The 136th Ordinary General Meeting of Shareholders

Other electronic provision measures matters
(matters regarding omission of delivered documents)

1) **The Following Matters to Be Indicated in the Business Report**
   (i) **Financial position and results of operation and their changes in the last three fiscal terms**
   (ii) **Status of stock acquisition rights, etc.**
   (iii) **Independent auditor (Kaikei Kansa Nin)**
   (iv) **Matters on establishment of structures to ensure proper execution of business operations and the implementation status of such structures**
2) **Consolidated Statement of Changes in Equity**
3) **Notes to Consolidated Financial Statements**
4) **Unconsolidated Statement of Changes in Equity**
5) **Notes to Unconsolidated Financial Statements**

(From April 1, 2022 to March 31, 2023)

Nippon Yusen Kabushiki Kaisha

The above matters are omitted from the documents to be delivered to shareholders who have requested delivery of paper-based documents pursuant to the provisions of laws and regulations and Article 17, paragraph 2 of the Articles of Incorporation.

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 133rd term FY2019	The 134th term FY2020	The 135th term FY2021	The 136th term (current term) FY2022
Revenues	1,668,355	1,608,414	2,280,775	2,616,066
Recurring profit (loss)	44,486	215,336	1,003,154	1,109,790
Profit (loss) attributable to owners of parent	31,129	139,228	1,009,105	1,012,523
Profit (loss) per share	184.39 (yen)	824.55 (yen)	5,973.76 (yen)	1,993.71 (yen)
Total Assets	1,933,264	2,125,480	3,080,023	3,776,797
Equity	498,839	667,411	1,759,073	2,524,993
Equity per share	2,740.41 (yen)	3,703.27 (yen)	10,144.29 (yen)	4,877.55 (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. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020), etc. from the beginning of the 135th term. The figures for the 135th term reflect these accounting standards.
4. Profit (loss) per share and equity per share for the 136th term are calculated on the assumption that the three-for-one stock split of the Company's common stock with an effective date of October 1, 2022 was conducted at the beginning of the term.

2) Unconsolidated Financial Position and Results of Operation

(In millions of yen, unless otherwise stated)

Category	The 133rd term FY2019	The 134th term FY2020	The 135th term FY2021	The 136th term (current term) FY2022
Revenues	669,905	561,745	777,239	983,554
Recurring profit (loss)	48,935	90,960	434,140	628,651
Profit (loss)	22,647	38,252	488,220	600,344
Profit (loss) per share	134.14 (yen)	226.54 (yen)	2,890.16 (yen)	1,182.09 (yen)
Total Assets	1,308,170	1,333,529	1,592,888	1,726,420
Equity	214,602	249,490	678,184	884,221
Equity per share	1,271.09 (yen)	1,477.48 (yen)	4,014.44 (yen)	1,739.97 (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. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020), etc. from the beginning of the 135th term. The figures for the 135th term reflect these accounting standards.

4. Profit (loss) per share and equity per share for the 136th term are calculated on the assumption that the three-for-one stock split of the Company's common stock with an effective date of October 1, 2022 was conducted at the beginning of the term.

Status of Stock Acquisition Rights, etc. (as of March 31, 2023)

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	¥207 million
Total of cash and other financial profits payable by the Company and its subsidiaries to the Independent Auditor	¥357 million

Notes:
1. The Audit & 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)).

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

If the Audit & 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 & 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 & 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

[Structures to Ensure Proper Execution of Business Operations]

The establishment and implementation status of structures to ensure the proper execution of business operations by the Company and the Group are deliberated by the Internal Control Committee, and decisions on the establishment of such structures are made by 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

(1) Structure concerning corporate governance

1) The Board of Directors, including Outside Directors, determines important matters and receive reports in accordance with laws, regulations, the Articles of Incorporation, and internal rules.
2) The Board of Directors determines the duties and responsibilities of Directors and supervises their execution of duties.
3) Audit & Supervisory Board Members audit the legality of the execution of duties by Directors in accordance with the Rules on the Audit & Supervisory Board and the Audit & Supervisory Board Members' auditing standards.

(2) Structure concerning compliance

1) The Company formulates the Group-wide Mission Statement and Business Credo, and formulates the Code of Conduct and corporate rules, etc., that apply to officers and employees, and establishes a whistleblowing system.
2) The Company creates a position of Chief Compliance Officer (CCO) to oversee the establishment of compliance-related systems and activities, and the Compliance Committee evaluates the state of compliance.
3) The Company promotes the establishment of similar systems at subsidiaries and other entities.

(3) Structure concerning financial statements

1) The Company formulates policies and operational rules for proper accounting and financial statements.
2) Committees relating to the internal control reporting system and information disclosure evaluate the establishment and operation of systems to ensure the appropriateness of financial statements.

(4) Structure concerning internal audits

The division in charge of internal audits regularly audits the overall operations of the Company and its subsidiaries, etc., in accordance with rules and standards for internal audits.

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

Important documents related to the execution of duties by Directors, such as minutes of General Meetings of Shareholders and meetings of the Board of Directors, are stored and managed appropriately by the division in charge, and Directors and Audit & Supervisory Board Members may access these documents at any time.

3. Rules and other structures to manage the risks of loss

(1) The Company positions safety as its most important issue, and establishes optimal safety management systems for each of our business domains: sea, land, and air.
(2) The Company establishes risk management policies and rules, and the Risk Management Committee determines the Group's major risks and Management Headquarters, and evaluates risk trends and the appropriateness of countermeasures.

4. Structure to ensure the effective execution of duties of Directors

(1) The Company adopts an executive officer system, under which Executive Officers execute their assigned duties based on delegation from the Board of Directors and the Representative Director.
(2) The Company determines the duties and responsibilities of Directors and Executive Officers, the division of duties among internal organizations, the authority of officers and employees, the standards for submitting proposals to the Board of Directors, etc., and the standards for decisions by position.

5. Structures to ensure proper execution of business operations in the NYK Group

(1) The division in charge of each subsidiary, etc. manages each subsidiary, etc. in accordance with internal rules for the management of subsidiaries, etc.
(2) The Company dispatches Directors and Audit & Supervisory Board Members to each subsidiary, etc. to ensure the proper execution of business operations.
(3) Officers and employees of subsidiaries, etc. may also use the Company's whistleblowing system, and compliance matters that occur at subsidiaries, etc. are reported to the Company in accordance with internal rules.

