

**Consolidated Financial Results for Six Months Ended September 30, 2021
(Japanese GAAP) (Unaudited)**

November 4, 2021

Nippon Yusen Kabushiki Kaisha (NYK Line)

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Submit scheduled date of Quarterly Financial Report: November 12, 2021
 Start scheduled date of paying Dividends: December 1, 2021
 Preparation of Supplementary Explanation Material: Yes
 Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2021	1,051,381	45.6	117,933	606.6	397,246	737.6	411,319	-
Six months ended September 30, 2020	722,031	-12.5	16,690	5.4	47,428	196.1	22,180	99.4

(Note) Comprehensive income:

Six Months ended September 30, 2021: ¥434,355 million (-%), Six Months ended September 30, 2020: ¥15,180 million (-%),

	Profit per share		Profit per share—fully diluted	
	yen		yen	
Six months ended September 30, 2021	2,435.15		-	
Six months ended September 30, 2020	131.37		-	

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of September 30, 2021	2,395,332	1,074,175	43.1
As of March 31, 2021	2,125,480	667,411	29.4

(Reference) Shareholders' equity: As of September 30, 2021: ¥1,033,081 million, As of March 31, 2021: ¥ 625,332 million

2. Dividends

Date of record	Dividend per share				
	1 st Quarter End	2 nd Quarter End	3 rd Quarter End	Year-end	Total
	yen	yen	yen	yen	yen
Year ending March 31, 2021	-	20.00	-	180.00	200.00
Year ending March 31, 2022	-	200.00			
Year ending March 31, 2022 (Forecast)			-	600.00	800.00

(Note) Revision of forecast for dividends in this quarter: Yes

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2022	2,000,000	24.3	220,000	207.5	710,000	229.7	710,000	410.0	4,202.88

(Note) Revision of forecast in this quarter: Yes

4. Notes

(1) Changes of important subsidiaries in the period: None

(Changes in specified subsidiaries involving change in consolidation scope)

New: None Exclusion: None

(2) Particular accounting methods used for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy in accordance with changes in accounting standard: Yes

2. Changes other than No. 1: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Total issued shares (Ordinary shares)

1. Total issued shares (including treasury stock)	As of September 30, 2021	170,055,098	As of March 31, 2021	170,055,098
2. Number of treasury stock	As of September 30, 2021	1,097,062	As of March 31, 2021	1,195,544
3. Average number of shares (cumulative quarterly period)	Six months ended September 30, 2021	168,909,211	Six months ended September 30, 2020	168,846,985

*This financial report is not subject to the audit procedure.

*Assumptions for the forecast of consolidated financial results and other particular issues

Foreign exchange rate:

(for the third and fourth quarter) ¥110.00/US\$

(for full year) ¥109.95/US\$

Bunker oil price:

(for the third quarter) US\$549.00/MT

(for fourth quarter) US\$539.00/MT

(for full year) US\$511.29/MT

*Bunker oil price is on average basis for all the major fuel grades including VLSFO.

The above forecast is based on currently available information and assumptions that NYK Line deems to be reasonable. NYK Line offers no assurance that the forecast will be realized. Actual results may differ from the forecast as a result of various factors. Refer to pages 2-7 of the attachment for assumptions and other matters related to the forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure)

NYK Line is to hold a financial result presentation meeting for analysts and institutional investors. The on-demand audio presentation and presentation material are available on the NYK website.

<https://www.nyk.com/english/ir/library/result/2021/>

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1. Qualitative Information on Quarterly Results

(1) Review of Operating Results

(In billion yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021	Change	Percentage Change
Revenues	722.0	1,051.3	329.3	45.6%
Operating Profit	16.6	117.9	101.2	606.6%
Recurring Profit	47.4	397.2	349.8	737.6%
Profit attributable to owners of parent	22.1	411.3	389.1	1,754.4%

In the first half of the fiscal year ending March 31, 2022 (April 1, 2021 to September 30, 2021), consolidated revenues amounted to ¥1,051.3 billion (increased ¥329.3 billion in the first half of the previous fiscal year), operating profit amounted to ¥117.9 billion (increased ¥101.2 billion in the first half of the previous fiscal year), recurring profit amounted to ¥397.2 billion (increased ¥349.8 billion in the first half of the previous fiscal year), profit attributable to owners of parent amounted to ¥411.3 billion (increased ¥389.1 billion in the first half of the previous fiscal year).

