method of amortization	Straight-line method
Period of amortization	20 years

(5) Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the current consolidated fiscal year as if the business combination had been completed at the beginning of the consolidated fiscal year
Revenues Approx. EUR800 million
(Calculation method of estimated amount)
The estimated amounts of effect indicate the differences between the revenues calculated as if the business combination had been completed at the beginning of the current consolidated fiscal year and the revenues on the consolidated statements of income of the Company.
Additionally, amortization of goodwill, etc. have not been calculated because the acquisition cost allocation has not been finalized. Accordingly, information on profit and loss has not been presented.

The estimated amounts have not been audited.

2. Share exchange of shares of a subsidiary
NIPPON CARGO AIRLINES CO., LTD. entered into a share exchange agreement based on the final agreement regarding the share exchange concluded between the Company and ANA HOLDINGS INC. on July 10, 2023, and executed the share exchange on August 1, 2025.

Outline of business divestiture
(1) Name of the successor company
Wholly owning parent company in the share exchange: ANA HOLDINGS INC. ("ANAHD")

(2) Details of the business that was divested
Wholly owned subsidiary in the share exchange: NIPPON CARGO AIRLINES CO., LTD. ("NCA")
Description of business: Air Cargo Transportation Business
Main transactions with the Company: Funding through lending (balance of loans receivable from NCA: ¥77,075 million as of June 30, 2025)

(3) Main reason for the business divestiture
Since the establishment of NCA, the Company has been involved in its management as a major shareholder. However, the continuous fleet introduction to expand the operation and maintenance system, as well as the continuous training of personnel engaged in operations and maintenance, require considerable costs. In recent years, NCA has continued to provide value to society through its air cargo transportation business such as by continuing to provide services under the mission of "not stopping logistics even during the COVID-19 pandemic." However, from the Company's long-term perspective of achieving further growth and enhancing corporate value, including responding appropriately to environmental considerations, the Company believes that transferring the business to ANAHD, which operates in the same industry and has provided personnel support for strengthening maintenance systems, is the best strategy. Therefore, the Company decided to conduct a share exchange with ANAHD to transfer all of the Company's shares in NCA to them.

(4) Effective date of business divestiture (effective date of the share exchange)
August 1, 2025 (deemed date of transfer, July 1, 2025)

(5) Other matters pertaining to the outline of the transaction (including the legal form thereof)
A business divestiture via share exchange in which ANAHD became the wholly owning parent company
and NCA became the wholly owned subsidiary
(I) Method of the share exchange
A share exchange in which the consideration received was shares of the successor company
(II) Allotment of shares in connection with the share exchange

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

(III) Basis for calculating share exchange ratio
To ensure fairness and appropriateness in the calculation of the share exchange ratio used in this share exchange, the Company selected EY Strategy and Consulting Co., Ltd. ("EY") as an independent third-party valuation institution, separate from the Company, NCA, and ANAHD. The Company and ANAHD, using the calculation results of the share exchange ratio submitted by each of the respective third-party valuation institutions as a reference, comprehensively considered factors such as both parties' financial conditions, asset conditions, and future prospects. After thorough discussions and examinations between the two parties regarding the share exchange ratio, both parties concluded that the share exchange ratio falls within the range of EY's calculation results and is at a fair and appropriate level. Therefore, both parties proceeded with the share exchange based on this share exchange ratio.
(IV) Consideration received
¥11,024 million (share price of the common stock of ANAHD on the effective date of the share exchange was

¥2,808)

(V) Ownership ratio after share exchange

As all of the issued shares of NCA were transferred through the share exchange, the ownership ratio after the share exchange is 0%. As a result, NCA is excluded from the scope of consolidation.

(6) Overview of accounting treatment performed

(I) Amount of transfer profit or loss

¥(7,057) million (loss on share exchange of subsidiaries and affiliates)

(II) Appropriate book values of assets and liabilities related to transferred business, and their breakdown

Current assets	¥27,387 million
Non-current assets	¥92,225 million
Total assets	¥119,612 million
Current liabilities	¥36,457 million
Non-current liabilities	¥65,002 million
Total liabilities	¥101,459 million

(III) Accounting treatment

Difference between the consolidated book value of the transferred business and the consideration received was recorded in Other losses.