6. Matters concerning the employees to assist the Audit & Supervisory Board Members in their duties when the Audit & Supervisory Board Members request the assignment thereof, matters concerning the independence of the employees from the Company's Directors and matters to ensure the effectiveness of directions given to the employees by the Company's Audit & Supervisory Board Members

(1) The Company establishes a division under direct control of the Audit & Supervisory Board that assists the Audit & Supervisory Board Members in the execution of their duties, and assigns dedicated employees to the division.
(2) Such dedicated employees work under the Audit & Supervisory Board Members, and the full-time Audit & Supervisory Board Members carry out personnel evaluations of such employees. Any reassignment or disciplinary action involving such employees shall be decided, fully reflecting the opinion of Audit & Supervisory Board Members.

7. Structure for reporting to Audit & Supervisory Board Members, and structure to ensure the prohibition of unfair treatment to whistleblowers who made reporting

(1) Audit & Supervisory Board Members may attend and express their opinions at meetings of the Board of Directors, the Management Meeting, and other important internal meetings.
(2) The Company establishes the obligation of Directors and Executive Officers to report to the Audit & Supervisory Board if there is a risk of significant damage to the Group in internal rules.
(3) The Company establishes a system for officers and employees to report compliance matters of the Group to Audit & Supervisory Board Members.
(4) The Company establishes internal rules to keep whistleblowers unidentified and prohibit the unfair treatment.

8. Matters concerning the policy for processing expenses, etc. arising with respect to the execution of duties by Audit & Supervisory Board Members, and other structures to ensure Audit & Supervisory Board Members conduct audits effectively

(1) The Company bears the costs necessary for the execution of duties by Audit & Supervisory Board Members.
(2) The organization in charge of internal audits closely coordinates and exchanges information with the Audit & Supervisory Board Members on the formulation of audit plans and results of internal audits.

[Implementation Status of Structures to Ensure Proper Execution of Business Operations]

The following is an outline of the initiatives identified by the Internal Control Committee as important for internal controls.

1. Initiatives to ensure the legality and efficiency of the execution of duties by Directors, etc.

(1) The Board of Directors operates in accordance with rules such as the Rules on the Board of Directors and the standards for submitting proposals, and its decisions on the election and dismissal of Directors, etc. and on compensation, are based on the results of discussions at the Nomination Advisory Committee and the Compensation Advisory Committee.
(2) The Board of Directors conducted a questionnaire of Directors and Audit & Supervisory Board Members, as well as a review of the role of the Board of Directors, in order to improve its effectiveness, and the Board of Directors determined to transition to a company with the Audit & Supervisory Committee, subject to approval at the Ordinary General Meeting of Shareholders to be held in June 2023.
(3) The Board of Directors decides the management plan, and the executive Directors and Executive Officers formulate and implement business operating policies in line with the plan.

2. Initiatives concerning compliance

(1) The Chief Compliance Officer (CCO) formulates an annual policy and plan for compliance activities, which is approved by the Compliance Committee at the beginning of the fiscal term. The status of activities, whistleblowing, and outcome of response to compliance issues are reviewed by the Compliance Committee and the Committee for ensuring adherence to laws during the term, and the status is reported to the Board of Directors.
(2) The Company strives to foster individual awareness and a corporate culture that emphasizes compliance by conducting compliance awareness questionnaires of officers and employees, requesting pledges on compliance with the Code of Conduct, and carried out compliance education and training for officers and employees according to their positions and responsibilities, etc.
(3) In the event of an emergency, the Company ensured implementation of prompt remedy and recurrence prevention measures pursuant to internal rules on dealing with compliance matters, while reporting important matters to the Board of Directors via the Compliance Committee, based on the reporting standard stipulated in the detailed rules.

3. Initiatives concerning financial statements

(1) A specialized 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.
(2) To ensure timely and appropriate disclosure, the Company reports on the contents of disclosures, etc. at the quarterly Information Disclosure Committee, and conducts the effectiveness assessments of the design and implementation of internal controls.

4. Initiatives concerning internal audits

(1) The results of internal audits are reported to the audited divisions and subsidiaries, etc., and necessary action is taken to address issues raised. The Board of Directors and the President receive reports on the results of internal audits and the responses to the issues raised.
(2) To ensure the effectiveness and efficiency of audit operations, the Company is using IT to sophisticate auditing methods.

5. Initiatives concerning information management and information security

(1) The Company has set procedures and authority for inspection, and retention periods to manage information according to its level of importance, and is striving to efficiently process administrative work and share information.
(2) Against cyber attacks that aim to steal information or shut down systems, etc., construction of management system is underway on a global scale, involving reinforcement of security measures and periodical implementation of training and drills. The Company also provides e-learning opportunities and targeted attack e-mail training, etc. for information security education and to raise awareness.

6. Initiatives concerning safety and risk management

(1) The Company has set a goal to "Eliminate major accidents" in its sea, land, and air business domains, has established safety management rules and mechanisms, and is conducting activities to promote safety based on these rules and mechanisms. The Company audits the safety standards of vessels and strives to maintain and improve safety standards. The Company implemented measures to materialize smooth crew change while preventing the spread of COVID-19 infections. These activities are regularly evaluated by the Safety and Environmental Management Committee.
(2) The Risk Management Committee evaluates the current risk management status and the appropriateness of countermeasures against visible risks. The Company also updates the list of risks, selects important risks for the following fiscal year based on risk trends and certain criteria, determines the Risk Management Headquarters, and verifies the appropriateness of these important risk countermeasures.
(3) The Company is discussing and making improvements to its medium- and long-term management methods to improve risk management effectiveness.
(4) The Company actively utilizes the knowledge of outside experts in its risk management activities.

7. Initiatives to ensure proper execution of business operations in the NYK Group

(1) Each subsidiary, etc. has established its own Code of Conduct based on the NYK Group-wide Mission Statement and Business Credo. In addition, the Company obtains pledges from the officers and employees of each subsidiary, etc., concerning compliance with each company's Code of Conduct.
(2) In addition to establishing guidelines on basic management matters of the Group, the Company has established standards related to matters such as corporate management, accounting, and compliance, which subsidiaries, etc. must comply with or refer to, and the Company periodically audits or investigates the state of compliance with these standards.
(3) The Company informs its subsidiaries, etc. of the whistleblower helpdesks at the Company or each company and encourages their use.
The Company also provides training opportunities related to legal and compliance matters to its subsidiaries, etc.

