

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 134th Ordinary General Meeting of Shareholders

The 134th Fiscal Year
Report

From April 1, 2020
to March 31, 2021

Nippon Yusen Kabushiki Kaisha

Since the meeting venue has changed from the previous year, please refer to the address as provided on page 8.

<Request>

- In order to prevent the spread of COVID-19, you are kindly requested to refrain from attending the meeting in person to the extent possible and exercise your voting rights in advance by mail or via the Internet, etc.
- We sincerely request our shareholders attending the meeting in person to take measures to prevent the infection such as wearing a mask. We would appreciate your understanding regarding the measures we will be taking to prevent the infection (there are possibilities of measures including restrictions on entry to the meeting venue).
- 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 our company's shareholders for your understanding and support of the NYK Group's activities. I am pleased to have this opportunity to report as follows on the NYK Line's full-year results for the fiscal year ending March 31, 2021.

Last year began with COVID-19 causing havoc around the world, and the future outlook was extremely uncertain. However, in the second half, consumption trends clearly shifted from services to goods, and there was a surge in consumer goods shipments from Asia to mainly Europe and America. As a result, Global Logistic Services (Liner Trade, Air Cargo Transportation and Logistics) was a strong driver of the results achieved as a group. Although an extraordinary loss was recorded for structural reforms in the dry bulk division, the full-year consolidated financial results were revenue of ¥1,608.4 billion, operating profit of ¥71.5 billion, recurring profit of ¥215.3 billion and profit attributable to owners of parent of ¥139.2 billion, greatly exceeding the figures announced in the initial forecast.

Based on these results, it is planned to issue a year-end dividend of ¥180 per share (for a full-year dividend of ¥200 per share including the interim dividend of ¥20 per share). Also, the current consolidated forecast for next year is revenue of ¥1,500 billion, operating profit of ¥66 billion, recurring profit of ¥140 billion and profit attributable to owners of parent of ¥140 billion. Regarding the dividend, based on our basic dividend policy, we plan to issue an annual dividend of ¥200 per share.

The impact of the COVID-19 pandemic on the NYK Group going forward continues to be uncertain. Under the basic philosophy of "Bringing value to life," we have renewed our awareness of the NYK Group's social mission to support global logistics and lifelines, and while securing the safety of all group employees working on land, sea and air, we will maintain business continuity, including measures for ensuring safe navigation and ongoing operations.

In accordance with our medium-term management plan "Staying ahead 2022 with Digitalization and Green", we are working to improve profit and strengthen our ability to withstand market volatility by optimizing the portfolio and securing stable-freight-rate business. In relation to increasing efficiency and creating new value through "Digitalization and Green", we received delivery of Japan's first LNG-fueled pure car and truck carrier Sakura Leader in October last year, and the vessel has already entered service. Moreover, we are steadily conducting multiple projects directed at establishing a new business model for the themes of LNG fuel, hydrogen and ammonia, including the start of joint research and development into practical realization of an ammonia-fueled tugboat.

Also, in February of this year, based on the policy set forth in the medium-term management plan, we announced the NYK Group ESG Story that presents the specific initiatives to be implemented as a growth strategy with ESG positioned as a core pillar of management. Going forward, along with continuing to steadily advance the initiatives set forth in the medium-term management plan, we will work to deliver value to all stakeholders as a Sustainable Solution Provider directed at realizing a sustainable environment and society in the future.

I ask all of the shareholders for your continued understanding and support for the NYK Group.

May 2021



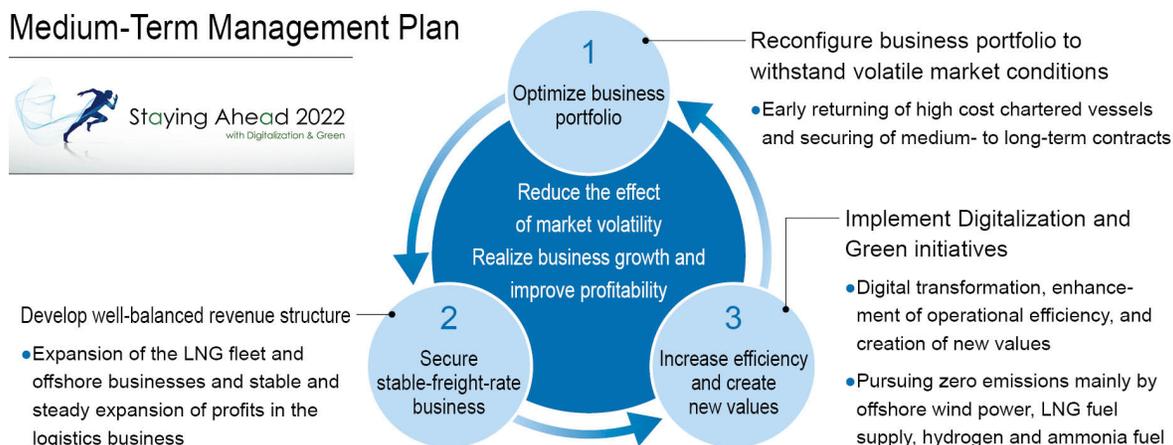
Hitoshi Nagasawa
President

* 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.

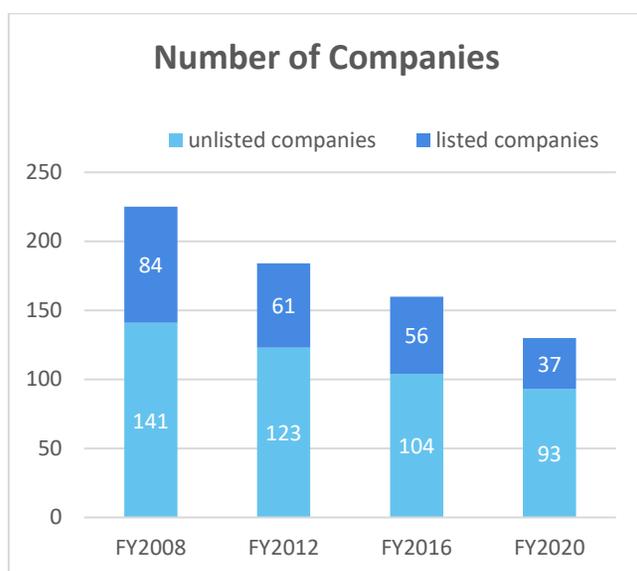
Medium-Term Management Plan



Strategic Shareholdings

The Company, based on its own guidelines, is working to reduce its holding of strategic shareholdings. The Board of Directors annually reviews the purpose and objectives, etc. of individual stocks, in consideration of the return targets based on the cost of capital, amounts of dividends, general trading conditions and effects on the Company’s business activities. The number of listed stocks owned by the Company was 37 as of the end of FY2020, down 19 from 56 as of the end of FY2016.

The total balance sheet amount of strategic shareholdings as of March 31, 2021 was ¥63.8 billion, accounting for 9.6% of consolidated net assets of ¥667.4 billion.



NYK Group ESG Story

The NYK Group issued the NYK Group ESG Story in February 2021. The Story articulates specific activities that position ESG management as the growth strategy, so as to accelerate the integration of ESG into the management strategy as set forth in the Group's medium-term management plan.

In order to continue to be a corporate group that remains essential to society and industry, the NYK Group aims to be a Sustainable Solution Provider that creates new value while maximizing profits and achieving social and environmental sustainability from a long-term perspective.

The NYK Group ESG Story presents the details of specific initiatives to create new value, human resource and organizational structures and measures that make such initiatives possible, and the direction of strengthening the management foundation to support ESG management. This Story is an important guide for the Group's business going forward.



Establishing Support Systems for ESG Management ~Establishment of ESG Management Committee~

To move ESG management forward, we need to accurately grasp the environmental and social (the “E” and “S” in “ESG”) problems, make appropriate decisions to address these problems, monitor the status of progress of specific measures, and have deeper discussions when deciding how to heighten the effectiveness of such measures. To these ends, the NYK Group has established a new ESG Management Committee that includes external experts. The new committee will reflect the opinions of external stakeholders to ESG management, by developing a structure whereby regular reports are made to the Management Meeting and the Board of Directors. In addition, we will develop our G (governance) structure to accelerate ESG management.

Steady Implementation of ESG Management through the Establishment of a New Committee



Toward the development of governance that accelerates ESG management

- Maintain and enhance the expertise of members of the Board of Directors
- Deliberate ESG issues at meetings of the Board of Directors
- Incorporate ESG evaluation into officer compensation
- Reflect ESG perspectives in the risk management system



To Our Shareholders

May 27, 2021

Notice of the 134th Ordinary General Meeting of Shareholders

To the Shareholders of Nippon Yusen Kabushiki Kaisha:

We are pleased to announce that the 134th 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 11 through 31) and exercise your votes.

In order to prevent the spread of COVID-19, you are kindly requested to refrain from attending the meeting in person to the extent possible and exercise your voting rights in advance by mail or via the Internet, etc.

We sincerely request our shareholders attending the meeting in person to take measures to prevent the infection such as wearing a mask. We would appreciate your understanding regarding the measures we will be taking to prevent the infection (there are possibilities of measures including restrictions on entry to the meeting venue).

Voting by Mail

Please review the "Guidance on the Exercise of Votes" as described in pages 9 and 10, 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, Thursday, June 17, 2021.

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 9 and 10, and exercise your vote by 5:00 p.m. Japan Time, Thursday, June 17, 2021.

Yours faithfully

Nippon Yusen Kabushiki Kaisha

ISIN	JP3753000003
SEDOL	6643960
TSE	9101

Hitoshi Nagasawa
President, Representative Director

1. Date: 10:00 a.m., Friday, June 18, 2021 (The reception desk will open at 9:00 a.m.)
2. Place: Room "AOI," 2F, PALACE HOTEL TOKYO
1-1-1 Marunouchi, Chiyoda-ku, Tokyo

Please note that the meeting venue is different from the previous year.

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 134th Fiscal Year (from April 1, 2020 to March 31, 2021)
2) Unconsolidated Financial Statements for the 134th Fiscal Year (from April 1, 2020 to March 31, 2021)

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 one 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 11 to page 31 and page 37 to page 89.

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, etc. 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, or any major changes should be made to the operation of the General Meeting of Shareholders depending on future circumstances, the revised or changed 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., Thursday, June 17, 2021

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., Thursday, June 17, 2021

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., Friday, June 18, 2021

< Request >

- In order to prevent the spread of COVID-19, you are kindly requested to refrain from attending the meeting in person to the extent possible and exercise your voting rights in advance by mail or via the Internet, etc.
- We sincerely request our shareholders attending the meeting in person to take measures to prevent the infection such as wearing a mask. We would appreciate your understanding regarding the measures we will be taking to prevent the infection (there are possibilities of measures including restrictions on entry to the meeting venue).
- 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.
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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 ¥180.00 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
¥180.00 per share of Company common stock, total amount ¥30,520,468,080
- (3) Date of validity of dividends of surplus
June 21, 2021

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 respond to the expansion of business domains in marine and offshore exploitation, development of energy resources, and business related to trading of greenhouse gas emission rights, to further clarify the business activities of the Company and our subsidiaries. Also, will adjust the numbering of items due to establishment of new items.
- (2) The Company intends to make necessary amendments to the upper limit of the number of Directors to the number considered appropriate from the viewpoint of activating discussions at the Board of Directors and ensuring the quality and speed of decision-making.

2. Details of the amendments
The details of the amendments are as follows.

(Underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1. (Provisions omitted) (Object)</p> <p>Article 2. The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. Marine transportation; 2. Land transportation; 3. Air transportation; 4. Handling and agency business for marine transportation, land transportation and air transportation; 5. Consigned freight forwarding business; 6. Warehousing, customs clearance and logistics business; 7. Harbour transportation; 8. Combined transportation by sea, land and air, and its handling and agency business; 9. Business relating to marine and offshore exploitation and building of development equipment; 10. Sale and purchase of vessels; 11. Counselling relating to building and repair of vessels and marine structures, logistics facilities, and logistics; 12. Business relating to information on transportation; 13. Loans to, guarantees for and investments in other businesses than those enumerated herein; 14. Sale, purchase, lease, development, project planning and counselling of real estate; 15. Possession, lease, maintenance and management of marine leisure facilities; 16. Business relating to travel and money exchange; 17. Sale and purchase, manufacturing, lease and import/export of petroleum products, gas and other fuels, machinery and appliances and other goods; 18. Worker dispatching undertakings and onsite operation contracting business; 19. Financial services business and insurance business; and (Newly established) (Newly established) 20. Other undertakings incidental to or connected with the items mentioned above. <p>Article 3.-20. (Provisions omitted)</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1. (Unchanged) (Object)</p> <p>Article 2. The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> 1. Marine transportation; 2. Land transportation; 3. Air transportation; 4. Handling and agency business for marine transportation, land transportation and air transportation; 5. Consigned freight forwarding business; 6. Warehousing, customs clearance and logistics business; 7. Harbour transportation; 8. Combined transportation by sea, land and air, and its handling and agency business; 9. Business relating to marine and offshore exploitation and building <u>and operation</u> of development equipment ; 10. Sale and purchase of vessels; 11. Counselling relating to building and repair of vessels and marine structures, logistics facilities, and logistics; 12. Business relating to information on transportation; 13. Loans to, guarantees for and investments in other businesses than those enumerated herein; 14. Sale, purchase, lease, development, project planning and counselling of real estate; 15. Possession, lease, maintenance and management of marine leisure facilities; 16. Business relating to travel and money exchange; 17. Sale and purchase, manufacturing, lease and import/export of petroleum products, gas and other fuels, machinery and appliances and other goods; 18. Worker dispatching undertakings and onsite operation contracting business; 19. Financial services business and insurance business; 20. <u>Development and supply of energy resources and related businesses;</u> 21. <u>Business related to trading of greenhouse gas emission rights; and</u> 22. Other undertakings incidental to or connected with the items mentioned above. <p>Article 3.-20. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS, ETC.</p> <p>Article 21. (Provisions omitted) (Number of Directors)</p> <p>Article 22.</p> <p>1. The Directors of the Company shall be no more than <u>sixteen</u> in number.</p> <p>2. (Provisions omitted)</p> <p>Article 23.-52. (Provisions omitted)</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS, ETC.</p> <p>Article 21. (Unchanged) (Number of Directors)</p> <p>Article 22.</p> <p>1. The Directors of the Company shall be no more than <u>twelve</u> in number.</p> <p>2. (Unchanged)</p> <p>Article 23.-52. (Unchanged)</p>

