

INFORMATION

The document following this cover sheet exists solely to provide English translations of selected information in the original Japanese text and the documents attached to the Notice of Ordinary General Meeting of Shareholders for reference only.

The original Japanese text of the Notice of Ordinary General Meeting of Shareholders should be available to foreign shareholders at their respective sub-custodians in Japan. Please contact your custodian with your voting instructions as soon as possible.



Notice of the 133rd Ordinary General Meeting of Shareholders

The 133rd Fiscal Year
Report

From April 1, 2019
to March 31, 2020

Nippon Yusen Kabushiki Kaisha

Please note that the date and place of the General Meeting of Shareholders have been changed from the usual date and place as changes were made to the financial reporting schedule due to the spread of COVID-19.

<Notice Concerning COVID-19>

Due to concerns over the spread of the infection, you are kindly requested to exercise your voting rights in advance if possible. As there are possibilities of measures put in place, including restrictions on entry to the meeting venue on the date of the meeting, we sincerely request our shareholders attending the meeting in person to take measures to prevent the infection. We would appreciate your understanding. Depending on future circumstances, we will post notices concerning any major changes made to the operation of the General Meeting of Shareholders on the website below.

<https://www.nyk.com/english/ir/event/meeting/>

- Notes:
1. The forecast incorporates certain assumptions the Company regarded as rational expectations at the time this report was announced. Actual results could differ materially from those projected figures.
 2. The “NYK Group” means, in principle, a corporate group that consists of the Company and its subsidiaries.
 3. Fractions of amounts and the numbers of shares in this report are rounded down.
 4. () indicates minus.

Greetings from the President

I would like to express my sincerest gratitude to all of the company's shareholders for your understanding and support of the NYK Group's activities. With the arrival of the notice of the Ordinary General Meeting of Shareholders for the 133rd Fiscal Year (from April 1, 2019 to March 31, 2020), I would like to share a few words.

The consolidated full-year results were revenue of ¥1,668.3 billion, operating profit of ¥38.6 billion, recurring profit of ¥44.4 billion and profit attributable to owners of parent of ¥31.1 billion, a significant improvement from the ¥44.5 billion net loss last year.

In the liner trade business, the efforts to improve the bottom line at Ocean Network Express Pte. Ltd. led to a major improvement in the results compared to last year. In bulk shipping division, although the market rose in the second quarter, it weakened thereafter, and in the fourth quarter, it was further impacted by the deterioration to market sentiment caused by the spread of COVID-19, resulting in the fluctuating market in the whole year. The energy division benefitted from the strong tanker market in addition to the profits from the stable-freight-rate businesses of LNG carriers and the offshore business. The car transportation division, which worked to increase the efficiency of vessel deployment, maintained solid profits. As a result, the bulk shipping division achieved higher profits compared to last year. Air cargo transportation business and logistics business were impacted by the lower cargo volumes resulting from the trade friction between the US and China. Air cargo transportation business recorded a loss as much as the last year, and profits at the logistics business segment declined.

The economic contraction resulting from the global spread of COVID-19 is expected to have a significant impact on all of our business.

Within this crisis situation, we have once again recognized the social mission of the NYK Group to support the global flow of good and lifelines, and while ensuring the safety of all group employees working on sea, land and air, we will strive to maintain business continuity, including measures to secure safety navigation and the maintenance of vessel operations. Also, by executing the measures necessary for continuing stable operations, including the procurement of long-term loan and securing sufficient commitment credit lines, we will maintain a strong foundation for the business operations of the group and overcome this difficult time with our customers and business partners.

The extent of the COVID-19 impact and when it will come to an end are still unclear, but assuming April to June 2020 will be the worst period, the consolidated full-year forecast for FY2020 is: revenue of ¥1,430.0 billion, operating profit of ¥5.0 billion and recurring profit of ¥0.0 billion.

Considering the results of FY2019, I propose issuing a year-end dividend of ¥20 per share (for a full year dividend of ¥40 per share including the interim dividend of ¥20 per share). Concerning the dividend for FY2020, although the profit attributable to owners of parent is still undetermined at this time, keeping with the basic dividend policy, we expect to issue a full-year dividend of ¥20 per share.

At NYK, in accordance with the Medium-Term Management Plan "Staying ahead 2022 with Digitalization and Green", we are working to increase the earnings capability and strengthen our ability to withstand the changing business environment by optimizing the business portfolio and securing stable-freight-rate business. From April of this year, I, as president of NYK Line, have been appointed Executive Chief of ESG management in order to establish a framework for further promoting the integration to the ESG management strategy set forth in the current Medium-Term Management Plan. Although there will be no avoiding the impact on the business results of the economic contraction caused by the novel coronavirus, along with steadily advancing the initiatives set forth in the Medium-Term Management Plan, we will pay careful attention to the pandemic's impact on society and daily life and agilely respond to the changes in the business environment.

We do appreciate further understanding and support.

June 2020

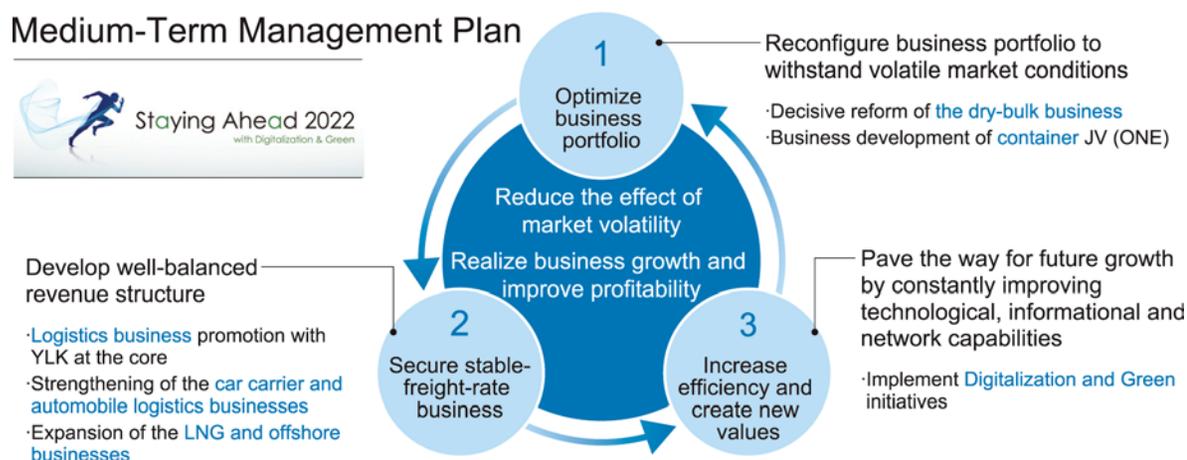


Hitoshi Nagasawa
President

* Guidelines related to Corporate Governance (Corporate Governance Guidelines; Our Views on Size, Balance and Diversity of the Board of Directors; Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers; Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members; Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers; Rules on the Nomination Advisory Committee; and Rules on the Compensation Advisory Committee) have been posted on the Company's website on the Internet (<http://www.nyk.com/english/csr/gvn/guideline/index.html>).

The Medium-Term Management Plan “Staying Ahead 2022 with Digitalization and Green”

The Five-Year Medium-Term Management Plan “Staying Ahead 2022 with Digitalization and Green” started from FY2018. Business segments are implementing measures in line with the three basic strategies, while steady results are expected to be produced. The main initiatives of the Medium-Term Management Plan and their progress are presented below.



➤ Initiatives for Digitalization and Green

Digitalization	Optimize the entire supply chain with the application of the latest digital technology	<ul style="list-style-type: none"> Realized an onboard cashless ship business (established MarCoPay) Developed and operated the vessel safety management platform NiBiKi Participated in a big data utilization project for vessels Succeeded in performing the world's first Maritime Autonomous Surface Ships trial
Green	<ul style="list-style-type: none"> Carbon-free / clean energy Shift to renewable energy Pursue business opportunities in climate change 	<ul style="list-style-type: none"> Advanced LNG fuel supply/sales business Contributed to the promotion of renewable energy generation through biomass transport Pioneered in green financing <i>NYK SUPER ECO SHIP 2050</i>

➤ Initiatives to Strengthen Financial Structure

- Improve asset efficiency through sale and liquidation of vessels, real estate and other assets
- Improve the balance of investment cash flow and operating cash flow
- Decision to adopt the consolidated tax payment system from FY2020



To Our Shareholders

June 12, 2020

Notice of the 133rd Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

We are pleased to announce that the 133rd Ordinary General Meeting of Shareholders of Nippon Yusen Kabushiki Kaisha will be held as follows.

You may exercise your voting rights by either of the methods described below. Please review the Reference Documents for the General Meeting of Shareholders shown in the following pages (pages 9 through 31) and exercise your votes.

As there are possibilities of measures put in place, including restrictions on entry to the meeting venue, we sincerely request our shareholders attending the meeting in person to take measures to prevent the infection. We would appreciate your understanding.

From the standpoint of preventing the spread of infection, you are kindly requested to exercise your voting rights in advance by mail or via the Internet, etc., if possible.

Voting by Mail

Please review the "Guidance on the Exercise of Votes" as described in pages 7 and 8, indicate your vote for or against each of the proposals on the enclosed Voting Form, and return the form by 5:00 p.m. Japan Time, Friday, June 26, 2020.

Voting via an electromagnetic method (such as the Internet, etc.)

If you exercise votes via the Internet, please review the "Guidance on the Exercise of Votes" as described in pages 7 and 8, and exercise your vote by 5:00 p.m. Japan Time, Friday, June 26, 2020.

Yours faithfully

Nippon Yusen Kabushiki Kaisha

ISIN	JP3753000003
SEDOL	6643960
TSE	9101

Hitoshi Nagasawa
President

1. Date: 10:00 a.m., Monday, June 29, 2020 (The reception desk will open at 9:00 a.m.)

2. Place: Head Office (Yusen Bldg.)
3-2, Marunouchi 2 Chome, Chiyoda-ku, Tokyo

Please note that the date and place of the meeting are different from the usual date and place.

3. Agenda of the Meeting:

Matters to be reported: 1) The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit and Supervisory Board for the 133rd Fiscal Year (from April 1, 2019 to March 31, 2020)
2) Unconsolidated Financial Statements for the 133rd Fiscal Year (from April 1, 2019 to March 31, 2020)

Proposals to be resolved:

Proposal No.1: Appropriation of surplus
Proposal No.2: Partial amendments to the Articles of Incorporation
Proposal No.3: Election of eight Directors
Proposal No.4: Election of two Audit and Supervisory Board Members
Proposal No.5: Election of one Substitute Audit and Supervisory Board Member

Note: The Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Unconsolidated Financial Statements attached to the Notice of Convocation are as described from page 9 to page 31 and page 37 to page 86.

4. Items relating to the exercise of votes:

- (1) If you make no selection as to approval/disapproval for the respective proposals, you shall be deemed to have expressed intent to give approval as to the proposals.
- (2) In the event that the exercise of votes is duplicated by both the method of mailing the Voting Form and via the Internet, the exercise of votes via the Internet shall be deemed valid. In addition, in the event that votes are exercised via the Internet two or more times, the most recent exercise of votes shall be deemed valid.
- (3) You may exercise your votes by appointing one proxy who shall be a shareholder with votes present at the meeting; provided that, the shareholder or his/her proxy shall submit to the Company a document evidencing his/her power of representation on the day of the meeting.

5. Method to announce the revision of the content:

If the need arises to revise the content of the Reference Documents for the General Meeting of Shareholders, Business Report, Unconsolidated Financial Statements, Consolidated Financial Statements and/or items in this Notice, the revised items will be announced on "General Shareholders Meeting" page under "IR Event" in "Investor Relations" section of our website on the Internet (<https://www.nyk.com/ir/event/meeting/>). (Japanese only)

Guidance on the Exercise of Votes

Please exercise your votes by either of the following methods.

Voting by mail

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form and return the form by the deadline.

Voting deadline: 5:00 p.m., Friday, June 26, 2020

Voting via an electromagnetic method (such as the Internet, etc.)

Please exercise your voting rights by the deadline by accessing the website for exercising votes (<https://evote.tr.mufg.jp/>) designated by the Company.

Voting deadline: 5:00 p.m., Friday, June 26, 2020

Voting by attending the meeting in person

If you attend the meeting, please present the enclosed Voting Rights Exercise Form at the reception desk on the day of the General Meeting of Shareholders.

Date and time of the meeting: 10:00 a.m., Monday, June 29, 2020

<Notice Concerning COVID-19>

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<https://www.nyk.com/english/ir/event/meeting/>

Guidance on the Exercise of Votes via Electromagnetic Method (such as the Internet, etc.)

Exercise of votes via the Internet may be done by accessing the website for exercising votes (<https://evote.tr.mufg.jp/>) designated by the Company using a PC, smartphone or mobile phone (access is unavailable between 2:00 a.m. and 5:00 a.m. Japan Time every day).

- Method for exercising votes via the Internet
 - (1) Voting by using a smartphone
 - You may exercise your voting rights by automatically accessing the website for exercising votes by scanning the “login QR code” provided on the Voting Form using a smartphone.
 - From the standpoint of security, you may log in using the QR code only once.
 - (2) Voting by using a PC or mobile phone
 - Please access the website for exercising votes (<https://evote.tr.mufg.jp/>), enter the login ID and temporary password recorded on the Voting Form and then enter your vote for each proposal according to the instructions on the screen.
 - We request that you change the temporary password on the website for exercising votes in order to prevent improper access by persons other than the shareholder (so-called “spoofing”) or alteration of the content of your voting selections.
- Expenses incurred when accessing the website for the Exercise of Votes

Please note that expenses incurred when accessing the website for the Exercise of Votes (Internet connection charges, etc.) shall be the responsibility of the shareholder. In addition, expenses such as packet communication fees and other fees which are associated with the use of a mobile phone, etc. shall be the responsibility of the shareholder.

To the Institutional Investors:

Institutional investors may use the Electronic Proxy Voting Platform for Institutional Investors managed by ICJ, Inc. as an electronic method for the exercise of votes at the General Meeting of Shareholders of the Company.

Reference Documents for the General Meeting of Shareholders

Proposals and references

Proposal No.1: Appropriation of surplus

The Company regards a continuous and stable return of profits to shareholders as one of the most important management issues. Therefore, the Company proposes to distribute a year-end dividend of ¥20.00 per share, taking comprehensive consideration for retaining an appropriate level of internal reserves in response to changes in the business environment and market conditions.

Items relating to year-end dividends

- (1) Type of dividend property
Cash
- (2) Items relating to the appropriation of dividend property to shareholders and total amount
¥20.00 per share of Company common stock, total amount ¥3,391,288,560
- (3) Date of validity of dividends of surplus
June 30, 2020

Proposal No.2: Partial amendments to the Articles of Incorporation

The Company intends to make the following partial amendments to the Articles of Incorporation. These amendments shall become effective at the conclusion of this meeting.

1. Reasons for the amendments

- (1) The Company intends to make necessary amendments to the object of the Articles of Incorporation in order to materialize financial services including cashless ships, respond to the business development related to offshore wind power generation, and further clarify the business activities of the company's subsidiaries. Also, will change the wording in the amended items and adjust the numbering of items due to establishment of new items.
- (2) The Company intends to make necessary amendments in order to convene General shareholders' meeting etc. and to facilitate the meeting proceedings even in the event of unforeseen circumstances such as major disasters and pandemics.
- (3) The Company intends to change the title Corporate Officer to Executive Officer in order to clarify the classification of authority for business execution and the supervision thereof.

2. Details of the amendments

The details of the amendments are as follows.

(Underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed Amendments
CHAPTER I GENERAL PROVISIONS	CHAPTER I GENERAL PROVISIONS
Article 1. (Provisions omitted) (Object)	Article 1. (Unchanged) (Object)
Article 2. The object of the Company shall be to engage in the following businesses:	Article 2. The object of the Company shall be to engage in the following businesses:
1. Marine transportation;	1. Marine transportation;
2. Land transportation;	2. Land transportation;
3. Air transportation;	3. Air transportation;
4. Handling and agency business for marine transportation, land transportation and air transportation;	4. Handling and agency business for marine transportation, land transportation and air transportation;
5. Consigned freight forwarding business;	5. Consigned freight forwarding business;
6. Warehousing, customs clearance and logistics business;	6. Warehousing, customs clearance and logistics business;
7. Harbour transportation;	7. Harbour transportation;
8. Combined transportation by sea, land and air, and its handling and agency business;	8. Combined transportation by sea, land and air, and its handling and agency business;
9. Business relating to marine exploitation and development;	9. Business relating to marine <u>and offshore exploitation and building of development equipment</u> ;
10. Sale and purchase of vessels;	10. Sale and purchase of vessels;
11. Counselling relating to building and repair of vessels and marine structures, and logistics;	11. Counselling relating to building and repair of vessels and marine structures, <u>logistics facilities</u> , and logistics;
12. Business relating to information on transportation;	12. Business relating to information on transportation;
13. Loans to, guarantees for and investments in other businesses than those enumerated herein;	13. Loans to, guarantees for and investments in other businesses than those enumerated herein;
14. Sale, purchase <u>and</u> lease of real estate;	14. Sale, purchase, <u>lease, development, project planning and counselling</u> of real estate;
15. Possession, lease, maintenance and management of marine leisure facilities;	15. Possession, lease, maintenance and management of marine leisure facilities;
16. Business relating to travel and money exchange;	16. Business relating to travel and money exchange;
17. Sale and purchase, manufacturing, lease and import/export of petroleum products, gas	17. Sale and purchase, manufacturing, lease and import/export of petroleum products, gas and

<p>and other fuels, machinery and appliances and other goods; 18. Worker dispatching undertakings and on-site operation contracting business; and (Newly established)</p> <p>19. Other undertakings incidental to or connected with the items mentioned above.</p> <p>Article 3.-12. (Provisions omitted)</p> <p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 13. (Provisions omitted) (Person Convening)</p> <p>Article 14. The General Meeting of Shareholders shall, except where otherwise provided for in the law, be convened by the President and Representative Director of the Company by the resolution of the Board of Directors. Should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other <u>Representative</u> Directors shall act in the order previously set by the resolution of the Board of Directors.</p> <p>Article 15. (Provisions omitted) (Chairman)</p> <p>Article 16. The President and Representative Director shall act as chairman at the General Meeting of Shareholders. Should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other <u>Representative</u> Directors shall act in the order previously set by the resolution of the Board of Directors.</p> <p>Article 17.-20. (Provisions omitted)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS, ETC.</p> <p>Article 21.-24. (Provisions omitted) (Representative Directors, Officiating Directors, etc.)</p> <p>Article 25. 1. Representative Directors of the Company shall be elected by the resolution of the Board of Directors. 2. Representative Directors shall represent the Company and conduct affairs of the Company. 3. The Board of Directors may, by resolution, elect one Chairman of the Board of Directors and one Vice Chairman of the Board of Directors. 4. The Board of Directors may, by resolution, elect one President from among the Representative Directors or the <u>Corporate</u> Officers.</p>	<p>other fuels, machinery and appliances and other goods; 18. Worker dispatching undertakings and on-site operation contracting business; 19. <u>Financial services business and insurance business; and</u> 20. Other undertakings incidental to or connected with the items mentioned above.</p> <p>Article 3.-12. (Unchanged)</p> <p style="text-align: center;">CHAPTER III GENERAL MEETINGS OF SHAREHOLDERS</p> <p>Article 13. (Unchanged) (Person Convening)</p> <p>Article 14. The General Meeting of Shareholders shall, except where otherwise provided for in the law, be convened by the President and Representative Director of the Company by the resolution of the Board of Directors. Should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other Directors shall act in the order previously set by the resolution of the Board of Directors.</p> <p>Article 15. (Unchanged) (Chairman)</p> <p>Article 16. The President and Representative Director shall act as chairman at the General Meeting of Shareholders. Should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other Directors shall act in the order previously set by the resolution of the Board of Directors.</p> <p>Article 17.-20. (Unchanged)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS, ETC.</p> <p>Article 21.-24. (Unchanged) (Representative Directors, Officiating Directors, etc.)</p> <p>Article 25. 1. Representative Directors of the Company shall be elected by the resolution of the Board of Directors. 2. Representative Directors shall represent the Company and conduct affairs of the Company. 3. The Board of Directors may, by resolution, elect one Chairman of the Board of Directors and one Vice Chairman of the Board of Directors. 4. The Board of Directors may, by resolution, elect one President from among the Representative Directors or the <u>Executive</u> Officers. (<u>Executive</u> Officers)</p> <p>Article 26. The Board of Directors may, by resolution, elect</p>
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<p>(Corporate Officers)</p> <p>Article 26. The Board of Directors may, by resolution, elect <u>Corporate Officers</u> and delegate to them the conduct of affairs of the Company.</p> <p>Article 27. (Provisions omitted) (Person Convening the Meeting of the Board of Directors)</p> <p>Article 28. Except where otherwise provided for in the law, the Chairman of the Board of Directors shall convene the Meeting of the Board of Directors and become the chairman thereof. Should the Chairman of the Board of Directors not be elected or should the Chairman be unable to act, the President and Representative Director shall act, and should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other <u>Representative</u> Directors shall act in the order previously set by the resolution of the Board of Directors.</p> <p><u>Article 29.-52. (Provisions omitted)</u></p>	<p><u>Executive Officers</u> and delegate to them the conduct of affairs of the Company.</p> <p>Article 27. (Unchanged) (Person Convening the Meeting of the Board of Directors)</p> <p>Article 28. Except where otherwise provided for in the law, the Chairman of the Board of Directors shall convene the Meeting of the Board of Directors and become the chairman thereof. Should the Chairman of the Board of Directors not be elected or should the Chairman be unable to act, the President and Representative Director shall act, and should the President and Representative Director not be elected or should the President and Representative Director be unable to act, one of the other Directors shall act in the order previously set by the resolution of the Board of Directors.</p> <p><u>Article 29.-52. (Unchanged)</u></p>
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Proposal No.3: Election of eight Directors

The term of office of all incumbent Directors (eight (8) Directors) will expire upon conclusion of this meeting.