8. Initiatives concerning audits by Audit & Supervisory Board Members

(1) The Company's Audit & Supervisory Board Office is under direct control of the Audit & Supervisory Board, and the dedicated employees assigned to the Office assist the Audit & Supervisory Board Members in their audits, serve as the secretariat for the Audit & Supervisory Board and perform other supportive duties for the Audit & Supervisory Board Members. Such dedicated employees work under the Audit & Supervisory Board Members, and the full-time Audit & Supervisory Board Members carry out personnel evaluations of such employees, thereby ensuring their independence from executive divisions.
(2) Audit & Supervisory Board Members attend and express their opinions at important meetings such as meetings of the Board of Directors and the Management Meeting, and gather information by inspecting important documents, including minutes and approval documents and interviewing relevant persons.
(3) The status of compliance matters and whistleblowing management at the Company and the Group are reported to the Audit & Supervisory Board Members on a regular basis.
(4) Whistleblowers are kept unidentified in accordance with internal rules.
(5) Audit & Supervisory Board Members exchanged information with the Independent Auditor and the internal audit division, and cooperated to improve the effectiveness and efficiency of audits by the Audit & Supervisory Board Members through the collaboration of the three parties.
(6) The Company bears the costs necessary for the execution of duties by Audit & Supervisory Board Members in order to ensure the effectiveness of audits.

Consolidated Statement of Changes in Equity (From April 1, 2022 to March 31, 2023)

(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' equity	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**	**44,314**	**1,396,300**	**(3,428)**	**1,581,506**	**32,136**	**(15,452)**	**85,785**	**29,737**	**132,207**	**45,359**	**1,759,073**
Changes of items during the period												
Dividends of surplus			(389,957)		(389,957)							(389,957)
Profit attributable to owners of parent			1,012,523		1,012,523							1,012,523
Purchase of treasury stock				(1,537)	(1,537)							(1,537)
Disposal of treasury stock		1		1,173	1,174							1,174
Change in equity of parent related to transactions with non-controlling shareholders		703			703							703
Change in scope of consolidation			11		11							11
Other		(122)	37		(85)							(85)
Net change of items other than shareholders' capital						773	22,035	121,652	(2,365)	142,094	993	143,087
Total changes of items during the period	–	582	622,614	(364)	622,832	773	22,035	121,652	(2,365)	142,094	993	765,920
Balance at the end of current period	**144,319**	**44,897**	**2,018,915**	**(3,793)**	**2,204,338**	**32,909**	**6,583**	**207,437**	**27,371**	**274,302**	**46,352**	**2,524,993**

Notes to Consolidated Financial Statements

(1) Basis of presenting consolidated financial statements

1) Scope of Consolidation

(i) Number of Consolidated subsidiaries: 493
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:
NYK MULTIMODAL TRANSPORTATION (SHANGHAI) CO., LTD. and 12 other companies were included within the scope of consolidation as they were newly established.
UNI-X ENGINEERING Co., Ltd. and 18 other companies were included in the scope of consolidation as their total assets, revenues, profit and retained earnings, etc. increased in importance.
TAYLORED SERVICES PARENT CO. INC. and 10 other companies were included in the scope of consolidation due to the acquisition of shares.
NYK LNG SHIPPING NO.1 LTD. and 2 other companies were changed from affiliates accounted for by the equity method to consolidated subsidiaries due to the acquisition of shares.
Yokohama Building Co. Ltd. and 37 other companies were excluded from the scope of consolidation as they were liquidated.
NYK LINE (INDIA) PVT. LTD. was excluded from the scope of consolidation as it merged with NYK AUTO LOGISTICS (INDIA) PVT. LTD. on September 21, 2022.
JAPAN MAINTENANCE & REPAIR Co., Ltd. was excluded from the scope of consolidation as it merged with UNI-X ENGINEERING Co., Ltd. on October 1, 2022.
CERES HALIFAX INC. was 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 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, profit and total equity amount of retained earnings of consolidated companies, and do not have a material effect on the consolidated financial statements 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: 205
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:
NST ORCA INC was included within the scope of application of the equity method as it was newly established.
MERO 2 OWNING B.V. and 3 other companies were included in the scope of application of the equity method as their total assets, revenues, profit and retained earnings, etc. increased in importance.
NYK LNG SHIPPING NO.1 LTD. and 2 other companies were changed from affiliates accounted for by the equity method to consolidated subsidiaries due to the acquisition of shares.
Transocean LNG Yuso Ltd. and 4 other companies were excluded from the scope of application of the equity method as they were liquidated.
KNOT SHUTTLE TANKERS 28 GP AS was excluded from the scope of application of the equity method as it merged with KNOT SHUTTLE TANKERS 35 AS on July 14, 2022.

(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 from the scope of application of the equity method

Profit and total equity amount of retained earnings, etc. of the unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are small compared to total equity amount of profit of the consolidated companies and companies accounted for by the equity method with a negligible impact on retained earnings, and do not have a material effect on the consolidated financial statements as a whole. 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 one of the companies accounted for by the equity method whose closing date of account is December 31, the Company used financial statements based on a provisional closing conducted as of the closing date for the consolidated financial statements.

For companies other than those mentioned above whose closing dates were different from that of the consolidated statements, the Company used financial statements as of the closing date of the respective companies.

3) Fiscal year for consolidated subsidiaries

For 42 consolidated subsidiaries whose closing dates of account is December 31, financial statements as of that closing date 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 21 consolidated subsidiaries whose closing dates of account is December 31, the Company used financial reports based on a provisional closing conducted as of the closing date of the consolidated financial statements.

From the current consolidated fiscal year, consolidated subsidiary K.R.C. TRANSPORT & SERVICE CO., LTD. changed its closing date to December 31 from March 31. SHANGHAI YUSEN LOGISTICS SERVICE (W.G.Q) CO., LTD. and 5 other companies changed to the method of conducting a provisional closing as of the closing date of the consolidated financial statements from the method of using the financial statements as of December 31.

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

NYK LINE (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 other than shares, etc. without market price	Market value method (Differences in valuation are included directly in equity and costs of securities sold are calculated using the moving-average method)
Shares, etc. without market price	Primarily, stated at cost using the moving-average method
Derivatives	Market value method
Inventories	Stated at cost using primarily the first-in, first-out method. (method of 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 the 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” or ASU No. 2016-02 “Leases.” ASU No. 2016-02 “Leases,” which is applied from the current consolidated fiscal year, is stated in “(2) Notes on changes in accounting policies.” 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

Regarding the contracts with customers, when control of the promised goods or service transfers to the customer, the expected monetary compensation received in return to which the Company expects to be entitled is recognized as revenue based on the following Five-Step Approach.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognize revenue when a performance obligation is satisfied by transferring a promised goods or service to a customer at a point in time or over time

(Overall businesses)

The Group operates mainly liner trade business, bulk shipping business, air cargo transportation business, logistics business, real estate business, and other business services.

