

CFO Message

We will strive to sustainably create corporate value using a financial strategy that pursues both growth investments and shareholder returns

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We have strengthened our earnings base through business restructuring and portfolio realignment

Looking back on fiscal 2024, despite disruptions of logistics due to factors such as the situations in the Middle East, we were able to maintain earnings at a high level. If we exclude the period under special circumstances created by the COVID-19 pandemic, we can say that we achieved virtually our highest profit level ever. This outcome can be attributed to the development of our earnings base into a multilayered structure through efforts to tackle the challenges of reforming our business structures and realigning our business portfolio following the greater accumulation of capital during the pandemic. Our liner trade business was forced to reroute vessels around the Cape of Good Hope due to safety concerns about transiting the Suez Canal, leading to tight capacity supply and demand, but ultimately this supported our earnings. Moreover, the fact that our other businesses were able to generate recurring profit over 200 billion yen attests to the depth of our business portfolio as a whole.

Despite the market uncertainties lying ahead, we will secure a stable profit level in fiscal 2025

The forecast for fiscal 2025 calls for robust performance overall, despite downward pressures such as a weakening of the liner trade business market. Our business structural reforms have paid off by enabling us to advance the development of a platform that can generate a good balance of profits across our entire portfolio, even in a volatile market landscape marked by geopolitical risks and structurally increasing supply.

Under our latest forecast for fiscal 2025, the liner trade business is expected to produce recurring profit of 70 billion yen (down 204.3 billion yen year on year). Uncertainties in the Middle East make it difficult to foretell when the Suez Canal will become safe again. Container ship supply and demand are easing with the delivery of new vessels, and our plan for the year takes into account the risk that freight rates will be pushed down by tariff policies and other factors.

We anticipate that the logistics business will post recurring

profit of 17 billion yen (down 4.2 billion yen year on year). This forecast reflects the effect of M&A-related one-time costs, but we also believe that progress is being made in developing a structure that can maintain profit stability. Fiscal 2025 will be a year that tests our ability to ensure reliable profits amid weakening container freight rates.

The automotive business is forecasted to decline slightly from the previous fiscal year. While transportation demand has been steady, the continued delivery of new vessels will gently ease the currently very tight balance in supply and demand. Market conditions for the dry bulk business are expected to be mostly on par with the previous fiscal year, with no major shifts in the supply-demand balance, but profits are projected to fall year on year due to the sagging profitability of certain types of vessels, exchange rate fluctuations, and other pressures. In the energy business, LNG carrier operations underpinned by medium- to long-term contracts are expected to continue providing a stable profit stream. VLCC (very large crude carrier) earnings will modestly outperform the previous fiscal year due to the limited supply of new vessels, while VLGC (very large gas (LPG) carrier) revenues

are expected to drop due to strong uncertainties, despite promising levels of North American gas output and demand in the Far East.

The additional uncertainties created by U.S. trade policy since April are impacting exports to the U.S., mainly in the liner trade and logistics businesses. The forecast that we released in August 2025 accounts for the effect of the tariff policies, but we will continue tracking the situation and, where necessary, revise our performance forecasts.

We will increase our corporate value by strengthening our stable profit base and improving capital efficiency