The Company therefore recommends and proposes the following eight (8) candidates for election as Directors.

The Company will endeavor to enhance the effectiveness of decision-making and supervision of the execution of business by the Board of Directors, by galvanizing substantive discussions of its meeting in order to promptly and accurately respond to the rapidly changing business environment while also ensuring independence of Outside Directors.

The date of birth, career summary, the number of the Company's shares held, reasons for nominating the candidates for Director, etc. are as stated on pages 18 through 26. From the following page, the Company has disclosed its policies and procedures for the appointment and nomination, etc., of Directors as reference.

No.	Name of candidate	Current Positions and Responsibilities in the Company	Period served	Attendance rate of meetings of the Board of Directors held during FY2019
1	Re-election Tadaaki Naito	Chairman, Chairman Corporate Officer	12 years	100% (Attended all the 14 meetings)
2	Re-election Hitoshi Nagasawa	President, President Corporate Officer Executive Chief of ESG Management	9 years	100% (Attended all the 14 meetings)
3	Re-election Eiichi Takahashi	Representative Director, Senior Managing Corporate Officer Chief Financial Officer Chief Executive of Management Planning Headquarters	4 years	100% (Attended all the 14 meetings)
4	Re-election Hiroki Harada	Director, Senior Managing Corporate Officer Chief Executive of Global Logistic Services Headquarters	1 year	100% (Attended all the 11 meetings)
5	New appointment Yutaka Higurashi	Managing Corporate Officer Chief Compliance Officer Chief Executive of General Affairs Headquarters	—	—
6	Re-election Yoshihiro Katayama Independent Outside	Chief Outside Director	4 years	100% (Attended all the 14 meetings)
7	Re-election Hiroko Kuniya Independent Outside Female	Outside Director	3 years	93% (Attended 13 out of the 14 meetings)
8	Re-election Eiichi Tanabe Independent Outside	Outside Director	1 year	100% (Attended all the 11 meetings)

(Note) Attendance rates of Mr. Hiroki Harada and Mr. Eiichi Tanabe show their attendance rates at the meetings of the Board of Directors held since they assumed office on June 19, 2019.

The Company has disclosed below a portion of its guidelines related to corporate governance.

Our Views on Size, Balance and Diversity of the Board of Directors

In order to facilitate prompt decision-making at all times at the Board of Directors while ensuring the quality of such decision-making through active and substantive discussion, the Company believes that the efficient size of the Board of Directors for the time being is around 9 members, of which around three should be Outside Directors who meet the Independence Criteria.

The Board of Directors shall be comprised of a sufficient number of internal Directors who are well versed with the Group's globally operated businesses with shipping and logistics businesses at its core, as well as a certain number of Independent Outside Directors with high expertise that can contribute to corporate management, and further enhance the supervisory function of the Board of Directors.

Composition of the Board of Directors shall be decided with a view to ensuring diversity and expertise, as well as the balance of knowledge, experience and ability of its members. As for internal Directors, attention shall also be paid to the balance between the members with strength in operating each business segment, and those who are suited for company-wide corporate management. The Board of Directors shall decide by its resolutions the assignment of duties and operations under their charge and others to respective Directors at the Board of Directors' meetings, and clarify their roles and responsibilities.

**Policies and Procedures for the Appointment and Nomination of Directors,
Audit and Supervisory Board Members and Corporate Officers**

[Policy]

In nominating Director candidates, the Company shall recommend qualified persons capable of fulfilling their duties and responsibilities as Directors responding to shareholders' entrustment of management, in full consideration of their individual character, insight and others. As for internal Director candidates, they are required to have broad knowledge, experience and a track record necessary for the deliberation of proposals at the Board of Directors' meetings, along with the ability to accurately identify issues in departments under their charge and solve them in cooperation with fellow officers and employees, have respected personalities, and have sound judgment in thorough compliance with laws and regulations as well as corporate ethics.

In addition, those qualified and functions required for company management are to be organized in the nomination of all prospective Directors and candidates who are deemed necessary and appropriate to organize the Board of Directors shall meet the qualities and functions required for each respective member. With respect to the appropriateness of the appointment of Senior Executive Directors and their tenure, as well as the appointment of the Corporate Officers, the Company shall apply the policy of nominating candidates for Internal Directors, and those appointed as the Corporate Officers shall recognize that they are candidates for Senior Executive Directors, and shall execute important business with the delegation of authority from the Representative Director and other Executive Directors, and shall study and refine abilities and knowledge based on their experience.

In nominating Audit and Supervisory Board Member candidates, the Company shall recommend qualified persons capable of fulfilling their duties and responsibilities as Audit and Supervisory Board Members, in full consideration of their individual character, insight and others in light of the importance of audits and the function of Audit and Supervisory Board Members in corporate management.

The Company shall separately set out the independence criteria of Outside Directors and Audit and Supervisory Board Members, and recommend candidates for Outside Directors and Outside Audit and Supervisory Board Members who meet such criteria.

[Procedures]

Director candidates shall be decided by the Board of Directors, based on the original plan prepared by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Nomination Advisory Committee thereof.

Audit and Supervisory Board Member candidates shall be recommended by the President and decided by the Board of Directors, after obtaining the consent of the Audit and Supervisory Board to submit the agenda item for appointment to the General Meeting of Shareholders.

Corporate Officers shall be decided by the Board of Directors, based on the original plan prepared by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Nomination Advisory Committee thereof.

The Nomination Advisory Committee shall, where necessary, consult with the Board of Directors as to the appropriateness of holding the position of the President and other incumbent senior executive Directors based on a certain appraisal of the Company's performance and other aspects of management and business execution.

Note: The title Corporate Officer will be renamed Executive Officer upon the conclusion of this Ordinary General Meeting of Shareholders.

Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members

Article 1. Purpose

The purpose of these criteria is to establish the independence criteria for recommending candidates for Outside Directors as well as Outside Audit and Supervisory Board Members of Nippon Yusen Kabushiki Kaisha (hereinafter, the "Company").

Article 2. Outside Directors

Outside Director candidates shall be recommended from among those who meet the conditions set out in the following items, but do not fall under any of the items of Article 4, upon consideration of the diversity in the composition of the Board of Directors.

- (1) A person with broad knowledge or advanced expertise, excellent insight, a wealth of experience and a good track record in his/her area of specialty, who is expected to bring diverse viewpoints into the Board of Directors of the Company.
- (2) A person who does not fall under any of the reasons for disqualification from becoming a Director prescribed in each item of Article 331, Paragraph 1 of the Companies Act.
- (3) A person who meets the requirement for Outside Directors prescribed in Article 2, Item 15 of the Companies Act.
- (4) A person whose term of office as Director of the Company does not exceed 8 years.

Article 3. Outside Audit and Supervisory Board Member

Outside Audit and Supervisory Board Member candidates shall be recommended from among those who meet the conditions set out in the following items, but do not fall under any of the items of Article 4, upon consideration of the diversity in the composition of the Audit and Supervisory Board.

- (1) A person with broad knowledge or advanced expertise, excellent insight, a wealth of experience and a good track record in his/her area of specialty, which can contribute to the execution of audit operations of the Company.
- (2) A person who does not fall under any of the reasons for disqualification from becoming an Audit and Supervisory Board Member prescribed in each item of Article 331, Paragraph 1 of the Companies Act, as applied under Article 335 of the same Act.
- (3) A person who meets the requirement for an Outside Audit and Supervisory Board Member under Article 2, Item 16 of the Companies Act.

Article 4. Independence of Outside Directors and Audit and Supervisory Board Members

A person who does not fall under any of the following criteria is deemed to be independent.

- (1) A major shareholder of the Company (a party who holds shares representing voting rights that exceed 10% of the total voting rights as at the end of the most recent fiscal year) or an executive thereof.
- (2) A major lender to the Company (a party whose outstanding loans to the Company exceed 2% of the total consolidated assets) or an executive thereof.
- (3) A major supplier of the Company (which income from the Company accounts for more than 2% of the consolidated annual revenues of such supplier for the most recent fiscal year) or an executive thereof.
- (4) A major customer of the Company (which income from such customer accounts for more than 2% of the consolidated annual revenues of the Company for the most recent fiscal year) or an executive thereof.
- (5) A person who is responsible for the audit operation of the Company or its consolidated subsidiary, as accounting auditor, its employee or others of the Company or its consolidated subsidiary.
- (6) An attorney, judicial scrivener, patent attorney, certified public accountant, tax accountant, consultant or others, who receives, apart from compensation for officers, money or other property equivalent to more than JPY10 million per year from the Company, or a person who belongs to a group such as corporation or union, which receives such property as aforementioned equivalent to more than JPY10 million per year from the Company and it is in excess of 2% of its annual income.
- (7) A person who receives donations in excess of JPY5 million per year from the

Company, or an executive at a group such as corporation or union, which receives donations in excess of JPY5 million per year from the Company and it is in excess of 2% of its annual income.

- (8) Any person who has fallen under any of (1) through (7) above during the past three years.
- (9) A relative within the second degree of kinship (only if he/she is an important person) of a person who falls under any of (1) through (8) above.
- (10) A relative within the second degree of kinship of Director, Corporate Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary.
- (11) A relative within the second degree of kinship of a person who has acted as Director, Corporate Officer and others, employee or accounting advisor (including staff members who are to perform such duties in the case of a corporation) of the Company or its subsidiary, during the past three years.
- (12) Any person other than the aforementioned items of this article with special circumstances which precludes his/her fulfilling duties as an independent outside Director or Audit and Supervisory Board Member, such as having conflicts of interest with general shareholders of the Company.

For more details about our guidelines related to corporate governance, please visit the following website:
<https://www.nyk.com/english/profile/gvn/guideline/>

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
1	 <p>Tadaaki Naito (September 30, 1955)</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-left: 20px;">Re-election</div>	<p>April 1978 Joined the Company April 2004 General Manager of Petroleum Group April 2005 Corporate Officer April 2007 Managing Corporate Officer June 2008 Director, Managing Corporate Officer April 2009 Representative Director, Senior Managing Corporate Officer April 2013 Representative Director, Executive Vice-President Corporate Officer April 2015 President, President Corporate Officer June 2019 Chairman, Chairman Corporate Officer (to the present)</p> <p><u>Significant concurrent position</u> President of The Japanese Shipowners' Association Outside Director of Mitsubishi Logistics Corporation (scheduled to assume the position in June 2020)</p>	46,013 shares
		<p>Reasons for nominating the candidate for Director: Since assuming the position of Director of the Company in 2008, Mr. Tadaaki Naito took office of the President, who takes the control of business execution, in 2015, and sought to strengthen the Company's competitiveness through technical strength, pursued transparent and effective governance, and formulated the medium-term management plan, while carrying out business restructuring, selection and concentration in highly fluid business conditions. He took the position of Chairman, who chairs the Board of Directors, in 2019. With a view to helping enhance the effectiveness of the meetings of the Board of Directors and sustainably enhance corporate value, and to monitoring the Group's management, the Company has continuously nominated him as a candidate for Director.</p>	100% (Attended all the 14 meetings)

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
2	 Hitoshi Nagasawa (January 22, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;">Re-election</div>	April 1980 Joined the Company April 2004 General Manager of LNG Group April 2007 Corporate Officer April 2009 Managing Corporate Officer June 2011 Director, Managing Corporate Officer April 2013 Representative Director, Senior Managing Corporate Officer April 2018 Representative Director, Executive Vice-President Corporate Officer June 2019 President, President Corporate Officer (to the present) Executive Chief of ESG Management	28,648 shares
		Reasons for nominating the candidate for Director: Since assuming the position of Director of the Company in 2011, Mr. Hitoshi Nagasawa had held positions such as Chief Executive of Energy Division, and took office of the President who takes the control of business execution, in 2019. He strived to improve profitability of the automotive transportation division and the dry bulk division through driving the acquisition of an upstream interest in an LNG project, as well as participation in new businesses such as offshore business and green business, while steadily implementing the medium-term management plan and instilling ESG management. With a view to stabilizing and enhancing profitability based on the medium-term management plan, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
3	 Eiichi Takahashi (October 14, 1958) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div>	April 1982 Joined the Company April 2010 General Manager of Accounting Group April 2012 Corporate Officer April 2016 Managing Corporate Officer June 2016 Director, Managing Corporate Officer April 2018 Director, Senior Managing Corporate Officer June 2019 Representative Director, Senior Managing Corporate Officer (to the present)	19,975 shares
		Chief Financial Officer Chief Executive of Management Planning Headquarters Reasons for nominating the candidate for Director: Since assuming the position of Director of the Company in 2016, Mr. Eiichi Takahashi has mainly been in charge of planning, accounting and finance and currently serves as Chief Financial Officer and Chief Executive of Management Planning Headquarters in the capacity of Senior Managing Corporate Officer. With a view to steadily implementing the medium-term management plan and promoting an optimum finance strategy and business restructuring emphasizing capital efficiency, while strengthening group management, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 14 meetings)

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
4	 Hiroki Harada (September 21, 1960) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div>	April 1983 Joined the Company April 2011 General Manager of Tramp Co-ordination Group April 2014 Corporate Officer April 2018 Managing Corporate Officer April 2019 Senior Managing Corporate Officer June 2019 Director, Senior Managing Corporate Officer (to the present) (Note) Attendance rate of Mr. Hiroki Harada shows his attendance rate at the meetings of the Board of Directors held since he assumed the Director's position on June 19, 2019.	7,646 shares
		Reasons for nominating the candidate for Director: Since assuming the position of Director of the Company in 2019, Mr. Hiroki Harada has mainly been in charge of the global logistics division and currently serves as Chief Executive of Global Logistic Services Headquarters in the capacity of Senior Managing Corporate Officer. With a view to stabilizing the container shipping business, strengthening the logistics business after the restructuring and the harbor business, as well as improving profitability of the air freighter business, the Company has continuously nominated him as a candidate for Director.	100% (Attended all the 11 meetings)

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
5	 Yutaka Higurashi (February 2, 1963) <div style="border: 1px solid black; padding: 2px; width: fit-content;">New appointment</div>	April 1985 Joined the Company April 2014 General Manager of Legal Affairs Group April 2016 Corporate Officer April 2020 Managing Corporate Officer (to the present) Chief Compliance Officer Chief Executive of General Affairs Headquarters	6,986 shares
		Reasons for nominating the candidate for Director: Since assuming the position of Corporate Officer of the Company in 2016, Mr. Yutaka Higurashi has mainly been in charge of general affairs, human resources and legal affairs-related divisions and currently serves as Chief Compliance Officer and Chief Executive of General Affairs Headquarters in the capacity of Managing Corporate Officer. With a view to promoting the participation of diverse human resources, while developing a legal compliance system to enhance and instill governance and internal control of the Group, the Company has newly nominated him as a candidate for Director.	

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
6	 <p>Yoshihiro Katayama (July 29, 1951)</p> <p>Re-election</p> <p>Independent</p> <p>Outside</p>	<p>April 1974 Joined Japan's Ministry of Home Affairs</p> <p>December 1998 Retired from the Ministry</p> <p>April 1999 Governor of Tottori Prefecture</p> <p>April 2007 Retired from governorship</p> <p> Professor at Keio University</p> <p>September 2010 Minister for Internal Affairs and Communications</p> <p>September 2011 Retired from the Ministry</p> <p>June 2016 Outside Director</p> <p>March 2017 Retired as the Professor at Keio University</p> <p>April 2017 Professor at Graduate School of Public Management, Waseda University (to the present)</p> <p>June 2019 Chief Outside Director (to the present)</p> <p><u>Significant concurrent position</u> Professor at Graduate School of Public Management, Waseda University</p> <p>Reasons for nominating the candidate for Outside Director: Mr. Yoshihiro Katayama held important positions at the Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications) and served as Minister for Internal Affairs and Communications from 2010 to 2011. Mr. Katayama is providing advice on the Company's management and performing proper supervision of business execution of the Company based on his extensive knowledge, insight and personal connections gained through a wealth of his experience in the bureaucratic, political and academic circles and from a highly independent position. Accordingly, the Company has continuously nominated him as a candidate for Outside Director.</p>	<p>12,996 shares</p> <p>100% (Attended all the 14 meetings)</p>

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
7	 <p>Hiroko Kuniya (February 3, 1957)</p> <p><input type="checkbox"/> Re-election</p> <p><input type="checkbox"/> Independent</p> <p><input type="checkbox"/> Outside</p> <p><input type="checkbox"/> Female</p>	<p>April 1981 Announcer and writer for English-language broadcasts of NHK, Nippon Hoso Kyokai (Japan Broadcasting Corporation)'s General TV "Seven O'clock News"</p> <p>July 1987 Researcher of "NHK Special"</p> <p>April 1993 Newscaster of NHK's satellite broadcasting "World News"</p> <p>April 2016 Newscaster of NHK's General TV "Today's Close-Up"</p> <p>April 2016 Trustee of Tokyo University of the Arts (part-time) (to the present)</p> <p>June 2017 Outside Director (to the present)</p> <p><u>Significant concurrent positions</u> Trustee of Tokyo University of the Arts (part-time) Project Professor at Graduate School of Media and Governance, Keio University</p>	5,091 shares
		<p>Reasons for nominating the candidate for Outside Director: The Company believes that Ms. Hiroko Kuniya can provide advice to the Company's management and contribute to proper supervision of business execution of the Company based on her long-standing career as a newscaster, raising public awareness of a range of topics including politics, economy, international relations and social issues, and capitalizing on a wealth of experience and superior insight from a multilateral perspective and a highly independent position. Accordingly, the Company has continuously nominated her as a candidate for Outside Director.</p>	93% (Attended 13 out of the 14 meetings)

No.	Name of candidate (Date of birth)	Career summary, responsibilities and significant concurrent positions	Number of the Company's shares held
			Attendance rate of meetings of the Board of Directors held during FY2019
8	 <p>Eiichi Tanabe (September 16, 1953)</p> <p>Re-election</p> <p>Independent</p> <p>Outside</p>	<p>April 1978 Joined Mitsubishi Corporation</p> <p>May 2001 Left Mitsubishi Corporation</p> <p>March 2005 Member of the Board of Lawson, Inc. Vice President, Senior Vice President and Representative Director (CFO) of Lawson, Inc.</p> <p>June 2007 Retired from Vice President, Senior Vice President and Representative Director (CFO) of Lawson, Inc.</p> <p>April 2008 Joined Mitsubishi Corporation Senior Vice President of Mitsubishi Corporation</p> <p>April 2012 Executive Vice President of Mitsubishi Corporation</p> <p>April 2016 Senior Executive Vice President and Corporate Functional Officer of Mitsubishi Corporation</p> <p>June 2016 Representative Director and Senior Executive Vice President of Mitsubishi Corporation</p> <p>March 2018 Member of the Board of Mitsubishi Corporation</p> <p>June 2018 Retired from Member of the Board of Mitsubishi Corporation Adviser of Mitsubishi Corporation (scheduled to retire in June 2020)</p> <p>June 2019 Outside Director (to the present)</p> <p><u>Significant concurrent positions</u> Outside Director of SMBC Nikko Securities Inc.</p> <p>(Note) Attendance rate of Mr. Eiichi Tanabe shows his attendance rate at the meetings of the Board of Directors held since he assumed office on June 19, 2019.</p> <p>Reasons for nominating the candidate for Outside Director: Mr. Eiichi Tanabe held important positions at Mitsubishi Corporation such as Director and Senior Executive Vice President. Mr. Tanabe is providing advice on the Company's management and performing proper supervision of business execution of the Company utilizing his general knowledge in all corporate management from an independent position, based on his abundant experience mainly in management and supervision of business execution. Accordingly, the Company has continuously nominated him as a candidate for Outside Director.</p>	<p>0 shares</p> <p>100% (Attended all the 11 meetings)</p>

Note: The amount of transactions between Mitsubishi Corporation and the Company is less than 1% of revenues from the viewpoint of both companies.