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 20 through 29. From the following page, the Company has disclosed the expertise and experience of Director candidates and 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 FY2020
1	Re-election Tadaaki Naito	Chairman, Director, Chairman and Executive Officer	13 years	100% (Attended all the 17 meetings)
2	Re-election Hitoshi Nagasawa	President, Representative Director President and Chief Executive Officer Chairperson of ESG Management Committee	10 years	100% (Attended all the 17 meetings)
3	Re-election Hiroki Harada	Representative Director, Senior Managing Executive Officer Chief Executive of Liner & Logistics Headquarters	2 years	100% (Attended all the 17 meetings)
4	Re-election Yutaka Higurashi	Director, Managing Executive Officer Chief Compliance Officer Chief Executive of General Affairs Headquarters	1 year	100% (Attended all the 13 meetings)
5	New appointment Hiroshi Kubota	Managing Executive Officer Chief Financial Officer Chief Executive of Management Planning Headquarters	—	—
6	Re-election Yoshihiro Katayama Independent Outside	Chief Outside Director	5 years	100% (Attended all the 17 meetings)
7	Re-election Hiroko Kuniya Independent Outside Female	Outside Director	4 years	100% (Attended all the 17 meetings)
8	Re-election Eiichi Tanabe Independent Outside	Outside Director	2 years	100% (Attended all the 17 meetings)

(Note) Attendance rate of Mr. Yutaka Higurashi shows his attendance rates at the meetings of the Board of Directors held since he assumed office on June 29, 2020.

(Reference)

The expertise and experience of Director candidates are as follows.

	Current Positions in the Company	Name	Expertise and Experience															
			Academia / Education	Business Ethics	Business Head / Administration	Corporate Governance	Environment / Safety	Investment	Financial Expertise / Literacy	Government / Public Policy	Foreign Affairs / Geopolitics	Business Assignment Overseas	Marketing / Sales	Risk Management	Legal / Marine Insurance	Media / Corporate Social Responsibility	Talent Management	Technology / Systems
1	Chairman, Director, Chairman and Executive Officer	Tadaaki Naito		●	●	●	●	●	●			Germany	●	●			●	●
2	President, Representative Director, President and Chief Executive Officer	Hitoshi Nagasawa		●	●	●	●	●				UK	●	●			●	
3	Representative Director, Senior Managing Executive Officer	Hiroki Harada		●	●	●		●				UK/ Belgium	●					●
4	Director, Managing Executive Officer	Yutaka Higurashi		●	●	●						UK		●	●		●	
5	Managing Executive Officer	Hiroshi Kubota		●	●	●		●	●			US	●					
6	Chief Independent Outside Director	Yoshihiro Katayama	●	●		●				●				●		●	●	
7	Independent Outside Director	Hiroko Kuniya	●	●		●	●					US		●		●		
8	Independent Outside Director	Eiichi Tanabe		●	●	●		●	●		●	UK		●				

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 Executive 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 Executive Officers, the Company shall apply the policy of nominating candidates for Internal Directors, and those appointed as the Executive 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.

Executive 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.

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, Executive 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, Executive 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 FY2020
1	 <p>Tadaaki Naito (September 30, 1955)</p> <p>Re-election</p>	<p>April 1978 Joined the Company</p> <p>April 2004 General Manager of Petroleum Group</p> <p>April 2005 Corporate Officer</p> <p>April 2007 Managing Corporate Officer</p> <p>June 2008 Director, Managing Corporate Officer</p> <p>April 2009 Representative Director, Senior Managing Corporate Officer</p> <p>April 2013 Representative Director, Executive Vice-President Corporate Officer</p> <p>April 2015 President, Representative Director, President Corporate Officer</p> <p>June 2019 Chairman, Director, Chairman Corporate Officer</p> <p>June 2020 Chairman, Director, Chairman and Executive Officer (to the present)</p> <p><u>Significant concurrent position</u> President of The Japanese Shipowners' Association Outside Director of Mitsubishi Logistics Corporation</p>	46,013 shares
		<p>Reasons for nominating the candidate for Director: Mr. Tadaaki Naito assumed the position of Director of the Company in 2008 and took office of the President in 2015. He led efforts to strengthen the Company's competitiveness through environmental and digital technologies and pursued transparent and effective governance, while promoting the Group's business restructuring. 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 appropriately, the Company has continuously nominated him as a candidate for Director.</p>	100% (Attended all the 17 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 FY2020
2	 <p>Hitoshi Nagasawa (January 22, 1958)</p> <p>Re-election</p>	<p>April 1980 Joined the Company</p> <p>April 2004 General Manager of LNG Group</p> <p>April 2007 Corporate Officer</p> <p>April 2009 Managing Corporate Officer</p> <p>June 2011 Director, Managing Corporate Officer</p> <p>April 2013 Representative Director, Senior Managing Corporate Officer</p> <p>April 2018 Representative Director, Executive Vice- President Corporate Officer</p> <p>June 2019 President, Representative Director, President Corporate Officer</p> <p>June 2020 President, Representative Director, President and Chief Executive Officer (to the present)</p> <p>Chairperson of ESG Management Committee</p>	28,649 shares
		<p>Reasons for nominating the candidate for Director: Mr. Hitoshi Nagasawa assumed the position of Director of the Company in 2011 and held positions such as Chief Executive of Energy Division. He promoted participation in new businesses such as offshore business and green business, while implementing structural reforms of divisions such as the dry bulk division. He has served as the President who takes the control of business execution since 2019. With a view to implementing the basic strategies of the medium-term management plan to instill ESG management, and sustainably strengthening the management base and stabilizing profitability, the Company has continuously nominated him as a candidate for Director.</p>	100% (Attended all the 17 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 FY2020
3	 <p>Hiroki Harada (September 21, 1960)</p> <p>Re-election</p>	<p>April 1983 Joined the Company April 2011 General Manager of Tramp Co-ordination Group</p> <p>April 2014 Corporate Officer April 2018 Managing Corporate Officer April 2019 Senior Managing Corporate Officer June 2019 Director, Senior Managing Corporate Officer</p> <p>June 2020 Director, Senior Managing Executive Officer</p> <p>April 2021 Representative Director, Senior Managing Executive Officer (to the present)</p> <p>Chief Executive of Liner & Logistics Headquarters</p>	7,647 shares
		<p>Reasons for nominating the candidate for Director: Since assuming the position of Corporate Officer of the Company in 2014, Mr. Hiroki Harada has mainly been in charge of the liner trade, logistics, harbor, and air freighter business divisions and carried out restructuring of the liner trade and the harbor business. He assumed the position of Director of the Company in 2019 and currently serves as Chief Executive of Liner & Logistics Headquarters in the capacity of Senior Managing Executive Officer. With a view to improving profitability of the liner trade, promoting the logistics business and realizing stable global logistics, and strengthening competitiveness of businesses such as the harbor business, the Company has continuously nominated him as a candidate for Director.</p>	100% (Attended all the 17 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 FY2020
5	 Hiroshi Kubota (September 22, 1965) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-top: 5px;">New appointment</div>	<p>April 1989 Joined the Company April 2018 General Manager of Corporate Planning Group April 2019 Corporate Officer June 2020 Executive Officer April 2021 Managing Executive Officer (to the present)</p> <p>Chief Financial Officer Chief Executive of Management Planning Headquarters</p> <hr style="border-top: 1px dashed black;"/> <p>Reasons for nominating the candidate for Director: Since assuming the position of Corporate Officer of the Company in 2019, Mr. Hiroshi Kubota has been in charge of planning and group management promotion division and currently serves as Chief Financial Officer and Chief Executive of Management Planning Headquarters in the capacity of Managing Executive Officer. With a view to enhancing the effectiveness of the management decision-making process, conducting lively discussions at meetings such as of the Board of Directors, implementing an optimum investment strategy in line with the medium-term management plan, improving capital efficiency and promoting integrated Group management, the Company has newly nominated him as a candidate for Director.</p>	1,632 shares

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 FY2020
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>	17,182 shares
		<p>Reasons for nominating the candidate for Outside Director and outline of the expected role: 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. If he is appointed as Outside Director, by capitalizing primarily on his experience and expertise in government and public policy, and through discussions, etc. at meetings of the Board of Directors and each advisory committee from the viewpoints of all stakeholders and a broad perspective, he is expected to play a role in contributing mainly to the supervision of the execution of duties by the Board of Directors and Directors, etc. as well as to the transparent and objective operation of the Nomination Advisory Committee and the Compensation Advisory Committee by making recommendations, etc. to the Company's management policy, structural issues of the Group and the organization, and the utilization and development of human resources, etc.</p>	100% (Attended all the 17 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 FY2020
7	 Hiroko Kuniya (February 3, 1957) <div style="border: 1px solid black; padding: 2px; margin: 2px;">Re-election</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Independent</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Outside</div> <div style="border: 1px solid black; padding: 2px; margin: 2px;">Female</div>	<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 Newscaster of NHK's satellite broadcasting "World News"</p> <p>April 1993 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>	6,810 shares
		<p>Reasons for nominating the candidate for Outside Director and outline of the expected role: 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. If she is appointed as Outside Director, by capitalizing on her insight into environmental and social issues, etc. based on her global perspective, and through discussions, etc. at meetings of the Board of Directors and each advisory committee from the viewpoints of all stakeholders and a broad perspective, she is expected to play a role in contributing mainly to the supervision of the execution of duties by the Board of Directors and Directors, etc. as well as to ensuring transparency of the nomination and compensation procedures, etc., by making recommendations, etc. to the Company's management policy, environmental initiatives, such as for climate change, and the promotion of appointment of diverse human resources, etc.</p>	100% (Attended all the 17 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 FY2020
8	 Eiichi Tanabe (September 16, 1953) <input type="checkbox"/> Re-election <input type="checkbox"/> Independent <input type="checkbox"/> Outside	April 1978 Joined Mitsubishi Corporation May 2001 Left Mitsubishi Corporation March 2005 Member of the Board of Lawson, Inc. Vice President, Senior Vice President and Representative Director (CFO) of Lawson, Inc. June 2007 Retired from Vice President, Senior Vice President and Representative Director (CFO) of Lawson, Inc. Joined Mitsubishi Corporation April 2008 Senior Vice President of Mitsubishi Corporation April 2012 Executive Vice President of Mitsubishi Corporation April 2016 Senior Executive Vice President and Corporate Functional Officer of Mitsubishi Corporation June 2016 Representative Director and Senior Executive Vice President of Mitsubishi Corporation March 2018 Member of the Board of Mitsubishi Corporation June 2018 Retired from Member of the Board of Mitsubishi Corporation Adviser of Mitsubishi Corporation June 2019 Outside Director of the Company (to the present) June 2020 Retired from Adviser of Mitsubishi Corporation <u>Significant concurrent positions</u> Outside Director of SMBC Nikko Securities Inc.	1,753 shares

		<p>Reasons for nominating the candidate for Outside Director and outline of the expected role: 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. If he is appointed as Outside Director, by capitalizing on his experience and knowledge in general corporate management, and through discussions, etc. at meetings of the Board of Directors and each advisory committee from the viewpoints of all stakeholders and a broad perspective, he is expected to play a role in contributing mainly to the supervision of the execution of duties by the Board of Directors and Directors, etc. as well as to ensuring transparency of the nomination and compensation procedures, etc., by making recommendations, etc. to the Company's management policy, adaption to the changing business environment, creation of new business fields, and appropriate decision-making, etc.</p>	<p>100% (Attended all the 17 meetings)</p>
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Note: The amount of transactions between Mitsubishi Corporation, where Mr. Tanabe previously worked for, 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 18 and page 19). 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 five years, four years and two years, 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.
 5. To secure excellent human resources and to prevent hesitation in the execution of duties, the Company has entered into a directors and officers liability insurance contract that includes each Director as insured, and intends to renew it in October of this year. Among Directors who are being proposed in this proposal, candidates for re-election are already insured by this insurance contract, and will continue to be insured after their re-election. Mr. Hiroshi Kubota is insured by this insurance contract as Executive Officer of the Company and will continue to be the insured as Director if his election is approved.
[Outline of the insurance contract]
 - 1) Actual ratio of premiums paid by each Director
The premiums are paid by the Company, including riders. Therefore, Directors do not bear the premiums.
 - 2) Outline of damage covered for each Director
The insurance covers damages that will arise when each Director assumes liability for legal damages and litigation expenses for the execution of his or her duties.
 - 3) Measures to prevent the appropriateness of duties of each Director from being impaired
There are certain exemptions under the insurance contract, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. The deductible amount is prescribed under the insurance contract, and damages up to this deductible amount shall not be subject to coverage.

Proposal No.4: Election of one Audit and Supervisory Board Member

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

The Company therefore recommends and proposes the following one (1) candidate for election as Audit and Supervisory Board Member.