We determine whether we provide goods or services as principal or as an agent in identifying performance obligations. In the cases the promise we made to a customer, by its nature, consists of a performance obligation to provide specified goods or services by ourselves, we shall, as principal, recognize revenue at the gross amount of consideration. Whereas in the cases the performance obligation involves arranging other parties to provide such goods or services, we shall, as an agent, recognize revenue at the net amount of consideration.

The consideration payable by customers shall normally be paid within one year from the fulfillment of performance obligations. This process does not involve a significant financing component.

The transaction price is measured at the amount of consideration that the Group expects to become entitled to in return for the transfer of the promised goods or services to the customer and may include variable consideration. If variable consideration is included in the consideration agreed in a contract with a customer, it shall be included in the transaction price to the extent that a significant reduction is unlikely to occur to the revenue recognized by the time the uncertainty associated with such variable price is eliminated, when such elimination occurs retroactively.

Transaction price shall be allocated to each performance obligation at an amount that reflects the amount of consideration the Group expects to become entitled to in return for the transfer of the promised goods or services to the customer. In order to allocate the transaction price to each performance obligation in proportion to the stand-alone selling price, we determine at the inception of the contract the stand-alone selling price for each individual goods or services that form the basis of each performance obligation in the contract. Then transaction price shall be allocated in proportion to such stand-alone selling price.

In recognizing revenue, we identify the performance obligations of liner trade business, bulk shipping business, air cargo transportation business, logistics business, and other business services, respectively, based on the contracts with customers. In some cases, revenues are recognized as performance obligations when fulfilled at a certain point in time. While in others, performance obligations are primarily deemed to be fulfilled over a certain period of time, and revenues are recognized progressively over such a period based on the estimated progress during the period. Normally, revenues are recognized at the following points in time when the Group's performance obligations are considered to have been fulfilled. Furthermore, among matters relating to the five steps mentioned above (from Step 1 to Step 5), matters which the Group believes it would be more appropriate to disclose by business segment are stated hereunder.

(1) Revenues from shipping operation (liner trade and bulk shipping businesses)

In shipping operations (liner trade and bulk shipping businesses), we provide customers with transportation services, etc. based on charter contracts and other types of contracts (e.g., consecutive voyage charter contract, contract of affreightment, contract for carriage of individual goods, time charter contract, etc.), in which performance obligations are deemed to be fulfilled over a certain period of time. In respect of transportation services (excluding time charter), revenues are recognized by reasonably estimating progress in the fulfillment of performance obligations based on the number of days of voyage period. Certain bulk shipping businesses provided as transportation services involving normal voyage duration from the place of departure to the place of return (including unloaded voyage as part of the performance of transportation service, but excluding voyage not for performing transportation service or stand-by period), one voyage of a vessel carrying consignments of more than one customer is defined as a single performance obligation, and revenue is recognized over such a period of voyage. In the case of the time charter, since we are entitled to receive the amount of consideration directly corresponding to the customer value for the portion of completed service to date, revenue is recognized at such entitled amount.

The consideration payable by the customer in the time charter is normally received prior to the provision of performance obligations, in return for which performance obligation is fulfilled within one year of such receipt. In other cases than the time charter, payment is normally received within one year of the fulfillment of performance obligation. This process does not involve a significant financing component.

Transaction price depends on variable elements such as the number of voyages, freight rate, demurrage, and dispatch money, etc., which involves variable consideration.

Allocation of variable consideration (transaction price) charged for consecutive voyage charter and contract of affreightment to the relevant performance obligations is achieved by allocating it to the transportation services in each voyage, because the allocation of the entire amount of variable consideration derived from each voyage to the transportation services in each voyage should, in view of the condition of payment of variable consideration being individually related to the transportation services in each voyage, along with all performance obligations and payment conditions in the contract, reflect the amount of price we expect to be entitled to.

On the other hand, since revenue from bareboat charter contract is derived from revenue associated primarily with lease transactions, thus outside the scope of the Accounting Standard for Revenue Recognition, etc. Revenues are hence recognized in accordance with the Accounting Standard for Lease Transactions, etc.

(2) Revenues from the air cargo operation (air cargo transportation business)
In the air cargo transportation business, we provide customers with air cargo transportation services and other services based on the transportation service contract, etc., in which performance obligations are deemed to be fulfilled over a certain period of time. In the case of air cargo transportation service, revenue is recognized by reasonably estimating progress in the fulfillment of performance obligations based on the number of days of transportation period.

(3) Revenues from logistics operation (logistics business)
In the logistics business, we provide customers with services including international cargo transportation services (marine/air) and logistics services (land transportation and warehousing) based on carriage contract, etc., in which performance obligations are deemed to be fulfilled over a certain period of time. In the international cargo transportation services (marine/air), revenue is recognized by reasonably estimating progress in the fulfillment of performance obligations based on the number of days, etc. in the period of transportation by sea or air. In the case of logistics services (land transportation and warehousing), revenue is recognized by reasonably estimating progress in the fulfillment of performance obligations based on the number of days, etc. in the period of transportation or warehousing and other services.

(4) Other revenues (real estate business and other business services)
In other business services, we provide customers with services including mainly marine fueling service and fuel sale, in which performance obligations are deemed to be fulfilled at the time of delivery, when customers obtain control over the fueling service and sale of marine fuel, etc., hence revenue is recognized at this point in time.
The real estate business primarily comprises property leasing business where revenues derive mainly from property leasing transactions, thus outside the scope of the Accounting Standard for Revenue Recognition, etc. Revenues are hence recognized in accordance with the Accounting Standard for Lease Transactions, etc.

(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. Adoption of group tax sharing system

The Company and some of its domestic consolidated subsidiaries adopted the group tax sharing system from the current fiscal year. In addition, the Company implements accounting treatment and disclosure of income taxes and local income tax or accounting treatment of tax effect accounting thereof in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42 issued on August 12, 2021).

(2) Notes on changes in accounting policies

(Adoption of ASU No. 2016-02, “Leases”)

From the current fiscal year, affiliates that prepare their financial statements in accordance with US GAAP adopted ASU No. 2016-02, “Leases.” Consequently, each of the lessees’ leases is recorded as either an asset or liability on the consolidated balance sheet.