(7) Name of the reportable segment in which the divested business was included

Air Cargo Transportation Business

(8) Approximate amounts of profits and losses related to the divested business recorded in the consolidated statement of income for the current fiscal year

Revenues	¥39,616 million*
Operating profit	¥999 million*

* Revenues and operating profit before elimination of intercompany transactions are ¥41,102 million and ¥2,439 million, respectively.

24. 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, 2025, totaled ¥2,295 million and profit from sales totaled ¥72 million (with gain on sales as other gains and loss on sales as other losses).
Profit from rental of these properties (with main rental income recorded as revenues and main rental expense recorded as costs and expenses) in the consolidated fiscal year ended March 31, 2026, totaled ¥796 million ($4,978 thousand).

The amounts recorded in the consolidated balance sheets, the increase (decrease) during the fiscal years ended March 31, 2026 and 2025, and the fair values of the relevant investment and rental property as of March 31, 2026 and 2025, are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2026	2025	2026
Amount recorded in consolidated balance sheet:			
Balance at beginning of year	¥12,011	¥13,905	$75,125
Increase (decrease) during the fiscal year	11,770	(1,893)	73,617
Balance at end of year	23,782	12,011	148,749
Fair value as of current fiscal year end	100,599	70,112	629,215

1. The amount recorded in the consolidated balance sheet is the acquisition cost, net of accumulated depreciation and impairment losses.
2. The increased amount in increase (decrease) during the fiscal year ended March 31, 2026, is mainly attributable to construction of buildings of ¥4,859 million ($30,391 thousand), change of application of ¥4,569 million ($28,577 thousand), and acquisition of real estate of ¥3,994 million ($24,981 thousand), while the decreased amount is mainly attributable to depreciation of ¥1,673 million ($10,464 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).

25. 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 26).

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, contract assets, and contract liabilities

	Millions of yen			
	2026		2025	
	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*	¥320,387	¥370,557	¥329,068	¥320,387
Contract assets	29,434	27,493	25,587	29,434
Contract liabilities	54,047	63,411	53,430	54,047

	Thousands of U.S. dollars (Note 2)	
	2026	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Receivables from contracts with customers*	$2,003,921	$2,317,719
Contract assets	184,100	171,960
Contract liabilities	338,047	396,616

* 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.

The 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. The 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, 2025, which was included in the balance of contract liabilities at the beginning of the current consolidated fiscal year, was ¥48,778 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, 2026, which is included in the balance of contract liabilities at the beginning of the current consolidated fiscal year, is ¥49,340 million ($308,606 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, 2025 to March 31, 2026)

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 23 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, 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.

26. 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 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 Other 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)
Other	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

On August 1, 2025, the Air Cargo Transportation Business conducted a share exchange, transferring all the shares it held in consolidated subsidiary NIPPON CARGO AIRLINES CO., LTD., which had been resolved at the Board of Directors meeting held on July 10, 2023. Further details are provided in Business Combinations (Note 23).

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.

As stated in Changes in Accounting Policies, NYK STOLT TANKERS, S.A., an equity-method affiliate of the Company, has adopted IFRS Accounting Standards from the beginning of the fiscal year ended March 31, 2026. As the change in accounting policies from this application has been applied retrospectively, the segment information for the previous fiscal year ended March 31, 2025 is restated on a retrospective basis. Due to this change, compared with the figures before the retrospective application, the amount of investment in associates accounted for by the equity method for the Energy Business in the previous fiscal year increased by ¥4,889 million. As a result, segment assets increased.

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, 2026 and 2025.