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

Name of candidate (Date of birth)	Career summary	Number of the Company's shares held
 Eiichi Takahashi (October 14, 1958)	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 June 2020 Representative Director, Senior Managing Executive Officer April 2021 Director (the term of office will expire upon conclusion of this meeting)	19,976 shares
New appointment	Reasons for nominating the candidate for Audit and Supervisory Board Member: 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 served as Chief Financial Officer and Chief Executive of Management Planning Headquarters and was responsible for the Company's business execution. The Company believes that Mr. Takahashi can contribute to appropriate audits on the Company's business execution, capitalizing on abundant experience at the Company and expertise mainly in finance and accounting. Accordingly, the Company has newly nominated him as a candidate for Audit and Supervisory Board Member.	

- Notes:
1. No transactions or special interests exist between the Company and Mr. Eiichi Takahashi.
 2. 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. Eiichi Takahashi is approved, the Company will enter into the same liability limitation agreement with him.
 3. To secure excellent human resources, the Company has entered into a directors and officers liability insurance contract that includes Audit and Supervisory Board Members of the Company as insured, and intends to renew it in October of this year. Mr. Eiichi Takahashi is insured by this insurance contract as Director and will continue to be the insured as Audit

and Supervisory Board Member (hereinafter, the “eligible Audit and Supervisory Board Member”) if his election is approved.

[Outline of the insurance contract]

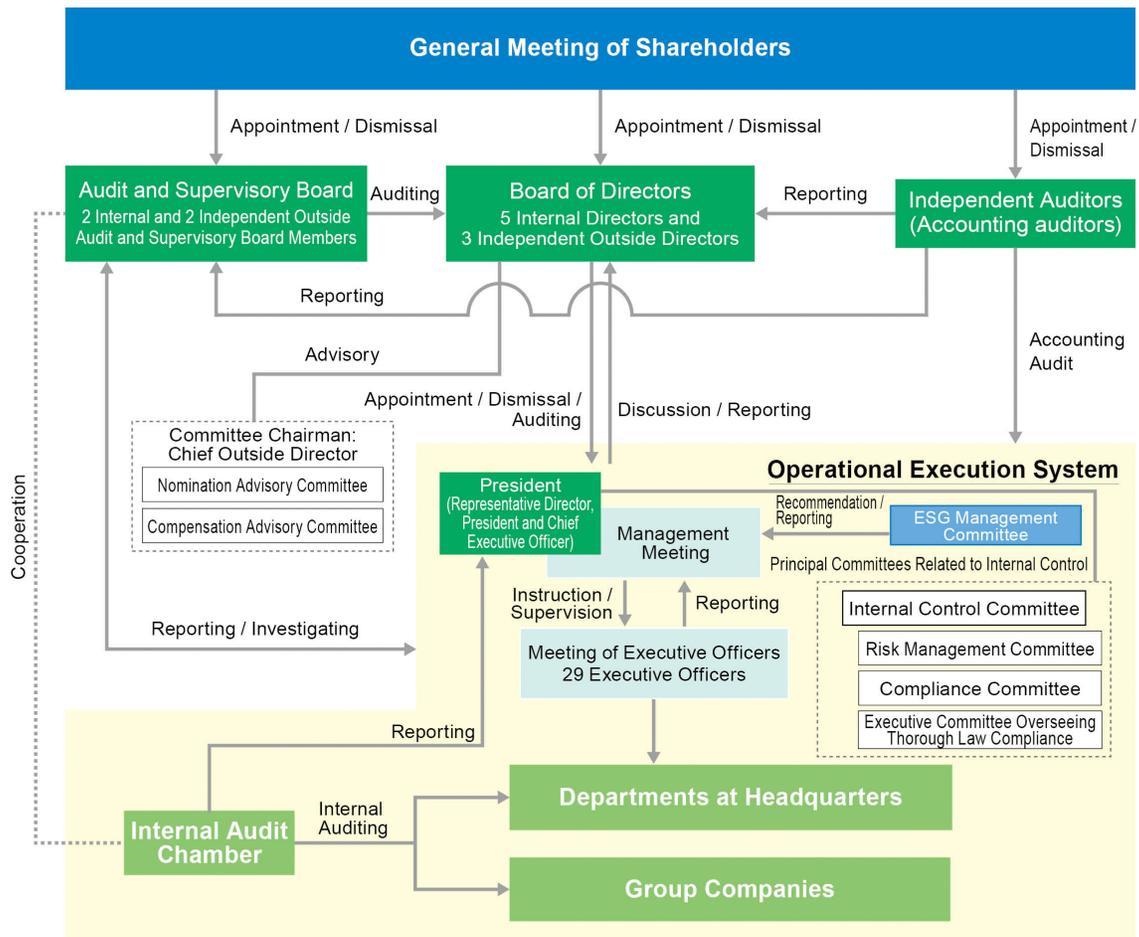
- 1) Actual ratio of premiums paid by the eligible Audit and Supervisory Board Member
The premiums are paid by the Company, including riders. Therefore, the eligible Audit and Supervisory Board Member does not bear the premiums.
- 2) Outline of damage covered for the eligible Audit and Supervisory Board Member
The insurance covers damages that will arise when eligible Audit and Supervisory Board Member assumes liability for legal damages and litigation expenses for the execution of his or her duties.
- 3) Measures to prevent the appropriateness of duties of the eligible Audit and Supervisory Board Member from being impaired
There are certain exemptions under the insurance contract, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. The deductible amount is prescribed under the insurance contract, and damages up to this deductible amount shall not be subject to coverage.

(Reference) Initiatives etc. concerning Corporate Governance

Organizational format	Company with Audit and Supervisory Board		
Number of Directors	8 as of June 2019 (of whom 3 are independent outside directors)	8 as of June 2020 (of whom 3 are independent outside directors)	8 (8 candidates) as of June 2021 (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) (1 candidate)		
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 compensation 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 12 directors (decrease of one), three outside directors (increase of one) Introduced a performance-based stock compensation 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 8 directors in total (decrease of one)
2020	<ul style="list-style-type: none"> 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 Established 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 decision-making
2021	<ul style="list-style-type: none"> Continued to maintain a ratio of more than 1/3 of independent outside officers (37.5% for Directors, 41.7% for all Directors and Audit and Supervisory Board Members, scheduled for June) Started discussions on how officer compensation should be in the future at the Compensation Advisory Committee Revised the policies for determining officer compensation in line with the enforcement of the revised Companies Act, etc. Completed two years of monitoring by the Governance Committee Established the ESG Management Committee for the purpose of steadily implementing ESG management (including developing and strengthening a governance framework that supports and accelerates ESG management)



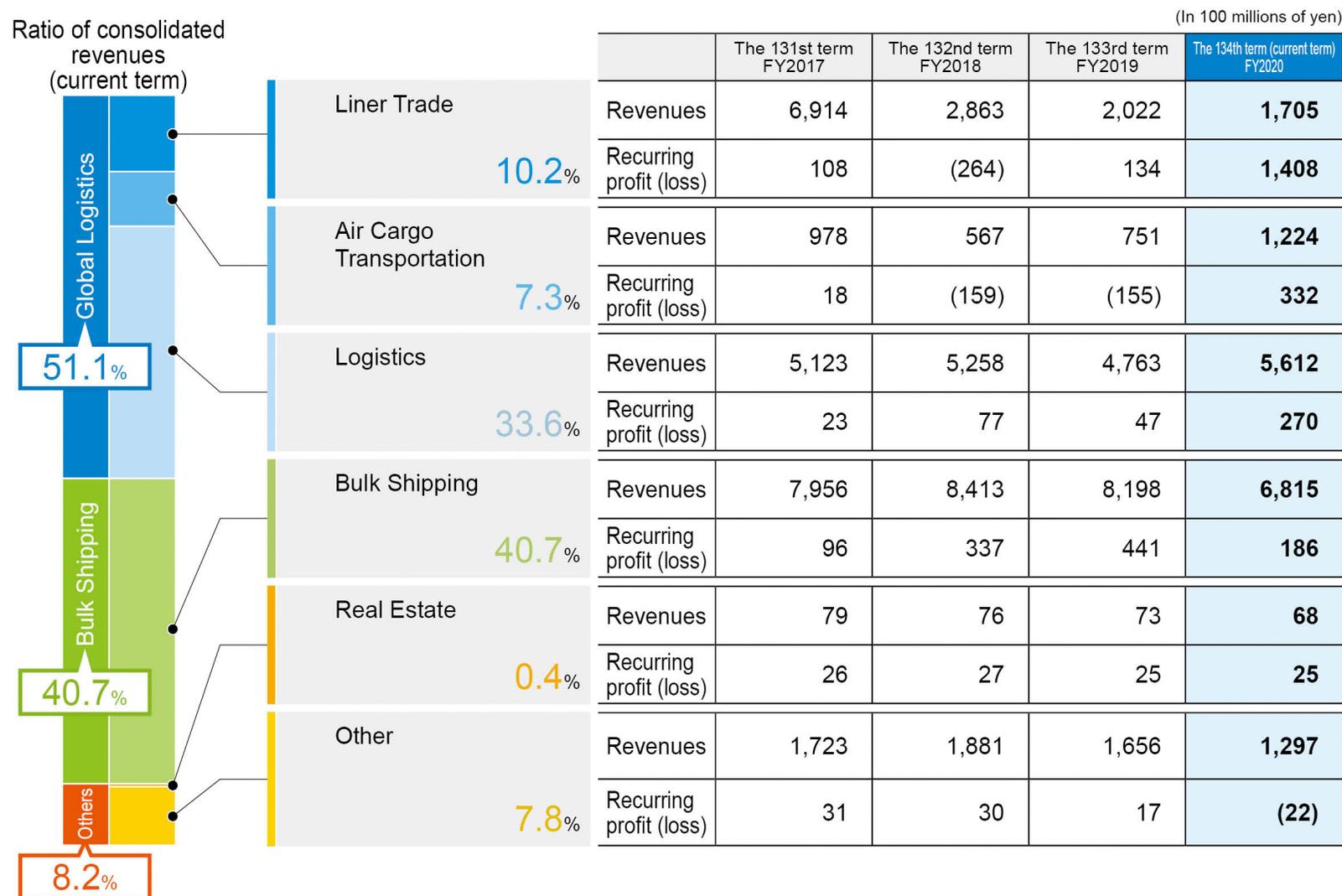
Note: The number of Directors and Audit and Supervisory Board Members is the scheduled number after this Ordinary Meeting of Shareholders.

Initiatives to enhance the function of the meetings of the Board of Directors

Since 2016, the Company has continued to conduct a non-anonymous self-evaluation survey on all Directors and all Audit and Supervisory Board Members in an effort to further enhance the function of the meetings of the Board of Directors.

In the current fiscal year, the Company took initiatives to make improvements regarding the following issues raised by the survey: (1) securing enough time for discussions, (2) explanation from the execution side and improvement of the contents of materials, and (3) selection and discussion of important themes other than individual projects. Going forward, the Company will continue to implement measures to enhance the function of the meetings of the Board of Directors and conduct more active discussions to instill and move ahead with ESG management with a view to enhancing corporate value.

2. Business segment results



Assets by business segment

(In 100 millions of yen)

		The 131st term	The 132nd term	The 133rd term	The 134th term
		FY2017	FY2018	FY2019	(current term) FY2020
Global Logistics	Liner Trade	4,053	3,618	2,969	4,286
	Air Cargo Transportation	773	641	632	655
	Logistics	2,779	2,818	2,816	3,487
Bulk Shipping		12,560	12,853	12,698	12,716
Others	Real Estate	588	573	549	524
	Other Business Services	1,952	1,717	1,590	1,736
Total		22,707	22,222	21,255	23,405
Adjustments		(1,991)	(2,205)	(1,923)	(2,150)
Consolidated		20,716	20,017	19,332	21,254

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, 2020 to March 31, 2021)

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 saw tough economic conditions primarily for in-person service industries as a result of restrictions on economic activities due to the COVID-19 pandemic. The Chinese economy has sustained a recovery trend thanks to the early resumption of economic activities. Although the European and U.S. economies declined sharply in the early stages of the pandemic under strict restrictions of movement, factors such as the easing of such restrictions and stay-at-home demand led to a recovery in consumer spending and other economic activities, pushing these economies to a moderate recovery path. The Japanese economy became severely depressed in the early stages of the pandemic but showed a recovery trend overall owing to the resumption of economic activities and increases in personal spending, exports and capital investment.

Under these circumstances, NYK achieved a significant increase in profits in the global logistics business, despite an extraordinary loss of ¥51.9 billion due to structural reforms in the dry bulk division. The consolidated results in FY2020 were revenues of ¥1,608.4 billion (3.6% decrease over the previous fiscal year), operating profit of ¥71.5 billion (84.9% increase), recurring profit of ¥215.3 billion (384.0% increase) and profit attributable to owners of parent of ¥139.2 billion (347.2% increase), recording lower revenues and higher profits 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) improved the bottom line through prompt response to changing demand and cost reductions, despite decreases in revenues and the lifting volume in the first quarter, reflecting a worldwide decline in cargo volumes caused by the COVID-19 pandemic. From the second quarter onward, market conditions remained strong due to the expansion of stay-at-home demand, leading to a significant improvement in the bottom line from the previous fiscal year. Delays in schedule, a shortage of containers and other problems have occurred due to some disruption in the supply chain owing to a sharp recovery in cargo volumes and restrictions on business activities because of the pandemic. Despite these problems, efforts were made to step up initiatives toward stabilization. Although the handling volume fell at domestic terminals, at overseas terminals the handling volume increased at North American terminals.

Although revenues decreased over the previous fiscal year for the liner trade segment as a whole, profits increased substantially, reflecting the strong results of ONE, an equity-method company.

Air Cargo Transportation

In the air cargo transportation business, supply and demand tightened owing to substantial suspensions and reductions of international passenger flights throughout the fiscal year due to the COVID-19 pandemic. From the third quarter onward, cargo volumes of mainly automobile-related cargo, semiconductors and electronic components recovered and some ocean cargo was shifted to the air cargo market due to the impact of tightened supply and demand for container shipping, resulting in continued high levels of unit freight rate and load factor. As a result, the air cargo transportation segment increased revenues over the previous fiscal year and recorded profits.