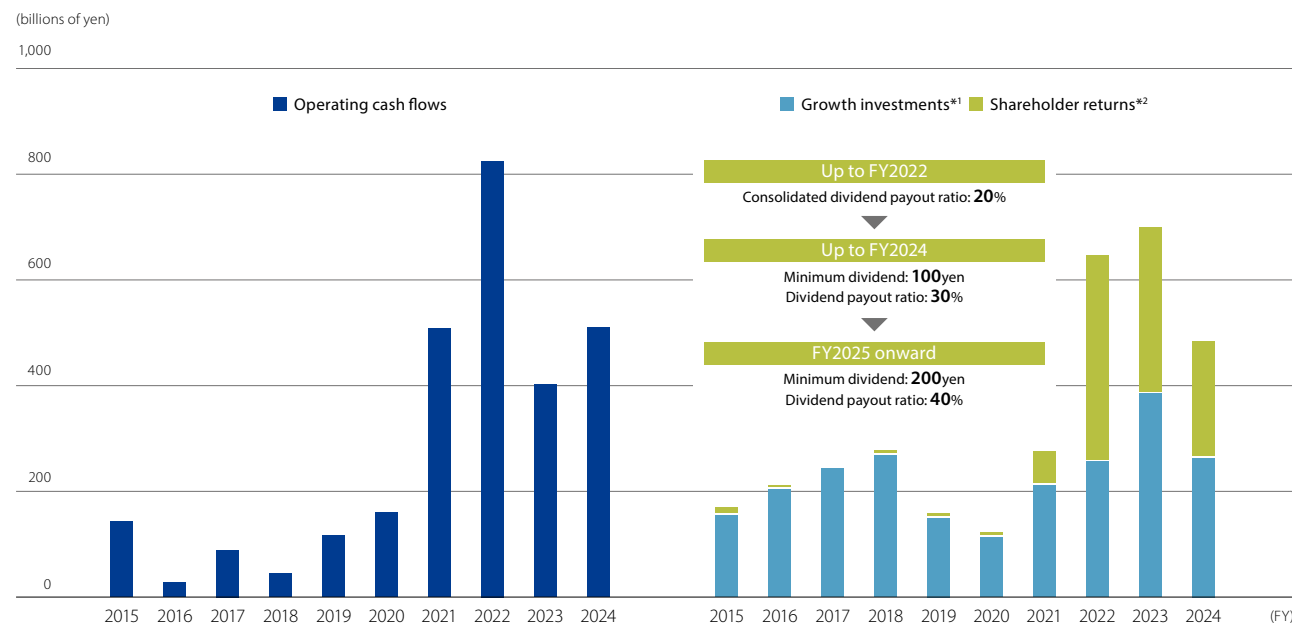
Our future outlook has been revised based on the current state of progress. The outlook for recurring profit in fiscal 2030 has been revised upward from 340 billion yen to 440 billion yen. This decision was shaped by the fact that operating cash flows during the first two years of the current Medium-Term Management Plan (launched in 2023) significantly exceeded expectations, growth investments have outpaced the initial targets, and, despite the ongoing risk of shipping market fluctuations, our stable earnings base has been steadily consolidated through efforts to strengthen capital, realign the business portfolio, and implement structural reforms. As examples of our growth investments, we are continuing to actively invest in the energy business, particularly LNG and LPG carriers, and are steadily scaling up the business through a combination of organic investments and M&A, such as our recent acquisition of a majority stake in ENEOS Ocean's businesses, excluding the crude oil tanker business.

Turning to shareholder returns, we are pursuing a basic policy of both optimizing capital efficiency and stably providing dividends. As a result of two consecutive years of posting over one trillion yen in recurring profit during COVID-19, our shareholders' equity ratio had become extremely elevated. To rectify this, we launched a share buyback program in fiscal 2023 that has already repurchased a total of around 330 billion yen in shares. Also, we decided,

based on the latest outlook for investment opportunities and on business environmental conditions, to additionally acquire up to 150 billion yen in our shares from May 9, 2025 to April 30, 2026 in order to further improve capital efficiency. Moreover, we have raised the dividend payout ratio from 30% to 40%, the minimum dividend amount per share from 100 yen to 200 yen. These decisions were driven by our strong confidence in the robustness of our earnings base and our cash flows. As the maritime shipping market is affected by swings in the global economy and demand, we have cultivated the ability to manage risk based on our experiences and flexibly adapt to changes in

our business environment. By clearly stating our policy to provide shareholder returns at a minimum rate of 200 yen per share, we seek to strengthen the supporting effect of share price and provide stable returns. At the same time, we are maintaining our policy of increasing the level of dividends in conjunction with improved performance, and have refrained from adopting fixed schemes such as dividend on equity ratio. Our system is designed to share the benefits of booming business with our shareholders. The decisions to raise the dividend payout ratio and the share buyback are also aimed at optimizing our bloated capital, enhancing our capital efficiency, and increasing our corporate value.

Increasing Cash-Generating Ability through Business Restructuring, and Further Advancing Growth Investments and Shareholder Returns



*1 Total acquisitions of tangible (vessels, property, plant, and equipment) and intangible fixed assets and investment securities. *2 Total dividends paid and purchase of treasury stock.