As a result of adopting this accounting standard, mainly buildings and structures, land, other current liabilities, and other non-current liabilities increased by 19,889 million yen, 20,305 million yen, 9,574 million yen, and 31,074 million yen, respectively, at the beginning of the current fiscal year. The impact on retained earnings is negligible.

These changes have a negligible impact on the consolidated financial statements for the current fiscal year.

(Adoption of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021; hereinafter “Fair Value Accounting Standard Implementation Guidance”) has been applied from the start of the current consolidated fiscal year, and in accordance with the transitional arrangements set forth in Paragraph 27-2 of the Fair Value Accounting Standard Implementation Guidance, the new accounting policy set forth in the Fair Value Accounting Standard Implementation Guidance will be prospectively adopted.

This adoption has no impact on the consolidated financial statements.

(3) Notes on revenue recognition

1) Information regarding the disaggregation of revenue from contracts with customers

The Group operates mainly liner trade business, bulk shipping business, air cargo transportation business, logistics business, real estate business, and other business services. Information regarding the types of main goods or services in each business is provided in the description of these businesses and thus is omitted. “Revenues” stated in the consolidated statement of income for the current fiscal year represent primarily “revenues derived from the contracts with customers.” Revenues recognized from other sources are derived mainly from leasing transactions and are disclosed as part of revenues due to their financial insignificance.

Revenues from each business in the current fiscal year are as follows.

Current fiscal year (From April 1, 2022 to March 31, 2023) (In millions of yen)

	Liner & Logistics			Bulk Shipping	Others		Adjustments (Note)	Total
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other Business Services		
Revenues	200,705	218,095	862,446	1,240,816	3,352	234,512	(143,863)	2,616,066

(Note) Internal revenues or transfers between segments are eliminated.

2) Useful information in understanding revenue from contracts with customers

Notes are omitted as the identical information is stated in "(1) Basis of presenting consolidated financial statements, 4) Accounting policies, (vi) Standards of accounting for important income and expenses."

3) Information that serves as the basis for understanding the amount of revenues in the current fiscal year and from the next fiscal year onward

(i) Balances at the beginning and end of the current fiscal year of receivables, contract assets, and contract liabilities from the contracts with customers

Balances at the beginning and end of the current fiscal year of receivables, contract assets and contract liabilities from the contracts with customers in the current fiscal year are as follows.

(In millions of yen)

	Balance at the beginning of current fiscal year	Balance at the end of current fiscal year
Receivables from the contracts with customers (*)	335,673	319,011
Contract assets	23,485	18,691
Contract liabilities	39,792	50,562

(*) Receivables from the contracts with customers include the amount related to leasing transactions. Such amount is disclosed as part of receivables from the contracts with customers due to its financial insignificance.

Of the Group's rights to receive payment of consideration in return for the transfer of goods or services to a customer in the normal business activities, those subject to conditions other than the passage of time are presented as contract assets. Contract assets normally increase when the customer pays consideration or when the Group transfers goods or services to the customer before the due date, while they decrease when the Group's rights to consideration become unconditional. Of the Group's obligation to transfer goods or services to a customer in its normal business activities, those for which the payment of consideration has been received from the customer or for which payment of consideration has become due are presented as contract liabilities. In liner trade business and bulk shipping business other than time charter business, freight (excluding demurrage and dispatch money, etc.) becomes determined as a legal claim primarily at the point in time when a consignment is loaded onto the ship at the loading port. Contract assets, on the other hand, arise in certain bulk shipping businesses, including unloaded voyages during the period of transportation service (excluding time charter business), which is transferred to claims derived from a contract with the customer primarily at the point in time when a consignment is loaded onto the ship at the loading port.

Contract liabilities normally increase when the Group receives payment of consideration from a customer before the transfer of goods or services to the customer, while they decrease when the Group fulfills performance obligations. The main cause of a decrease in contract liabilities is the fulfillment of performance obligations, while the main cause of an increase in contract liabilities is an increase in advances received.

The portion of the revenues recognized in the current fiscal year, which was included in the balance of contract liabilities at the beginning of the fiscal year under review, was 35,917 million yen. The amount of revenues recognized in the current fiscal year due to fulfilling performance obligations in the past period is financially insignificant.

(ii) Transaction price allocated to remaining performance obligations

The total amount of transaction price allocated to remaining performance obligations at the end of the current fiscal year is financially insignificant unless related to the transactions omitted from the reference in the notes for the practical expedient. The total amount of consideration received in connection with the contracts with customers does not contain any financially significant portion, which is not included in the transaction price.

Concerning the transaction price allocated to the following remaining performance obligations, notes are omitted for the practical expedient.

With respect to consecutive voyage charter and contract of affreightment in shipping operation (liner trade business and bulk shipping business), we are focusing on gaining a long-term contract with customers to level out the impact of the changes in the market environment. Meanwhile, revenues derived from consecutive voyage charter and contract of affreightment are classified as variable considerations due to the variable elements involved in the transaction price, such as the number of voyages and freight rates. Such variable consideration is the type of variable consideration allocated to transportation service provided in each voyage, as required by Article 72 of the Accounting Standard for Revenue Recognition, and thus is deemed to be a variable consideration to be allocated to performance obligations not fully fulfilled, and notes are omitted. This type of variable consideration shall be eliminated as performance obligations are fulfilled progressively, where revenues are recognized over a period not exceeding 25 years.

A time charter contract is a contract involving rights to claim for payment based on the length of time during which service is provided, where revenues are recognized at an amount we are entitled to claim pursuant to Article 19 of the Implementation Guidance on the Accounting Standard for Revenue Recognition, and notes are omitted.

Notes are also omitted for the contracts initially expected to terminate within one year.

(4) Notes on accounting estimates

Impairment losses of non-current assets

- The amount of non-current assets recorded for the current fiscal year mainly includes 637,257 million yen for vessels and 98,573 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 prospects of market condition for freight rates, charterages, etc. and cargo transport demand.

  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.

Recoverability of deferred tax assets

- The amount of deferred tax assets recorded for the current fiscal year was 9,120 million yen.
- Other information that facilitates understanding about the nature of estimates

  We evaluate the recoverability of deferred tax assets by estimating future taxable income concerning deductible temporary differences and tax losses carried forward.

  Important assumptions in the business plan as the basis of estimating future taxable income include future prospects of market condition for freight rates, charterages, etc., and cargo transport demand.

  In the event of worsened future prospects for freight rates, charterages, etc. or cargo transport demand, which are the preconditions for business plan, reversal of deferred tax assets may occur.