- Notes:
1. No transactions or special interests exist between the Company and any of the above candidates for Directors.
 2. Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya and Mr. Eiichi Tanabe are candidates for the Company's Outside Directors as stipulated in Article 2, Item 15 of the Companies Act, and they meet the Company's "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members." The Company believes that Mr. Katayama, Ms. Kuniya and Mr. Tanabe have no conflict of interest with general shareholders and are highly independent. In the event that they are elected as Directors of the Company, they will be reported as the Independent Directors to Tokyo and Nagoya stock exchanges (For the details of the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members," please see page 16 and page 17). In addition, the amount of transactions between Mitsubishi Corporation, where Mr. Eiichi Tanabe served as Director until June 2018 and currently serves as Adviser, and the Company is less than 1% of revenues from the viewpoint of both companies. The Company has no particularly notable business relations with other parties where the candidates for Outside Director hold significant concurrent positions as executives or as Outside Director or Audit and Supervisory Board Member.
 3. Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya and Mr. Eiichi Tanabe, who are candidates for re-election as Outside Director, will have served as Outside Director of the Company for four years, three years and one year, respectively, at the conclusion of this meeting.
 4. The Company has established the provisions in the Articles of Incorporation to the effect that it may enter into a liability limitation agreement with Outside Directors, and has actually entered into the liability limitation agreement with each of Outside Directors as stipulated in Article 34 of the current Articles of Incorporation established under Article 427, Paragraph 1 of the Companies Act setting forth that the liability under Article 423, Paragraph 1 of the same Law shall be the liability limit of ¥20 million or the liability limit stipulated by law, whichever is greater, as long as the Outside Director performs his/her duty in good faith and without gross negligence on his/her part. In the event that the proposed election of Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya and Mr. Eiichi Tanabe is approved, the Company will have the liability limitation agreement with each of them.

Proposal No.4: Election of two Audit and Supervisory Board Members

The term of office of Audit and Supervisory Board Member Mr. Hirohide Yamaguchi will expire upon conclusion of this meeting.

In addition, Audit and Supervisory Board Member Mr. Toshinori Kanemoto will retire due to resignation upon conclusion of this meeting.

The Company therefore recommends and proposes the following two (2) candidates for election as Audit and Supervisory Board Members. Since Ms. Satoko Kuwabara will be elected as the substitute for Mr. Toshinori Kanemoto, her term of office will be the remaining term of office of Mr. Kanemoto, pursuant to the provision of the Company's Articles of Incorporation.

The Audit and Supervisory Board has previously given its approval to the proposal.

No.	Name of candidate (Date of birth)	Career summary and significant concurrent positions	Number of the Company's shares held
1	 <p>Hiroshi Nakaso (October 12, 1953)</p> <p>New appointment</p> <p>Independent</p> <p>Outside</p>	<p>April 1978 Joined the Bank of Japan May 2003 Director-General of Financial Markets Department of the Bank of Japan</p> <p>November 2008 Executive Director of the Bank of Japan March 2013 Deputy Governor of the Bank of Japan March 2018 Retired as Deputy Governor of the Bank of Japan</p> <p>July 2018 Chairman of Daiwa Institute of Research Ltd. (to the present)</p> <p><u>Significant concurrent positions</u> Chairman of Daiwa Institute of Research Ltd. Project Professor of the Center for Advanced Research in Finance of Graduate School of Economics, The University of Tokyo Chairman of the Organization of Global Financial City Tokyo</p> <p>Reasons for nominating the candidate for Audit and Supervisory Board Member: Having served as Deputy Governor at the Bank of Japan, Mr. Hiroshi Nakaso has extensive knowledge in overall finance and economy fields, and expertise specialized in financial systems, market transactions and global finance gained through a wealth of practical experience at the Bank of Japan. The Company believes that Mr. Nakaso can contribute to appropriate audits on the Company's business execution from the objective and independent standpoint, capitalizing on such knowledge and expertise. Accordingly, the Company has newly nominated him as a candidate for Outside Audit and Supervisory Board Member.</p>	0 shares

No.	Name of candidate (Date of birth)	Career summary and significant concurrent positions	Number of the Company's shares held
2	 <p data-bbox="293 638 516 701">Satoko Kuwabara (November 1, 1964)</p> <div data-bbox="293 722 516 915" style="border: 1px solid black; padding: 2px;"> <p data-bbox="293 722 516 764">New appointment</p> <p data-bbox="293 772 516 814">Independent</p> <p data-bbox="293 823 516 865">Outside</p> <p data-bbox="293 886 516 915">Female</p> </div>	<p data-bbox="537 317 656 344">April 1990</p> <p data-bbox="537 373 656 401">April 1990</p> <p data-bbox="537 430 695 457">January 1998</p> <p data-bbox="537 466 672 493">March 2020</p> <p data-bbox="537 522 656 550">April 2020</p> <p data-bbox="537 579 894 606"><u>Significant concurrent positions</u></p> <p data-bbox="537 615 834 642">Partner of Gaien Partners</p> <p data-bbox="537 651 1081 678">Outside Director of Bandai Namco Holdings Inc.</p> <p data-bbox="537 686 886 714">Outside Auditor of Unicafe Inc.</p> <hr/> <p data-bbox="537 701 1187 758">Reasons for nominating the candidate for Outside Audit and Supervisory Board Member:</p> <p data-bbox="537 766 1187 1041">The Company believes that Ms. Kuwabara can contribute to appropriate audits on the Company's business execution from the objective and independent standpoint, capitalizing on a wealth of practical experience mainly in the fields of corporate legal affairs and financial legal affairs gained through activities as a lawyer and expertise specialized in law. Accordingly, the Company has nominated her as a candidate for Outside Audit and Supervisory Board Member as the substitute for Mr. Toshinori Kanemoto.</p>	0 shares

- Notes: 1. No transactions or special interests exist between the Company and any of the above candidates for Audit and Supervisory Board Members.
2. Mr. Hiroshi Nakaso and Ms. Satoko Kuwabara are candidates for Outside Audit and Supervisory Board Member as stipulated in Article 2, Item 16 of the Companies Act, and they meet the Company's "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members." The Company believes that both Mr. Hiroshi Nakaso and Ms. Satoko Kuwabara have no conflict of interest with general shareholders and are highly independent. In the event that they are elected as Outside Audit and Supervisory Board Member of the Company, they will be reported as the Independent Audit and Supervisory Board Member to the Tokyo and Nagoya stock exchanges (For the details of the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members," please see page 16 and page 17). No transactions exist between the Company and Daiwa Institute of Research Ltd., where Mr. Hiroshi Nakaso serves as Chairman. In addition, the amount of transactions between Mori Hamada & Matsumoto, where Ms. Satoko Kuwabara served as Partner, and the Company is far less than ¥10 million, and there is no sales by the Company to the law firm. Furthermore, there is no transaction between Gaien Partners, where Ms. Satoko Kuwabara serves as Partner, and the Company. The Company has no particularly notable business relations with other parties where the candidates for Outside Audit and Supervisory Board Member hold significant concurrent positions as executives or as Outside Director or Audit and Supervisory Board Member.
3. As stipulated in Article 44 of the current Articles of Incorporation established based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with each Audit and Supervisory Board Member to limit the liability stipulated under Article 423, Paragraph 1 of the same Act up to ¥20 million or the minimum liability amount as stipulated under laws and regulations, whichever is greater, as long as the Audit and Supervisory Board Member performs his/her duty in good faith and without gross negligence in the performance of his/her duties. In the event that the

proposed election of Mr. Hiroshi Nakaso and Ms. Satoko Kuwabara is approved, the Company will enter into the same liability limitation agreement with each of them.

Proposal No.5: Election of one Substitute Audit and Supervisory Board Member

In order to keep statutory minimum number of Audit and Supervisory Board Members at all times, the Company proposes the election of one (1) Substitute Audit and Supervisory Board Member in the event of an extraordinary vacancy of any Outside Audit and Supervisory Board Member. In the event that the proposal is approved, the effect of its resolution shall be valid until the conclusion of the Ordinary General Meeting of Shareholders pertaining to the last financial year ending within four years from the said resolution.

The Audit and Supervisory Board has previously given its approval to the proposal.

Name of candidate (Date of birth)	Career summary and significant concurrent positions	Number of the Company's shares held
 Michio Matsui (March 22, 1953) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Independent</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Outside</div>	<p>April 1976 Joined the Company March 1987 Resigned from the Company April 1987 Joined Matsui Securities Co., Ltd. December 1988 Director of Matsui Securities Co., Ltd. October 1990 Managing Director & General Manager of Sales Division of Matsui Securities Co., Ltd. June 1995 President & CEO of Matsui Securities Co., Ltd. (to the present, scheduled to retire on June 28, 2020)</p> <p><u>Significant concurrent positions</u> President & CEO of Matsui Securities Co., Ltd. (scheduled to assume the position of Advisor of Matsui Securities Co., Ltd. after retirement as President & CEO in June 2020)</p> <hr style="border-top: 1px dashed black;"/> <p>Reasons for nominating the candidate for Substitute Audit and Supervisory Board Member: The Company believes that, in the event that the number of Audit and Supervisory Board Members falls short of the statutory minimum number, Mr. Michio Matsui, as a Substitute Audit and Supervisory Board Member, can contribute to appropriate audits on the Company's business execution from the objective and independent standpoint, based on his knowledge and expertise gained through a wealth of practical experience in corporate management and financial sector. Accordingly, the Company has nominated him as a candidate for Substitute Audit and Supervisory Board Member.</p>	0 shares

- Notes:
1. No transactions or special interests exist between the Company and Mr. Michio Matsui.
 2. Mr. Michio Matsui is a candidate for Substitute Outside Audit and Supervisory Board Member, and he meets the Company's "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members." The Company believes that Mr. Michio Matsui has no conflict of interest with general shareholders and is highly independent. In the event that he is elected as Substitute Outside Audit and Supervisory Board Member of the Company and assumes the position of Outside Audit and Supervisory Board Member, he will be reported as the Independent Audit and Supervisory Board Member to the Tokyo and Nagoya stock exchanges (For the details of the "Independence Criteria for Recommendation of Candidates for Outside Directors and Audit and Supervisory Board Members," please see page 16 and page 17). No transactions exist between the Company and Matsui Securities Co., Ltd., where Mr. Michio Matsui serves as President & CEO.
 3. Mr. Michio Matsui was an employee of the Company for 11 years from 1976 to 1987 and it has been over 33 years since he left the Company.
 4. As stipulated in Article 44 of the Articles of Incorporation established based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limitation agreement with each Audit and Supervisory Board Member to limit

the liability stipulated under Article 423, Paragraph 1 of the same Act up to ¥20 million or the minimum liability amount as stipulated under laws and regulations, whichever is greater, as long as the Audit and Supervisory Board Member performs his/her duty in good faith and without gross negligence in the performance of his/her duties. In the event that the proposed election of Mr. Michio Matsui is approved and he assumes the position of Outside Audit and Supervisory Board Member, the Company will enter into the same liability limitation agreement with him.

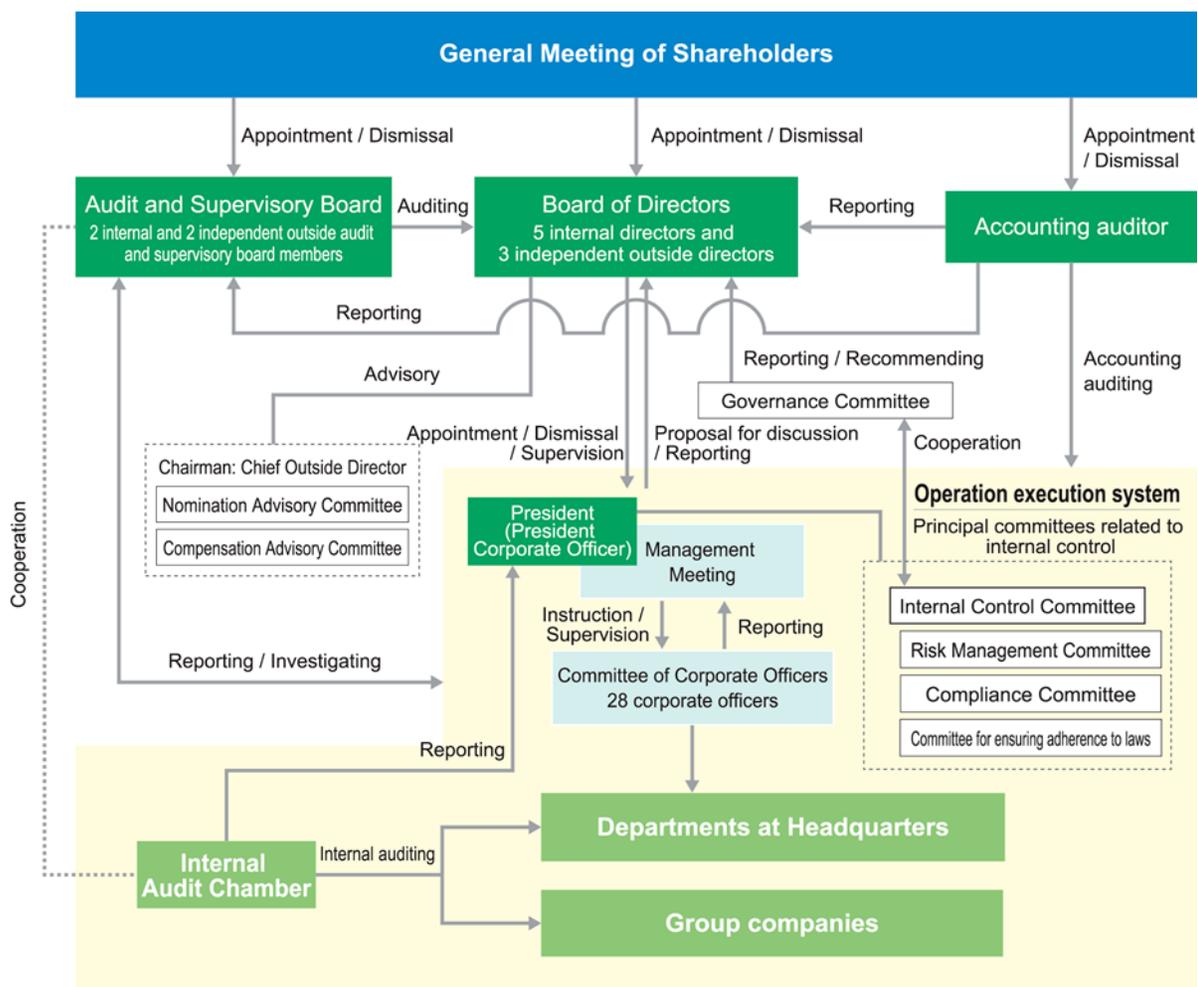
5. Mr. Michio Matsui's election as Substitute Audit and Supervisory Board Member may be cancelled by the resolution of the Board of Directors subject to the consent of the Audit and Supervisory Board only before Mr. Matsui assumes the position of Audit and Supervisory Board Member.

(Reference) Initiatives etc. concerning Corporate Governance

Organizational format	Company with Audit and Supervisory Board		
Number of Directors	9 as of June 2018 (of whom 3 are independent outside directors)	8 as of June 2019 (of whom 3 are independent outside directors)	8 (candidates) as of June 2020 (scheduled) (of whom 3 are independent outside directors)
Number of Audit and Supervisory Board Members	4 (of whom 2 are independent Outside Audit and Supervisory Board Members) (candidates)		
Term of office for Director	1 year		
Advisory bodies to the Board of Directors	Nomination Advisory Committee, Compensation Advisory Committee (Chairman is served by the Chief Outside Director)		
Incentives for Directors to improve medium-term corporate value	By a resolution of the Ordinary General Meeting of Shareholders of June 2016, introduced a performance-based stock remuneration plan for directors and corporate officers of the Company, wherein the Company shares shall be delivered to the directors and corporate officers of the Company based on the degree of achievement of the medium-term management plan and initial consolidated financial forecast and in comparison, with the previous fiscal year, etc. Based on this resolution of the General Meeting of Shareholders, resolved to extend the plan for three years at the meeting of the Board of Directors held in March 2019		

2008	<ul style="list-style-type: none"> Appointed two outside directors Shortened term of office of directors from two years to one year to clarify management responsibility of directors and build a system that expedites responses to changes in business conditions
2010	<ul style="list-style-type: none"> Filed notification of Independent Directors/Audit and Supervisory Board Members as stipulated by stock exchanges in Japan for all Outside Directors/Outside Audit and Supervisory Board Members
2015	<ul style="list-style-type: none"> Preparation and maintenance of Guidelines, etc. related to Corporate Governance (Corporate Governance Guidelines; Our Views on Size, Balance and Diversity of the Board of Directors; Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers; Independence Criteria for Recommendation of Candidates for Outside Directors and Outside Audit and Supervisory Board Members; and Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers)
2016	<ul style="list-style-type: none"> Conducted a self-evaluation survey regarding the effectiveness of the meetings of the Board of Directors Revised standards for submitting proposals and implemented concrete measures, such as delegation of authority to Committee of Corporate Officers Three outside directors (increase of one), 12 directors in total (decrease of one) Introduced a performance-based stock remuneration for directors and corporate officers of the Company (excluding outside directors and some corporate officers of the Company) Establishment of the Nomination Advisory Committee and the Compensation Advisory Committee
2017	<ul style="list-style-type: none"> Established position of Chief Outside Director 11 directors in total (decrease of one)

2018	<ul style="list-style-type: none"> • Used an external organization mainly for compiling and analyzing self-evaluation regarding the effectiveness of the meetings of the Board of Directors to ensure fairness • 9 directors in total (decrease of two)
2019	<ul style="list-style-type: none"> • Revised Policies and Procedures for the Appointment and Nomination of Directors, Audit and Supervisory Board Members and Corporate Officers following the revision of Corporate Governance Code • Established the Governance Committee that monitors internal control functions for the purpose of strengthening the Group's governance • Conducted a Group-wide check on compliance with laws and regulations
2020	<ul style="list-style-type: none"> • Continued to maintain a ratio of independent outside officers (37.5% for Directors, 41.7% for all Directors and Audit and Supervisory Board Members, scheduled for June) • Changed the person who serves as the Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee to an Outside Director to enhance transparency • Added provisions concerning the tenure of Outsider Directors to the Company's Independence Criteria • Reviewed decision-making process and established the Management Meeting to enable more flexible and transparent • Reviewed the method of reporting the status of business execution to galvanize substantive and essential discussions at meetings of the Board of Directors



Note: The number of Directors and Audit and Supervisory Board Members is the scheduled number after this Ordinary General Meeting of Shareholders. The title Corporate Officer will be renamed Executive Officer upon the conclusion of this Ordinary General Meeting of Shareholders.

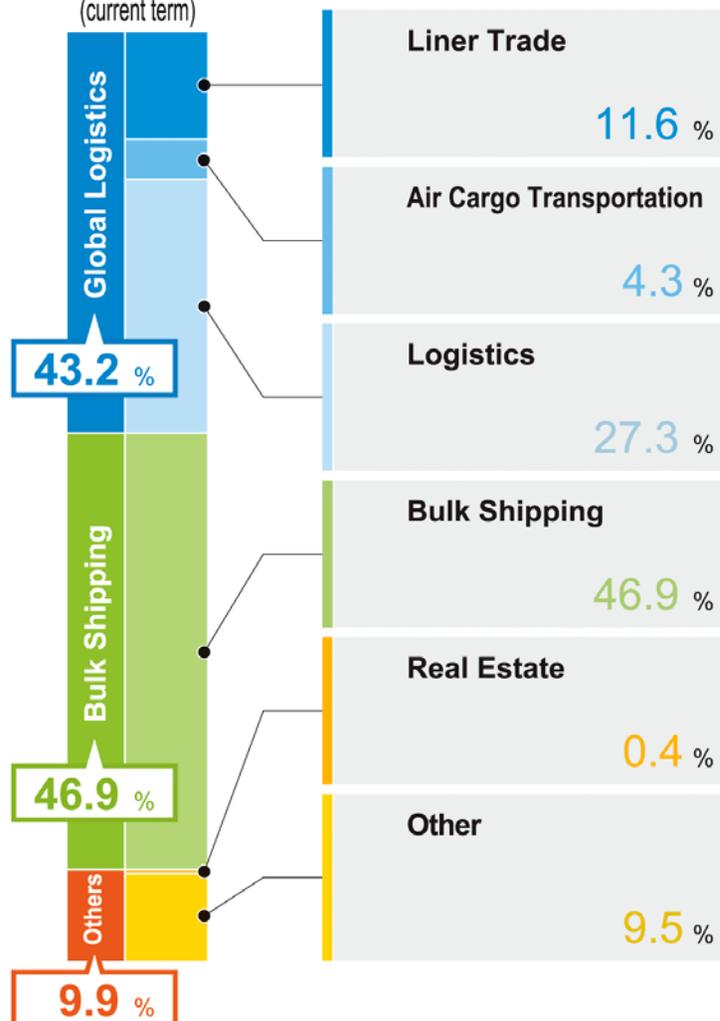
Enhancing the effectiveness of the meetings of the Board of Directors

Since 2016, in order to further enhance the effectiveness of the meetings of the Board of Directors, the Company has continued to conduct a non-anonymous self-evaluation survey on all Directors and all Audit and Supervisory Board Members regarding the effectiveness of the meetings of the Board of Directors. Based on the results of such survey, the Company undertakes the establishment of a reporting system to appropriately manage and timely respond to risks at each division, in addition to conventional measures such as ensuring appropriate discussions and giving preliminary explanations regarding important matters. The Company also established the Management Meeting to enable more flexible and transparent decision-making and hold more substantive discussions, in addition to the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory councils to the Board of Directors, and the Governance Committee to monitor internal control functions. Through such measures, the Company will strengthen the supervisory function of the Board of Directors and build an effective corporate governance system to promote continuous enhancement of corporate value.