Year ended March 31, 2026:

	Millions of yen									
	Liner & Logistics									
	Liner Trade	Air Cargo Transportation	Logistics	Auto-motive	Dry Bulk	Energy	Other	Total	Adjustments*	Consolidated Total
I Revenues:										
(1) Revenues from customers	¥174,639	¥39,616	¥801,751	¥526,130	¥543,152	¥236,443	¥101,954	¥2,423,689	¥-	¥2,423,689
(2) Intersegment revenues	6,299	1,485	3,016	753	7,908	546	79,427	99,435	(99,435)	-
Total	180,938	41,102	804,767	526,883	551,060	236,990	181,381	2,523,124	(99,435)	2,423,689
Segment profit (loss)	49,793	2,158	10,215	97,935	9,574	54,418	(31)	224,065	(12,929)	211,135
Segment assets	1,438,937	-	1,059,445	605,610	728,420	1,395,640	491,966	5,720,020	(518,350)	5,201,670
II Other items:										
Depreciation and amortization	8,439	2,420	37,657	25,173	31,616	65,574	4,271	175,153	29	175,182
Amortization of goodwill and negative goodwill	-	-	2,507	529	247	1,061	51	4,397	-	4,397
Interest income	302	87	1,253	1,271	1,845	5,196	17,994	27,951	(20,892)	7,059
Interest expenses	(987)	588	7,068	7,129	12,506	13,046	4,255	43,608	(20,879)	22,728
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	20,178	-	153	8,224	4,332	53,289	(1,094)	85,082	(66)	85,016
Investments in equity method affiliates	1,240,550	-	4,797	54,747	38,969	464,052	5,504	1,808,621	(290)	1,808,331
Increase in vessels, property, plant, and equipment and intangible assets	4,445	1,380	44,366	57,280	83,194	99,881	13,777	304,326	1,006	305,332
III Information about impairment losses by reportable segments:										
Impairment losses	-	-	124	-	-	1,230	27	1,382	-	1,382
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	-	-	227,942	595	835	19,193	1,999	250,566	-	250,566

	Thousands of U.S. dollars (Note 2)									
	Liner & Logistics									
	Liner Trade	Air Cargo Transportation	Logistics	Auto-motive	Dry Bulk	Energy	Other	Total	Adjustments*	Consolidated Total
I Revenues:										
(1) Revenues from customers	$1,092,312	$247,785	$5,014,704	$3,290,780	$3,397,247	$1,478,877	$637,690	$15,159,425	$-	$15,159,425
(2) Intersegment revenues	39,398	9,288	18,864	4,709	49,462	3,415	496,791	621,935	(621,935)	-
Total	1,131,711	257,080	5,033,568	3,295,490	3,446,710	1,482,299	1,134,482	15,781,361	(621,935)	15,159,425
Segment profit (loss)	311,439	13,497	63,891	612,553	59,882	340,367	(193)	1,401,457	(80,866)	1,320,584
Segment assets	9,000,106	-	6,626,501	3,787,903	4,556,042	8,729,296	3,077,095	35,776,957	(3,242,119)	32,534,838
II Other items:										
Depreciation and amortization	52,783	15,136	235,532	157,449	197,748	410,145	26,713	1,095,527	181	1,095,709
Amortization of goodwill and negative goodwill	-	-	15,680	3,308	1,544	6,636	-	27,501	-	27,501
Interest income	1,888	544	7,837	7,949	11,539	32,499	112,546	174,824	(130,673)	44,151
Interest expenses	(6,173)	3,677	44,208	44,589	78,221	81,598	26,613	272,754	(130,591)	142,156
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	126,207	-	956	51,438	27,095	333,306	(6,842)	532,161	(412)	531,748
Investments in equity method affiliates	7,759,256	-	30,003	342,425	243,739	2,902,501	34,425	11,312,365	(1,813)	11,310,551
Increase in vessels, property, plant, and equipment and intangible assets	27,802	8,631	277,495	358,268	520,352	624,724	86,170	1,903,465	6,292	1,909,757
III Information about impairment losses by reportable segments:										
Impairment losses	-	-	775	-	-	7,693	168	8,643	-	8,643
IV Information about balance of goodwill by reportable segments:										
Balance of goodwill (negative goodwill) at the end of current period	-	-	1,425,706	3,721	5,222	120,046	12,503	1,567,212	-	1,567,212

* Adjustments of segment profit or loss are ¥777 million ($4,859 thousand) of internal exchanges or transfers among segments and ¥-13,707 million ($-85,733 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 ¥-571,424 million ($-3,574,080 thousand) of receivables or assets relating to internal exchanges among segments and ¥53,074 million ($331,961 thousand) of corporate assets. Major corporate assets are the excess of operating funds (cash and deposits).

