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To whom it may concern:

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Notice of Full-year Financial Forecast and Recording of Extraordinary Loss

Nippon Yusen Kabushiki Kaisha (hereinafter referred to as “NYK Line”) decided to review our full-year financial consolidated forecast for the fiscal year ended March 2021 (hereinafter referred to as "the current fiscal year") in view of the possibility of upward revision of the forecast announced on November 5, 2020. This is mainly because the Global Logistics business has been in favor of the market more than expected at the time of announcement in November. In addition, NYK Line expects to record an extraordinary loss in the third quarter of the current fiscal year as part of the structural reforms of dry bulk division.

1. Full-year Financial Forecast for the current fiscal year

Our financial results for the third quarter of the current fiscal year under review are largely supported by favorable market conditions in Global Logistics business (Liner Trade, Air Cargo Transportation and Logistics), which significantly exceeds our assumptions made at the time of the announcement in November. NYK Line expects recurring profit to exceed JPY60 billion in the current quarter (October to December 2020), and expects to exceed JPY100 billion for cumulative results for the third quarter of the current fiscal year under review.

In addition to the forecasts for the current quarter, the market conditions for Global Logistics business are expected to remain favorable for a certain period of time, and even after taking into account the recording of the extraordinary losses described below, the forecasts for the current fiscal year are expected to be revised upward. The Company has decided to review the forecast based on the current situation up to the present time and the market outlook and the impact of COVID-19 pandemic on its business, and plans to disclose the forecast at the time of the announcement of financial results for the third quarter of the current fiscal year scheduled for February 3, 2021.

Recurring profit for the second quarter (cumulative) of the current fiscal year, which was announced in November, was JPY47.4 billion, and the full-year financial forecast was JPY70 billion.

2. Overview of Extraordinary Loss

(1) Details of extraordinary loss

In light of the increasing uncertainty in the business environment in dry bulk division due to the COVID19 pandemic, as part of structural reforms, NYK Line has been considering the transaction of chartered vessels that have long-term contract at fixed costs but no long-term cargo contracts, which had been a concern for some time.

As a result of further deliberations, in the third quarter of the current fiscal year, taking into account increases of possibility of the expenses or losses incurred by redelivery of some part of vessels in the future, the amount of extraordinary loss recorded as expenses incurred by redelivery of vessels and those expected to be incurred, is expected to increase by approximately JPY37 billion compared with the same recorded in the second quarter consolidated financial results on the current fiscal year.

(2) Impact on the financial results

As described in 2. (1) above, the estimated amount is expected to be recorded as extraordinary loss in the third quarter consolidated financial results of the current fiscal year. The estimated amount is not included in the full-year consolidated financial forecast announced on November 5, 2020.

However, as mentioned above, the full-year financial forecast of the current fiscal year is expected to be revised upward even though the extraordinary loss is included in based on the financial forecast for the current quarter (October to December 2020) and the market outlook etc.

(3) Disclosure on Stand-alone Financial Results

An extraordinary loss of the same amount is expected to be recorded in the stand-alone financial results for the third quarter of the current fiscal year.