Due to the strong performance of OCEAN NETWORK EXPRESS PTE. LTD. (ONE), our equity-method affiliate, equity in earnings of unconsolidated subsidiaries and affiliates of ¥295.1 billion in non-operating income was recorded. Within this amount, equity in earnings of affiliates from ONE was ¥282.3 billion.

Changes in the average exchange rate between the U.S. dollar and yen as well as the average bunker oil price during the first half of the current and previous fiscal years are shown in the following tables.

	Six months ended September 30, 2020	Six months ended September 30, 2021	Change
Average exchange rate	¥106.82/US\$	¥109.90/US\$	Yen down ¥3.07/US\$
Average bunker oil prices	US\$379.90/MT	US\$477.42/MT	Price up US\$97.52/MT

Note: Exchange rates and bunker oil prices are our internal figures.

Overview by Business Segment

Business segment information for the six months ended September 30, 2021 (April 1, 2021 to September 30, 2021) is as follows.

(in billion yen)

		Revenues				Recurring profit		
		FY2020 2Q	FY2021 2Q	Change	Percentage Change	FY2020 2Q	FY2021 2Q	Change
Liner & Logistics	Liner Trade	81.3	94.0	12.6	15.6 %	28.4	290.3	261.9
	Air Cargo Transportation	54.4	89.7	35.2	64.7 %	13.2	33.0	19.7
	Logistics	235.0	377.3	142.2	60.5 %	8.1	28.4	20.2
Bulk Shipping		317.9	456.9	138.9	43.7 %	0.1	47.7	47.5
Others	Real Estate	3.4	2.4	-1.0	-29.2 %	1.3	1.2	-0.1
	Other	58.8	71.7	12.9	22.0 %	-1.5	-1.7	-0.2

Liner Trade

In the container shipping division, at ONE, the port and inland congestion did not improve due to a shortage of drivers for inland haulage, etc. In addition, while the disruptions to the overall supply chain remained ongoing, cargo demand continued to be robust, leading to further tightening of the supply and demand balance. On the main trades, the number of sailings on the North America trade declined due to slower turnaround times caused by port congestion, resulting in lower liftings year on year. Conversely, liftings increased on the Europe trade. Also, on both trades, freight rates and utilization trended at levels exceeding the same period last year, and the particularly strong rise in spot rates on the Europe trade greatly contributed to improving the bottom line. Within the current situation, ONE worked to procure containers, arrange extra sailings, minimize schedule delays by increasing vessel sailing speed in order to maximize the space available aboard the vessels.

At the company's terminals in Japan and overseas, handling volumes recovered from the impact of the COVID-19 pandemic during the same period last year.

As a result of the above, profit increased on higher revenue in the Liner Trade as a whole compared to the same period last year.

Air Cargo Transportation

In the Air Cargo Transportation segment, while international passenger flights continued to be suspended and cancelled due to the COVID-19 pandemic, cargo volumes mainly of automotive components, semiconductors and e-Commerce related goods were firm. In addition, the trend of shifting some maritime cargo to air freight continued due to the shortage of space aboard containerships and port congestion,

causing cargo volumes and freight rates to trend at high levels mainly on the North America and Europe routes even during the typically slow summer season in July and August.

As a result of the above, profit increased on higher revenue in the Air Cargo Transportation as a whole compared to the same period last year.

Logistics

In the air freight forwarding business, the supply and demand balance tightened due to the decreased supply of space caused by the continued COVID-19 pandemic related suspension and cancellation of international passenger flights along with the disruption to airport operations that occurred in China during the second quarter. Within this market environment, the ability to secure space through nimble purchasing activities resulted in higher handling volumes year on year and drove the overall results.

In the ocean freight forwarding business, although the decline in shipping capacity due to port congestion made it difficult to secure space, handling volumes increased year on year. Also, the sales prices caught up with the soaring procurement prices, leading to improved profits levels.

In the logistics business, handling volumes increased year on year mainly for general consumer goods that are in strong demand.

In the coastal transportation business, handling volumes increased year on year.

As a result of the above, profit increased on higher revenue in the Logistics segment as a whole compared to the same period last year.