Year ended March 31, 2025:

	Millions of yen									
	Liner & Logistics									
	Liner Trade	Air Cargo Transportation	Logistics	Auto-motive	Dry Bulk	Energy	Other	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	1,109,099	424,854	4,801,662	(474,882)	4,326,780
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	426,333	8,485	1,832,469	(1,719)	1,830,750
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	3,014	-	22,866	-	22,866

* Adjustments of segment profit or loss are ¥–111 million of internal exchanges or transfers among segments and ¥–10,343 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 ¥–508,643 million of receivables or assets relating to internal exchanges among segments and ¥33,761 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, 2026:

	Millions of yen					
	Japan	North America	Europe	Asia	Other	Total
I Revenues	¥1,636,482	¥118,925	¥324,985	¥318,143	¥25,152	¥2,423,689
II Vessels, property, plant and equipment	966,681	67,660	417,675	174,584	4,048	1,630,650

	Thousands of U.S. dollars (Note 2)					
	Japan	North America	Europe	Asia	Other	Total
I Revenues	$10,235,689	$743,839	$2,032,680	$1,989,886	$157,317	$15,159,425
II Vessels, property, plant and equipment	6,046,290	423,192	2,612,428	1,091,968	25,318	10,199,211

Year ended March 31, 2025:

	Millions of yen					
	Japan	North America	Europe	Asia	Other	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	251,938	104,970	4,275	1,301,280

27. Related Party Disclosures

(1) Related-party transactions

Current fiscal year (April 1, 2025 to March 31, 2026)
No matters of importance to report.

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

(2) Summarized financial information as of and for the years ended March 31, 2026 and 2025, 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)
	2026	2025	2026
Total current assets	¥2,332,478	¥2,504,906	$14,588,929
Total non-current assets	3,446,574	2,725,598	21,557,255
Total current liabilities	752,820	679,891	4,708,656
Total non-current liabilities	1,740,494	1,072,490	10,886,252
Total equity	3,285,737	3,478,123	20,551,269
Revenues	2,496,855	2,937,390	15,617,056
Profit before income taxes	46,818	661,888	292,832
Profit attributable to owners of parent	17,879	638,224	111,827

28. 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.

As stated in Changes in Accounting Policies, NYK STOLT TANKERS, S.A., an equity-method affiliate of the Company, has adopted IFRS Accounting Standards from the beginning of the fiscal year ended March 31, 2026. As the change in accounting policies from this application has been applied retrospectively, per-share information for the previous fiscal year ended March 31, 2025 is restated on a retrospective basis. Due to this change, compared with the figures before the retrospective application, equity per share for the previous fiscal year increased by ¥11.28.

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 303 thousand shares in the previous consolidated fiscal year and 264 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 338 thousand shares in the previous consolidated fiscal year and 282 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, 2026	Yen	-	¥115	-	¥115	¥230
Year ended March 31, 2025	Yen	-	¥130	-	¥195	¥325
Year ended March 31, 2026	U.S. dollars (Note 2)	-	$0.72	-	$0.72	$1.44

29. Subsequent Events

1. Appropriation of Retained Earnings

The following appropriation of retained earnings at March 31, 2026, was approved at the Company's shareholders' meeting held on June 17, 2026.