Business segment results

(In 100 millions of yen)

Ratio of consolidated revenues
(current term)



	The 130th term FY2016	The 131st term FY2017	The 132nd term FY2018	The 133rd term (current term) FY2019	
Liner Trade	Revenues	5,859	6,914	2,863	2,022
	Recurring profit (loss)	(127)	108	(264)	134
Air Cargo Transportation	Revenues	819	978	567	751
	Recurring profit (loss)	26	18	(159)	(155)
Logistics	Revenues	4,613	5,123	5,258	4,763
	Recurring profit (loss)	76	23	77	47
Bulk Shipping	Revenues	7,177	7,956	8,413	8,198
	Recurring profit (loss)	(41)	96	337	441
Real Estate	Revenues	94	79	76	73
	Recurring profit (loss)	120	26	27	25
Other	Revenues	1,466	1,723	1,881	1,656
	Recurring profit (loss)	(14)	31	30	17

Assets by business segment

(In 100 millions of yen)

		The 130th term	The 131st term	The 132nd term	The 133rd term (current term)
		FY2016	FY2017	FY2018	FY2019
Global Logistics	Liner Trade	4,019	4,053	3,618	2,969
	Air Cargo Transportation	530	773	641	632
	Logistics	2,551	2,779	2,818	2,816
Bulk Shipping		12,693	12,560	12,853	12,698
Others	Real Estate	562	588	573	549
	Other	2,099	1,952	1,717	1,590
Total		22,457	22,707	22,222	21,255
Adjustments		(2,015)	(1,991)	(2,205)	(1,923)
Consolidated		20,441	20,716	20,017	19,332

Notes: 1. The above shows figures before elimination of internal transactions between segments.

2. Content of adjustments includes adjustments for receivables and assets regarding internal transactions between segments, and corporate assets. Corporate assets mainly include surplus operating funds of the Company (cash and deposits).

Business Report (From April 1, 2019 to March 31, 2020)

1. Overview of Operations for NYK Group

(1) Business Progress and Results

1) Business Progress and Results for Current Fiscal Year

The global economy in the current fiscal year witnessed continuing economic expansion in the U.S., supported by personal spending against the background of a strong labor market, despite a noticeable decline in the growth rate overall. The European economy, despite its sluggish growth, was able to prevent a further deterioration due to robust personal spending. Meanwhile, although China saw weakness in private fixed asset investment and household spending due to growing concerns about the future stemming from the impact of the trade friction between the U.S. and China, the country avoided an economic slowdown owing to its policy measures. With regard to the economy of emerging countries, India, in particular, suffered a considerable decline in the growth rate as a result of sluggish personal spending. The Japanese economy also only achieved a low level of growth. Due to the outbreak of COVID-19 late in the second half, economic activities stagnated all over the world, and there is a growing sense of uncertainty about the global economy next fiscal year onward as well.

Under these circumstances, NYK improved profitability in the liner trade and secured stable profits in the bulk shipping business, despite recording an extraordinary loss of ¥16.1 billion in the airfreight business. The consolidated results in FY2019 were revenues of ¥1,668.3 billion (8.8% decrease over the previous fiscal year), operating profit of ¥38.6 billion (249.1% increase), recurring profit of ¥44.4 billion and profit attributable to owners of parent of ¥31.1 billion, recoding profits even with lower revenues compared to the previous fiscal year.

2) Overview of the Business Segments

● Global Logistics

Liner Trade

In the container shipping division, Ocean Network Express Pte. Ltd. (ONE) showed a significant improvement in lifting volume from the previous fiscal year amid robust cargo volume on the main routes, despite sluggish growth resulting from a seasonal decrease in demand in the third quarter and the trade friction between the U.S. and China. In addition, the integration synergy effects were accumulated, the cargo portfolio/products (route/vessel deployment) were optimized, and measures were taken to improve the bottom line such as reducing the number of vessels during periods of low demand. The bottom line improved substantially in FY2019 compared with the previous fiscal year in which the lifting volume immediately after business transition dropped and large one-time costs were incurred as a result of the transition of the container shipping business.

At domestic and overseas terminals, the handling volume fell below the previous-year levels, and both revenue and profit declined due to the sale of the stevedoring subsidiary in North America at the end of the previous fiscal year.

Revenues decreased over the previous fiscal year for the liner trade segment as a whole, but profits were recorded.

Air Cargo Transportation

In the air cargo transportation business, equipment subject to the improvement plan for the improper maintenance practice by Nippon Cargo Airlines Co., Ltd. (NCA) in the past were operated in line with the plan. However, amid continued weak demand for air cargo reflecting the impact of the trade friction between the U.S. and China, losses were recorded at about the same level as the previous fiscal year, mainly due to higher maintenance costs. Owing to substantial suspensions and reductions of international passenger flights due to the outbreak of COVID-19, supply and demand tightened from the latter half of the fourth quarter.

Logistics

The air cargo transportation (forwarding business) saw a decrease in the handling volume, reflecting weak demand particularly in Japan and Asia amid subdued market conditions, despite efforts made to improve freight-in and to promote cost reductions through enhancement of operational efficiency. In the marine cargo transportation (forwarding business), the handling volume decreased amid the trade friction between the U.S. and China and the unstable situation in Hong Kong, as well as the COVID-19 pandemic, despite some signs of improvement in the bottom line following load volume adjustment based on agile marketing strategies. In the logistics business, while profitability is expected to improve in Europe and the Americas, more time is required for the bottom line to improve in Southeast Asia. In the domestic logistics division, the coastal shipping business and the domestic warehouse business remained robust overall. As a result, revenue and profit decreased compared to the previous fiscal year for the logistics segment as a whole.

• Bulk Shipping

In the car transportation division, ship allocation was rationalized mainly on trilateral routes and initiatives aimed at selective cargo acquisition were promoted, resulting in increased transportation efficiency, amid sluggish growth in the volume of finished car maritime transportation overall. In addition, a decision was made to build two environmentally-friendly pure car carriers mainly fueled by LNG as part of ESG management. In the automobile logistics division, along with starting to reorganize the business portfolio, new businesses were launched in Turkey and Egypt. Also, efforts were made to strengthen the business base and expand the business in growth fields mainly through initiatives such as new logistics proposals utilizing the group network such as railroad transportation between China and Central Asia.

In the dry bulk carrier division, although more new vessels were completed compared to scrapped vessels, dry dockings primarily of Capesize bulk carriers increased to prepare for stricter environmental regulations from January 2020, and resulted in tighter supply. Cargo volumes of iron ore started to recover from the supply disruptions that occurred in Brazil and Western Australia at the end of the previous fiscal year. Although cargo volumes of coal and grain were also firm and market conditions rose in the first half, shipments mainly of iron ore from Brazil fell due to the early arrival of the rainy season. In the fourth quarter, stagnant economic activities caused by the outbreak of COVID-19 exerted downward pressure on market conditions. However, the impact of the market downturn was limited due to efforts to fix revenue through measures such as the use of freight forward agreements. Under this environment, along with continuing to work to secure long-term contracts, efforts were made to reduce costs and improve the bottom line by thoroughly conducting efficient navigation, and returning high cost chartered vessels early.

In the energy transportation division, the risk of allocating ships to the Middle East has risen for Very Large Crude Oil Carriers (VLCC), including attacks on tankers near the Strait of Hormuz and the drone attack on Saudi Arabian oil facilities. Although market conditions settled down after temporarily taking a sharp upturn from the end of the first half, the market picked up again as the market entered the winter peak demand season. Later in the second half, the market entered a seasonal adjustment period, and there were rising concerns over a decline in energy demand caused by a slowdown in economic activities due to the outbreak of COVID-19. On the other hand, market conditions became very volatile due to the failure of OPEC to reach agreement on production cuts caused oil prices to crash, leading to an extended period of instability during which market rates soared as vessel demand for storage increased. In petroleum products tankers, the market also soared following the rapid fall in crude oil prices. As for LPG vessels, in addition to the strong volume of shipments from the U.S. to Asia, the ton-miles increased due to changes in the trade patterns resulting from the trade friction between the U.S. and China, thus pushing market levels higher. In LNG vessels, three new vessels were completed in the fiscal year, and the bottom line was firm due to support from the long-term contracts that generate stable revenue. In the offshore business, Floating Production Storage and Offloading (FPSO) vessels and drillships were steadily operated.

Revenue decreased and profit increased compared to the previous fiscal year for the bulk shipping business as a whole.

- **Others**

- Real Estate

For the real estate business, although market conditions remained favorable, revenue and profit both decreased slightly year-on-year due to a decrease in rental income resulting from property sales.

- Other Business Services

In other business services, sales of materials for vessels were weak, but sales of fuel oil and chemical products were strong. As for Asuka II Cruise, although the cruise business performed strongly on the whole in the first half, cruise sales were adversely affected by the halt of operations due to Asuka II Cruise's docking for renovation in the second half and by the cancellation of cruises due to the COVID-19 pandemic since March of this year.

For details, please refer to the "Business segment results" given on page 35.

3) Safety and Environmental Technology

At the core of the NYK Group's management is the principle of ensuring the safe operation of its vessels and conservation of environment. The NYK Group remains committed to providing safe and secure marine transportation services that also contribute to conservation of the environment by promoting initiatives such as its unique safety audit system NAV9000, the ship safety management system NiBiKi developed by the NYK Group, Near Miss 3000 activities for supporting on-site safety, and the POWER+ Project which aims to foster a culture of safety through mutual assistance of crew members.

The Company identifies on-site human resources (seafarers) as one of the major pillars tasked with safe operations, and has unique education programs using seafarer education know-how that has been cultivated over many years in an effort to develop seafarers of diverse nationalities while also using E-Learning and other tools. Particularly in the Philippines, a country that provides seafarers all over the world, we are working to develop a broad range of excellent seafarers, including executive class seafarers primarily for LNG vessels and VLCCs which require advanced operation technology, through education at a maritime college and training facilities with advanced equipment.

The NYK Group actively conducts research and development that contributes to safe operations and conservation of the environment with MTI at the core. We respond to a broad range of initiatives including utilizing big data, monitoring the condition of inboard plants and detecting potential defects, conducting research and development of autonomous operation of vessels, and strengthening onboard cybersecurity, among other things. Aiming to set the future industry standard for these issues, the NYK Group cooperates with domestic and overseas classification societies and partners, particularly by JAPAN MARINE SCIENCE INC., a subsidiary, in conducting leading-edge research at all times to be able to contribute to the promotion of ESG management encompassing customers and suppliers.

(2) Financing and Capital Investment Activities

The NYK Group acquired necessary funds for the current fiscal year mainly from its own assets and borrowing from financial institutions. Borrowed funds as of March 31, 2020 (including corporate bonds) totaled ¥1,049.8 billion, an increase of ¥3.6 billion from the previous fiscal year.

The NYK Group made capital investment of ¥139.2 billion in total, primarily for the bulk shipping segment. In the liner trade and bulk shipping segments, we made investment of ¥5.6 billion and ¥106.4 billion respectively, primarily for vessels. Other than above, we made investment of ¥16.9 billion mainly for aircraft in the air cargo transportation segment, ¥7.7 billion for transportation equipment, and logistics facilities and equipment in the logistics segment, ¥1.2 billion in the real estate segment, and ¥0.8 billion in other business services.

(3) Management Perspectives

Due to the COVID-19 pandemic, there are concerns about a global slowdown of the economy and its outlook is expected to be uncertain. The business environment surrounding the Group is also

expected to be harsh and we need to continue paying attention to the unpredictable situation.

Amid these circumstances, the NYK Group will work on the following management issues as part of its medium- to long-term management policy while also responding to the ever-changing business environment and social conditions.

1) Strategies for Stability and Growth

Under the Basic Philosophy of “Bringing value to life.,” the NYK Group has been pushing ahead with the medium-term management plan, “Staying Ahead 2022 with Digitalization and Green,” from FY2018 to realize the vision of our ideals 10 years from now.

In the medium-term management plan, we are taking optimal actions to reduce the effect of market volatility and realize business growth and improve profitability. We have expanded our existing businesses, while at the same time realizing new businesses with a focus on IT and environmental fields and investing in growth fields, in line with the three basic strategies of “Optimize business portfolio,” “Secure stable-freight-rate business” and “Increase efficiency and create new values.”

With regard to “Optimize business portfolio,” we aim to realize business management that is highly resilient to market conditions. In the dry bulk carrier division, we continue pushing forward structural reforms to enhance resilience to market conditions by conducting market risk exposure control. In the liner trade business, although the integrated container shipping operating company ONE turned profitable, we will continue working to stabilize profits.

As for “Secure stable-freight-rate business,” we are enhancing the network and strengthening high-quality and competitive services in the logistics division, car carrier division and automobile logistics division. We are striving to strengthen our sales capabilities by fully utilizing the Group’s management resources supported by the pillars of people, assets, IT and capital, as well as focusing on improving transportation/cargo handling efficiency by means of digital technology and making efforts on environmental issues. Additionally, in the LNG division and the offshore business division, we continue investments in carefully selected projects. Amid increasingly stringent environmental regulations, we will further promote our world-leading LNG supply/sales business for LNG-fueled vessels, as well as capture changing energy demand to tap into new businesses in response to new needs.

With regard to “Increase efficiency and create new values,” we have worked to increase operational efficiency through technology research and development. We are taking up new challenges by means of technological, informational and network capabilities through “Digitalization and Green.” We will create new values by pursuing efficiency utilizing the latest digital technology, through optimization of the entire supply chain and assets such as MarCoPay, for cashless ships. Additionally, based on the recognition that addressing environmental issues is one of the Group’s most important issues, we are steadily dealing with more stringent SO_x regulations for marine fuel and also proceeding with complying with NO_x regulations applied to new vessels. We will realize various green businesses for the next generation on the themes of reduction of CO₂ emissions in transport and renewable energy.

We are fully focused on ensuring future cash flows by carrying out these business strategies and actively engaging in next-generation growth fields, improving our capital efficiency and return on equity (ROE), and continuing to create new corporate and social values.

2) Initiatives for environment, society, and governance (ESG)

Under the recognition that ESG is fundamental to corporate management, the NYK Group deems “safety,” “environment,” “governance,” and “human capital” as its top-priority issues and is proactively engaged in these issues to contribute to solving social issues through business.

Safe operations, including safe operation of vessels, is the fundamental business base of the NYK Group, and we continually work to promote safety. As part of our environmental conservation efforts, we have set medium- and long-term targets to reduce CO₂ emissions from vessels, as an initiative to prevent global warming based on the Paris Agreement. We are actively pursuing optimal operation and the switch to LNG as a new fuel to replace heavy oil, to reduce CO₂, SO_x, and NO_x emissions, as well as research of next-generation fuels for the conversion to carbon-free energy. We continue to address the installation of ballast water management systems and tightening limits on low sulfur bunker oil, while working to comply with a wide range of environmental regulations such as ship-recycling regulations.

In order to improve the soundness and transparency of Group management, we will strive to strengthen internal control and further enhance Group governance, and work to proactively disclose information. By appointing Outside Directors to chair the Nomination Advisory Committee and the Compensation Advisory Committee, we will work to build an effective corporate governance system to strengthen the supervisory function of the Board of Directors mainly by establishing the Management Meeting to properly execute business based on agile decision-making, in addition to activities conducted by the Governance Committee that monitors internal control functions.

Furthermore, the NYK Group is pushing ahead with creating an environment where diverse human resources can play active roles with the aim of creating workplaces that instill pride through the practice of the NYK Group Values of “Integrity, Innovation and Intensity” that support the NYK Group Basic Philosophy, “Bringing value to life.” In the medium-term management plan, the NYK Group pledges to integrate ESG into its management strategy, and through its business activities, we will contribute to the achievement of the Sustainable Development Goals adopted by the United Nations, and to the resolution of societal and environmental challenges.

3) Thorough Compliance

The NYK Group continues to deem thorough compliance as its top priority. Following the receipt by NCA of the Administrative Measures for the Business Improvement and the Operations Improvement issued by the Minister of Land, Infrastructure, Transport and Tourism in the previous fiscal year, we established the Governance Committee, consisting of a majority of independent outside officers, as a body with a high degree of objectivity and independence to enhance governance not only of NCA but also the whole Group. We have held three meetings of the Governance Committee so far. Furthermore, we will make every effort to ensure thorough compliance with other relevant laws and regulations by instilling compliance awareness, including obtaining written pledges for the codes of conduct established by Group companies in Japan and overseas.

Since the Japan Fair Trade Commission commenced its investigations on the series of infringements of the antitrust laws in connection with maritime car transportation service committed in or before September 2012, we have held regular meetings of a Committee for ensuring adherence to laws and will make Group-wide efforts to ensure that business is conducted fairly in accordance with laws and regulations. The Company will steadily implement these measures and work to strengthen group governance.

(4) Principal Business of the Consolidated (as of March 31, 2020)

Global logistics (liner trade, air cargo transportation and logistics businesses)

Bulk shipping

Others (real estate and other business services)

(5) Principal Business Offices (as of March 31, 2020)**1) NYK**

Category	Location
Head Office	Yusen Bldg., 3-2, Marunouchi 2 Chome, Chiyoda-ku, Tokyo
Branch Offices	Yokohama Branch Office (Yokohama City), Nagoya Branch Office (Nagoya City), Kansai Branch Office (Kobe City) and Kyushu Branch Office (Fukuoka City)
Overseas resident and representative offices	Johannesburg, Dubai, Doha, Jedda and Beijing

2) Principal subsidiaries

Name of company	Location of head office or country
NYK BULK & PROJECTS CARRIERS LTD.	Chiyoda-ku, Tokyo
NIPPON CARGO AIRLINES CO., LTD.	Minato-ku, Tokyo
HACHIUMA STEAMSHIP CO., LTD.	Kobe City, Hyogo
NYK TRADING CORP.	Minato-ku, Tokyo
YUSEN REAL ESTATE CORP.	Chuo-ku, Tokyo
YUSEN LOGISTICS CO., LTD.	Minato-ku, Tokyo
UNI-X NCT CORPORATION	Shinagawa-ku, Tokyo
NYK GROUP AMERICAS INC.	U.S.A.
NYK GROUP EUROPE LTD.	U.K.
NYK GROUP SOUTH ASIA PTE. LTD.	Singapore

Note: The head office of YUSEN LOGISTICS CO., LTD. has been relocated to Shinagawa-ku, Tokyo in May 2020.

(6) State of Vessels of the Consolidated (as of March 31, 2020)

Business Segments	Type of vessel	Segment	As of March 31, 2020	
			Number of vessels	1,000 K/T (dwt)
Liner Trade	Container ships (incl. semi-container ships)	Owned	28	1,822
		Chartered	30	3,144
		Total	58	4,967
Bulk Shipping	Dry bulk carriers	Owned	124	10,970
		Chartered	280	29,130
		Total	404	40,100
	Car carriers	Owned	38	722
		Chartered	73	1,340
		Total	111	2,063
	Tankers	Owned	62	8,718
		Chartered	25	3,546
		Total	87	12,264
	Other	Owned	24	445
		Chartered	18	258
		Total	42	704
Cruises	Cruise ships	Owned	—	—
		Chartered	—	—
		Total	—	—
Total		Owned	276	22,679
		Chartered	426	37,419
		Total	702	60,099

- Notes: 1. The number of vessels in possession includes shared vessels; their deadweight tonnages include the weight of other owners' portions.
2. Fractions less than 1,000 dwt have been rounded down.
3. The number of cruise ships owned by the Company decreased to zero due to the transfer of 50% of the shares of NYK CRUISES CO., LTD. in March 2019.

(7) Employees (as of March 31, 2020)**1) Employees of the Consolidated**

Segment		Number of employees (persons)	Year-on-year change (persons)
Global Logistics	Liner Trade	3,252	(690)
	Air Cargo Transportation	747	(70)
	Logistics	25,563	(177)
Bulk Shipping		3,501	40
Others	Real Estate	69	3
	Other	1,333	27
Company-wide (common)		392	13
Total		34,857	(854)

Note: Employees included in "Company-wide (common)" belong to administrative divisions that cannot be classified to a specific segment.

2) Employees of the Unconsolidated

Segment	Number of employees (persons)	Year-on-year change (persons)
Employees on land duty	948	45
[maritime crew on land duty out of above]	(135)	(9)
Maritime crew on sea duty	269	(26)
Total	1,217	19

Note: The number of employees includes 63 of those loaned to the Company from other companies and excludes those loaned to other companies and temporary personnel.