Logistics

In the air freight forwarding business, supply and demand tightened because of the decrease of available space due to substantial reductions of passenger flights and the shift of ocean cargo to air cargo. In the ocean freight forwarding business, despite soaring procurement costs, handling volumes recovered along with the resumption of economic activities that had been weak. In the logistics business, owing to stay-at-home demand, cargo volumes increased mainly in e-commerce related business, and performance improved. In the coastal transportation business, cargo volumes decreased

due to the impact of COVID-19. As a result, revenue and profit increased compared to the previous fiscal year for the logistics segment as a whole.

● Bulk Shipping

In the car transportation division, the scale of operations was downsized by scrapping old vessels and the trades were rationalized amid sluggish growth in the volume of finished car maritime transportation overall, resulting in increased transportation efficiency. In addition, the first vessel of LNG-fueled pure car and truck carrier was completed, followed by five more vessels scheduled for completion next fiscal year onward.

In the automobile logistics division, although there were variations in the supply and demand balance by country and region, efforts were made to reduce costs and rationalize the business in countries including China, Russia and India, and at the same time, progress was made in reorganizing the business portfolio, such as constructing new finished vehicle logistics terminals in Turkey and Egypt, considering the realization of railroad transportation between China and Central Asia, and opening a finished vehicle logistics terminal in Yokohama (Daikoku Pier).

In the dry bulk carrier division, although cargo volumes of iron ore and soybeans were strong to China, one of the first countries to restart economic activities, the market generally remained below the level a year earlier until the third quarter due to a combination of factors such as the prolonged impact of the wet season on iron ore shipments from Brazil, which has a major influence on the market. In the fourth quarter, however, as a result of the recovery in cargo volumes of iron ore, and tightened vessel supply and demand due to an increase in congestion caused by the cold wave in China, market conditions substantially exceeded those of the previous year, marking higher levels than the previous fiscal year overall. Regarding the Panamax, the market was robust on strong cargo volumes of soybeans and corn to China from the United States from the third quarter, continued congestion in China, and tightening of vessel supply and demand mainly due to cargo volumes of soybeans from South America. Efforts were made to stabilize the bottom line by fixing revenue through the use of freight forward agreements for the purpose of limiting the impact of market fluctuations.

Efforts were continued to stabilize the bottom line by securing long-term contracts and reduce costs through efficient operations. An extraordinary loss was recorded in FY2020 for expenses forecasted to arise in the future by conducting structural reforms.

In the energy transportation division, as crude oil prices dropped sharply following a decline in energy demand caused by the spread of COVID-19, vessel demand for storage increased and the market for VLCCs (Very Large Crude Oil Carriers) and petroleum products tankers temporarily soared. However, market conditions gradually calmed down reflecting the agreement on production cuts by oil-producing countries and a pick-up in crude oil prices, and supply and demand softened in the second quarter onward, resulting in a weak market. In addition, an increase in vessel supply partly due to the move to release oil in offshore storage led to a further deterioration in the supply and demand balance. As a result, market conditions in the fourth quarter onward weakened to historic lows. In VLGCs (Very Large Gas Carriers), although the market was weak in the first quarter due to lower vessel demand, it was strong from the second quarter following a decrease in capacity supply due to longer dry docking periods and waiting days, as well as increased ton-miles and congestion at the Panama Canal due to an increase in cargo volumes from North America. However, the market declined sharply in the fourth quarter. In LNG carriers, the results were steady based on support from the long-term contracts that generate stable earnings. Also, in the offshore business, FPSO (Floating Production, Storage and Offloading) was steady, while in drill ships the loss associated with the renewal of the contracts was recorded in the fourth quarter.

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

● Others

Real Estate

The real estate market was steady with results generally unchanged year on year.

Other Business Services

In other business services, sales of fuel oil and chemical product manufacturing and sales were sluggish compared to the previous year, and the decline in demand caused by the COVID-19 pandemic affected the technical service business and marine equipment sales. As a result of these and other factors, both revenue and profit declined over the previous fiscal year for the other business services segment as a whole. Due to the of COVID-19 pandemic, the Asuka II Cruise conducted cruises only

from November 2020 through the beginning of 2021 and from late March 2021 with measures to prevent infection such as capacity limits in place.

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 ESG 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 appropriately and continuously operating its unique safety audit system NAV9000, the ship safety management system NiBiKi developed by the NYK Group, and Near Miss 3000 activities for supporting on-site safety.

The Company identifies the development of 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 remote training (classroom learning, cargo operation, operation of vessels). 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 conducts leading-edge research jointly with group companies such as Japan Marine Science Inc. and external partners, with MTI at the core, in order to be able to contribute to the promotion of ESG management encompassing customers and suppliers. Specifically, we promote research and development while further exploring a wide array of fields, such as advanced automation of vessels through system integration including autonomous operation of vessels and autonomous engine plant operation, enhancement of propulsion efficiency through the modification of vessel design, promotion of greenhouse gas (GHG) reduction activities mainly through improvement of ship operations, and strengthening onboard cybersecurity.

In addition, the NYK Group is engaged in several research and development projects with external partners regarding introduction of new carbon neutral fuels such as ammonia and hydrogen and building a supply chain as initiatives for green business. Going forward, the NYK Group will continue to actively promote offshore wind power related businesses which are expected to become widespread.

(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, 2021 (including corporate bonds) totaled ¥951.1 billion, a decrease of ¥98.7 billion from the previous fiscal year.

The NYK Group made capital investment of ¥101.7 billion in total, primarily for the bulk shipping segment. In the liner trade and bulk shipping segments, we made investment of ¥6.7 billion and ¥85.7 billion respectively, primarily for vessels. Other than above, we made investment of ¥1.5 billion mainly for aircraft in the air cargo transportation segment, ¥6.9 billion for transportation equipment, and logistics facilities and equipment in the logistics segment, ¥0.3 billion in the real estate segment, and ¥0.7 billion in other business services.

(3) Management Perspectives

The business environment surrounding the NYK Group continues to be uncertain due to the significant impact of the COVID-19 pandemic on the global economy.

Amid these circumstances, the Group will work on the following management issues as part of its medium- to long-term management policy to continue achieving sustainable growth 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 in response to a volatile business

environment and a diverse and changing society. 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 implement structural reforms to enhance resilience to market conditions, and will continue to conduct thorough market risk exposure control. In the liner trade business, although the operating results of the integrated container shipping operating company ONE improved substantially, 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 proactively pushing forward initiatives for “Digitalization and Green” and further refining technological, informational and network capabilities to take up new challenges. 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 dealing with more stringent environmental regulations and working on realizing various green businesses for the next generation on the themes of reduction of CO₂ emissions in transport and renewable energy.

In addition to carrying out these business strategies and actively engaging in next-generation growth fields, we position ESG management as a growth strategy to contribute also to solving environmental problems and other social issues. By doing so, we will fully focus on maximizing profitability while 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)

The NYK Group formulated the NYK Group ESG Story that presents specific initiatives that position ESG management as a growth strategy. Under the recognition that ESG is fundamental to corporate management, the NYK Group deems “safety,” “environment,” and “human capital” as its top-priority issues. We actively take initiatives such as strengthening “governance,” which is the foundation of this approach, and established the ESG Management Committee to contribute to solving social issues through business in an effort to build a framework for promoting ESG management.

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 GHG 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 install the ballast water management systems, 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. The NYK Group works to deepen effective corporate governance that leads to strengthening of the supervisory function of the Board of Directors mainly by enhancing the effectiveness of the Nomination Advisory Committee and the Compensation Advisory Committee, which are chaired by outside directors, discussing internal control issues at the Internal Control Committee, enhancing the internal control system and reviewing its operation status, galvanizing discussions at the Management Meeting to enable flexible decision-making and appropriate business execution, and establishing a system to promptly respond to problems when they arise.

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 deems thorough compliance as its top priority and aims to build a global governance system for the Company and Group companies that engage in various operations in Japan and overseas. We have set up Regional Management Offices (RMOs) in each location in the Americas, Europe, East Asia and South Asia and assigned legal affairs managers and internal auditors under the Regional Governance Officer of each office, to share best practices and promptly resolve issues. Furthermore, we will make every effort to ensure thorough compliance with other relevant laws and regulations by continuing activities, including obtaining written pledges for the codes of conduct established by Group companies in Japan and overseas, and to conduct responsible business activities.

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 conducted hearings with each division and our group companies, have prepared action guidelines based on the interviews, and have conducted trainings etc. in order to ensure compliance with the antitrust laws. Furthermore, through the meetings of the Compliance Committee and the Committee for Ensuring Adherence to Laws, we are working to develop and strengthen a comprehensive system of legal compliance, including anti-bribery and anti-harassment measures, in addition to responding to the antitrust laws.

By implementing these measures steadily, we will ensure that our business is conducted fairly in accordance with laws and regulations, and strive to strengthen group governance.

(4) Principal Business of the Consolidated (as of March 31, 2021)

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, 2021)

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, Jeddah 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.	Shinagawa-ku, Tokyo
YUSEN REAL ESTATE CORP.	Chuo-ku, Tokyo
YUSEN LOGISTICS CO., LTD.	Shinagawa-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

(6) State of Vessels of the Consolidated (as of March 31, 2021)

Business Segments	Type of vessel	Segment	As of March 31, 2021	
			Number of vessels	1,000 K/T (dwt)
Liner Trade	Container ships (incl. semi-container ships)	Owned	26	1,659
		Chartered	29	3,039
		Total	55	4,699
Bulk Shipping	Dry bulk carriers	Owned	119	10,405
		Chartered	277	30,223
		Total	396	40,629
	Car carriers	Owned	37	706
		Chartered	73	1,334
		Total	110	2,041
	Tankers	Owned	56	7,706
		Chartered	22	2,675
		Total	78	10,382
	Other	Owned	21	397
		Chartered	24	330
		Total	45	728
Cruises	Cruise ships	Owned	—	—
		Chartered	—	—
		Total	—	—
Total		Owned	259	20,877
		Chartered	425	37,603
		Total	684	58,480

- 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. There are no cruise ships owned by the Company due to the transfer of 50% of the shares of NYK CRUISES CO., LTD. in March 2019.

(7) Employees (as of March 31, 2021)

1) Employees of the Consolidated

Segment		Number of employees (persons)	Year-on-year change (persons)
Global Logistics	Liner Trade	3,487	235
	Air Cargo Transportation	897	150
	Logistics	24,487	(1,076)
Bulk Shipping		4,386	885
Others	Real Estate	72	3
	Other	1,319	(14)
Company-wide (common)		409	17
Total		35,057	200

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	949	1
[maritime crew on land duty out of above]	[131]	[(4)]
Maritime crew on sea duty	268	(1)
Total	1,217	0

Note: The number of employees includes 64 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, 2021)

Lender	Outstanding Balance (Millions of yen)
MUFG Bank, Ltd.	179,229
DEVELOPMENT BANK OF JAPAN INC.	58,276
MEIJI YASUDA LIFE INSURANCE CO.	50,000
THE YAMAGUCHI BANK, LTD.	46,498
SUMITOMO MITSUI BANKING CO.	40,959
THE NORINCHUKIN BANK	30,194
NIPPON LIFE INSURANCE CO.	25,200
THE SHIGA BANK, LTD.	14,392
CHIBA BANK, LTD.	12,883
MIZUHO BANK, LTD.	8,608

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, 2021)

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 502 consolidated subsidiaries and 206 equity-method companies as of March 31, 2021. NYK conducted a company split (absorption-type split) in which all of the shares owned by NYK in its subsidiary Yokohama Kyoritsu Warehouse Co., Ltd. were transferred to its wholly-owned subsidiary Yusen Logistics Co., Ltd. (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: April 30, 2020

Conclusion of contract: April 30, 2020

Effective date: July 1, 2020

For details of the changes and results of other 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	76.18	Marine transportation business
NYK TRADING CORP.	¥1,246 million	79.25	Sales of petrochemical products, etc.
YUSEN REAL ESTATE CORP.	¥450 million	100.00	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.	US\$11.58 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 273 other vessel owning companies	US\$35.458 million (total of 129 companies) ¥9,810 million (total of 145 companies)	100.00 (all companies)	Vessel owning and chartering

- Notes:
1. Percentage of voting rights includes indirect holdings.
 2. 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.
 3. ADAGIO MARITIMA S.A. and 273 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 delisted its common stock listed on the Nagoya Stock Exchange (First Section), by approval of the Board of Directors.

Date of application for delisting: November 5, 2020

Date of delisting: December 21, 2020

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 countries.

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\$308 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 in the United States. To date, the court of first instance and the court of second instance in the U.S. have ruled to reject the plaintiff's lawsuit.

2. Status of Shares (as of March 31, 2021)

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

(2) Number of shares issued 169,558,156 shares

Note: The number of shares issued excludes 496,942 shares of treasury stock.

(3) Number of shareholders 114,117 persons
(increased by 2,064 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)	15,556	9.17
Custody Bank of Japan, Ltd. (Trust account)	9,312	5.49
MITSUBISHI HEAVY INDUSTRIES, LTD.	4,103	2.42
MEIJI YASUDA LIFE INSURANCE CO.	3,447	2.03
Custody Bank of Japan, Ltd. (Trust account 7)	3,004	1.77
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	2,894	1.71
THE BANK OF NEW YORK MELLON 140044	2,621	1.55
STATE STREET BANK WEST CLIENT - TREATY 505234	2,456	1.45
Custody Bank of Japan, Ltd. (Trust account 5)	2,425	1.43
Custody Bank of Japan, Ltd. (Trust account 6)	2,152	1.27

(5) Treasury Stock

Treasury shares held as of the end of the preceding term	Common Stock	490,670 (shares)
Shares purchased in the current term		
Less-than-One-Unit Share Purchased	Common Stock	6,744 (shares)
	Total price of acquisition	15,013,008 (yen)
Shares disposed in the current term		
Less-than-One-Unit Share Sold	Common Stock	472 (shares)
	Total price of disposition	824,770 (yen)
Shares lapsed in the current term	None	
Treasury shares held as of the end of the fiscal term	Common Stock	496,942 (shares)

- Notes: 1. For the number of shares delivered as compensation for execution of duties to those who were Directors of the Company during this fiscal year, please refer to Note 4. of "Compensation paid to Directors and Audit and Supervisory Board Members" (on page 52).
2. The Company shares held by Board Incentive Plan Trust (696,196 shares) are not included in treasury shares above.