NYK has designed a financial strategy that enables growth investments and flexible capital allocation

We are developing a financial strategy aimed at realizing the optimal balance between growth and capital efficiency while placing top priority on strengthening the competitiveness of our core businesses. We are upgrading our fleet of some 850 vessels by gradually switching to more fuel-efficient and next-generation-fuel ships, and are using digital technology to achieve an advanced level of safety in ship operation.

We are strengthening our market presence as a leader in the energy transition by switching to next-generation fuels such as ammonia, hydrogen, and biofuel to power our vessels, particularly high-demand LNG carriers. In the logistics business, we are building up contract logistics—comprehensive undertaking and running of the logistics operations of other companies—as a third pillar of the business, along with air

and ocean freight forwarding. This includes investments in warehouses and systems, and strategic M&A-driven efforts to expand business domains and enhance our ability to provide high-value-added services. In July 2025, we decided to acquire the pharmaceutical/healthcare logistics business of the Europe-based Walden Group. This move is expected to further strengthen the competitiveness of our contract logistics business by fusing the Walden Group's highly specialized logistics network with our Group's global infrastructure.

To accelerate such growth investments, we have earmarked 200 billion yen as a management allocation funded by excess operating cash flows. This creates a framework that will allow us to agilely pursue investment opportunities as soon as they emerge. In cases where opportunities are abandoned, the funds can be flexibly redirected to share buybacks, dividend increases, and other actions supporting shareholder returns.

To successfully realize major investments and shareholder returns, governance and risk management need to be carried

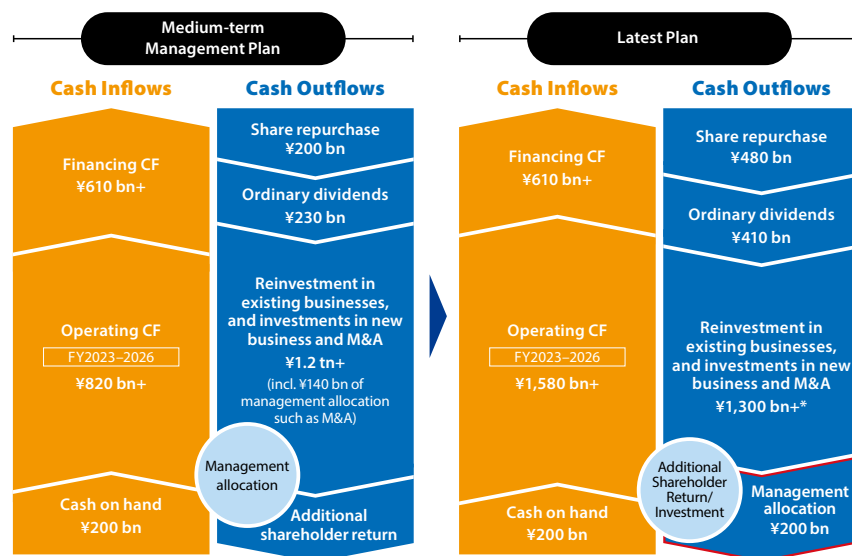
out with greater sophistication. This year, we upgraded our core system to an open cloud platform provided by SAP, and introduced and launched a new expandable business management system for management accounting. As a result, the balance sheet and return on invested capital (ROIC) data for each segment can now be quickly reviewed. In the future, we will further improve business efficiency and data accuracy through greater integration of accounting and operational data and the use of AI agents.

Realizing structural reforms and growth resistant to market fluctuations

We have made clear strides forward in the restructuring of two divisions, container shipping and dry bulk. In the liner trade business, Ocean Network Express Pte. Ltd., formed through a business integration among NYK and two other Japanese companies, surmounted challenges such as higher one-time costs (system integration costs, etc.) to continue achieving profits in the post-pandemic years of fiscal 2023 and 2024. With the growth of alliances among container ship operators and the rise in the overall cost of ship operation due to scaling up and the deployment of larger vessels, companies are readjusting their operations, including opting to suspend ship operations when supply and demand ease. This further supported up freight rates, and thus increased the stability of profit streams. As this shows, the liner trade business has qualitatively changed to a significant degree.