(8) Status of Principal Lenders of NYK (as of March 31, 2020)

Lender	Outstanding Balance (Millions of yen)
MUFG Bank, Ltd.	200,238
MIZUHO BANK, LTD.	51,899
MEIJI YASUDA LIFE INSURANCE CO.	50,497
THE YAMAGUCHI BANK, LTD.	41,355
THE NORINCHUKIN BANK	34,931
NIPPON LIFE INSURANCE CO.	26,758
SUMITOMO MITSUI BANKING CO.	22,925
DEVELOPMENT BANK OF JAPAN INC.	22,169
CHIBA BANK, LTD.	16,371
Sumitomo Mitsui Trust Bank, Limited	8,887

Note: In addition to the above, the Company has a total of ¥19,000 million loans from a syndicate of banks led by MUFG Bank, Ltd., but these loans are not included in the outstanding borrowings from each of the banks.

(9) Status of Major Business Combination (as of March 31, 2020)

1) Changes and results of business combinations

NYK Group operates businesses categorized in six segments which are Liner Trade, Air Cargo Transportation, Logistics, Bulk Shipping, Real Estate and Other Business Services. NYK Group has 501 consolidated subsidiaries and 206 equity-method companies as of March 31, 2020. For details of the changes and results of business combinations, please refer to the preceding "Business Progress and Results" (on pages 37-39).

2) Status of principal subsidiaries

Name of company	Common Stock	NYK's Share of Voting Rights (%)	Main Operations
NYK BULK & PROJECTS CARRIERS LTD.	¥2,100 million	100.00	Marine transportation business
NIPPON CARGO AIRLINES CO., LTD.	¥10,000 million	100.00	Air cargo transportation business
HACHIUMA STEAMSHIP CO., LTD.	¥500 million	75.86	Marine transportation business
NYK TRADING CORP.	¥1,246 million	79.25	Sales of petrochemical products, etc.
YUSEN REAL ESTATE CORP.	¥450 million	100.000	Real estate business
YUSEN LOGISTICS CO., LTD.	¥4,301 million	100.00	Freight forwarding business, etc.
UNI-X NCT CORPORATION	¥934 million	100.00	Harbor transportation business
NYK GROUP AMERICAS INC.	US\$4 million	100.00	Controlling subsidiaries engaged in marine transportation and global logistics businesses, etc. in North and South American area
NYK GROUP EUROPE LTD.	£81.49 million	100.00	Controlling subsidiaries engaged in marine transportation and global logistics businesses, etc. in Europe
NYK GROUP SOUTH ASIA PTE. LTD.	SP\$19.263 million	100.00	Controlling subsidiaries engaged in marine transportation and global logistics businesses, etc. in South Asian area and Oceanian area
ADAGIO MARITIMA S.A. and 277 other vessel owning companies	US\$35.448 million (total of 128 companies) ¥10,351 million (total of 150 companies)	100.00 (all companies)	Vessel owning and chartering

- Notes:
- Percentage of voting rights includes indirect holdings.
 - UNI-X NCT CORPORATION began operations following the merger of UNI-X CORP. with Nippon Container Terminals Co., Ltd. on April 1, 2019. NYK holds 51.00% of the voting rights of MY TERMINALS HOLDINGS, LIMITED, which is a holding company that holds 100% of shares of the common stock of UNI-X NCT CORPORATION.
 - ADAGIO MARITIMA S.A. and 277 other vessel owning companies are consolidated subsidiaries that are fully owned by the NYK Group and are incorporated in Panama, Singapore and Liberia, etc. for the purpose of owning and chartering vessels. Vessels time-chartered from the said companies by the NYK Group constitute an important part of the fleet of vessels operated by the NYK Group.

3) Status of principal affiliates

Name of company	Common Stock	NYK's Share of Voting Rights (%)	Main Operations
NS UNITED KAIUN KAISHA, LTD.	¥10,300 million	18.57	Marine transportation business
KYOEI TANKER CO., LTD.	¥2,850 million	30.06	Marine transportation business
NYK CRUISES CO., LTD.	¥2,000 million	50.00	Ownership and operation of cruise ship
OCEAN NETWORK EXPRESS PTE. LTD.	US\$3,000 million	—	Marine transportation business

Notes: 1. Percentage of voting rights includes indirect holdings.

2. NYK holds 38.00% of the voting rights of Ocean Network Express Holdings, Ltd., which is a holding company that holds 100% of shares of the common stock of OCEAN NETWORK EXPRESS PTE. LTD.

(10) Other significant matters on operations for NYK Group

NYK conducted a company split (absorption-type split) in which the portion of shares owned by NYK in foreign subsidiaries of its wholly-owned subsidiary Yusen Logistics Co., Ltd. (YLK) was transferred to YLK, by approval of the Board of Directors based on the provisions of Article 784, Paragraph 2 of the Companies Act.

Resolution of Board of Directors: August 29, 2019
Conclusion of contract: August 29, 2019
Effective date: November 1, 2019

With regard to the alleged violation of competition laws in connection with maritime car transportation services for cars and trucks committed in or before September 2012, investigations are ongoing in several countries against NYK and its overseas subsidiaries. In addition, actions for damages have been filed against NYK and its overseas subsidiaries in several regions.

In connection with the collision of ACX Crystal, a containership chartered by NYK, with U.S. Navy Destroyer USS Fitzgerald in June 2017, lawsuits for damages totaling US\$303 million have been filed by bereaved family members of the crew members who died in the collision and crew members who claim to have been injured against NYK in the U.S. District Court for the Eastern District of Louisiana.

2. Status of Shares (as of March 31, 2020)

(1) Total number of shares authorized to be issued 298,355,000 shares

(2) Number of shares issued 169,564,428 shares

Note: The number of shares issued excludes 490,670 shares of treasury stock.

(3) Number of shareholders 112,053 persons
(decreased by 5,489 from the previous year)

(4) Major shareholders (Top 10)

Name	Capital contribution to the Company	
	Number of shares held (in thousands)	Ratio of shareholding (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	13,483	7.95
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	11,361	6.70
Minami Aoyama Real Estate Inc.	4,231	2.50
MITSUBISHI HEAVY INDUSTRIES, LTD.	4,103	2.42
MEIJI YASUDA LIFE INSURANCE CO.	3,447	2.03
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	3,221	1.90
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	3,062	1.81
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	2,894	1.71
JP MORGAN CHASE BANK 385151	2,831	1.67
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 7)	2,728	1.61

(5) Treasury Stock

Treasury shares held as of the end of the preceding term	Common Stock	484,639 (shares)
Shares purchased in the current term		
Less-than-One-Unit Share Purchased	Common Stock	6,208 (shares)
	Total price of acquisition	11,112,050 (yen)
Shares disposed in the current term		
Less-than-One-Unit Share Sold	Common Stock	177 (shares)
	Total price of disposition	314,926 (yen)
Shares lapsed in the current term	None	
Treasury shares held as of the end of the fiscal term	Common Stock	490,670 (shares)

Note: The Company shares held by Board Incentive Plan Trust (730,858 shares) are not included in treasury shares above.

3. Executives of NYK

(1) Directors and Audit and Supervisory Board Members (incumbents from June 20, 2019 to March 31, 2020)

Name	Position, responsibilities and significant concurrent positions	
Tadaaki Naito	Chairman, Chairman Corporate Officer	President of The Japanese Shipowners' Association
Hitoshi Nagasawa	President, President Corporate Officer	Chairman of Tramp Shipping Strategy Committee
Eiichi Takahashi	Representative Director Senior Managing Corporate Officer	Chief Financial Officer, Chief Executive of Management Planning Headquarters
Yoshiyuki Yoshida	Director, Senior Managing Corporate Officer	Chief Compliance Officer, Chief Executive of General Affairs Headquarters
Hiroki Harada	Director, Senior Managing Corporate Officer	Chief Executive of Global Logistic Services Headquarters
Yoshihiro Katayama	Chief Outside Director (part-time, Independent Director)	Professor at Graduate School of Public Management, Waseda University
Hiroko Kuniya	Outside Director (part-time, Independent Director)	Trustee of Tokyo University of the Arts (part-time), Project Professor at Graduate School of Media and Governance, Keio University
Eiichi Tanabe	Outside Director (part-time, Independent Director)	Outside Director of SMBC Nikko Securities Inc.
Hiroshi Hiramatsu	Audit and Supervisory Board Member (full-time)	
Noriko Miyamoto	Audit and Supervisory Board Member (full-time)	
Hirohide Yamaguchi	Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Chairman of the Advisory Board of Nikko Research Center, Inc., Outside Audit and Supervisory Board Member of Mitsui Fudosan Residential Co., Ltd., Outside Audit and Supervisory Board Member of Komatsu Ltd.
Toshinori Kanemoto	Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Head of Toshinori Kanemoto Law Office, Outside Audit and Supervisory Board Member of Nippon Television Holdings, Inc.

- Notes: 1. Of Directors, Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya and Mr. Eiichi Tanabe are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Of Audit and Supervisory Board Members, Messrs. Hirohide Yamaguchi and Toshinori Kanemoto are Outside Audit and Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. Of significant concurrent positions as executive officers or outside officers of Outside Directors and Outside Audit and Supervisory Board Members, the Company has business relations with Komatsu Ltd. such as construction machinery transport transactions. However, the amount of such transactions is less than 1% of revenues from the viewpoint of both companies. The Company has no particularly

notable business relations with the other significant concurrent positions such as executive officers or outside officers held by Outside Directors and Outside Audit and Supervisory Board Members.

4. Of Audit and Supervisory Board Members, Mr. Hiroshi Hiramatsu served as a Director in charge of financial affairs of NYK and has considerable expertise in finance and accounting.
5. Directors and Audit and Supervisory Board Members who retired and those newly appointed during the current fiscal year are as follows:

<Retirement>

Chairman, Chairman Corporate Officer	Yasumi Kudo (retired due to expiration of the term of office on June 19, 2019)
Director (non-executive Director)	Koichi Chikaraishi (retired due to expiration of the term of office on June 19, 2019)
Chief Outside Director (part-time, Independent Director)	Yukio Okamoto (retired due to expiration of the term of office on June 19, 2019)
Audit and Supervisory Board Member (full-time)	Yoko Wasaki (retired due to expiration of the term of office on June 19, 2019)
Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Toshio Mita (retired due to expiration of the term of office on June 19, 2019)

<New appointment>

Director, Senior Managing Corporate Officer	Hiroki Harada (appointed on June 19, 2019)
Outside Director (part-time, Independent Director)	Eiichi Tanabe (appointed on June 19, 2019)
Audit and Supervisory Board Member (full-time)	Noriko Miyamoto (appointed on June 19, 2019)
Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Toshinori Kanemoto (appointed on June 19, 2019)

6. As of April 1, 2020, a Corporate Officer who also serves as Director is relocated as follows:

<As of March 31, 2020>	<After relocation>
Director, Senior Managing Corporate Officer	Yoshiyuki Yoshida Director (non-executive Director)

7. The Company filed Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya, Mr. Eiichi Tanabe, Mr. Hirohide Yamaguchi and Mr. Toshinori Kanemoto as its Independent Directors/Auditors with Tokyo and Nagoya stock exchanges. Listed companies are required to secure the Independent Directors/Auditors who play roles in safeguarding general investors.

(2) Corporate Officers (For reference) (as of April 1, 2020)

Position	Name
Chairman, Chairman Corporate Officer	Tadaaki Naito
President, President Corporate Officer	Hitoshi Nagasawa
Representative Director, Senior Managing Corporate Officer	Eiichi Takahashi
Director, Senior Managing Corporate Officer	Hiroki Harada
Senior Managing Corporate Officer	Tomoyuki Koyama
	Akira Kono
Managing Corporate Officer	Takaya Soga
	Koichi Uragami
	Shohei Yamamoto
	Svein Steimler
	Yutaka Higurashi
Corporate Officer	Nobuhiro Kashima
	Toru Kamiyama
	Masashi Suda
	Shinya Hitomi
	Taizo Yoshida
	Kotaro Seki
	Muneaki Saitoh
	Kazumasa Okazaki
	Hideki Suzuki
	Hiroshi Kubota
	Shinji Umehara
	*Yuko Tsutsui
	*Toru Maruyama
	*Hiroaki Nishiyama
*Hisaya Higuchi	
*Hironobu Watanabe	
*Patrick Brennan Jr.	

- Notes: 1. Corporate Officers retired as of March 31, 2020 are as follows:
Yoshiyuki Yoshida, Hidetoshi Maruyama, Hitoshi Oshika, Hemant Pathania, Akihiro Yoshida and Lee Check Poh
2. The asterisks (*) indicate newly appointed Corporate Officers on April 1, 2020.

(3) Remuneration Paid to Directors and Audit and Supervisory Board Members

Category	Number of persons remunerated	Fixed remuneration	Performance-based remuneration		Total amount
		Basic remuneration	Bonus	Stock remuneration	
Directors [Outside Directors out of above]	11 [4]	¥329 million [¥57 million]	-	¥173 million [-]	¥502 million [¥57 million]
Audit and Supervisory Board Members [Outside Audit and Supervisory Board Members out of above]	6 [3]	¥105 million [¥27 million]	-	- [-]	¥105 million [¥27 million]
Total [Outside Directors/Audit and Supervisory Board Members out of above]	17 [7]	¥434 million [¥85 million]	-	¥173 million [-]	¥608 million [¥85 million]

- Notes:
- The amount of basic remuneration paid to Directors includes the amount paid to three Directors who retired during this fiscal year.
 - The amount of basic remuneration paid to Audit and Supervisory Board Members includes the amount paid to two Audit and Supervisory Board Members who retired during this fiscal year.
 - Monthly remuneration for Directors (fixed remuneration) shall be paid according to each Director's grade within the aggregate monthly remuneration limit as determined by the resolution of the Shareholders' Meeting.
 - Bonuses for Directors shall be paid by submitting a related proposal to the Shareholders' Meeting based on business results and other factors, and according to each Director's grade within the aggregate limit of bonuses as determined by the resolution of the Shareholders' Meeting. For the nine consecutive terms since the 125th up to the current term, there have been no payments of bonus for Directors.
 - The performance-based stock remuneration plan (the "Plan") introduced by the resolution of the 129th Ordinary General Meeting of Shareholders was extended for three years until FY2021 by resolution at the meeting of the Board of Directors held in March 2019. The above stock remuneration is the remuneration amount based on the Plan and represents the total amount of expenses recorded for the current fiscal year associated with the payment to Directors who retired prior to the extension of the Plan or the expiry of the initial period of the Plan, as well as the provision for stock payment after the extension.
The amount of expenses recorded for the current fiscal year associated with the payment of stock remuneration after the extension of the Plan that was finalized in the account closing for the current fiscal year, together with the expenses recorded associated with the above payment prior to the extension, is expected to be ¥196 million.
 - At the 118th Ordinary General Meeting of Shareholders held on June 28, 2005, NYK approved the payment of retirement benefits for termination resulting from the abolition of the retirement benefits system for Directors and Audit and Supervisory Board Members. As a result of this resolution, ¥44 million in retirement benefits for termination was paid to one Director who retired during this fiscal year. This amount of retirement benefits for termination is not included in the amount of remuneration paid above.

(4) Outline of Contents of Policies for Determining Compensation for Directors and Audit and Supervisory Board Members or the Calculation Method Thereof

The Company has established its policies and procedures for determining compensation for Directors, etc. by resolution of the Board of Directors as follows.

Policies and Procedures for Determining Compensation for Directors, Audit and Supervisory Board Members and Corporate Officers

[Policy]

In order to provide sound medium-to-long-term incentive for officers towards sustainable growth and aiming at sharing interests with shareholders, the Company shall set out its compensation system for internal Directors and Corporate Officers based on the size and nature of its business, as well as from the perspective of securing talents in consideration of the level of compensation for officers at its industry peers or peers of equivalent size. Compensation is comprised of basic compensation based on individual responsibilities, and performance-based compensation linked to the achievement of corporate performance, etc., and a certain proportion of the compensation shall be paid in the form of stock-based compensation. Bonus is proposed at the General Meeting of Shareholders as annual incentive, in consideration of the management condition such as performance of the Company.

Compensation for non-executive Directors, Independent Outside Directors and Audit and Supervisory Board Members shall be paid solely in the form of basic compensation.

The Company does not provide officers' retirement benefits to any Director, Audit and Supervisory Board Member or Corporate Officer.

[Procedures]

The amount of compensation and bonus for Directors shall be decided according to positions by the Board of Directors, based on the proposal by the President within the range of the total amount and substance decided by the resolution of the General Meeting of Shareholders, with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

The amount of compensation for Audit and Supervisory Board Members shall be decided by the discussions among Audit and Supervisory Board Members including Independent Outside Members within the limit of the total amount decided by the resolution of the General Meeting of Shareholders.

The amount of compensation and bonus for Corporate Officers shall be decided according to individual position by the Board of Directors, based on the proposal by the President with the involvement of Independent Outside Directors, e.g. the exchange of opinions and discussion at the Compensation Advisory Committee thereof.

(5) Status of Major Activities of Outside Directors and Outside Audit and Supervisory Board Members

Position and Name	Status of Attendance and Stating of Opinions
Independent Outside Director (Part-time, Chief Outside Director) Yoshihiro Katayama (Appointed on June 20, 2016)	Attended all the 14 meetings of the Board of Directors held during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on his extensive knowledge and insight as an expert of bureaucratic, political and academic issues. Served as Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Director (Part-time) Hiroko Kuniya (Appointed on June 21, 2017)	Attended 13 out of the 14 meetings of the Board of Directors held during this fiscal year (93% of attendance rate), and when necessary made statements from a multilateral perspective and a highly independent position. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Director (Part-time) Eiichi Tanabe (Appointed on June 19, 2019)	Attended all the 11 meetings of the Board of Directors to be attended during this fiscal year (100% of attendance rate), and when necessary made statements mainly from his considerable business experience in corporate management, administration including finance, as well as finance-related businesses. Served as member of the Nomination Advisory Committee and the Compensation Advisory Committee.
Independent Outside Audit and Supervisory Board Member (Part-time) Hirohide Yamaguchi (Appointed on June 20, 2016)	Attended 13 out of the 14 meetings of the Board of Directors held during this fiscal year (93% of attendance rate) and all the 16 meetings of the Audit and Supervisory Board (100% of attendance rate), and when necessary made statements mainly from his considerable experience in financial and economic fields.
Independent Outside Audit and Supervisory Board Member (Part-time) Toshinori Kanemoto (Appointed on June 19, 2019)	Attended 7 out of the 11 meetings of the Board of Directors to be attended during this fiscal year (64% of attendance rate) and 9 out of the 11 meetings of the Audit and Supervisory Board to be attended during this fiscal year (82% of attendance rate), and when necessary made statements mainly from his considerable experience in the fields of corporate legal affairs and compliance.

(6) Liability Limitation Agreement with Directors and Audit and Supervisory Board Members

The Company has signed agreements with each non-executive Director and Audit and Supervisory Board Member respectively limiting their liability for damages in terms of Article 423, Paragraph 1 of the Companies Act, according to Articles 34 and 44 of the Articles of Incorporation stipulated in accordance with Article 427, Paragraph 1 of the same Law. Based on these agreements, liability for damages is limited to ¥20 million or the minimum amount prescribed by law, whichever is higher, as long as the Director/Audit and Supervisory Board Member performs his/her duty in good faith and without gross negligence on his/her part.

Financial Position and Results of Operation and their Changes in the Last Three Fiscal Terms

1) Consolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 130th term	The 131st term	The 132nd term	The 133rd term (current term)
	FY2016	FY2017	FY2018	FY2019
Revenues	1,923,881	2,183,201	1,829,300	1,668,355
Recurring profit (loss)	1,039	28,016	(2,052)	44,486
Profit (loss) attributable to owners of parent	(265,744)	20,167	(44,501)	31,129
Profit (loss) per share	(157.23) (yen)	119.57 (yen)	(263.80) (yen)	184.39 (yen)
Total Assets	2,044,183	2,071,636	2,001,704	1,933,264
Equity	591,936	588,255	521,725	498,839
Equity per share	309.80 (yen)	3,272.21 (yen)	2,889.26 (yen)	2,740.41 (yen)

- Notes: 1. Profit (loss) per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and equity per share is calculated on the basis of the total number of shares outstanding at each term end. In addition, the total number of issued shares excludes the number of treasury stock.
2. From the 130th fiscal year, Board Incentive Plan Trust was introduced, and the Company shares held by said Trust are recorded as treasury stock in Consolidated Financial Statements. Accordingly, the Company shares held by the said Trust are included in shares of treasury stock to be excluded from the average number of shares outstanding in each fiscal year and the total number of shares outstanding at each term end.
3. Profit (loss) per share and equity per share for the 131st fiscal year are calculated assuming that the consolidation of shares in which 10 shares of the Company's common stocks were consolidated into one share, effective October 1, 2017, was conducted at the beginning of the fiscal year.