(5) Notes to Consolidated Balance Sheet

1) Breakdown of inventories

Merchandise and finished goods	2,130 million yen
Work in process	428 million yen
Raw materials and supplies	55,035 million yen

2) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral

Cash and deposits	4,727 million yen
Notes, operating accounts receivable-trade and contract assets	6,755 million yen
Inventories	163 million yen
Deferred and prepaid expenses	356 million yen
Vessels (Note)	75,963 million yen
Buildings and structures	1,947 million yen
Machinery, equipment, and vehicles	7,503 million yen
Furniture and fixtures	7 million yen
Land	730 million yen
Construction in progress	545 million yen
"Other" of vessels, property, plant and equipment	787 million yen
Software	278 million yen
Investment securities (Note)	131,246 million yen
"Other" of investments and other assets	329 million yen
Total	231,342 million yen

(ii) Obligations relating to collateral

Notes and operating accounts payable-trade	23 million yen
Short-term loans payable	8,959 million yen
Lease liabilities of current liabilities	2,559 million yen
Long-term loans payable	46,882 million yen
Total	58,425 million yen

Note: Vessels of 2,485 million yen and investment securities of 130,604 million yen have been pledged as collateral for debts of affiliates, etc.

3) Accumulated depreciation of vessels, property, plant and equipment 1,142,555 million yen

4) Contingent liability

(i) Guarantee obligations 188,505 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 2,553 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 April 2025.

(iii) The NYK Group has been under investigation by 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 authorities overseas and civil actions for damages at present.

(6) 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 regarding goodwill/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 (27,951 million yen) in extraordinary loss. The breakdown of impairment loss is as follows.

Location	Use	Type	Impairment loss (millions of yen)
Cyprus	—	Goodwill	20,319
Other	Assets held for sale, etc.	Land and buildings, etc.	7,631
Total	—	—	27,951

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 9.27% discount rate.

(7) Notes to Consolidated Statement of Changes in Equity

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

Common stock 510,165,294 shares

Note: The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022.

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 22, 2022	Common stock	211,935	1,250	March 31, 2022	June 23, 2022
Board of Directors' meeting November 4, 2022	Common stock	178,022	1,050	September 30, 2022	December 1, 2022
Total		389,957			

Notes: 1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 22, 2022 includes dividends of 765 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 4, 2022 includes dividends of 157 million yen on the Company shares owned by the Board Incentive Plan Trust.
3. The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022. Dividend per share is the amount before the stock split.

(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 21, 2023	Common stock	86,467	170	March 31, 2023	June 22, 2023
Total		86,467			

Notes: 1. The total dividend resolved by the Ordinary General Meeting of Shareholders held on June 21, 2023 includes dividends of 76 million yen on the Company shares owned by the Board Incentive Plan Trust.
2. The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022. Dividend per share is the amount after the stock split.

(8) 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, operating accounts receivable-trade and contract assets, in accordance with its credit control procedures and other rules. Investment securities are bonds and stocks held to maturity, comprising primarily stocks held for the reasons such as undertaking or capital alliance with business partners, involving exposure to the risks associated with market price fluctuations, of which listed stocks are screened for fair value measurement on a quarterly basis. 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, 2023 are described below.

(In millions of yen)

	Book Value	Fair Values	Difference
(i) Short-term investment securities and investment securities (*2)			
Available-for-sale securities	78,289	78,289	-
Stocks of affiliates	27,080	20,096	(6,984)
(ii) Long-term loans receivable	27,642		
Allowance for doubtful accounts (*3)	(95)		
	27,547	27,499	(47)
(iii) Bonds payable	97,000	98,444	1,444
(iv) Long-term loans payable	422,691	422,162	(529)
(v) Lease liabilities	100,818	100,808	(10)
(vi) Derivatives transactions (*4)	3,719	3,719	-

(*1) Cash and deposits, notes, operating accounts receivable-trade and contract assets, notes and operating accounts payable-trade, and short-term loans payable are omitted, because they comprise short term instruments whose carrying amount approximates their fair value.

(*2) Stocks without a market price are not included in (i) Short-term investment securities and investment securities. The applicable financial instruments are recognized on the consolidated balance sheet as follows.

(In millions of yen)

Category	Current consolidated fiscal year
Stocks of affiliates	1,549,129
Unlisted shares	32,545
Others	1,335
Total	1,583,010

(*3) Allowance for doubtful accounts separately recognized in long-term loans receivable is excluded.

(*4) The total amount after offsetting receivables and payables is presented for derivative transactions

3) Fair value information by level within the fair value hierarchy

Fair value of financial instruments is classified into the following three levels, according to the observability and significance of the inputs used for determining the fair value.

Level 1 fair value:	Fair value determined by (unadjusted) market price of the identical assets or liabilities in active markets
Level 2 fair value:	Fair value determined by using directly or indirectly observable inputs other than the inputs used for Level 1 fair value
Level 3 fair value:	Fair value determined by using significant but unobservable inputs

With the use of multiple inputs with significant impacts on fair value determination, such fair value is classified as the lowest priority level in determining the fair value of all levels to which each input belongs.

(Note) Description of the valuation techniques and inputs used in determining fair value Short-term investment securities and investment securities

Short-term investment securities and investment securities

Fair values of short-term investment securities and investment securities are classified as level 1 fair values insofar as their fair values can be determined by using the unadjusted market price in active markets. This category largely consists of listed stocks and government bonds. On the other hand, they are classified as level 2 fair values, even if they are measured by using the publicly quoted market price, insofar as such market is inactive. This category largely consists of local government bonds and corporate bonds.

Derivatives transactions

Derivative transactions comprise currency-related transactions (forward exchange contract, currency swap, etc.), interest rate-related transactions (interest rate swap), and commodity-related transactions (freight (charterage), fuel oil, etc.). They involve evaluation techniques to determine fair value using the observable inputs, including primarily exchange rate, interest rate, and commodity futures price, based on the discounted present value method. They are classified as level 2 fair value.

Long-term loans receivable

The fair value of long-term loans receivable is categorized by a specified period and determined using the discounted cash flow method based on future cash flows and an interest rate obtained by adding the credit spread to LIBOR and TORF yields and other appropriate indicators, for each type of credit risk categorized for credit management purposes, and is classified as Level 2. In addition, the fair value of doubtful receivables is determined based on estimated cash flows discounted to the present value using similar rates or the amount expected to be recovered over collateral and guarantees, and it is classified as Level 2.

Bonds payable

The fair value of the corporate bonds issued by the Company is determined based on the market price, and classified as level 2.