	Millions of yen	Thousands of U.S. dollars (Note 2)
Year-end cash dividends, ¥115.00 ($0.72) per share	¥46,662	$291,856

2. Acquisition of own stock

At a meeting of the Board of Directors held on May 8, 2025, the Company resolved to acquire its own stock pursuant to Article 459, Paragraph 1 of the Companies Act and Article 44 of the Company's Articles of Incorporation. The acquisition of own stock was implemented as follows. With this acquisition, the acquisition of own 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: 1,934,800 shares
(3) Total value of the stock acquisition: 11,588,792,378 yen
(4) Acquisition period: April 1, 2026 to April 30, 2026
(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 May 8, 2025

(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

(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: 28,779,900 shares
(II) Total value of the stock acquisition: 149,999,675,747 yen

(3) Treasury stock retired in accordance with the resolution by the Board of Directors meeting above

(I) Total number of shares retired: 28,779,900 shares
(II) Scheduled retirement date: March 25, 2026 and May 29, 2026

3. Issuance of corporate bonds

On June 9, 2026, the Company decided to issue unsecured straight bonds, and the issuance of the bonds was conducted on June 15, 2026. The details of the issuance are as follows:

Unsecured Straight Bond No. 52
(1) Issue amount: ¥14,000 million
(2) Issue price: 100 yen per par value of 100 yen
(3) Coupon rate: 2.338% per annum
(4) Maturity date: June 13, 2031 (lump-sum payment upon maturity)
(5) Closing date and issuance date: June 15, 2026
(6) Use of proceeds: Investment in LNG-fueled vessels, etc.

Unsecured Straight Bond No. 53
(1) Issue amount: ¥19,000 million
(2) Issue price: 100 yen per par value of 100 yen
(3) Coupon rate: 3.227% per annum
(4) Maturity date: June 13, 2036 (lump-sum payment upon maturity)
(5) Closing date and issuance date: June 15, 2026
(6) Use of proceeds: Investment in LNG-fueled vessels, etc.

30. Short-Term and Long-Term Debt

(1) Bonds as of March 31, 2026 and 2025, consisted of the following:

	Interest rate	Maturity date	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 2) 2026
Unsecured Straight Bonds No. 25*1	2.65%	June 22, 2026	¥10,000	¥10,000	$62,546
Unsecured Straight Bonds No. 32	2.13%	September 9, 2031	10,000	10,000	62,546
Unsecured Straight Bonds No. 42	0.65%	August 29, 2029	14,000	14,000	87,565
Unsecured Straight Bonds No. 43*1	0.26%	July 29, 2026	10,000	10,000	62,546
Unsecured Straight Bonds No. 44	0.38%	July 28, 2028	10,000	10,000	62,546
Unsecured Straight Bonds No. 45	0.439%	July 21, 2028	10,000	10,000	62,546
Unsecured Straight Bonds No. 46	0.91%	July 21, 2033	10,000	10,000	62,546
Unsecured Straight Bonds No. 47	0.722%	April 17, 2029	15,000	15,000	93,820
Unsecured Straight Bonds No. 48	1.175%	April 17, 2034	10,000	10,000	62,546
Unsecured Straight Bonds No. 49	1.241%	April 19, 2030	16,000	-	100,075
Unsecured Floating-rate Straight Bonds No. 50	*2	December 4, 2030	13,000	-	81,310
Unsecured Straight Bonds No. 51	1.691%	December 4, 2030	14,000	-	87,565
Total			142,000	99,000	888,166

*1. The Company plans to redeem Unsecured Straight Bonds No.25 and Unsecured Straight Bonds No.43 within one year from March 31, 2026.
*2. The interest rate is the unsecured overnight call rate (TONA) plus 0.42%.