2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 130th term	The 131st term	The 132nd term	The 133rd term (current term)
	FY2016	FY2017	FY2018	FY2019
Revenues	947,758	1,087,926	703,078	669,905
Recurring profit (loss)	(34,091)	41,700	7,663	48,935
Profit (loss)	(266,930)	59,509	(24,501)	22,647
Profit (loss) per share	(157.93) (yen)	352.83 (yen)	(145.24) (yen)	134.14 (yen)
Total Assets	1,331,044	1,403,907	1,365,127	1,308,170
Equity	203,618	261,379	209,298	214,602
Equity per share	120.73 (yen)	1,549.72 (yen)	1,240.59 (yen)	1,271.09 (yen)

- Notes: 1. Profit (loss) per share is calculated on the basis of the average number of shares outstanding in each fiscal year, and equity per share is calculated on the basis of the total number of shares outstanding at each term end. In addition, the total number of issued shares excludes the number of treasury stock.
2. From the 130th fiscal year, Board Incentive Plan Trust was introduced, and the Company shares held by the said Trust are recorded as treasury stock in Unconsolidated Financial Statements. Accordingly, the Company shares held by the said Trust are included in shares of treasury stock to be excluded from the average number of shares outstanding in each fiscal year and the total number of shares outstanding at each term end.
3. Profit (loss) per share and equity per share for the 131st fiscal year are calculated assuming that the consolidation of shares in which 10 shares of the Company's common stocks were consolidated into one share, effective October 1, 2017, was conducted at the beginning of the fiscal year.

Status of Stock Acquisition Rights, etc. (as of March 31, 2020)

Not applicable.

Independent Auditor (Kaikei Kansa Nin)

(1) Name of Independent Auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation to Independent Auditor for the fiscal year under review

Category	Total amount
Compensation for the fiscal year under review	¥175 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥306 million

Notes: 1. The Audit and Supervisory Board consented to the amount of compensation for the Independent Auditor pursuant to Article 399, Paragraph 1 and Paragraph 2 of the Companies Act after conducting the necessary verification of the contents of the audit plan submitted by the Independent Auditor, the status of execution of duties by the Independent Auditor, and reasonableness of the basis, etc. for calculating the estimated compensation through interviews and hearings with the Independent Auditor and internal relevant departments.

2. The audit contract between NYK and the Independent Auditor does not separate the compensation for the audit based on the Companies Act from the compensation for the audit based on the Financial Instruments and Exchange Act. Therefore, the aforementioned amount includes the compensation for the audit, etc. based on the Financial Instruments and Exchange Act.

3. The Company pays the Independent Auditor fees for services such as agreed upon procedures, which are services other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit service).

4. Among our principal subsidiaries, UNI-X NCT CORPORATION, NYK GROUP AMERICAS INC., NYK GROUP EUROPE LTD., and NYK GROUP SOUTH ASIA PTE. LTD. undergo audits of statutory documents by CPAs or audit corporations other than the Independent Auditor of NYK (including persons who have qualifications equivalent to these qualifications in foreign countries) (limited to audit pursuant to the Companies Act or Financial Instruments and Exchange Act (including foreign laws equivalent to these laws)).

5. During the current fiscal year, the Company and its subsidiaries paid additional compensation for the audit for the previous fiscal year of ¥20 million and ¥2 million, respectively, to Independent Auditor Deloitte Touche Tohmatsu LLC other than the compensation paid as described above.

(3) Company Policy regarding dismissal or decision not to reappoint the Independent Auditor

If the Audit and Supervisory Board of NYK concludes that the Independent Auditor falls under any of the items of Article 340, paragraph 1 of the Companies Act, it will dismiss the Independent Auditor upon its members' unanimous approval. In such cases, the Audit and Supervisory Board will report the dismissal of the Independent Auditor and the reason thereof to the first Shareholders' Meeting held immediately after such dismissal.

In addition to the above, if it is recognized that the Independent Auditor is no longer able to execute its duties in an appropriate manner or, for any other reason, the replacement of the Independent Auditor is deemed to be appropriate, the Audit and Supervisory Board will determine a resolution to the effect of dismissal of or a decision not to reappoint the Independent Auditor, to be proposed at the Shareholders' Meeting.

Matters on Establishment of Structures to Ensure Proper Execution of Business Operations and the Implementation Status of Such Structures

The following is an outline of the establishment of structures to ensure proper execution of business operations adopted at the meeting of the Board of Directors.

(1) Structure to ensure that the execution of duties by Directors and employees is in compliance with laws and regulations, and the Articles of Incorporation

- The Company has formulated the Mission Statement, the NYK Group Value, the Business Credo and the Code of Conduct, and strives to enhance appropriate management systems in accordance with them. The Company formulates in-house rules such as the Rules on the Board of Directors, the Rules on the Management Meeting, the Rules on the Committee of Corporate Officers, and the Rules on the Execution of Duties, and discusses important matters at the meetings of the Board of Directors and of the Management Meeting. The Company establishes the Nomination Advisory Committee and the Compensation Advisory Committee, which are advisory bodies.
- The Company establishes the Internal Control Committee, striving to ensure the effectiveness of the internal control.
- The Company establishes the Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws, and implements concrete measures related to strict adherence to laws and regulations and promotion of compliance, striving to enhance the function of supervising execution of duties related to the internal control.
- The Company establishes the Governance Committee to monitor the internal control functions and enhance the governance functions of the Board of Directors.

(Summary of Implementation Status)

- The Company held the meetings of the Board of Directors and discussed important matters at the meetings of the Board of Directors. The Management Meeting deliberated matters delegated by the Board of Directors and made decisions on the execution of duties based on the deliberation. The Nomination Advisory Committee and the Compensation Advisory Committee were set up to discuss appointments and compensations of Directors, among others.
- The Internal Control Committee was held to discuss, and review as necessary, the development of the internal control system and its operation status.
- The Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws were held to discuss sharing of related cases and issues, etc. The Company appointed Chief Compliance Officer (CCO) in its effort to comply with laws and regulations and the Articles of Incorporation and strengthen the internal system that respects corporate ethics and social norms. The Company received pledges on compliance with the Code of Conduct from Directors and employees, etc., carried out continuously compliance education and training, and conducted monitoring.
- The Governance Committee was held to discuss the matters to be improved in the decision-making on execution of duties by the Board of Directors, when overseeing the execution of duties by Directors and in ensuring the proper execution of business, striving to strengthen the governance and internal control.

(2) Structures to store and manage information relating to the execution of duties of the Directors

- The Directors and the Board of Directors properly store and manage appropriately recorded documents and other information relating to their execution of duties according to laws and regulations as well as in-house rules.
- The Company continues to handle important documents properly according to the degree of confidentiality.

(Summary of Implementation Status)

- Important information on the execution of business operations by the Directors is being stored and managed appropriately.

(3) Rules and other structures to manage the risks of loss

- The Company establishes the Risk Management Committee, formulates a direction and procedures for risk management, and develops a company-wide risk management system. In managing risks, the Company thoroughly evaluate the risks surrounding the Company based on the characteristics of each business.
- The Company establishes the Safety and Environmental Management Committee to discuss safe vessel operations and protection of the environment.
- The Company formulates the plan for ensuring business continuity upon events such as a large-scale disaster, etc.

(Summary of Implementation Status)

- Regarding the risks at each Division and Headquarters, the Risk Management Committee evaluated risks and management status of operations in charge from both aspects of strategy and business process, and worked to strengthen internal control including reviewing of the internal rules.
- Regarding safe vessel operations and protection of the environment, the Safety and Environmental Management Committee conducted periodic evaluations for thorough risk management of vessels.
- The Company established the office of the disaster control headquarters, etc. and conducted drills as necessary. Each division established basic continuity plans and revised them accordingly.

(4) Structure to ensure the effective execution of duties of Directors

- The Company ensures adequate time for deliberations by the Board of Directors to increase effectiveness.
- By resolution of the Board of Directors, the Company establishes the Management Meeting and elect Corporate Officers to delegate the authority of execution of duties. The Board of Directors supervises their execution of duties.
- By accelerating the approval process through the utilization of the electronic approval request system, the Company establishes a system to execute the duties appropriately and efficiently.

(Summary of Implementation Status)

- A questionnaire on effectiveness of the Board of Directors was conducted, resulting in the revision of the standard for the submission of matters to the meetings of the Board of Directors and examination of deliberation methods.
- In order to enable the Board of Directors to make prompt and efficient decisions, the Management Meeting deliberated necessary matters including matters to be resolved at the Board of Directors.
- The approval process was accelerated through the utilization of the electronic approval request system.

(5) Structures to ensure the proper execution of business by the NYK Group comprising the Company and its subsidiaries

- The Company formulates the Group-wide Mission Statement and Business Credo, and based on these, the Group companies formulate the Code of Conduct and other standards. In addition, regarding areas such as legal/compliance, company organizational design/operation, and internal audit, basic regulations are formulated in accordance with the NYK Group Standards.
- The Company has established the Internal Control Committee, which takes measures to clarify the rules of the Group company management, reporting and crisis responses, etc. for the development and operation of internal control over the entire Group.
- Through the meetings such as the Group Management Committee, the Company aims to improve the group value by establishing and operating group governance and enhancing the effectiveness of the internal control. Regarding certain important matters concerning the management of the Group companies and important compliance cases, the Company establishes a framework to receive reports and approve them as necessary.
- The whistleblowing system enables anonymous reporting from the entire Group.

(Summary of Implementation Status)

- Each of the Group companies revised the Code of Conduct and various other corporate rules in a timely manner in accordance with the Mission Statement, the Business Credo, various standards established by the Company, and rules of the Group company management. The Group companies also introduced the pledge procedure on compliance with the Code of Conduct.
- Centered on the Internal Control Committee, the Company obtained advice from outside experts as necessary, and reviewed issues after discussing and confirming the status of the internal control at the entire Group through the Risk Management Committee, the Compliance Committee and the Committee for ensuring adherence to laws, in order to further strengthen the Group internal control. The Company conducted internal audits of the Group companies in Japan and overseas, and made advice and suggestions for improvement while working to enhance the effectiveness of internal control functions. The Company conducted risk assessments on relevant laws and regulations in its efforts to strengthen the system for examining important contracts.
- The Group Management Committee was held to discuss matters such as the development of the Group governance and the enhancement of the Group's capital efficiency. The Company established the Group Management Guidelines, etc., and managed business individually based on certain criteria. The Company promoted the proper group management by dispatching part-time Directors and Audit and Supervisory Board Members to establish legal functions.
- The Company operated the whistleblowing helpdesk appropriately, kept whistleblowers unidentified, and prohibited unfair treatment.

(6) Matters concerning the employees to assist the Audit and Supervisory Board Members in their duties when the Audit and Supervisory Board Members request the assignment thereof

- The Company establishes a system to support the execution of duties by Audit and Supervisory Board Members, including the support of Outside Audit and Supervisory Board Members.

(Summary of Implementation Status)

- The Company established the Audit and Supervisory Board Office with the dedicated staff to provide assistance to the audit by Audit and Supervisory Board Members. Serving as the secretariat of the Audit and Supervisory Board, the Audit and Supervisory Board Office also handles administrative work for regular meetings of the Group Audit and Supervisory Board Members Conference, and other matters required by Audit and Supervisory Board Members and the Audit and Supervisory Board.

(7) Matters to ensure the independence of the employees set forth in the preceding paragraph from the Directors and the effectiveness of directions given to the employees

- The dedicated staff of the Audit and Supervisory Board Office work under the full-time Audit and Supervisory Board Members.

(Summary of Implementation Status)

- As the dedicated staff of the Audit and Supervisory Board Office is to report to the full-time Audit and Supervisory Board Members, the full-time Audit and Supervisory Board Members carry out personnel evaluations of such dedicated staff. Any reassignment involving the staff of the office shall be decided, fully reflecting the opinion of Audit and Supervisory Board Members.

(8) Structures for reporting to Audit and Supervisory Board Members and other structures to ensure Audit and Supervisory Board Members conduct audits effectively

- Directors and the Board of Directors ensure systems which enable the appropriate execution of duties by the Audit and Supervisory Board Members, and strive to create the environment in which the Audit and Supervisory Board Members can conduct effective audits, in addition to attending the meetings of the Board of Directors. They ensure a framework in which outlines on matters relating to the Group's compliance and whistleblowing are reported to Audit and Supervisory Board Members.
- The Company establishes regulations to keep whistleblowers unidentified and prohibit unfair treatment.

(Summary of Implementation Status)

- The Company secured an information gathering framework for Audit and Supervisory Board Members by providing Audit and Supervisory Board Members with opportunities to attend the Management Meeting, the Committee of Corporate Officers, the Internal Control Committee, the Governance Committee, the Risk Management Committee, the Compliance Committee, and the Committee for ensuring adherence to laws. The Company secured opportunities for the Audit and Supervisory Board Members to interview and receive reports from Directors, etc. and general managers. The Company ensured a structure for effective audits by making it possible for Audit and Supervisory Board Members to inspect and investigate important documents related to the execution of business operations including the minutes of the meetings of the Board of Directors, of the Management Meeting and of Committee of Corporate Officers and approval documents.
The internal audit division exchanged information with the Audit and Supervisory Board Members and the Independent Auditor, and cooperated to improve effectiveness and efficiency of audits by the Audit and Supervisory Board Members through the collaboration of the three parties.
- Regulations have been in place that prohibit unfair treatment because of whistleblowing and ensure that a whistleblower is kept unidentified if he or she asks to.

(9) Matters concerning procedures for advance payment or reimbursement of expenses arising in conjunction with the execution of duties by Audit and Supervisory Board Members and other policies for processing expenses and obligations arising with respect to the execution of duties

- In conjunction with the execution of duties of Audit and Supervisory Board Members, the right to claim for the payment of expenses to the Company set forth in the Audit and Supervisory Board Members auditing standards is respected.

(Summary of Implementation Status)

- The Company bears the costs arising in conjunction with the execution of duties by Audit and Supervisory Board Members based on the right to claim for the payment of expenses set forth in the Audit and Supervisory Board Members auditing standards.

(10) Structures to ensure compliance with the Financial Instruments and Exchange Act

- The Company has established an internal control system designed to ensure the properness of financial statements, etc. prepared and disclosed in accordance with the Financial Instruments and Exchange Act.

(Summary of Implementation Status)

- A JSOX Sub-committee has been established within the Internal Control Committee to verify the reliability of financial statements and to deliberate the drafts of the Internal Control Report. Additionally, effectiveness assessments of the design and implementation of internal control are being conducted through such means as the quarterly Information Disclosure Committees, which are held to deliberate the contents of disclosures, and the Company strove for timely and appropriate disclosure.

(11) Structures to eliminate ties with antisocial forces

- The Company calls for the elimination of antisocial forces in the Business Credo, etc., and clarifies that it resolutely stands up against all antisocial forces and organizations that threaten the order and safety of people's lives. The Company establishes a consultation counter for responding to antisocial forces.

(Summary of Implementation Status)

- The Company is making daily effort to strengthen its coordination with external specialized institutions such as the police.
- The Company collected information on antisocial forces, communicated them as appropriate.
- The Company prepared a manual and took measures such as obtaining written pledges.

Consolidated Financial Statements

1. Consolidated Balance Sheet (As of March 31, 2020)

		(In millions of yen)	
Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	442,421	Current liabilities	473,615
Cash and deposits	81,861	Notes and operating accounts payable-trade	137,911
Notes and operating accounts receivable-trade	191,813	Current portion of bonds	20,000
Short-term investment securities	134	Short-term loans payable	162,675
Inventories	32,532	Commercial papers	19,000
Deferred and prepaid expenses	61,162	Lease liabilities	18,740
Other	77,091	Income taxes payable	5,340
Allowance for doubtful accounts	(2,173)	Advances received	39,349
Non-current assets	1,490,509	Provision for bonuses	9,360
Vessels, property, plant and equipment	916,329	Provision for directors' bonuses	310
Vessels, net	603,317	Provision for related to business restructuring	20
Buildings and structures, net	107,643	Other	60,906
Aircraft, net	38,023	Non-current liabilities	960,809
Machinery, equipment, and vehicles, net	28,856	Bonds payable	132,000
Equipment, net	5,145	Long-term loans payable	616,234
Land	83,504	Lease liabilities	81,203
Construction in progress	44,903	Deferred tax liabilities	44,632
Other, net	4,935	Net defined benefit liability	15,920
Intangible assets	25,568	Provision for directors' retirement benefits	1,067
Leasehold right	4,926	Provision for stock payment	285
Software	5,915	Provision for periodic dry docking of vessels	18,536
Goodwill	11,055	Provision for losses related to contracts	23,078
Other	3,670	Provision for related to business restructuring	1,001
Investments and other assets	548,611	Provision for loss on guarantees	224
Investment securities	449,267	Other	26,624
Long-term loans receivable	11,876	Total Liabilities	1,434,424
Net defined benefit asset	41,430	Equity	
Deferred tax assets	4,910	Shareholders' capital	498,520
Other	46,694	Common stock	144,319
Allowance for doubtful accounts	(5,567)	Capital surplus	45,737
Deferred assets	333	Retained earnings	311,892
Total Assets	1,933,264	Treasury stock	(3,429)
		Accumulated other comprehensive income (loss)	(35,856)
		Unrealized gain (loss) on available-for-sale securities	9,474
		Deferred gain (loss) on hedges	(27,752)
		Foreign currency translation adjustments	(18,966)
		Remeasurements of defined benefit plans	1,388
		Non-controlling interests	36,175
		Total Equity	498,839
		Total Liabilities and Equity	1,933,264

2. Consolidated Statement of Income (From April 1, 2019 to March 31, 2020)

Item	(In millions of yen) Amount
Revenues	1,668,355
Cost and expenses	1,461,434
Gross profit	206,921
Selling, general and administrative expenses	168,225
Operating profit	38,696
Non-operating income	
Interest income	3,576
Dividend income	7,826
Equity in earnings of unconsolidated subsidiaries and affiliates	22,517
Other	3,387
Total non-operating income	37,306
Non-operating expenses	
Interest expenses	25,958
Foreign exchange losses	1,399
Other	4,158
Total non-operating expenses	31,516
Recurring profit	44,486
Extraordinary income	
Gain on sales of non-current assets	29,245
Gain on sales of investment securities	6,373
Other	1,829
Total extraordinary income	37,448
Extraordinary losses	
Loss on sales of non-current assets	530
Impairment loss	20,655
Loss on valuation of investment securities	10,886
Other	7,337
Total extraordinary losses	39,410
Profit before income taxes	42,525
Income taxes-current	1,359
Income taxes-deferred	5,466
Total income taxes	6,825
Profit	35,699
Profit attributable to non-controlling interests	4,569
Profit attributable to owners of parent	31,129

(For reference)

3. Summary of Consolidated Statement of Cash Flows (From April 1, 2019 to March 31, 2020)

Item	(In millions of yen) Amount
Net cash provided by (used in) operating activities	116,931
Net cash provided by (used in) investing activities	(54,867)
Net cash provided by (used in) financing activities	(61,733)
Effect of exchange rate change on cash and cash equivalents	(1,550)
Net increase (decrease) in cash and cash equivalents	(1,219)
Cash and cash equivalents at beginning of period	78,280
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	26
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	30
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(26)
Cash and cash equivalents at end of period	77,092

Note: This statement is not covered by the audit reports.

4. Consolidated Statement of Changes in Equity (From April 1, 2019 to March 31, 2020)

(In millions of yen)

Item	Shareholders' capital					Accumulated other comprehensive income					Non-controlling interests	Total Equity
	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		
Balance at the beginning of current period	144,319	42,894	293,719	(3,715)	477,218	23,156	(15,685)	(9,988)	12,731	10,214	34,293	521,725
Cumulative effects of changes in accounting policies			(8,505)		(8,505)						(355)	(8,860)
Restated balance	144,319	42,894	285,214	(3,715)	468,713	23,156	(15,685)	(9,988)	12,731	10,214	33,937	512,865
Changes of items during the period												
Dividends of surplus			(5,087)		(5,087)							(5,087)
Profit attributable to owners of parent			31,129		31,129							31,129
Purchase of treasury stock				(482)	(482)							(482)
Disposal of treasury stock		(0)		768	768							768
Change in equity of parent related to transactions with non-controlling shareholders		2,844			2,844							2,844
Adjustments due to change in the fiscal period of consolidated subsidiaries			22		22							22
Change in scope of consolidation			65		65							65
Change in scope of equity method			(177)		(177)							(177)
Other		(1)	723		722							722
Net change of items other than shareholders' capital						(13,682)	(12,067)	(8,978)	(11,342)	(46,070)	2,237	(43,833)
Total changes of items during the period	–	2,843	26,677	286	29,807	(13,682)	(12,067)	(8,978)	(11,342)	(46,070)	2,237	(14,025)
Balance at the end of current period	144,319	45,737	311,892	(3,429)	498,520	9,474	(27,752)	(18,966)	1,388	(35,856)	36,175	498,839

5. Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

- (i) Number of Consolidated subsidiaries: 501

Name of principal consolidated subsidiaries

Principal consolidated subsidiaries are stated in the Business Report “1. Overview of Operations for NYK Group, (9) Status of Major Business Combination, 2) Status of principal subsidiaries.”