3. Executives of NYK

(1) Directors and Audit and Supervisory Board Members (incumbents from June 30, 2020 to March 31, 2021)

Name	Position, responsibilities and significant concurrent positions	
Tadaaki Naito	Chairman, Director Chairman and Executive Officer	President of The Japanese Shipowners' Association Outside Director of Mitsubishi Logistics Corporation
Hitoshi Nagasawa	President, Representative Director President and Chief Executive Officer	Executive Chief of ESG Management
Eiichi Takahashi	Representative Director Senior Managing Executive Officer	Chief Financial Officer, Chief Executive of Management Planning Headquarters
Hiroki Harada	Director, Senior Managing Executive Officer	Chief Executive of Global Logistics Services Headquarters
Yutaka Higurashi	Director, Managing Executive Officer	Chief Compliance Officer, Chief Executive of General Affairs 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)	
Hiroshi Nakaso	Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	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, Member of APEC Business Advisory Council
Satoko Kuwabara	Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Partner of Gaien Partners, Outside Director of Bandai Namco Holdings Inc., Outside Auditor of Unicafe 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, Mr. Hiroshi Nakaso and Ms. Satoko Kuwabara are Outside Audit and Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. The Company has no particularly notable business relations with the 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>

Director (non-executive Director)	Yoshiyuki Yoshida (retired due to expiration of the term of office on June 29, 2020)
Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Hirohide Yamaguchi (retired due to expiration of the term of office on June 29, 2020)
Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Toshinori Kanemoto (retired due to resignation on June 29, 2020)

<New appointment>

Director, Managing Executive Officer	Yutaka Higurashi (appointed on June 29, 2020)
Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Hiroshi Nakaso (appointed on June 29, 2020)
Outside Audit and Supervisory Board Member (part-time, Independent Auditor)	Satoko Kuwabara (appointed on June 29, 2020)

6. As of April 1, 2021, Executive Officers who also serve as Director are relocated as follows:

<As of March 31, 2021>

Representative Director
Senior Managing Executive Officer
Director,
Senior Managing Executive Officer

Eiichi Takahashi
Hiroki Harada

<After relocation>

Director (non-executive Director)
Representative Director, Senior
Managing Executive Officer

7. The Company filed Mr. Yoshihiro Katayama, Ms. Hiroko Kuniya, Mr. Eiichi Tanabe, Mr. Hiroshi Nakaso and Ms. Satoko Kuwabara 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) Executive Officers (For reference) (as of April 1, 2021)

Position	Name
Chairman, Director Chairman and Executive Officer	Tadaaki Naito
President, Representative Director President and Chief Executive Officer	Hitoshi Nagasawa
Representative Director, Senior Managing Executive Officer	Hiroki Harada
Director, Managing Executive Officer	Yutaka Higurashi
Senior Managing Executive Officer	Tomoyuki Koyama
	Akira Kono
	Takaya Soga
Managing Executive Officer	Svein Steimler
	Nobuhiro Kashima
	Toru Kamiyama
	Hiroshi Kubota
Executive Officer	Masashi Suda
	Kazumasa Okazaki
	Hideki Suzuki
	Shinji Umehara
	Yuko Tsutsui
	Toru Maruyama
	Hiroaki Nishiyama
	Hisaya Higuchi
	Hironobu Watanabe
	Patrick Brennan Jr.
	*Takeshi Kato
	*Kenichiro Sutoh
	*Yasunobu Suzuki
	*Yuji Nishijima
	*Takuji Banno
*Yutaka Ikeda	
*Toshi Nakamura	
*Keita Sataka	

- Notes: 1. Executive Officers who retired during the fiscal year are as follows:
Eiichi Takahashi, Koichi Uragami, Shohei Yamamoto, Shinya Hitomi, Taizo Yoshida, Kotaro Seki and Muneaki Saitoh
2. The asterisks (*) indicate newly appointed Executive Officers on April 1, 2021.

(3) Compensation for Directors and Audit and Supervisory Board Members for the Current Fiscal Year

1) Matters regarding the policies for determining the contents of compensation for individual Directors

The Company has formulated the policies for determining the contents of compensation for individual Directors (hereinafter, the “Determination Policies”) as summarized below.

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 Directors based on the size and nature of its business, as well as from the perspective of securing talents and sustainability in consideration of the levels of compensation for officers at its industry peers or peers of equivalent size and salary for employees. Compensation for Executive Directors consists of basic compensation, performance-based stock compensation and bonuses. Compensation for Outside Directors consists solely of basic compensation as they provide supervision and advice to the management of the Company from a standpoint independent of business execution. No Directors shall be granted retirement benefits.

i) Basic compensation

Fixed monetary compensation is paid on a monthly basis based on individual positions and responsibilities.

ii) Bonuses

A proposal of bonus payment is proposed at the General Meeting of Shareholders, if justifiable in consideration of business conditions such as single-year corporate performance and shareholder return. Bonuses shall be paid within the fiscal year following the fiscal year evaluated, at an amount based on individual positions and responsibilities, within the aggregate limit of bonuses as determined by the resolution of the Meeting.

iii) Performance-based stock compensation

The Company introduced a performance-based stock compensation plan (Board Incentive Plan) involving a trust with superior transparency and objectivity, closely linked to the level of achievement of medium- to long-term corporate performance targets specified under the medium-term management plan. With a view to pursuing capital efficiency while impartially reflecting corporate performance on evaluation, performance-linked indicators comprise consolidated revenues, consolidated operating profit, consolidated recurring profit, profit attributable to owners of parent, EBITDA and ROE. Different degrees of performance indicator-weighting shall be set for each of three factors, namely, the level of achievement of targets under the medium-term management plan, the level of achievement of initial consolidated financial forecast, and the comparison with the previous fiscal year, thereby measuring the level of achievement, etc. (hereinafter, the “achievement level, etc.”) by using performance-linked indicators. Fixed points based on individual positions of Directors and variable points calculated based on the achievement level, etc. shall be granted every fiscal year, and the number of shares equivalent to the number of accumulated points shall be delivered following the expiry of the three fiscal year period. The number of points to be delivered commensurate with the achievement level, etc. shall be calculated by multiplying performance-linked coefficient, which varies within a range between 0 and 1.5.

The ratio of basic compensation and performance-based stock compensation shall be set to attain a parity when corporate performance targets, etc. are impartially achieved, with a view to providing a sound medium- to long-term incentive for motivating Directors to contribute to enhancing corporate performance and promoting sustainable growth.

The amounts of compensation for Directors shall be proposed by by the President within the total amount and content resolved by the General Meeting of Shareholders. Then, through discussions at the Compensation Advisory Committee, an advisory body to the Board of Directors, and exchange of opinions with Outside Directors, they are decided by the Board of Directors. The Compensation Advisory Committee, comprising Chairman, Director, President, Representative Director, and Outside Directors (the Committee is composed of a majority of Outside Directors and chaired by a Chief Outside Director in principle), shall be engaged in discussion on determining the amount of compensation and other important matters related to compensation of Directors, and report or submit the results to the Board of Directors.

Meanwhile, the Determination Policies are deliberated by the Compensation Advisory Committee and decided by the Board of Directors.

2) Matters regarding the policies for determining the amount of compensation for Audit and Supervisory Board Members

Compensation for Audit and Supervisory Board Members shall be paid solely in the form of basic compensation in light of the nature of their function and role of conducting audit of the Company from a standpoint independent of business execution, and the specific individual amounts of compensation shall be decided by discussion among the Audit and Supervisory Board Members including the Outside Audit and Supervisory Board Members, within the total amount and content resolved by the General Meeting of Shareholders.

Meanwhile, the Determination Policies are decided at the Board of Directors.

3) Matters regarding the resolutions of the General Meeting of Shareholders on the compensation for Directors and Audit and Supervisory Board Members

The aggregate amount of basic compensation for Directors was decided not to exceed a total of ¥69 million per month at the 118th Ordinary General Meeting of Shareholders held on June 28, 2005. The Company was served by 17 Directors as at the conclusion of this Ordinary General Meeting of Shareholders. Meanwhile, the aggregate amount of performance-based stock compensation for Directors (excluding Outside Directors) was decided not to exceed a total of ¥2 billion for three fiscal years, at the 129th Ordinary General Meeting of Shareholders held on June 20, 2016, (provided, however, that since the Company's performance-based stock compensation for Directors extends to cover Executive Officers meeting certain requirements apart from Directors, the aforementioned maximum aggregate amount also covers such Executive Officers and all other recipients applicable thereunder), and as part of the resolution, three year extension of the applicable period of the plan was resolved at the Board of Directors meeting held in March 2019. The Company was served by nine Directors (excluding Outside Directors) as at the conclusion of the aforementioned Ordinary General Meeting of Shareholders.

The aggregate amount of compensation for Audit and Supervisory Board Members was decided not to exceed a total of ¥9 million per month, at the 107th Ordinary General Meeting of Shareholders held on June 29, 1994. The Company was served by five Audit and Supervisory Board Members as at the conclusion of this Ordinary General Meeting of Shareholders.

4) Basis of the decision by the Board of Directors that the contents of compensation for individual Directors for the current fiscal year were in line with the Determination Policies

The Board of Directors decided that the contents of compensation for individual Directors for the current fiscal year were in line with the Determination Policies due to the fact that such contents were approved by the resolution of the Board of Directors based on the resolution at the General Meeting of Shareholders, that those resolutions were in conformity to the Determination Policies, and that the resolution of the Board of Directors was adopted based on the thorough discussion at the Compensation Advisory Committee, which comprises a majority of Outside Directors, on all specific contents including the appropriateness of the amounts of compensation for individual Directors, in addition to the design of the plan for the compensation for Directors.

5) Compensation paid to Directors and Audit and Supervisory Board Members

Category of executives	Total amount of compensation	Total amount of compensation by category				Number of eligible executives
		Fixed compensation	Performance-based compensation			
		Basic compensation	Bonus	Stock compensation	Total amount	
Directors [Outside Directors out of above]	¥563 million [¥57 million]	¥312 million [¥57 million]	-	¥251 million [-]	¥251 million [-]	9 [3]
Audit and Supervisory Board Members [Outside Audit and Supervisory Board Members out of above]	¥105 million [¥27 million]	¥105 million [¥27 million]	-	- [-]	- [-]	6 [4]

- Notes:
1. The amount of basic compensation paid to Directors includes the amount paid to one Director who retired during this fiscal year.
 2. The amount of basic compensation paid to Audit and Supervisory Board Members includes the amount paid to two Audit and Supervisory Board Members who retired during this fiscal year.
 3. There have been no payment of bonuses for Directors for ten consecutive terms since the 125th up to the current term.
 4. The amount of stock compensation for Directors is an amount based on the performance-based stock compensation plan, as summarized in the above 1) Matters regarding the policies for determining the contents of compensation for individual Directors, as well as 3) Matters regarding the resolutions of the General Meeting of Shareholders on the compensation for Directors and Audit and Supervisory Board Members.
 - a) The table above shows the total amount of expense recorded for stock compensation related to this fiscal year associated with the provision for stock benefits during this fiscal year (provided, however, that for retired directors during this fiscal year, the amount recorded as expense associated with the payment of stock compensation). However, the revised amount is expected to be ¥265 million due to the revision of the valuation of shares related to share-based compensation after the end of this fiscal year. (Due to the revision of the valuation amount of the shares related to the share fee, the amount recorded as expenses for the share fee related to the previous fiscal year (the 133rd fiscal year) increased by ¥11 million from the estimated amount disclosed in the business report for the same fiscal year of 196 million yen to ¥207 million).
 - b) The method for calculating the performance-based stock compensation based on the performance indicators determined in 1), iii) above is designed to achieve variation in the number of individually granted points by the followed procedure: Adjustments are made by 50%, 30% and 20% weightings to the values derived from the indicators involving the degree of achievement with respect to the target threshold of ROE at minimum 8.0% and consolidated recurring profit between ¥70 billion and ¥100 billion set out under the medium-term management plan, the degree of achievement of initial consolidated financial forecast and the comparison with the previous fiscal year, for the purpose of determining performance-linked coefficient in a range between 0 and 1.5, which shall then be multiplied by the 50% of the points granted commensurate with positions. Actual performance against the consolidated performance indicators in the current fiscal year were consolidated revenues of ¥1,608.4 billion, consolidated operating profit of ¥71.5 billion, consolidated recurring profit of ¥215.3 billion, profit attributable to owners of parent of ¥139.2 billion, EBITDA of ¥170.3 billion and ROE of 25.6%, and the performance-linked coefficient for the current term was 1.5.
 - c) In the current fiscal year, 16,764 shares of the Company were delivered to a Director (not an Outside Director) who retired in June 2020.

(4) Outline of the Directors and Officers Liability Insurance Contract

The Company has concluded a directors and officers liability insurance contract in February 2021, to secure excellent human resources and to prevent hesitation in the execution of duties. The outline of this insurance contract is as follows.

1) Scope of insured persons

Officers (including Executive Officers) of the Company or its domestic subsidiaries, etc., key employees or retired officers appointed by the Board of Directors of the foregoing companies, or persons serving as officers at companies outside the Group on company assignment, or the Company and its domestic subsidiaries, etc.