The aggregate annual maturities of convertible bonds and bonds as of March 31, 2026, 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	¥43,000

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
$125,093	$-	$125,093	$181,386	$268,951

(2) Loans payable, lease liabilities (current / non-current), and other interest-bearing liabilities as of March 31, 2026 and 2025, were as follows:

Classification	Average interest rate	Repayment deadline	Millions of yen 2026	Millions of yen 2025	Thousands of U.S. dollars (Note 2) 2026
Short-term loans payable(including overdraft)	0.61%	-	¥50,857	¥11,850	$318,094
Current portion of long-term loans payable	3.94%	-	104,299	42,561	652,358
Lease liabilities (current)	5.04%	-	41,557	26,894	259,926
Long-term loans payable	3.20%	2027-2040	609,512	465,763	3,812,309
Lease liabilities (non-current)	4.85%	2027-2063	213,237	92,392	1,333,731
Commercial papers (current)	-	-	40,000	-	250,187
Total			1,059,464	639,462	6,626,619

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, 2026, 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	¥80,217	¥96,929	¥34,560	¥145,953
Lease liabilities (non-current)	32,660	27,978	23,898	19,932

	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	$501,732	$606,260	$216,162	$912,890
Lease liabilities (non-current)	204,278	174,993	149,474	124,668

31. 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, 2025 to September 30, 2025)	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Revenues	Millions of yen	¥1,182,101	¥2,423,689
Amount of profit before income taxes	Millions of yen	120,698	276,763
Amount of profit attributable to owners of parent	Millions of yen	98,331	211,750
Profit per share	Yen	230.16	504.85

(Cumulative period)		Semi-annual consolidated accounting period (April 1, 2025 to September 30, 2025)	Current consolidated fiscal year (April 1, 2025 to March 31, 2026)
Revenues	Thousands of U.S. dollars (Note 2)	$7,393,676	$15,159,425
Amount of profit before income taxes	Thousands of U.S. dollars (Note 2)	754,928	1,731,067
Amount of profit attributable to owners of parent	Thousands of U.S. dollars (Note 2)	615,030	1,324,430
Profit per share	U.S. dollars (Note 2)	1.44	3.16

In the current consolidated fiscal year, the provisional accounting treatment for a business combination has been finalized. Accordingly, the consolidated financial statements for the semi-annual consolidated accounting period reflect the amounts after a material revision of the initial allocation of the acquisition cost resulting from the finalization of the provisional accounting treatment.

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, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

<table>
<tr><th colspan="2">Impairment Losses of Vessels, Property, Plant, and Equipment</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>As presented in the consolidated balance sheet, the Group recorded ¥911,111 million ($5,698,717 thousand) for vessels and ¥253,327 million ($1,584,482 thousand) for buildings and structures as of March 31, 2026, and these amounts represented 17.5% and 4.9% 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 for asset groups.

The value in use is calculated as the present value of future cash flows. The significant assumptions in business plans and other bases for future cash flows mainly relate to future outlooks for market conditions such as freight rates and charter hire, as well as cargo demand. Since the shipping market is 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 present value and involves management’s judgment.

The net selling price is primarily estimated based on the valuation results involving management’s specialists. 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, 2026, we identified the impairment losses of vessels, property, plant, and equipment as a key audit matter. This is 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.</td><td>Our audit procedures related to the application of impairment accounting 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 preparing future cash flows, including assumptions made by the management regarding market conditions for freight rates and charter hire, as well as cargo demand.
・We evaluated the accuracy of management’s estimates by comparing budgets and business plans from prior years with actual results.
・Our audit procedures to evaluate the reasonableness of key assumptions, such as freight rates, charter hire, and cargo demand, included the following, among others:
- For estimates of freight rates and charter hire, we conducted comparisons with external data, such as market research reports, etc.
- For estimates of cargo demand, we conducted inspection of related supporting documents, etc.
・For the discount rate, we evaluated the appropriateness of the calculation method adopted by the management with the assistance of our valuation specialists. We also checked the consistency of the input data used against available external data.

(Net selling price)
・With the assistance of our asset valuation specialists, we evaluated the reliability of management's specialists 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 specialists by comparing them with those sales transactions.</td></tr>
</table>

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 2026, 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, 2026, which were charged by us and our network firms to Nippon Yusen Kabushiki Kaisha and its subsidiaries were ¥778 million and ¥45 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
Tokyo, Japan
July 8, 2026

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