Looking at the dry bulk business, NYK took a lesson from its experience with the profit-depressing effect of high-priced owned ships that were built during the dry bulk boom of the 2000s, and reexamined the balance between owned and chartered vessels. We are now thoroughly implementing asset and liability management that emphasizes consistency in cargo contracts and ship procurement. Our efforts to secure stable revenues with long-term contracts and flexibly procure ships in line with the length of medium-term and spot contracts have firmly established a system that controls negative spreads during market swings, and thus enables profits to be reliably generated in the dry bulk business as well.

Cash Allocation



*Investment includes the repayment of loans to Nippon Cargo Airlines Co., Ltd.

Key Measures for Reducing Risk Exposure

- Until now
- Disposal of high-cost vessels in dry bulk business
 - Strengthening of asset and liability management that adapts procurement to contract length and ship price
 - New ship ordering at set timing/quantity
 - Increasing long-term stable contracts
 - Improving competitiveness of liner trade business

- Going forward
- VaR-based investment decisions
 - Futures trading (FFAs)
 - Capital allocation based on segment ROIC/WACC
 - Logistics business growth



We will strengthen ROIC management for each business

Our investment decisions have long been informed by cash flow indicators such as internal rate of return and net present value. Since fiscal 2020, we have further refined those decisions by also weighing environmental costs as determined through internal carbon pricing.

Meanwhile, our assessments of business performance previously had a tendency to focus heavily on recurring profit and other measures of profit or loss. To take a more balanced approach, we added ROIC as a new indicator when we rolled out the current Medium-Term Management Plan. This has created a clearly defined system for optimizing investment timing and the business portfolio, as each business segment is expected to remain mindful of ROIC and capital efficiency in the course of its operations.

We are also introducing management accounting linked to our core system, which will enable balance sheets to be quickly prepared for each business and thus facilitate visualization of ROIC performance and capital allocation at the segment level.

In addition, we are exploring the optimal balance between

capital efficiency and financial soundness by flexibly incorporating debt-to-equity ratio, capital cost premiums, and other indicators based on each segment's cost of capital and risk characteristics. Through such comprehensive management, we will strive to achieve consistent cash flows and improve long-term ROIC, while reducing risk across our portfolio as a whole.

We are committed to engaging in highly transparent dialogue to enhance shareholder value

The improvement of total shareholder return depends on not only short-term indicators such as dividends and share price, but also the sustainable enhancement of corporate value. Our share repurchases and raising of the dividend payout ratio and minimum dividend amount per share have created a framework for stably providing shareholder returns. We are also focusing on growth investments and the creation of non-financial value as vehicles for further increasing the long-term benefits of being a shareholder. At the same time, we are proactively making non-financial disclosures in anticipation of forthcoming legislation.

It is my impression that many investors and analysts are closely watching how our Group is changing. However, our advances are not fully reflected in our share price. One reason for this may be lingering concerns about our past impairment losses and deficits. To eliminate such concerns, we will work to build stronger trust through dialogue, particularly transparent sharing of information on our progress in structural reforms, achievements in portfolio management, and expansion of a stable earnings base.

Our Group's strengths lie in our successes in surmounting highly volatile market conditions and producing positive results from bold forays into new technological domains such as environmental friendliness and digitalization. Maritime shipping is infrastructure that underpins the global economy, and cargo movements are growing in tandem with the global industrial structure. By expanding the scope of our business in line with the needs of society, we have built up a system that can fulfill diverse transportation needs. Going forward, we will engage in deeper dialogue with stakeholders and more clearly communicate our growth and value creation stories. I ask that you please continue lending your support to our endeavors.

My Key Messages as CFO

- We have revised upward our fiscal 2030 recurring profit outlook to reflect the improved outlook for profitability
- We will realign our cash allocations to strengthen shareholder returns and growth investments
- We will explore opportunities for additional growth investments and shareholder returns in light of conditions in the business environment
- We are shifting to a business structure that can stably generate profits, using a more sophisticated approach to exposure management
- We are stepping up management that is mindful of balance sheets and cash flows
- We will deepen our dialogue with investors and analysts