2) Outline of the insurance contract

- Actual ratio of premiums paid by the insured
The premiums are paid by the Company, including riders. Therefore, the insured (excluding the Company) do not bear the premiums.
- Outline of events insured against
The insurance covers damages that will arise when the insured bears compensation for damages and litigation expenses.
- Measures to prevent the appropriateness of duties of officers, etc. from being impaired
There are certain exemptions under the insurance contract, such as in case of actions taken with the knowledge that such actions are in violation of laws and regulations. The deductible amount is prescribed under the insurance contract, and damages up to this deductible amount shall not be subject to coverage.

(5) 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.

(6) 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)	Mr. Yoshihiro Katayama was expected to contribute to the supervision of the execution of duties by the Board of Directors and the Board of Directors, etc. and the transparency and objectivity of the Board of Directors and the Nomination and Compensation Advisory Committee by making use of his experience and expert knowledge on administrative and public policy, and by making recommendations on our management policy, structural issues of our group and organization, and the utilization and development of human resources, etc. through discussions at the Board of Directors and each of the aforementioned advisory committees, etc. from the perspectives of all stakeholders and from a broad perspective. He attended all the 17 meeting of Board of Directors held this year (100% attendance rate), and met its expectations by expressing its broad knowledge, insight, and highly independent position cultivated through its extensive experience in the public, political, and academic sectors, and by serving as chairman at each of the aforementioned advisory committees.
Independent Outside Director (Part-time) Hiroko Kuniya (Appointed on June 21, 2017)	Ms. Hiroko Kuniya was expected to contribute to the supervision of the execution of duties, by the Board of Directors and Directors, etc. and the transparency and objectivity of the Board of Directors and the Nomination and Compensation Advisory Committee based on her insight into environmental and social issues from a global perspective, and by making recommendations on our management policy, initiatives for the environment such as climate change, and promotion of diverse human resources through discussions at the Board of Directors and each of the aforementioned advisory committees, etc. from the perspectives of all stakeholders and from a broad perspective. She attended all the 17 meeting of Board of Directors held this year (100% attendance rate), and met its expectations by making use of her experience and wealth of insight that she had raised a wide range of issues related to politics, economics, international relations, and society over the long term as a caster, and by expressing her opinions from a diverse perspective and from a highly independent standpoint, and by serving as a member of each of the aforementioned advisory committees.
Independent Outside Director (Part-time) Eiichi Tanabe (Appointed on June 19, 2019)	Mr. Eiichi Tanabe was expected to contribute to the supervision of the execution of duties by the Board of Directors and the Board of Directors, etc. and the transparency and objectivity of the Board of Directors and the Nomination and Compensation Advisory Committee by, among other things, making use of his experience and

	<p>knowledge of overall corporate management and making recommendations on our management policies, adaptation to the changing business environment and creation of new business domains and appropriate decision-making through discussions by the Board of Directors and the aforementioned advisory committees from the perspectives of all stakeholders.</p> <p>He attended all the 17 meeting of Board of Directors held this year (100% attendance rate), and met its expectations by expressing his knowledge of overall corporate management and from an independent standpoint, and by serving as a member of each of the aforementioned advisory committees.</p>
<p>Independent Outside Audit and Supervisory Board Member (Part-time) Hiroshi Nakaso (Appointed on June 29, 2020)</p>	<p>Attended all the 13 meetings of the Board of Directors to be attended during this fiscal year (100% of attendance rate) and all the 10 meetings of the Audit and Supervisory Board to be attended during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on his considerable experience in financial and economic fields.</p>
<p>Independent Outside Audit and Supervisory Board Member (Part-time) Satoko Kuwabara (Appointed on June 29, 2020)</p>	<p>Attended all the 13 meetings of the Board of Directors to be attended during this fiscal year (100% of attendance rate) and all the 10 meetings of the Audit and Supervisory Board to be attended during this fiscal year (100% of attendance rate), and when necessary made statements mainly based on her considerable practical experience in the fields of corporate legal affairs and financial legal affairs.</p>

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 131st term	The 132nd term	The 133rd term	The 134th term (current term)
	FY2017	FY2018	FY2019	FY2020
Revenues	2,183,201	1,829,300	1,668,355	1,608,414
Recurring profit (loss)	28,016	(2,052)	44,486	215,336
Profit (loss) attributable to owners of parent	20,167	(44,501)	31,129	139,228
Profit (loss) per share	119.57 (yen)	(263.80) (yen)	184.39 (yen)	824.55 (yen)
Total Assets	2,071,636	2,001,704	1,933,264	2,125,480
Equity	588,255	521,725	498,839	667,411
Equity per share	3,272.21 (yen)	2,889.26 (yen)	2,740.41 (yen)	3,703.27 (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. The Company shares held by the Board Incentive Plan 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 131st term	The 132nd term	The 133rd term	The 134th term (current term)
	FY2017	FY2018	FY2019	FY2020
Revenues	1,087,926	703,078	669,905	561,745
Recurring profit	41,700	7,663	48,935	90,960
Profit (loss)	59,509	(24,501)	22,647	38,252
Profit (loss) per share	352.83 (yen)	(145.24) (yen)	134.14 (yen)	226.54 (yen)
Total Assets	1,403,907	1,365,127	1,308,170	1,333,529
Equity	261,379	209,298	214,602	249,490
Equity per share	1,549.72 (yen)	1,240.59 (yen)	1,271.09 (yen)	1,477.48 (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. The Company shares held by the Board Incentive Plan 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, 2021)

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	¥185 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥322 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 divisions.
 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 advice and guidance services on accounting, 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's subsidiaries paid additional compensation for the audit for the previous fiscal year of ¥14 million 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, 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 ESG Management Committee in pursuit of sustainability, combined with enhanced effectiveness of governance framework.
- The Company establishes the Internal Control Committee, discussing internal control issues and formulating policies to address them, as well as 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. In addition, the Company formulates rules on the reporting and examination, etc. for crisis responses, and develops a system for implementing prompt remedy and recurrence prevention measures in case of an emergency, striving to ensure the effectiveness of execution of duties related to the internal control and enhancing the supervisory 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 ESG Management Committee was set up for initiatives regarding enhancement of governance effectiveness in management and execution of duties from a long-term perspective.
- The Internal Control Committee was held to make decisions on policies regarding internal control, based on monitoring to identify and verify internal control issues and discussions on future initiatives to ensure effectiveness of internal control, as well as to 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. In the event of an emergency, the Company ensured implementation of prompt remedy and recurrence prevention measures pursuant to the rules on the reporting and examination, etc. for crisis responses, while reporting important matters to the Board of Directors via the Compliance Committee.

(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 with procedures and authority for inspection in place according to the degree of confidentiality.
- The Company establishes relevant rules for confidential information.

(Summary of Implementation Status)

- Important information on the execution of business operations by the Directors is being stored and managed appropriately, and important contracts are being periodically organized and confirmed.

(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 based on the risk management policy and risk management rules. In managing risks, the Company thoroughly evaluates 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 master plan and implementation procedures 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, the disaster countermeasures committee for earthquakes, etc., and the business continuity liaison committee, 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 Executive 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. In addition, the Meeting of Executive Officers also supervised the status of execution of duties.
- The approval process was accelerated through the utilization of the electronic approval request system. Digitization in administration is in progress with a view to enhancing administrative efficiency.

(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 makes decisions on policies regarding internal control by deliberating on internal control issues and initiatives to address them. The Internal Control Committee takes specific measures for the development and operation of internal control over the entire Group, such as formulating rules with respect to management, reporting and crisis responses, etc. of Group companies, as well as developing a system to implement prompt remedy and recurrence prevention measures in case of an emergency, and working to enhance the internal audit system. The Committee strives to ensure the effectiveness of execution of duties regarding internal control over the entire Group, and to enhance the supervisory function of the Board of Directors.
- 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, 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 as well as disseminate and thoroughly implement operations based on corporate rules. The Company conducted internal audits of the Group companies in Japan and overseas, and made advice and suggestions for improvement while promoting integration and enhancement of internal audit functions within the Group and working to enhance the effectiveness of internal control functions through the expansion of the scope and sophistication of internal audits. The Company conducted risk assessments on relevant laws and regulations in its efforts to strengthen the system for examining important contracts. Furthermore, in the event of an emergency, the Company and Group companies ensured implementation of prompt remedy and recurrence prevention measures pursuant to the rules on the reporting and examination, etc. for crisis responses, while reporting important matters to the Board of Directors via the Compliance Committee.
- 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.

<p>(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</p>
<ul style="list-style-type: none"> - The dedicated staff of the Audit and Supervisory Board Office work under the full-time Audit and Supervisory Board Members. <p>(Summary of Implementation Status)</p> <ul style="list-style-type: none"> - 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 or discipline involving the staff of the office shall be decided, fully reflecting the opinion of Audit and Supervisory Board Members.
<p>(8) Structures for reporting to Audit and Supervisory Board Members and other structures to ensure Audit and Supervisory Board Members conduct audits effectively</p>
<ul style="list-style-type: none"> - 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. <p>(Summary of Implementation Status)</p> <ul style="list-style-type: none"> - 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 Meeting of Executive Officers, the Internal Control 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 Meeting of Executive 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.
<p>(9) 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</p>
<ul style="list-style-type: none"> - 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. <p>(Summary of Implementation Status)</p> <ul style="list-style-type: none"> - 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, 2021)

(In millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	538,488	Current liabilities	542,262
Cash and deposits	107,369	Notes and operating accounts payable-trade	168,690
Notes and operating accounts receivable-trade	234,909	Current portion of bonds	25,000
Short-term investment securities	144	Short-term loans payable	161,045
Inventories	37,619	Lease liabilities	19,477
Deferred and prepaid expenses	56,438	Income taxes payable	14,390
Other	104,108	Advances received	36,405
Allowance for doubtful accounts	(2,101)	Provision for bonuses	14,063
Non-current assets	1,586,748	Provision for directors' bonuses	366
Vessels, property, plant and equipment	847,689	Provision for stock payment	170
Vessels, net	534,378	Provision for losses related to contracts	14,364
Buildings and structures, net	109,198	Provision for related to business restructuring	3
Aircraft, net	35,838	Other	88,286
Machinery, equipment, and vehicles, net	26,040	Non-current liabilities	915,805
Equipment, net	5,303	Bonds payable	107,000
Land	86,912	Long-term loans payable	560,913
Construction in progress	44,704	Lease liabilities	77,707
Other, net	5,314	Deferred tax liabilities	64,718
Intangible assets	24,279	Net defined benefit liability	16,697
Leasehold right	4,912	Provision for directors' retirement benefits	979
Software	5,768	Provision for stock payment	551
Goodwill	10,190	Provision for periodic dry docking of vessels	14,595
Other	3,408	Provision for losses related to contracts	52,071
Investments and other assets	714,779	Provision for related to business restructuring	927
Investment securities	578,892	Other	19,645
Long-term loans receivable	21,393	Total Liabilities	1,458,068
Net defined benefit asset	60,339	Equity	
Deferred tax assets	6,110	Shareholders' capital	629,954
Other	53,393	Common stock	144,319
Allowance for doubtful accounts	(5,350)	Capital surplus	44,214
Deferred assets	243	Retained earnings	444,801
Total Assets	2,125,480	Treasury stock	(3,381)
		Accumulated other comprehensive income (loss)	(4,621)
		Unrealized gain (loss) on available-for-sale securities	22,004
		Deferred gain (loss) on hedges	(29,187)
		Foreign currency translation adjustments	(11,365)
		Remeasurements of defined benefit plans	13,927
		Non-controlling interests	42,078
		Total Equity	667,411
		Total Liabilities and Equity	2,125,480

2. Consolidated Statement of Income (From April 1, 2020 to March 31, 2021)

Item	(In millions of yen) Amount
Revenues	1,608,414
Cost and expenses	1,375,232
Gross profit	233,181
Selling, general and administrative expenses	161,644
Operating profit	71,537
Non-operating income	
Interest income	2,385
Dividend income	5,552
Equity in earnings of unconsolidated subsidiaries and affiliates	155,928
Foreign exchange gains	719
Other	5,530
Total non-operating income	170,115
Non-operating expenses	
Interest expenses	15,978
Derivative losses	8,363
Other	1,974
Total non-operating expenses	26,316
Recurring profit	215,336
Extraordinary income	
Gain on sales of non-current assets	42,009
Other	5,609
Total extraordinary income	47,618
Extraordinary losses	
Loss on sales of non-current assets	671
Impairment loss	24,385
Provision for losses related to contracts	54,955
Other	12,523
Total extraordinary losses	92,536
Profit before income taxes	170,418
Income taxes-current	15,000
Income taxes-deferred	9,102
Total income taxes	24,102
Profit	146,315
Profit attributable to non-controlling interests	7,086
Profit attributable to owners of parent	139,228

(For reference)

3. Summary of Consolidated Statement of Cash Flows (From April 1, 2020 to March 31, 2021)

Item	(In millions of yen)
	Amount
Net cash provided by (used in) operating activities	159,336
Net cash provided by (used in) investing activities	(16,871)
Net cash provided by (used in) financing activities	(125,483)
Effect of exchange rate change on cash and cash equivalents	8,688
Net increase (decrease) in cash and cash equivalents	25,669
Cash and cash equivalents at beginning of period	77,092
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	709
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	122
Cash and cash equivalents at end of period	103,593

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

4. Consolidated Statement of Changes in Equity (From April 1, 2020 to March 31, 2021)

(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	45,737	311,892	(3,429)	498,520	9,474	(27,752)	(18,966)	1,388	(35,856)	36,175	498,839
Changes of items during the period												
Dividends of surplus			(6,782)		(6,782)							(6,782)
Profit attributable to owners of parent			139,228		139,228							139,228
Purchase of treasury stock				(15)	(15)							(15)
Disposal of treasury stock		3		62	66							66
Change in equity of parent related to transactions with non-controlling shareholders		(297)			(297)							(297)
Change in scope of consolidation		(1,229)	453		(776)							(776)
Other			9	0	10							10
Net change of items other than shareholders' capital						12,530	(1,435)	7,601	12,538	31,234	5,903	37,138
Total changes of items during the period	–	(1,523)	132,908	48	131,433	12,530	(1,435)	7,601	12,538	31,234	5,903	168,571
Balance at the end of current period	144,319	44,214	444,801	(3,381)	629,954	22,004	(29,187)	(11,365)	13,927	(4,621)	42,078	667,411

5. Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

- (i) Number of Consolidated subsidiaries: 502

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:

Yokohama Kyoritsu Warehouse Co., Ltd. and 4 other companies were included within the scope of consolidation as they were newly established.