Long-term loans payable and lease liabilities

Fair values of long-term payables and lease liabilities are determined by the discounted present value method, based on the sum of principal and interest (*), and the interest rate reflecting the remaining period of the payables and liabilities as well as credit risk, which are classified as level 2.

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

(9) 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, 2023 was 2,638 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 32 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	
15,443	(890)	14,553	70,585

Notes: 1. Consolidated balance sheet amount represents the original acquisition cost less accumulated depreciation and impairment loss.
2. The decreased amount in increase (decrease) in current fiscal year is mainly attributable to depreciation and amortization (526 million yen) and change of application (338 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.

(10) Notes on per-share information

1) Equity per share 4,877.55 yen
2) Profit per share 1,993.71 yen

Note: The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022. Equity per share and profit per share have been calculated on the assumption that this stock split had taken place at the beginning of the current fiscal year.

(11) Other notes

Presentation of monetary amounts

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

(12) Notes on significant subsequent events

Not applicable.

(13) Additional information

(Situation in Russia and Ukraine)

The Company has a business relationship with a Russian shipping company, including effective joint ownership and management of LNG vessels. However, in consideration of the sanctions in various countries due to the situation involving Russian and Ukraine, the Company is holding discussions with the related parties to take appropriate measures.
Although the situation involving Russia and Ukraine may have an impact on the Group’s consolidated financial statements in the following fiscal year onward, it is difficult to reasonably estimate the financial impact at this time.

(Basic agreement on transfer of shares of a consolidated subsidiary)

In March 2023, the Company concluded a basic agreement with ANA HOLDINGS, INC. (ANAHD) to transfer entire shares of its consolidated subsidiary Nippon Cargo Airlines Co. Ltd. to ANAHD.

Unconsolidated Statement of Changes in Equity (From April 1, 2022 to March 31, 2023)

(In millions of yen)

Item	Shareholders' capital								Valuation and translation adjustments		Total equity
	Common stock	Capital Surplus		Retained earnings			Treasury shares	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**	**1,687**	**5,888**	**1,384**	**499,851**	**(3,422)**	**679,900**	**28,024**	**(29,740)**	**678,184**
Changes of items during the period											
Dividends of surplus						(389,957)		(389,957)			(389,957)
Reversal of reserve for advanced depreciation					(86)	86		–			–
Profit						600,344		600,344			600,344
Purchase of treasury stock							(1,537)	(1,537)			(1,537)
Disposal of treasury stock			1				1,173	1,174			1,174
Net change of items other than shareholders' capital									3,239	(7,225)	(3,986)
Total changes of items during the period	–	–	1	–	(86)	210,473	(364)	210,023	3,239	(7,225)	206,036
Balance at the end of current period	**144,319**	**30,191**	**1,688**	**5,888**	**1,297**	**710,325**	**(3,787)**	**889,923**	**31,263**	**(36,966)**	**884,221**

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 other than shares, etc. without market price	Market value method (Differences in valuation are included directly in equity and costs of securities sold are calculated using the moving-average method)
Shares, etc. without market price	Stated at cost using the moving-average method. The Company's investment in investment limited partnerships and similar partnerships (deemed to be securities under Article 2, paragraph (2) of the Financial Instruments and Exchange Act) is accounted for using the net amount of its interest in the partnerships based on the most recent financial statements available according to the reporting dates stipulated in the partnership agreements.

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 after 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 the bond

6) Standards of accounting for 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 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 end of the current fiscal year is 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 (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 (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.

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 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 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 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 related to business restructuring

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

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

The Company operates mainly liner trade and bulk shipping businesses, and we provide customers with transportation services, etc. based on charter contracts and other types of contracts (e.g., consecutive voyage charter contract, contract of affreightment, contract for carriage of individual goods, time charter contract, etc.), in which performance obligations are deemed to be fulfilled over a certain period of time. In respect of transportation services (excluding time charter), revenues are recognized by reasonably estimating progress in the fulfillment of performance obligations based on the number of days of voyage period. Certain bulk shipping businesses provided as transportation services involving normal voyage duration from the place of departure to the place of return (including unloaded voyage as part of the performance of transportation service, but excluding voyage not for performing transportation service or stand-by period), one voyage of a vessel carrying consignments of more than one customer is defined as a single performance obligation, and revenue is recognized over such a period of voyage. In the case of the time charter, since we are entitled to receive the amount of consideration directly corresponding to the customer value for the portion of completed service to date, revenue is recognized at such entitled amount.

(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 significant matters in the preparation of the 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.

Adoption of group tax sharing system

The Company adopted the group tax sharing system.

(2) Notes on changes in accounting policies

(Adoption of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021; hereinafter “Fair Value Accounting Standard Implementation Guidance”) has been applied from the start of the current fiscal year, and in accordance with the transitional arrangements set forth in Paragraph 27-2 of the Fair Value Accounting Standard Implementation Guidance, the new accounting policy set forth in the Fair Value Accounting Standard Implementation Guidance will be prospectively adopted.

This adoption has no impact on the unconsolidated financial statements.

(3) Notes on revenue recognition

Notes are omitted as the identical information is stated in “Notes to Consolidated Financial Statements, (3) Notes on revenue recognition” for useful information in understanding revenue from contracts with customers.

(4) Notes on accounting estimates

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

- The amount recorded for the current fiscal year: 64,310 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.

  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.

Recoverability of deferred tax assets

- The amount of deferred tax assets recorded for the current fiscal year (before offsetting deferred tax liabilities) is 14,571 million yen.
- 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 517,989 million yen for the balance of loans receivable from subsidiaries and affiliates, and 24,134 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 accordance with the business condition of subsidiaries and affiliates, the Company may recognize additional provision or reverse provision of allowance for doubtful accounts.

(5) Notes to Unconsolidated Balance Sheet

1) Assets pledged as collateral and obligations relating to collateral

(i) Assets pledged as collateral	
Vessels	6,614 million yen
Stocks and equity in subsidiaries and affiliates (Note)	39,883 million yen
Total	46,497 million yen
(ii) Obligations relating to collateral	
Short-term loans payable	868 million yen
Long-term loans payable	1,302 million yen
Total	2,170 million yen

Note: Stocks and equity in subsidiaries and affiliates of 39,883 million yen has been pledged as collateral for debts of subsidiaries and affiliates, etc.