Changes in the current fiscal year are as follows:

VIVID MARINE S.A. and 10 other companies were included within the scope of consolidation as they were newly established.

YUSEN LOGISTICS (LAO) CO., LTD. and 14 other companies were included in the scope of consolidation as their total assets, revenues, profit and retained earnings, etc. increase in importance.

GENEQ Corporation and 2 other companies were changed from consolidated subsidiaries to affiliates accounted for by the equity method due to the partial disposal of shares.

NYK LINE (TAIWAN) CO., LTD. and 24 other companies were excluded from the scope of consolidation as they were liquidated.

Nippon Container Terminals Co., Ltd. was excluded from the scope of consolidation as it merged with UNI-X CORP. on April 1, 2019.

Yusen Navtec Co. Ltd., and NYK Engineering Co. Ltd. were excluded from the scope of consolidation as they merged with Japan Marine Science Inc. on July 1, 2019.

Kaiyo Kogyo Corporation was excluded from the scope of consolidation as it merged with Wing Maritime Service Corporation on July 1, 2019.

NYK INTERNATIONAL (USA) INC. was excluded from the scope of consolidation as it merged with NYK LINE (NORTH AMERICA) INC. on November 1, 2019.

DIAMOND LNG SHIPPING 6 LTD. and 1 other company were excluded from the scope of consolidation due to the disposal of shares.

- (ii) Name of principal unconsolidated subsidiaries

There is no principal unconsolidated subsidiary to be noted.

- (iii) Reason for exclusion from the scope of consolidation

Total assets, total sum of revenues, total equity amount out of profit, and total equity amount of retained earnings, etc. of the unconsolidated subsidiaries are all small compared to total assets, total sum of revenues, total equity amount out of profit, and total equity amount of retained earnings of consolidated companies, and do not have a material effect on the consolidated statutory report as a whole. This is why they are excluded from the scope of consolidation.

2) Application of equity method

- (i) Number of affiliates accounted for by the equity method

unconsolidated subsidiaries: 7

affiliates: 199

Name of principal affiliates accounted for by the equity method:

Principal affiliates are stated in the Business Report “1. Overview of Operations for NYK Group, (9) Status of Major Business Combination, 3) Status of principal affiliates.”

Changes during this fiscal year are as follows:

Ocean Geo-Frontier Co. Ltd. and 4 other companies were included within the scope of application of the equity method as their total assets, revenues, profit and retained earnings, etc. increased in importance.

GENEQ Corporation and 2 other companies were changed from consolidated subsidiaries to affiliates accounted for by the equity method due to the partial disposal of shares.

EMINENCE BULK CARRIERS PTE. LTD. was excluded from the scope of application of the equity method as it was liquidated.

LIAONING NYK-ULS VEHICLE DISTRIBUTION CO., LTD. and 2 other companies were excluded from the scope of application of the equity method due to the disposal of shares.

- (ii) Name of principal unconsolidated subsidiaries and affiliates that are not accounted for by the equity method

There is no principal unconsolidated subsidiary or affiliate to be noted.

- (iii) Reason for exclusion of the scope of application of the equity method

Profit and total equity amount of retained earnings of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are small compared to profit of the consolidated companies and companies accounted for by the equity method, and do not have a material impact on retained earnings, etc. As a whole, total equity amount out of profit and total equity amount out of retained earnings of the unconsolidated subsidiaries and affiliates do not have a material impact on the consolidated financial statements of the consolidated subsidiaries and affiliates. This is why they are excluded from the scope of application of the equity method.

- (iv) Noteworthy matters concerning procedures in the application of the equity method

For 1 affiliate accounted for by the equity method whose closing date of account fell on December 31, pro forma financial statements as of the closing date of the consolidated statements were used. For affiliates other than those mentioned above whose closing dates were different from that of the consolidated statements, financial statements as of the closing date of the respective companies were used.

3) Fiscal year for consolidated subsidiaries

For 33 consolidated subsidiaries whose closing dates of account fell on December 31, financial statements as of the closing date of account of respective companies were used for the purpose of consolidation. Necessary consolidation adjustments have been made to account for significant events, if any, that took place between December 31 and March 31.

For 9 consolidated subsidiaries whose closing dates of account fell on December 31, pro forma financial reports as of the closing date of the consolidated statements were used for the purpose of consolidation.

From the current consolidated fiscal year, consolidated subsidiaries NYK FIL-JAPAN SHIPPING CORP. and SEIDOPRO GLOBAL INC. changed their closing date to March 31 from December 31.

The name of a major company which closes the books on December 31 is as follows:

NYK AUTOMOTIVE LOGISTICS (CHINA) CO., LTD.

4) Accounting policies

- (i) Standards and methods of valuation of significant assets

Securities

Bonds held to maturity	Amortized cost method (primarily straight-line method)
------------------------	--

Available-for-sale securities

Securities with market value	Primarily, market value method based on the average market price during the month before the closing date, etc. (Differences in valuation are included directly in equity and costs of securities sold are calculated primarily using the moving-average method)
------------------------------	--

Securities without market value	Primarily, stated at cost using the moving-average method
---------------------------------	---

Derivatives

Market value method

Inventories

Valued at cost, determined primarily by the first-in, first-out method.
(reducing book value in accordance with declines in profitability)

- (ii) Depreciation methods for significant depreciable assets

Vessels, property, plant and equipment (except for lease assets)

Primarily the straight-line method

Intangible assets (except for lease assets)

Software

Primarily, straight-line method based on useful life in-house (5 years)

Other intangible assets

Primarily the straight-line method

Lease assets

Lease assets arising from ownership-transfer finance leases

Identical to depreciation method applied to self-owned non-current assets

Lease assets arising from non-ownership-transfer finance leases

Straight-line method that assumes a useful life is equal to the lease period and an estimated residual value is zero

As described in (2) Notes on changes in accounting policies, from the current fiscal year, some overseas consolidated subsidiaries applied IFRS 16 "Leases". Consequently, as a general rule, each of the lessees' leases is recorded as either an asset or liability on the consolidated balance sheet, and recognized right-of-use assets are depreciated using the straight-line method.

(iii) Disposition method of significant deferred assets

Bond issuance cost

Amortized equally each month over the period of redemption of the bond

(iv) Standards of accounting for significant allowances and provisions

Allowance for doubtful accounts

Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables.

Provision for bonuses

Provided for bonus payments to employees based on estimated amounts of future payments attributed to the fiscal year.

Provision for director's bonuses

Provided for bonus payments to directors based on estimated amounts of future payments attributed to the fiscal year.

Provision for directors' retirement benefits

Provision for directors' retirement benefits at the end of fiscal term is calculated based on internal rules as for certain consolidated subsidiaries.

Provision for stock payment

Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.

Provision for periodic dry docking of vessels

Provision for periodic dry docking of vessels is calculated based on future estimated amount for periodic dry docking of vessels.

Provision for losses related to contracts

To provide for losses arising from the performance of time-charter contracts and lease contracts as well as from the purchase of non-current assets, the estimated amount of losses is recorded.

Provision for related to business restructuring

To provide for the losses associated with the restructuring of business, etc., estimated future loss is recognized.

Provision for loss on guarantees

Provided for possible losses on guarantees, etc. to subsidiaries or affiliates, based on estimated amount of losses, individually taking into account the financial condition etc., of the guaranteed.

- (v) 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 end of the current fiscal year is primarily determined based on benefit formula.
 - (2) Amortization of unrecognized actuarial gain (loss) and prior service cost

Prior service cost is amortized by the straight-line method over a certain period (primarily 8 years) which is not more than the average remaining service period of employees. 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 8 years) which is not more than the average remaining service period of employees.
- (vi) Standards of accounting for important income and expenses
 - Standards of accounting for revenue and expenses of the shipping operation
 - Container ships

For freight rate and transportation costs, the Company has adopted the intermodal transportation percentage of completion basis, which is posted in accordance with the elapse of the transportation period of the individual cargo.
 - Other than container ships

For freight rates, transportation costs, and vessel cost relating to vessels in operation and vessel hire fees, along with vessel charterage revenues corresponding to these, the Company has mainly adopted the voyage completion method, which considers from the place of departure to the place of return as one unit.
 - (vii) Significant hedge accounting

For the derivative financial instruments used to offset the risks of assets, liabilities, and scheduled transactions due to fluctuations in interest rates, foreign currency exchange rates and cash flow, the Company applies hedge accounting. In addition, hedge accounting is also applied to derivative financial instruments used to mitigate the risks of price fluctuations in fuel procurement, etc. For hedge accounting, the Company adopts the Deferred Hedge Method. *Furiate-shori* (designated hedge accounting treatment) is applied to forward foreign exchange contracts, etc. that meet the required conditions of such treatment, while *Tokurei-shori* (special accounting treatment) is applied to interest rate swaps, etc., that meet the required conditions of such treatment.

Interest rate swaps, etc., are used to hedge the loans payable and bonds payable against possible changes in interest rates, while currency swap, forward exchange contracts and foreign currency denominated assets/liabilities are used to hedge monetary assets and liabilities, investments in overseas subsidiaries and other foreign currency denominated transactions including scheduled transactions against possible changes in exchange rates. Swap transactions are used to hedge fuel oil against possible fluctuations in price. The Company evaluates effectiveness of hedging transactions by comparing accumulated changes in market price and cash flows of hedging transactions with those of the hedged transactions at the end of each financial quarter. However, interest rate swaps, etc., that are subject to special accounting treatment are excluded from the evaluation.
 - (viii) Method of amortization of goodwill and period of amortization

Goodwill is amortized equally each year over 5 to 20 years.
 - (ix) Other significant matters in the preparation of the consolidated financial statements
 - i. Accounting for interest expenses

Interest expenses are generally charged to income as incurred. However, interest expenses incurred in the construction of certain assets are capitalized and included in the costs of assets when a construction period is substantially long; the amount of interest incurred in such a period is significantly material; and certain conditions apply.
 - ii. Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(2) Notes on changes in accounting policies

(Application of IFRS 16 “Leases”)

From the current fiscal year, the Company’s affiliates that prepare their financial statements in accordance with the International Financial Reporting Standards (IFRS), applied IFRS 16 “Leases”. Consequently, as a general rule, each of the lessees’ leases is recorded as either an asset or liability on the consolidated balance sheet.

These affiliates apply the standard by employing the method of retrospectively recognizing the cumulative effect of application at the date of initial application.

As a result of the application of the standard, at the beginning of the current fiscal year, mainly vessels, buildings and structures, land and lease liabilities increased by 19,346 million yen, 35,821 million yen, 23,348 million yen and 90,117 million yen, respectively. These increases has no material impact on retained earnings.

For the current fiscal year, operating profit increased by 2,924 million yen, while recurring profit and profit before income taxes each decreased by 2,935 million yen.

(3) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	1,778 million yen
Work in process	583 million yen
Raw materials and supplies	30,170 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Cash and deposits	429 million yen
Vessels (Note)	146,282 million yen
Buildings and structures	242 million yen
Land	39 million yen
“Other” of non-current assets	375 million yen
Investment securities (Note)	<u>93,138 million yen</u>
Total	240,507 million yen
(ii) Obligations relating to collateral	
Notes and operating accounts payable-trade	101 million yen
Short-term loans payable	14,311 million yen
Long-term loans payable	<u>107,643 million yen</u>
Total	122,056 million yen

Note: Vessels of 243 million yen and investment securities of 93,138 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 1,042,003 million yen

4) Contingent liability

- | | |
|---------------------------|---------------------|
| (i) Guarantee obligations | 123,209 million yen |
|---------------------------|---------------------|
- (ii) Certain operating lease agreements that the NYK Group concluded on its respective vessels incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 4,490 million yen. These guarantees may be paid if the companies choose to return the leased property rather than exercise an option to buy it. The operating lease agreement will expire by January 2021.
- (iii) Some operating lease agreements that the NYK Group concluded on its aircraft incorporate a residual value guarantee clause. The maximum amount of potential future payment under the guarantee obligation is 42,110 million yen. The companies may pay the guarantee if they choose to return the leased properties at the end of the lease term. The operating lease agreement will expire by December 2026.

(iv) The NYK Group has been under investigation by some authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Group has been sued in class and individual 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.

With the exception of the recorded provision for losses related to antitrust law, it is difficult to reasonably predict the results of the investigations by overseas authorities and civil actions for damages at present.

(4) Notes to Consolidated Statement of Income

Impairment loss

The Company and its consolidated subsidiaries have in principle grouped business assets into businesses separated for making separate investment decisions, while properties for rent, assets held for sale and idle assets are grouped on the basis of individual assets.

In this fiscal year, regarding assets held for sale with their estimated sales prices lower than carrying value, and business assets with deteriorated profitability due to poor business performance, the carrying value is reduced to the recoverable value and reduced amount is posted as impairment loss (20,655 million yen) in extraordinary loss. The breakdown of impairment loss is as follows.

Location	Use	Type	Impairment loss (millions of yen)
Japan	Business assets	Aircraft, etc.	16,151
Australia	Business assets	Buildings and structures, etc.	1,442
China	Business assets	Buildings and structures	1,097
Other	Assets held for sale, etc.	Vessels, etc.	1,964
Total	—	—	20,655

Recoverable value of this asset group is recognized at net realizable value or use value, whichever is higher. Net realizable value is based on the valuation reasonably calculated by a third party, while use value is calculated by discounting future cash flows mainly with 5.91% discount rate.

(5) Notes to Consolidated Statement of Changes in Equity

1) Class and number of issued and outstanding shares at term-end

Common stock 170,055,098 shares

2) Matters concerning dividends

(i) Amount of dividend payment

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary General Meeting of Shareholders June 19, 2019	Common stock	1,695	10	March 31, 2019	June 20, 2019
Board of Directors' meeting October 31, 2019	Common stock	3,391	20	September 30, 2019	November 26, 2019
Total		5,087			

Notes: 1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 19, 2019 includes dividends of 8 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 October 31, 2019 includes dividends of 14 million yen on the Company shares owned by the Board Incentive Plan Trust.

(ii) Dividend for which base date is in the current consolidated fiscal year but the effective date for the dividends is in the following fiscal year

Resolution	Class of stock	Total dividend (millions of yen)	Dividend per share (yen)	Base date	Effective date
Ordinary General Meeting of Shareholders June 29, 2020	Common stock	3,391	20	March 31, 2020	June 30, 2020
Total		3,391			

Note: The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 29, 2020 includes dividends of 14 million yen on the Company shares owned by the Board Incentive Plan Trust.

(6) Notes to financial instruments

1) Matters concerning financial instruments

The NYK Group primarily uses short-term deposits for the management of its funds, and raises funds through borrowings from financial institutions including banks or corporate bonds. It aims to mitigate the credit risk of customers associated with notes and operating accounts receivable-trade, in accordance with its credit control procedures and other rules. Investment securities consist primarily of shares and those shares with market quotations are basically stated by using the market value method and other methods, based on the average market value during 1 month before the closing date. As a result, the fluctuations in the stock market and other related factors may have an impact on the NYK Group's business performance and financial standings. Proceeds from the loans payable and corporate bonds are used to finance capital investment requirements for the acquisition of vessels, aircraft, transportation-related facilities, etc. and working capital requirements for business activities. The Company enters into interest rate swap agreements and similar instruments to hedge against the risk of interest rate fluctuations. Meanwhile, the NYK Group makes it a principle to implement derivatives transactions within the scope of commercial needs, in accordance with its internal rules and regulations.

2) Matters concerning the market value of financial instruments

The stated values of financial instruments on the consolidated balance sheet, their market values and differences between balance sheet amount and market values as of March 31, 2020 are described below. Financial instruments whose market values appear to be extremely difficult to determine are not included in the table.

(In millions of yen)

	Consolidated balance sheet amount	Market Values	Balance
(i) Cash and deposits	81,861	81,861	–
(ii) Notes and operating accounts receivable-trade	191,813		
Allowance for doubtful accounts (*1)	(906)		
	190,906	190,906	–
(iii) Short-term investment securities and investment securities			
Available-for-sale securities	73,298	73,298	–
Stocks of affiliates	16,809	8,220	(8,588)
(iv) Long-term loans receivable	11,876		
Allowance for doubtful accounts (*1)	(553)		
	11,322	13,147	1,825
(v) Notes and operating accounts payable-trade	137,911	137,911	–
(vi) Current portion of bonds	20,000	20,000	–
(vii) Short-term loans payable	162,675	162,675	–
(viii) Commercial papers	19,000	19,000	–
(ix) Lease liabilities (current)	18,740	18,740	–
(x) Bonds payable	132,000	133,180	1,180
(xi) Long-term loans payable	616,234	626,263	10,028
(xii) Lease liabilities (non-current)	81,203	86,775	5,571
(xiii) Derivatives transactions (*2)	(5,199)	(5,199)	–

(*1) The separately recorded provisions for allowance for doubtful accounts on notes and operating accounts receivable-trade and long-term loans receivable are subtracted from the above amounts.

(*2) Derivatives transactions are stated at their total value subtracted for debts and credits.

Notes: 1. Calculation method for the market value of financial instruments and matters concerning marketable securities and derivatives transactions

- (i) Cash and deposits
These assets are stated at book value, as they are settled in the short term and their market values approximate book values.
- (ii) Notes and operating accounts receivable-trade
These assets are stated at book value, as they are settled in the short term and their market values approximate book values. Doubtful receivables are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their market values approximate their balance sheet values at the consolidated accounting date less the current expected amount of loan losses.
- (iii) Securities and investment securities
Shares are stated mainly at the stock exchange quoted price and bonds are stated at either the stock exchange quoted price or the price presented by transacting financial institutions.
- (iv) Long-term loans receivable
Long-term loans receivable with variable interest rates are stated at book value. The interest rate on these assets reflects the market rate in the short term, therefore their market values

approximate book values. Those with fixed-interest rates are stated at market value, which is calculated by discounting the principal and interest using the assumed rate applied to a similar type of new loan. Meanwhile, doubtful receivables are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their market values approximate their balance sheet values at the consolidated accounting date less the current expected amount of loan losses.

- (v) Notes and operating accounts payable, (vi) current portion of bonds, (vii) short-term loans payable, (viii) commercial papers and (ix) lease liabilities (current)

These assets are stated at book value, as they are settled in the short term and their market values approximate book values.

- (x) Bonds payable

The market value of the corporate bonds issued by NYK is calculated based on the market price.

- (xi) Long-term loans payable

Long-term loans payable with variable interest rates are stated at book value, as the interest rate on these loans reflects the market rate in the short term and their market values approximate book values. Meanwhile, long-term loans payable with fixed-interest rates are stated at present value. The present value is calculated by discounting a periodically divided portion of the principal and interest of these loans (*), using the assumed rate applied to a similar loan.

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

- (xii) Lease liabilities (non-current)

The market value of each lease liabilities is stated at its present value, which is calculated by discounting the total amount of principal and interest, using the assumed rate applied to a similar type of new lease transaction.

- (xiii) Derivatives transactions

NYK and its subsidiaries enter into interest-rate swap agreements to hedge against the risk of fluctuations in interest rates relating to their loans payable, corporate bonds, etc.; close currency futures, currency swap and similar instrument deals to hedge against the risk of fluctuations in exchange rates associated with their foreign currency-denominated debts and credits; and deal in fuel oil swap, freight (charterage) futures and similar instrument contracts to hedge against the fluctuations in fuel oil and charterage. The market value of these derivatives transactions at the consolidated accounting date is calculated based on the price presented by transacting financial institutions, etc.

- 2. Stocks of subsidiaries and affiliates (recorded amount on the consolidated balance sheet is 348,992 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 10,301 million yen) are not included in "(iii) Securities and investment securities," as their market values appear to be extremely difficult to determine.

(7) Notes to investment and rental properties

1) Matters concerning investment and rental properties

NYK and some of its consolidated subsidiaries own office buildings and other properties for lease (including land) in the metropolis of Tokyo and other areas.

2) Matters concerning the market value of rental properties

Income and expenses from the relevant investment and rental properties as of March 31, 2020 was 4,345 million yen (major income and expenses associated with these investment and rental properties were recorded as revenues and cost and expenses, respectively) and profit or loss from the sale of the properties was 16,397 million yen (gain on sales thereof is recorded as extraordinary income, while loss on sales thereof as extraordinary loss).

The recorded amount on the consolidated balance sheet, amount of increase (decrease), and market value of the relevant investment and rental properties on the consolidated accounting date are shown below.

(In millions of yen)

Consolidated balance sheet amount			Market value as of the consolidated accounting date
Balance at the beginning of current fiscal year	Increase (decrease) in current fiscal year	Balance at the end of current fiscal year	
46,306	(357)	45,949	133,601

- Notes: 1. Consolidated balance sheet amount represents the original acquisition cost less accumulated depreciation and impairment loss.
2. The market values as of the closing date of the consolidated statements are based on amounts (including amounts adjusted on the basis of indexes, etc.) calculated principally with reference to the Real Estate Appraisal Standard.