K.R.C. TRANSPORT & SERVICE CO., LTD. and 23 other companies were included in the scope of consolidation as their total assets, revenues, profit and retained earnings, etc. increased in importance.

YUSEN FOOD SUPPLY CHAIN (THAILAND) CO., LTD. was included in the scope of consolidation due to the acquisition of shares.

CROWNVISION LTD. and 3 other companies were changed from unconsolidated subsidiaries accounted for by the equity method to consolidated subsidiaries due to the additional acquisition of shares.

Taiheiyo Kisen Kaisha, Ltd. and 3 other companies were changed from affiliates accounted for by the equity method to consolidated subsidiaries due to the additional acquisition of shares.

ROSEWOOD SHIPPING PTE. LTD. was changed from a consolidated subsidiary to an affiliate accounted for by the equity method due to the partial disposal of shares.

NYK LINE (NEW ZEALAND) LTD. and 28 other companies were excluded from the scope of consolidation as they were liquidated.

NYK FTC (SINGAPORE) PTE. LTD. was excluded from the scope of consolidation as it merged with NYK GROUP SOUTH ASIA PTE. LTD. on April 1, 2020.

NYK LOGISTICS HOLDING (EUROPE) B.V. was excluded from the scope of consolidation as it merged with NYK HOLDING (EUROPE) B.V. on April 1, 2020.

NYK LINE (NORTH AMERICA) INC. was excluded from the scope of consolidation as it merged with NYK GROUP AMERICAS INC. on August 1, 2020.

YUSEN LOGITEC CO., LTD. was excluded from the scope of consolidation as it merged with YUSEN LOGISTICS CO., LTD. on October 1, 2020.

AZALEE LNG SHIPPING S.A.S. and 2 other companies 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: 3

affiliates: 203

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:

Central LNG Shipping Japan Corporation and 10 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.

ROSEWOOD SHIPPING PTE. LTD. was changed from a consolidated subsidiary to an affiliate accounted for by the equity method due to the partial disposal of shares.

Taiheiyo Kisen Kaisha, Ltd. and 3 other companies were changed from affiliates accounted for by the equity method to consolidated subsidiaries due to the additional acquisition of shares.

CROWNVISION LTD. and 3 other companies were changed from unconsolidated subsidiaries accounted for by the equity method to consolidated subsidiaries due to the additional acquisition of shares.

MARINE LNG ZEEBRUGGE SA/NV and 1 other company were excluded from the scope of application of the equity method as they were liquidated.

KNUTSEN OFFSHORE TANKERS 2 AS was excluded from the scope of application of the equity method as it merged with KNUTSEN SHUTTLE TANKERS 2 AS on January 4, 2021.

KNUTSEN TERMINAL TANKER AS was excluded from the scope of application of the equity method as it merged with KNUTSEN NYK OFFSHORE TANKERS AS on September 17, 2020.

- (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 40 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 8 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 subsidiary TOP-NYK MARINEONE PTE. LTD. changed its closing date to November 15 from December 31, and pro forma financial reports as of the closing date of the consolidated statements were used for the purpose of consolidation.

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

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

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 future losses arising from the performance of time-charter contracts and lease contracts or early redelivery of vessels, 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.

(v) Accounting method for retirement benefits

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 end of the current fiscal year is primarily determined based on benefit formula.

ii. 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.

Of the above hedges, all of those falling under the scope of application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (the Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 40 issued on September 29, 2020) were subjected to special treatment stipulated in such Practical Solution. Details of hedges subjected to special treatment are as follows.

Method for hedge accounting: Deferred hedge method, special accounting treatment

Hedging instruments: Interest rate swap, currency swap

Hedged items: Accounts payable, loans payable

Types of hedge transactions: To cancel out exchange fluctuations; to secure stable cash flows

(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.

iii. Adoption of consolidated taxation system

The Company and some of its consolidated subsidiaries adopted the consolidated taxation system from the current fiscal year, with the Company as the consolidated parent company for tax-payment purpose.

iv. 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.

(2) Notes on changes in presentation

The Company has adopted the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31 issued on March 31, 2020) from the consolidated financial statements that represent the status as of the end of the fiscal year ended March 31, 2021, whereby notes on accounting estimates are presented in the Consolidated Financial Statements.

(3) Notes on accounting estimates

Impairment losses of non-current assets

- The amount recorded for the current fiscal year mainly includes 534,378 million yen for vessels and 35,838 million yen for aircrafts.

- Other information that facilitates understanding about the nature of estimates

Assets or asset groups (hereinafter the “asset group”) that show indications of impairment are subject to measurement of impairment loss, in which the recoverable amount is calculated based on value in use or net selling prices. The value in use is calculated based on discounted present value of future cash flows. Important assumptions in the business plan as the basis of future cash flows mainly include future prospects of market condition for freight rates, charterages, etc. and cargo transport demand. In forecasting conditions in the maritime and air transportation market, the following assumptions are used for forecasting the impact of the COVID-19 pandemic, the timing of its subsidence and the market condition thereafter.

Although the timing of subsidence of COVID-19 remains uncertain, the Company assumes that the disturbance in the logistics network as a whole is resolving as workers are returning to work due to the vaccinations, and demand and supply would gradually reach an appropriate balance. The Company expects the stabilization of demand to have the effects such as decreasing revenues and operating profit of the NYK Group.

Calculation period for future cash flows is based on the average remaining useful life of vessels and aircrafts within the asset group concerned. The Company uses discount rates derived primarily based on capital cost. Net selling price is determined based on the result of evaluation by an expert used mainly by the management. In the event of worsened future prospects for freight rates, charterages, etc. or cargo transport demand, or devaluation of vessels and aircraft, new or additional impairment losses may be recognized.

Provision for losses related to contracts concerning the dry bulk structural reforms

- The amount recorded for the current fiscal year: 42,617 million yen (Recorded as provision for losses related to contracts on the consolidated balance sheet.)

- Other information that facilitates understanding about the nature of estimates

As part of the dry bulk structural reforms set out under the current Medium-Term Management Plan, the Company made a decision on the future redelivery of time-chartered vessels. In order to provide for the losses arising from such redeliveries including cancellation penalty for time-charter contracts, an estimated amount of future losses are recognized as provision for losses related to contracts. Cancellation penalty arises following an agreement with the shipowner of the vessel under the time-charter contract to be cancelled. Since the Company has not reached the final agreement with some of the shipowners as of the end of the current fiscal year, uncertainty remains regarding the feasibility of executing the cancellation. The Company evaluates such feasibility comprehensively in view of the progress in negotiation at each company. As there is no provision regarding the cancellation penalty under the time-charter contract, the Company estimates the amount of the cancellation penalty based on terms and conditions of the time-charter contract, conditions in the current maritime transportation market as well as future forecasts, selling prices in the second hand vessel market, with reference to the standards of cancellation penalty recorded in similar cancellation cases in the past. In forecasting conditions in the maritime transportation market, the following assumptions are used for forecasting the impact of the COVID-19 pandemic, the timing of its subsidence and the market condition thereafter.

Although the timing of subsidence of COVID-19 remains uncertain, the Company assumes that the disturbance in the logistics network as a whole is resolving as workers are returning to work due to the vaccinations, and demand and supply would gradually reach an appropriate balance. The

Company expects the stabilization of demand to have the effects such as decreasing revenues and operating profit of the NYK Group.

In the event of significant deviations arising between the actual and estimated cancellation penalty, the Company may recognize further provisions or reverse provisions.

(4) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	1,818 million yen
Work in process	676 million yen
Raw materials and supplies	35,123 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Cash and deposits	3,768 million yen
Notes and operating accounts receivable-trade	5,366 million yen
Inventories	199 million yen
Deferred and prepaid expenses	182 million yen
Vessels (Note)	88,204 million yen
Buildings and structures	1,905 million yen
Machinery, equipment, and vehicles	7,197 million yen
Equipment	10 million yen
Land	648 million yen
Construction in progress	237 million yen
"Other" of vessels, property, plant and equipment	108 million yen
Software	161 million yen
Investment securities (Note)	97,631 million yen
<u>"Other" of investments and other assets</u>	<u>367 million yen</u>
Total	205,993 million yen
(ii) Obligations relating to collateral	
Notes and operating accounts payable-trade	19 million yen
Short-term loans payable	13,481 million yen
Lease liabilities of current liabilities	189 million yen
Long-term loans payable	83,514 million yen
<u>Lease liabilities of non-current liabilities</u>	<u>2,319 million yen</u>
Total	99,525 million yen

Note: Vessels of 118 million yen and investment securities of 83,313 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 1,059,036 million yen

4) Contingent liability

- | | |
|---------------------------|---------------------|
| (i) Guarantee obligations | 114,176 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 4,007 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 2022.
- (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 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.

(5) 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 amount and reduced amount is recorded as impairment loss (24,385 million yen) in extraordinary loss. The breakdown of impairment loss is as follows.

Location	Use	Type	Impairment loss (millions of yen)
Norway	Business assets	Vessels (Dry bulk carriers)	9,346
Japan	Business assets	Vessels (Dry bulk carriers)	4,843
Japan	Assets held for sale	Vessels (Tankers)	1,750
Japan	Assets held for sale	Vessels (Dry bulk carriers)	1,698
Japan	Business assets	Vessels (Tankers)	1,674
Other	Assets held for sale, etc.	Vessels, etc.	5,072
Total	—	—	24,385

Recoverable amount of this asset group is recognized at net selling price or value in use, whichever is higher. Net selling price is based on the valuation reasonably calculated by a third party, while value in use is calculated by discounted future cash flows mainly with 8.01% discount rate.

(6) 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 29, 2020	Common stock	3,391	20	March 31, 2020	June 30, 2020
Board of Directors' meeting November 5, 2020	Common stock	3,391	20	September 30, 2020	December 2, 2020
Total		6,782			

Notes: 1. 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.

2. The total dividend resolved by the Board of Directors' meeting held on November 5, 2020 includes dividends of 13 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 18, 2021	Common stock	30,520	180	March 31, 2021	June 21, 2021
Total		30,520			

Note: The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 18, 2021 includes dividends of 125 million yen on the Company shares owned by the Board Incentive Plan Trust.

(7) 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 current 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 Fair value of financial instruments

The book value of financial instruments on the consolidated balance sheet, their fair values and differences between book value and fair values as of March 31, 2021 are described below. Financial instruments whose fair values appear to be extremely difficult to determine are not included in the table.

(In millions of yen)

	Book Value	Fair Values	Difference
(i) Cash and deposits	107,369	107,369	–
(ii) Notes and operating accounts receivable-trade	234,909		
Allowance for doubtful accounts (*1)	(1,074)		
	233,834	233,834	–
(iii) Short-term investment securities and investment securities			
Available-for-sale securities	83,890	83,890	–
Stocks of affiliates	17,697	10,624	(7,072)
(iv) Long-term loans receivable	21,393		
Allowance for doubtful accounts (*1)	(751)		
	20,641	22,403	1,761
(v) Notes and operating accounts payable-trade	168,690	168,690	–
(vi) Current portion of bonds	25,000	25,000	–
(vii) Short-term loans payable	161,045	161,045	–
(viii) Lease liabilities (current)	19,477	19,477	–
(ix) Bonds payable	107,000	108,275	1,275
(x) Long-term loans payable	560,913	568,452	7,539
(xi) Lease liabilities (non-current)	77,707	82,686	4,979
(xii) Derivatives transactions (*2)	(11,064)	(11,064)	–

(*1) An individual listing of allowance for doubtful accounts on notes and operating accounts receivable-trade and long-term loans receivable has been omitted.

(*2) Amount of derivative financial instruments is net of related assets and liabilities.

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) Short-term investment 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-trade, (vi) current portion of bonds, (vii) short-term loans payable and (viii) lease liabilities (current)

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

- (ix) Bonds payable

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

- (x) 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.

- (xi) 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.

- (xii) 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 467,034 million yen) and unlisted shares (recorded amount on the consolidated balance sheet is 10,415 million yen) are not included in "(iii) Short-term investment securities and investment securities," as their market values appear to be extremely difficult to determine.

(8) 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, 2021 was 3,484 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 25,682 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	
45,949	(737)	45,211	123,866

- Notes: 1. Consolidated balance sheet amount represents the original acquisition cost less accumulated depreciation and impairment loss.
2. Decreases in increase (decrease) in current fiscal year is mainly attributable to depreciation and amortization (1,274 million yen).
3. 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.

(9) Notes on per-share information

- | | |
|---------------------|--------------|
| 1) Equity per share | 3,703.27 yen |
| 2) Profit per share | 824.55 yen |

(10) Other notes

Presentation of monetary amounts

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

(11) Notes on significant subsequent events

Not applicable.