2) Accumulated depreciation of vessels, property, plant and equipment 118,069 million yen

3) Contingent liability

(i) Guarantee obligations 464,451 million yen

(ii) The Company has been under investigation by 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 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 authorities overseas 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	155,228 million yen
Long-term monetary claims	549,453 million yen
Short-term monetary liabilities	131,770 million yen
Long-term monetary liabilities	1,617 million yen

(6) Note to Unconsolidated Statement of Income

Transactions with subsidiaries and affiliates

Operating transactions	
Revenues (revenue from shipping operation, revenue from other business)	123,033 million yen
Expenses (shipping operation expenses, other business expenses, general administrative expenses)	251,364 million yen
Transactions other than operating transactions	546,743 million yen

(7) Note to Unconsolidated Statement of Changes in Equity

Class and number of treasury stock at term-end

Common stock	1,984,669 shares

Note: The number of treasury stock at the end of the current fiscal year includes 450,459 shares of the Company owned by the Board Incentive Plan Trust.

(8) Notes on tax effect accounting

1) Significant components of deferred tax assets and liabilities

Recognition of deferred tax assets is mainly attributable to provision for investment loss associated with vessels owned by subsidiaries or affiliates, etc., while recognition of deferred tax liabilities is mainly attributable to unrealized gain (loss) on available-for-sale securities, etc.

2) Accounting for income taxes and local income tax and tax effect accounting

The Company has adopted the group tax sharing system from the current fiscal year. In addition, the Company implements accounting treatment and disclosure of income taxes and local income tax or accounting treatment of tax effect accounting thereof in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42 issued on August 12, 2021).

(9) 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%	Capital support	Collection of funds (Note 1)	61,198	Short-term loans receivable (Note 2)	316
						Long-term loans receivable (Note 2)	117,067
				Acceptance of interest	971	Other current assets	177
Subsidiary	NYK BULK & PROJECTS CARRIERS LTD.	Holding Directly 100%	Acceptance of funds	Acceptance of funds (Note 3)	21,233	Deposits received	41,672
				Interest payment	31	–	–
Subsidiary	TIGER LNG SHIPPING PTE. LTD.	Holding Directly 100%	Capital support	Loan of funds (Note 4)	17,893	Long-term loans receivable	17,893
				Acceptance of interest	329	Other current assets	51
Subsidiary	SAGA SHIPHOLDING (NORWAY) AS	Holding Indirectly 100%	Capital support Debt guarantee, etc.	Loan of funds (Note 4)	4,158	Short-term loans receivable	2,281
						Long-term loans receivable	36,109
				Acceptance of interest	1,634	Other current assets	725
				Debt guarantee, etc. (Note 5)	20,551	–	–
Subsidiary	YUSEN TERMINALS LLC	Holding Indirectly 100%	Debt guarantee, etc.	Debt guarantee, etc. (Note 5)	17,475	–	–
				Acceptance of guarantee fee	90	Other current assets	90
Subsidiary	NYK ITF (CAYMAN) LTD.	Holding Indirectly 100%	Capital support Debt guarantee, etc.	Accommodation of funds (Note 6)	23,992	Cash and deposits	23,992
				Debt guarantee, etc. (Note 5)	65,542	–	–

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 222 companies	Holding Directly 100% (222 companies)	Capital support Capital support Contracts of chartering vessels	Loan of funds (Note 4)	47,349	Short-term loans receivable (Note 2)	49,036
						Long-term loans receivable (Note 2)	186,376
			Transfer of shipbuilding contract	Collection of lease receivables and investments (Note 7)	6,553	Lease receivables (due within one year)	16,155
						Lease receivables (due over one year)	72,626
						Investments in leases (due within one year)	6,115
						Investments in leases (due over one year)	18,606
				Acceptance of interest	9,853	Other current assets	2,358
				Payment of charterage (Note 8)	125,067	Operating accounts receivable-trade	2,087
						Operating accounts payable-trade	8,462
						Deferred and prepaid expenses	139
				Debt guarantee, etc. (Note 5)	110,236	–	–
				Transfer of shipbuilding contract (Note 9)			
				Sales proceeds	22,894	–	–
				Gain on sales of non-current assets	666	–	–
Affiliate	TAMANDARE OWNING B.V.	Holding Directly 20%	Underwriting of capital increase	Underwriting of capital increase (Note 10)	20,817	–	–
Affiliate	MERO 2 OWNING B.V.	Holding Directly 15.5%	Debt guarantee, etc.	Debt guarantee, etc. (Note 5)	31,903	–	–

Transaction conditions and policies on determination of transaction conditions

Notes:
1. Conditions of loan of funds are determined by taking into consideration the market rate. The Company has been pledged security.
2. A total balance of 18,201 million yen of allowance for doubtful accounts in relation to loans to subsidiaries and affiliates is recorded. Also, a total of 46,547 million yen of reversal of allowance for doubtful accounts is recorded for the current fiscal year.
3. Conditions of acceptance of funds are determined by taking into consideration the market rate. The Company has not pledged security.
4. Conditions of loan of funds are determined by taking into consideration the market rate. The Company has not been pledged security.
5. Guarantee fee for debt guarantee, etc. is determined by taking into consideration the form of guarantee.
6. This relates to cash pooling among Group companies.
7. Lease payments are determined by taking into consideration the amount equivalent to the cost of the assets concerned.
8. Cost equivalent amounts accrued by subsidiaries are paid as charterage.
9. Sales price of non-current assets is determined by taking into consideration the market price.
10. The shares were subscribed to at US$85,570 per share.

Note on per-share information

1) Equity per share: 1,739.97 yen
2) Profit per share 1,182.09 yen

Note: The Company conducted a 3-for-1 common stock split with an effective date of October 1, 2022. Equity per share and profit per share is calculated on the assumption that the share split was conducted at the start of the fiscal year.

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

The Company is a company subject to consolidated dividend restrictions.

(12) Other notes

Presentation of monetary amounts

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

(13) Note on significant subsequent events

Not applicable.

(14) Additional information

(Situation in Russia and Ukraine)

The Company has a business relationship with a Russian shipping company, including effective joint ownership and management of LNG vessels. However, in consideration of the sanctions in various countries due to the situation involving Russian and Ukraine, the Company is holding discussions with the related parties to take appropriate measures.

Although the situation involving Russia and Ukraine may have an impact on the Company's unconsolidated financial statements in the following fiscal year onward, it is difficult to reasonably estimate the financial impact at this time.

(Basic agreement on transfer of shares of a subsidiary)

In March 2023, the Company concluded a basic agreement with ANA HOLDINGS, INC. (ANAHD) to transfer entire shares of its subsidiary Nippon Cargo Airlines Co. Ltd. to ANAHD.