(8) Notes on per-share information

- | | |
|---------------------|--------------|
| 1) Equity per share | 2,740.41 yen |
| 2) Profit per share | 184.39 yen |

(9) Other notes

1) Presentation of monetary amounts

The fraction of amounts less than the indicated unit is rounded down.

2) Adoption of consolidated taxation system

The Company and some of its consolidated subsidiaries applied for approval for the adoption of the consolidated taxation system during the current fiscal year and are set to begin implementing the system from the next fiscal year. Accordingly, from the current fiscal year, these companies employed an accounting treatment based on the adoption of the consolidated system in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (the Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 5 issued on January 16, 2015) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7 issued on January 16, 2015).

3) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax relief system

With regard to items that were shifted to the Japanese group tax relief system, which was established by the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), and those for which the non-consolidated taxation system was reviewed in line with the shift to the Japanese group tax relief system, the Company and some of its consolidated subsidiaries do not apply the provisions of Item 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28 issued on February 16, 2018) in accordance with the treatment provided for under Item 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39 issued on March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are instead accounted for by following the provisions of the tax law before amendment.

4) Assumptions regarding the effects of COVID-19 in making accounting estimates

The Company expects the spread of COVID-19 to have the effects such as decreasing revenues and operating profit of the NYK Group. With regard to such effects, the Company, in light of the various measures undertaken by each country to bring the pandemic under control and the trends of economic policies, assumes that the period from April to June 2020 will be the most difficult period, followed by a gradual recovery. Under these assumptions, the Company has weighed in the elements that may be considered at present, in line with the characteristics of the business of each segment, and has formulated a financial results forecast. Based on this financial results forecast, the Company has made accounting estimates such as the impairment losses of non-current assets.

(10) Notes on significant subsequent events

Not applicable.

Unconsolidated Financial Statements

1. Unconsolidated Balance Sheet (As of March 31, 2020)

		(In millions of yen)	
Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	246,296	Current liabilities	355,424
Cash and deposits	4,699	Operating accounts payable-trade	41,181
Operating accounts receivable-trade	55,298	Current portion of bonds	20,000
Short-term loans receivable	75,752	Short-term loans payable	186,700
Inventories	20,028	Commercial papers	19,000
Deferred and prepaid expenses	43,694	Lease liabilities	5
Receivable from agencies	7,494	Account payable	4,362
Lease receivables	14,860	Income taxes payable	226
Investments in leases	4,385	Advance received	25,949
Other current assets	20,936	Deposits received	46,141
Allowance for doubtful accounts	(854)	Payable to agencies	364
		Provision for bonuses	1,651
Non-current assets	1,061,541	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	59
		Provision for losses related to antitrust law	114
Vessels, property, plant and equipment	146,525	Other current liabilities	9,665
Vessels, net	88,307	Non-current liabilities	738,144
Buildings, net	15,669	Bonds payable	132,000
Structures, net	337	Long-term loans payable	440,338
Machinery and equipment, net	37	Lease liabilities	4
Vehicles, net	5	Deferred tax liabilities	24,745
Equipment and fixtures, net	754	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	107,932
Land	18,765	Provision for stock payment	285
Construction in progress	22,647	Provision for loss on guarantees	1,281
Intangible assets	5,978	Provision for related to business restructuring	1,004
Goodwill	2,918	Provision for losses related to contracts	22,737
Leasehold right	511	Asset retirement obligations	1,860
Software	2,525	Other non-current liabilities	5,952
Other intangible assets	23	Total liabilities	1,093,568
Investments and other assets	909,037	Equity	
Investment securities	57,890	Shareholders' capital	218,511
Stocks and equity in subsidiaries and affiliates	469,154	Common stock	144,319
Long-term loans receivable	384,803	Capital surplus	31,880
Prepaid pension cost	35,416	Capital reserve	30,191
Lease receivables	78,949	Other capital surplus	1,688
Investments in leases	21,476	Retained earnings	45,734
Other investments, etc.	19,439	Earned surplus reserve	1,187
Allowance for doubtful accounts	(158,093)	Other retained earnings	44,547
		Reserve for advanced depreciation	1,737
Deferred assets	333	Retained earnings carried forward	42,809
Bond issuance cost	333	Treasury stock	(3,422)
		Valuation and translation adjustments	(3,908)
		Unrealized gain (loss) on available-for-sale securities	11,967
		Deferred gain (loss) on hedges	(15,876)
Total Assets	1,308,170	Total Equity	214,602
		Total Liabilities and Equity	1,308,170

2. Unconsolidated Statement of Income (From April 1, 2019 to March 31, 2020)

(In millions of yen)

Item	Amount	
Revenue from shipping operation	666,871	
Shipping operation expenses	625,102	
Shipping operation income		41,768
Revenue from other business	3,033	
Other business expenses	1,376	
Other business income		1,656
Gross operating income		43,425
General administrative expenses		33,616
Operating profit		9,808
Non-operating income		
Interest and dividend income	58,510	
Other non-operating income	973	59,483
Non-operating expenses		
Interest expenses	16,295	
Other non-operating expenses	4,061	20,356
Recurring profit		48,935
Extraordinary income		
Gain on sales of non-current assets	18,322	
Gain on sales of investment securities	5,788	
Other extraordinary income	4,618	28,729
Extraordinary losses		
Loss on disposal of non-current assets	339	
Provision for allowance for doubtful accounts	36,155	
Loss on valuation of investment securities	7,018	
Loss on valuation of shares of subsidiaries and affiliates	6,451	
Provision for allowance for loss on guarantees	879	
Provision for allowance for losses related to antitrust law	114	
Provision for allowance for investment loss associated with vessels owned by subsidiaries or affiliates	59	
Other extraordinary losses	2,555	53,573
Profit before income taxes		24,091
Income taxes-current	643	
Income taxes-deferred	800	1,444
Profit		22,647

3. Unconsolidated Statement of Changes in Equity (From April 1, 2019 to March 31, 2020)

(In millions of yen)

Item	Shareholders' capital							Valuation and translation adjustments		Total equity	
	Common stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' capital	Unrealized gain (loss) on available-for-sale securities		Deferred gain (loss) on hedges
		Capital reserve	Other capital surplus	Earned surplus reserve	Other retained earnings						
					Reserve for advanced depreciation	Retained earnings carried forward					
Balance at the beginning of current period	144,319	30,191	1,688	678	1,854	25,641	(3,709)	200,665	26,057	(17,423)	209,298
Changes of items during the period											
Dividends of surplus						(5,087)		(5,087)			(5,087)
Provision of earned surplus reserve				508		(508)		—			—
Reversal of reserve for advanced depreciation					(116)	116		—			—
Profit						22,647		22,647			22,647
Purchase of treasury stock							(482)	(482)			(482)
Disposal of treasury stock			(0)				768	768			768
Net change of items other than shareholders' capital									(14,089)	1,547	(12,542)
Total changes of items during the period	—	—	(0)	508	(116)	17,167	286	17,846	(14,089)	1,547	5,303
Balance at the end of current period	144,319	30,191	1,688	1,187	1,737	42,809	(3,422)	218,511	11,967	(15,876)	214,602

4. Notes to Unconsolidated Financial Statements

(1) Notes on matters relating to significant accounting policies

1) Standards and methods of valuation of securities

Bonds held to maturity	Amortized cost method (straight-line method)
Stock of subsidiaries and affiliates	Stated at cost using the moving-average method
Available-for-sale securities	
Securities with market value	Market value method based on the average market price during the month before the closing date, etc. (Differences in valuation are included directly in equity and costs of securities sold are calculated using the moving-average method)
Securities without market value	Stated at cost using the moving-average method

2) Standards and method of valuation of derivative transaction

Market value method

3) Standards and methods of valuation of inventories

Stated at cost using the first-in, first-out method (method of reducing book value in accordance with declines in profitability)

4) Depreciation methods of non-current assets

Vessels, property, plant and equipment (except for lease assets)	
Vessels and building	Straight-line method
Others	Declining-balance method
	However, structures acquired on or before April 1, 2016 are calculated using the straight-line method.
Intangible assets (except for lease assets)	
Goodwill	Amortized equally within 20 years
Software	Straight-line method based on useful life in-house (5 years)
Other intangible assets	Straight-line method
Lease assets	
Lease assets arising from ownership-transfer finance leases	Identical to depreciation method applied to self-owned non-current assets
Lease assets arising from non-ownership-transfer finance leases	Straight-line method that assumes a useful life is equal to the lease period and an estimated residual value is zero

5) Disposition method of deferred assets

Bond issuance cost	Amortized equally each month over the period of redemption of bond
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6) Standards of accounting for allowances and reserves

Allowance for doubtful accounts	Estimated uncollectible amounts are calculated using historical data for trade receivables and individually considering the probability of collection for doubtful receivables
Provision for bonuses	Provided for bonus payments to employees based on the estimated amounts of future payments attributed to the fiscal year
Provision for retirement benefits	Reserve for employees' retirement benefits is calculated based on estimates of defined benefit obligations and pension assets as of the end of the fiscal term (i) 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 determined based on benefit formula.

(ii) Amortization of unrecognized actuarial differences and prior service cost

Prior service cost is amortized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees.

Unrecognized actuarial differences are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a certain period (8 years) which is not more than the average remaining service period of employees.

Provision for stock payment

Provision for stock payment is calculated based on estimated amount of shares of the Company corresponding to the points granted to eligible Directors and Corporate Officers at the end of the current fiscal year, to prepare for the payment of the Company stocks to Directors and Corporate Officers based on the Share Delivery Rules.

Allowance for investment loss associated with vessels owned by subsidiaries or affiliates

To provide for the loss associated with the significant deterioration in profitability from the vessels procured by vessel owning subsidiaries or affiliates and time-chartered by the Company, estimated future loss is recognized.

Provision for losses related to contracts

To provide for losses arising from the performance of time-charter contracts and lease contracts as well as from the purchase of non-current assets, the estimated amount of future losses is recorded.

Provision for related to business restructuring

To provide for the losses associated with the restructuring of business, etc., estimated future loss is recognized.

Provision for loss on guarantees

Provided for possible losses on guarantees, etc. to subsidiaries or affiliates, based on estimated amount of losses, individually taking into account the financial condition etc., of the guaranteed.

Provision for losses related to antitrust law

Provided for possible surcharge and other payments arising from suspected violation of competition laws (including antitrust laws) of various countries, based on estimated amounts of payment.

7) Standards of accounting for income and expenses

(i) Standards of accounting for revenue and expenses of the shipping operation

For freight rates, transportation costs and vessel cost relating to vessels in operation and vessel hire fees, along with vessel charterage revenues corresponding to these, the Company has adopted the voyage completion method, which considers from the place of departure to the place of return as one unit.

(ii) Standard of accounting for revenue associated with finance leases

Based on a method whereby amount equivalent to interest is allocated to each fiscal year, without recording revenues

8) Hedge accounting

For the derivative financial instruments used to offset the risks of assets, liabilities, and scheduled transactions due to fluctuations in interest rates, foreign currency exchange rates and cash flow, the Company applies hedge accounting. In addition, hedge accounting is also applied to derivative financial instruments used to mitigate the risks of price fluctuations in fuel procurement, etc. For

hedge accounting, the Company adopts the Deferred Hedge Method. *Furiate-shori* (designated hedge accounting treatment) is applied to forward foreign exchange contracts, etc. that meet the required conditions of such treatment, while *Tokurei-shori* (special accounting treatment) is applied to interest rate swaps, etc., that meet the required conditions of such treatment.

Interest rate swaps, etc., are used to hedge the loans payable and bonds payable against possible changes in interest rates, while currency swap, forward exchange contracts and foreign currency denominated assets/liabilities are used to hedge monetary assets and liabilities, investments in overseas subsidiaries and other foreign currency denominated transactions including scheduled transactions against possible changes in exchange rates. Swap transactions are used to hedge fuel oil against possible fluctuations in price. The Company evaluates effectiveness of hedging transactions by comparing accumulated changes in market price and cash flows of hedging transactions with those of the hedged transactions at the end of each financial quarter. However, interest rate swaps, etc., that are subject to special accounting treatment are excluded from the evaluation.

9) Other basis of presenting unconsolidated financial statements

Accounting method for retirement benefits

Accounting treatments of unrecognized actuarial differences and unrecognized prior service cost in the unconsolidated balance sheet are different from those in the consolidated financial statements.

Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(2) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Vessels	15,640 million yen
Investment securities (Note)	722 million yen
<u>Stocks and equity in subsidiaries and affiliates (Note)</u>	<u>39,465 million yen</u>
Total	55,827 million yen
(ii) Obligations relating to collateral	
Short-term loans payable	1,481 million yen
<u>Long-term loans payable</u>	<u>5,919 million yen</u>
Total	7,400 million yen

Note: Investment securities of 722 million yen and stocks and equity in subsidiaries and affiliates of 39,465 million yen have been pledged as collateral for debts of subsidiaries and affiliates, etc.

2) **Accumulated depreciation of vessels, property, plant and equipment** 257,518 million yen

3) Contingent liability

- (i) Guarantee obligations 399,896 million yen
- (ii) The Company has been under investigation by some authorities overseas, on account of suspected violations of the antitrust laws concerning the shipping of cargo including automobiles handled in or after September 2012. Also, the Company has been sued in class and individual 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. With the exception of the recorded provision for losses related to antitrust law, it is difficult to reasonably predict the results of the investigations by overseas authorities and class action lawsuits at present.

4) Claims and liabilities toward subsidiaries and affiliates (except for as presented in item categories)

Short-term monetary claims	133,074 million yen
Long-term monetary claims	487,694 million yen
Short-term monetary liabilities	110,482 million yen
Long-term monetary liabilities	2,496 million yen

(3) Note to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions	
Revenues (revenue from shipping operation, revenue from other business)	101,650 million yen
Expenses (shipping operation expenses, other business expenses, general administrative expenses)	200,603 million yen
Transactions other than operating transactions	95,715 million yen

(4) Note to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end	
Common stock	1,221,528 shares

Note: The number of treasury stock at the end of the current fiscal year includes 730,858 shares of the Company owned by the Board Incentive Plan Trust.

(5) Notes on tax effect accounting

1) Reason for the recognition of deferred tax liabilities

Recognition of deferred tax liabilities are mainly attributable to prepaid pension cost, etc.

2) Adoption of consolidated taxation system

The Company and some of its consolidated subsidiaries applied for approval for the adoption of the consolidated taxation system during the current fiscal year and are set to begin implementing the system from the next fiscal year. Accordingly, from the current fiscal year, these companies employed an accounting treatment based on the adoption of the consolidated system in accordance with the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (the Accounting Standards Board of Japan(ASBJ) Practical Issues Task Force (PITF) No.5 issued on January 16, 2015) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No.7 issued on January 16, 2015).

3) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax relief system

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(6) Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)
Subsidiary	NIPPON CARGO AIRLINES CO., LTD.	Holding Directly 100.0%	Capital support Debt guarantee, etc.	Loan of funds (Note 1)	31,825	Short-term loans receivable (Note 2)	2,696
						Long-term loans receivable (Note 2)	193,495
				Acceptance of interest	630	Other current assets	67
				Debt guarantee, etc. (Note 3)	54,013	—	—
				Acceptance of Guarantee fee	127	—	—
Subsidiary	NYK BULKSHIP (ATLANTIC) N.V.	Holding Directly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	31,506	—	—
				Acceptance of Guarantee fee	1	Other current assets	0
Subsidiary	NYK BULKSHIP (ASIA) PTE. LTD.	Holding Directly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	14,531	—	—
				Acceptance of Guarantee fee	15	Other current assets	7
Subsidiary	NYK BULK & PROJECTS CARRIERS LTD.	Holding Directly 100.0%	Acceptance of funds Concurrent service as executives	Repayment of funds (Note 4)	3,786	Deposits received	12,919
				Interest payment	9	—	—
Subsidiary	AZALEE LNG SHIPPING S.A.S.	Holding Directly 100.0%	Transfer of shipbuilding contract	Transfer of shipbuilding contract (Note 5)			
				Sales proceeds	3,847	—	—
				Loss on sales of non-current assets	115	—	—
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0%	Capital support Debt guarantee, etc.	Loan of funds (Note 6)	4,741	Short-term loans receivable	8,479
						Long-term loans receivable	24,507
				Acceptance of interest	1,098	Other current assets	281
				Debt guarantee, etc. (Note 3)	27,667	—	—
Subsidiary	NYK INTERNATIONAL PLC	Holding Indirectly 100.0%	Acceptance of funds	Repayment of funds (Note 4)	1,008	Short-term loans payable	25,573
				Interest payment	363	Other current liabilities	5
Subsidiary	YUSEN TERMINALS LLC	Holding Indirectly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	23,514	—	—
				Acceptance of Guarantee fee	106	Other current assets	106

Category	Company	Ratio of holding of voting rights, etc. (or ratio of voting rights held)	Detail of relationship	Contents of transaction	Transaction amount (millions of yen)	Account item	Term-end balance (millions of yen)
Subsidiary	Vessels owning, chartering related companies ENCANTADA MARITIMA S.A. and other 228 companies	Holding Directly 100.0% (229 companies)	Capital support Debt guarantee, etc.	Collection of funds (Note 6)	20,222	Short-term loans receivable (Note 2)	44,691
							Long-term loans receivable (Note 2)
			Contracts of chartering vessels	Collection of lease receivables and investments in leases (Note 7)	10,750	Lease receivables (due within one year)	14,479
						Lease receivables (due over one year)	76,515
						Investments in leases (due within one year)	4,385
						Investments in leases (due over one year)	21,476
				Acceptance of interest	7,416	Other current assets	843
				Debt waiver (Note 8)	20,352		—
	Payment of charterage (Note 9)	106,917	Operating accounts receivable-trade	6,675			
			Operating accounts payable-trade	2,001			
		Debt guarantee, etc. (Note 3)	75,104		—	—	
Affiliate	DIAMOND LNG SHIPPING 5 LTD	Holding Directly 25.0%	Transfer of shipbuilding contract	Transfer of shipbuilding contract (Note 5)			
				Sales proceeds	3,815	—	—
				Loss on sales of non-current assets	106	—	—
Affiliate	OCEAN NETWORK EXPRESS PTE. LTD.	— (Note 10)	Contract of chartering vessels	Acceptance of charterage (Note 11)	44,875	Operating accounts receivable-trade	3,483
				Lease contracts, etc.	27,414		
Affiliate	LAVANDE LNG SHIPPING S.A.S.	— (Note 13)	Transfer of shipbuilding contract	Transfer of shipbuilding contract (Note 5)			
				Sales proceeds	7,839	—	—
				Profit on sales of non-current assets	22	—	—

Transaction conditions and policies on determination of transaction conditions

- Notes:
- Conditions of loan of funds are determined by taking into consideration the market rate. The Company has been pledged security.
 - A total balance of 153,214 million yen of allowance for doubtful accounts in relation to loans to subsidiaries is recorded. Also, a total of 35,827 million yen of provision for allowance for doubtful accounts is recorded for the current fiscal year.
 - Guarantee fee for debt guarantee, etc. is determined by taking into consideration the form of guarantee.
 - Conditions of acceptance of funds are determined by taking into consideration the market rate. The Company has not pledged security.
 - Sales price of non-current assets is determined by taking into consideration the market price.
 - Conditions of loan of funds are determined by taking into consideration the market rate. The Company has not been pledged security.
 - Lease payments are determined by taking into consideration the amount equivalent to the cost of the assets concerned.
 - The debt was waived due to the liquidation of vessels owning, chartering related companies.
 - Cost equivalent amounts accrued by subsidiaries are paid as charterage.
 - The Company holds 38% of the voting rights of Ocean Network Express Holdings, Ltd. Ocean Network Express Holdings, Ltd. is a holding company that owns 100% of the shares of common stock of OCEAN NETWORK EXPRESS PTE. LTD.

11. Charterage is determined by taking into consideration the market price, etc.
12. Lease payment is determined by taking into consideration the market price.
13. The Company holds 50% of the voting rights of FRANCE LNG SHIPPING. FRANCE LNG SHIPPING S.A.S. is a holding company that owns 100% of the shares of common stock of LAVANDE LNG SHIPPING S.A.S..

(7) Note on per-share information

1) Equity per share	1,271.09 yen
2) Profit per share	134.14 yen

(8) Note on a company subject to consolidated dividend restrictions

The Company is a company subject to consolidated dividend restrictions.

(9) Other notes

1) Presentation of monetary amounts

The fraction of amounts less than the indicated unit is rounded down.

2) Assumptions regarding the effects of COVID-19 in making accounting estimates

The Company expects the spread of COVID-19 to have the effects such as decreasing revenues and operating profit of the Company. With regard to such effects, the Company, in light of the various measures undertaken by each country to bring the pandemic under control and the trends of economic policies, assumes that the period from April to June 2020 will be the most difficult period, followed by a gradual recovery. Under these assumptions, the Company has weighed in the elements that may be considered at present, in line with the characteristics of the business of each segment, and has formulated a financial results forecast. Based on this financial results forecast, the Company has made accounting estimates such as the impairment losses of non-current assets.

(10) Note on significant subsequent events

Not applicable.