Unconsolidated Financial Statements

1. Unconsolidated Balance Sheet (As of March 31, 2021)

(In millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	286,291	Current liabilities	374,575
Cash and deposits	20,690	Operating accounts payable-trade	43,060
Operating accounts receivable-trade	52,303	Current portion of bonds	25,000
Short-term loans receivable	76,895	Short-term loans payable	191,228
Inventories	24,095	Lease liabilities	1
Deferred and prepaid expenses	38,953	Account payable	7,954
Lease receivables	13,902	Income taxes payable	38
Investments in leases	5,070	Advance received	23,899
Accounts receivable - other	14,379	Deposits received	41,728
Other current assets	40,667	Provision for bonuses	2,615
Allowance for doubtful accounts	(666)	Provision for stock payment	170
		Provision for losses related to contracts	14,095
		Provision for losses related to antitrust law	131
Non-current assets	1,046,994	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	110
Vessels, property, plant and equipment	128,617	Other current liabilities	24,541
Vessels, net	74,446	Non-current liabilities	709,464
Buildings, net	14,205	Bonds payable	107,000
Structures, net	321	Long-term loans payable	429,615
Machinery and equipment, net	27	Lease liabilities	2
Vehicles, net	100	Provision for stock payment	551
Equipment and fixtures, net	668	Allowance for investment loss associated with vessels owned by subsidiaries or affiliates	87,673
Land	18,765	Provision for losses related to contracts	49,205
Construction in progress	20,080	Provision for loss on guarantees	1,283
Intangible assets	5,518	Provision for related to business restructuring	927
Goodwill	2,606	Deferred tax liabilities	29,317
Leasehold right	511	Asset retirement obligations	1,844
Software	2,357	Other non-current liabilities	2,040
Other intangible assets	42	Total liabilities	1,084,039
Investments and other assets	912,858	Equity	
Investment securities	66,450	Shareholders' capital	249,868
Stocks and equity in subsidiaries and affiliates	464,092	Common stock	144,319
Long-term loans receivable	366,348	Capital surplus	31,878
Prepaid pension cost	36,086	Capital reserve	30,191
Lease receivables	68,445	Other capital surplus	1,687
Investments in leases	25,567	Retained earnings	77,044
Other investments, etc.	27,356	Earned surplus reserve	1,865
Allowance for doubtful accounts	(141,488)	Other retained earnings	75,179
		Reserve for advanced depreciation	1,627
		Retained earnings carried forward	73,551
		Treasury stock	(3,375)
Deferred assets	243	Valuation and translation adjustments	(378)
Bond issuance cost	243	Unrealized gain (loss) on available-for-sale securities	20,033
		Deferred gain (loss) on hedges	(20,411)
Total Assets	1,333,529	Total Equity	249,490
		Total Liabilities and Equity	1,333,529

2. Unconsolidated Statement of Income (From April 1, 2020 to March 31, 2021)

Item	(In millions of yen)	
	Amount	
Revenue from shipping operation	557,851	
Shipping operation expenses	541,559	
Shipping operation income		16,292
Revenue from other business	3,894	
Other business expenses	1,578	
Other business income		2,315
Gross operating income		18,607
General administrative expenses		34,053
Operating loss		(15,445)
Non-operating income		
Interest and dividend income	94,691	
Reversal of allowance for doubtful accounts	26,564	
Other non-operating income	3,119	124,375
Non-operating expenses		
Interest expenses	8,822	
Derivative losses	7,648	
Other non-operating expenses	1,498	17,969
Recurring profit		90,960
Extraordinary income		
Gain on sales of non-current assets	957	
Gain on liquidation of subsidiaries and affiliates	10,061	
Reversal of allowance for investment loss associated with vessels owned by subsidiaries or affiliates	1,487	
Other extraordinary income	691	13,198
Extraordinary losses		
Loss on disposal of non-current assets	434	
Provision for allowance for doubtful accounts	2,190	
Provision for losses related to contracts	51,941	
Provision for allowance for loss on guarantees	1,507	
Provision for allowance for investment loss associated with vessels owned by subsidiaries or affiliates	457	
Other extraordinary losses	15,891	72,423
Profit before income taxes		31,735
Income taxes-current	(6,603)	
Income taxes-deferred	86	(6,517)
Profit		38,252

3. Unconsolidated Statement of Changes in Equity (From April 1, 2020 to March 31, 2021)

(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	1,187	1,737	42,809	(3,422)	218,511	11,967	(15,876)	214,602
Changes of items during the period											
Dividends of surplus						(6,782)		(6,782)			(6,782)
Provision of earned surplus reserve				678		(678)		-			-
Reversal of reserve for advanced depreciation					(110)	110		-			-
Profit						38,252		38,252			38,252
Purchase of treasury stock							(15)	(15)			(15)
Disposal of treasury stock			(1)				62	61			61
Decrease by company split						(159)		(159)			(159)
Net change of items other than shareholders' capital									8,065	(4,534)	3,530
Total changes of items during the period	-	-	(1)	678	(110)	30,742	47	31,357	8,065	(4,534)	34,887
Balance at the end of current period	144,319	30,191	1,687	1,865	1,627	73,551	(3,375)	249,868	20,033	(20,411)	249,490

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

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 or early redelivery of vessels, 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.

Adoption of consolidated taxation system

The Company adopted the consolidated taxation system from the current fiscal year, with the Company as the consolidated parent company for tax-payment purpose.

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 does 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.

(2) Notes on changes in presentation

The Company has adopted the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 issued on March 31, 2020) from the fiscal year ended March 31, 2021, whereby "Notes on accounting estimates" are presented in the Notes to Unconsolidated Financial Statements.

(3) Notes on accounting estimates

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

- The amount recorded for the current fiscal year: 87,784 million yen
- Other information that facilitates understanding about the nature of estimates
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.

Estimated future loss is calculated with reference to the book value, discounted present value of the expected future cash flows and net selling price of those vessels and other factors.

Important assumptions in the business plan as the basis of future cash flows mainly include future prospects of market condition for freight rates, charterages, etc. and cargo transport demand. In forecasting these factors, the following assumptions are used for forecasting the impact of the COVID-19 pandemic, the timing of its subsidence and the market condition thereafter. Although the timing of subsidence of COVID-19 remains uncertain, the Company assumes that the disturbance in the logistics network as a whole is resolving as workers are returning to work due to the vaccinations, and demand and supply would gradually reach an appropriate balance. The Company expects the stabilization of demand to have the effects such as decreasing revenues and operating profit of the NYK Group. Calculation period for future cash flows is based on the average remaining useful life of vessels within the asset group concerned. The Company uses discount rates derived primarily based on capital cost. Net selling price is determined based on the result of evaluation by an expert used mainly by the management. In the event of worsened future prospects for freight rates, charterages, etc. or cargo transport demand, or devaluation of vessels, new or additional provisions may be recognized.

Provision for losses related to contracts concerning the dry bulk structural reforms

- The amount recorded for the current fiscal year: 42,617 million yen (Recorded as provision for losses related to contracts on the unconsolidated balance sheet.)
- Other information that facilitates understanding about the nature of estimates
Details are as stated in the Notes to Consolidated Financial Statements.

Allowance for doubtful accounts of loans receivable from subsidiaries and affiliates

- The amount recorded for the current fiscal year is 442,085 million yen for the balance of loans receivable from subsidiaries and affiliates, and 137,105 million yen for allowance for doubtful accounts.

- Other information that facilitates understanding about the nature of estimates

With respect to loans receivable from subsidiaries and affiliates, estimated uncollectible amounts are recorded as allowance for doubtful accounts based on the financial evaluation method, in consideration of individual collectability. In adopting the financial evaluation method, the Company assessed the overall paying capacity of the borrowing subsidiaries and affiliates. Paying capacity of the borrowing subsidiaries and affiliates is determined in consideration of the business condition, the extent of exceeding liabilities, status of business operation, prospects of earnings and funding, and all other quantitative and qualitative factors relevant to the collection of loans. In determining the paying capacity of the borrowing subsidiaries and affiliates, the following assumptions are used for forecasting the impact of the COVID-19 pandemic, the timing of its subsidence and the market condition thereafter. Although the timing of subsidence of COVID-19 remains uncertain, the Company assumes that the disturbance in the logistics network as a whole is resolving as workers are returning to work due to the vaccinations, and demand and supply would gradually reach an appropriate balance. The Company expects the stabilization of demand to have the effects such as decreasing revenues and operating profit of the NYK Group.

In accordance with the business condition of subsidiaries and affiliates, the Company may recognize additional provision or reverse provision of allowance for doubtful accounts.

(4) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Vessels	7,894 million yen
Investment securities (Note)	122 million yen
<u>Stocks and equity in subsidiaries and affiliates (Note)</u>	<u>36,616 million yen</u>
Total	44,633 million yen
(ii) Obligations relating to collateral	
Short-term loans payable	746 million yen
<u>Long-term loans payable</u>	<u>2,613 million yen</u>
Total	3,360 million yen

Note: Investment securities of 122 million yen and stocks and equity in subsidiaries and affiliates of 36,616 million yen have been pledged as collateral for debts of subsidiaries and affiliates, etc.

2) **Accumulated depreciation of vessels, property, plant and equipment** 244,019 million yen

3) Contingent liability

- (i) Guarantee obligations 396,608 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 civil actions for damages at present.

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

Short-term monetary claims	150,307 million yen
Long-term monetary claims	462,656 million yen
Short-term monetary liabilities	112,524 million yen
Long-term monetary liabilities	2,322 million yen

(5) Note to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions	
Revenues (revenue from shipping operation, revenue from other business)	90,770 million yen
Expenses (shipping operation expenses, other business expenses, general administrative expenses)	184,962 million yen
Transactions other than operating transactions	120,973 million yen

(6) Note to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end	
Common stock	1,193,138 shares

Note: The number of treasury stock at the end of the current fiscal year includes 696,196 shares of the Company owned by the Board Incentive Plan Trust.

(7) Notes on tax effect accounting

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

(8) 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.	Collection of funds (Note 1)	34,256	Short-term loans receivable (Note 2)	62
						Long-term loans receivable (Note 2)	161,872
				Acceptance of interest	703	Other current assets	57
				Debt guarantee, etc. (Note 3)	50,188	—	—
				Acceptance of Guarantee fee	106	—	—
Subsidiary	NYK HOLDING (EUROPE) B.V.	Holding Directly 100.0%	Acceptance of funds Acceptance of shares	Acceptance of funds (Note 4)	22,636	Short-term loans payable	22,636
				Interest payment	70	Other current liabilities	0
				Acceptance of shares (Note 5)	20,015	—	—
Subsidiary	NYK BULKSHIP (ATLANTIC) N.V.	Holding Directly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	28,500	—	—
				Acceptance of Guarantee fee	0	—	—
Subsidiary	NYK BULKSHIP (ASIA) PTE. LTD.	Holding Directly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	17,079	—	—
				Acceptance of Guarantee fee	13	Other current assets	6
Subsidiary	ROMARIN LNG SHIPPING S.A.S.	Holding Directly 100.0%	Transfer of shipbuilding contract	Transfer of shipbuilding contract (Note 6)			
				Sales proceeds	5,991	—	—
				Loss on sales of non-current assets	94	—	—
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100.0%	Capital support Debt guarantee, etc.	Collection of funds (Note 7)	457	Short-term loans receivable	8,390
						Long-term loans receivable	24,138
				Acceptance of interest	661	Other current assets	168
				Debt guarantee, etc. (Note 3)	25,739	—	—
Subsidiary	YUSEN TERMINALS LLC	Holding Indirectly 100.0%	Debt guarantee, etc.	Debt guarantee, etc. (Note 3)	20,185	—	—
				Acceptance of Guarantee fee	89	Other current assets	89
Subsidiary	DELPHINE LNG SHIPPING S.A.S.	Holding Indirectly 100.0%	Transfer of shipbuilding contract	Transfer of shipbuilding contract (Note 6)			
				Sales proceeds	5,823	—	—
				Loss on sales of non-current assets	50	—	—

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 237 companies	Holding Directly 100.0% (238 companies)	Capital support Debt guarantee, etc.	Collection of funds (Note 7)	1,209	Short-term loans receivable (Note 2)	38,506
							Long-term loans receivable (Note 2)
			Contracts of chartering vessels	Collection of lease receivables and investments in leases (Note 8)	8,582	Lease receivables (due within one year)	12,965
						Lease receivables (due over one year)	64,670
					Investments in leases (due within one year)	5,070	
					Investments in leases (due over one year)	25,567	
				Acceptance of interest	3,456	Other current assets	291
						Acceptance of liquidation dividend (Note 9)	9,962
				Payment of charterage (Note 10)	98,503	Operating accounts receivable-trade	6,526
						Operating accounts payable-trade	2,999
Debt guarantee, etc. (Note 3)	80,601	—	—				
Affiliate	OCEAN NETWORK EXPRESS PTE. LTD.	— (Note 11)	Contract of chartering vessels, etc.	Acceptance of charterage (Note 12)	39,944	Operating accounts receivable-trade	3,316
				Acceptance of terminal operation fees, etc. (Note 13)	20,928		

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 136,547 million yen of allowance for doubtful accounts in relation to loans to subsidiaries is recorded. Also, a total of 24,851 million yen of reversal of 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.
 - The Company accepted the shares of NYK HOLDING (EUROPE) B.V. following its merger with a subsidiary of the Company, NYK LOGISTICS HOLDING (EUROPE) B.V. Acquisition cost was determined based on the appropriate book value of assets and liabilities of the company.
 - 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 Company accepted liquidation dividends 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.
 - Charterage is determined by taking into consideration the market price, etc.
 - Terminal operation fees are determined by taking into consideration the market price, etc.

(9) Note on per-share information

1) Equity per share	1,477.48 yen
2) Profit per share	226.54 yen

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

The Company is a company subject to consolidated dividend restrictions.

(11) Other notes

Presentation of monetary amounts

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

(12) Note on significant subsequent events

Not applicable.