Bulk Shipping

In the car transportation division, there were concerns about finished-car handling volumes due to the global shortage of semiconductors and automotive components caused by the impact of the COVID-19 pandemic. However, handling volumes recovered year on year as a result of efforts to optimize vessel deployment and voyage schedules, acquire new customers and secure alternative cargo through cooperation with affiliate companies. In the auto logistics segment, while changes in vehicle production and sales in each country and region impacted the supply and demand balance differently, each organization worked to secure new business and reorganize unprofitable businesses. At the same time, progress was made in the preparations for opening the finished-car terminals in Egypt and Turkey, and actions were taken toward reorganizing the business portfolio.

In the dry bulk division, following the rising market from March through early May on the back of strong iron ore shipments, the Capesize market entered a short correction phase. During the peak season from July to September, iron ore shipments increased following the end of the rainy season in Brazil. At the same time, recurring typhoons and flooding and stricter border controls against COVID-19 pandemic in China caused vessel waiting times to grow again, and the Capesize market rose to 11-year highs. In the Panamax segment, while the delayed soybean shipments from South America due to inclement weather at the beginning of the fiscal year resulted in a massive vessel backlog that caused the supply and demand balance to tighten, from June into July, natural gas prices surpassed the price of coal, leading to more active coal procurement and higher imports of coal into China ahead of the peak electricity demand season. Although the hurricane that made landfall in the southern region of the United States in August negatively impacted grain shipments and damaged electric power facilities, the market trended at levels greatly exceeding the same period last year. Within this market environment, along with using futures contracts

to fix revenues and limit the impact of market volatility on the bottom line, efforts were made to stabilize revenue through the acquisition of long-term contracts and cut costs through efficient operations.

In the energy division, although OPEC Plus gradually increased production from May, the supply and demand balance did not improve, and the VLCC (Very Large Crude Carrier) and petrochemical tanker markets remained at historically low levels. The VLGC (Very Large LPG Carrier) market trended at levels lower year on year. In addition to the weak demand season, the price difference of LPG from the United States and Middle East declined, resulting in fewer transactions and lower cargo volumes of LPG from North America, which has relatively more expensive shipping costs due to the longer sailing distance. In the tanker business, although the ratio of short-term contracts subject to market volatility is limited, the greatly lower market levels year on year had a negative impact on the bottom line. In LNG carriers, the results were steady based on support from the long-term contracts that generate stable earnings. Also, in the offshore business, FPSO (Floating Production, Storage, and Offloading) and drill ships were steady. As a result of the above, profit increased on higher revenue in Bulk Shipping segment as a whole compared to the same period last year.

Real Estate and Other Businesses

The Real Estate segment was firm but following the partial transfer of shares of a subsidiary, profit declined on lower revenue year on year. Also, as a result of this transfer, extraordinary income of about ¥23.0 billion was recorded in the second quarter.

In the Other Business Services segment, bunker fuel sales and chemical product manufacturing and sales did not achieve the same strong results recorded during the same period last year. On the other hand, the COVID-19 pandemic had a smaller impact on the technology service business, and a recovery was apparent in the construction projects and sales of marine equipment and supplies.

In the cruise business, the number of cruises was limited due to the impact of the COVID-19 pandemic. As a result of the above, although revenue increased year on year in the Other Business Services segment as a whole, a loss was recorded.

(2) Explanation of the Financial Position

① Status of Assets, Liabilities and Equity

As of the end of the second quarter of the current consolidated accounting period, assets amounted to ¥2,395.3 billion, an increase of ¥269.8 billion compared to the end of the previous consolidated fiscal year due to an increase in notes and operating accounts receivable-trade and an increase in investment securities after recording the profit from the equity method affiliate ONE. Interest bearing debt decreased by ¥112.1 billion to ¥838.9 billion due to a decrease in long-term loans payable, and total liabilities amounted to ¥1,321.1 billion, a decrease of ¥136.9 billion compared to the end of the previous consolidated fiscal year. Under consolidated equity, retained earnings increased by ¥387.2 billion and shareholders' equity, which is the aggregate of shareholders' capital and accumulated other comprehensive income, amounted to ¥1,033.0 billion. This amount combined with the non-controlling interests of ¥41.0 billion brought total equity to ¥1,074.1 billion. Based on this result, the debt-to-equity ratio (D/E ratio) came to 0.81, and the equity ratio was 43.1%.

② Cash flow

As of the end of the second quarter of the current consolidated accounting period, cash and cash equivalents amounted to ¥79.4 billion, a decrease of ¥24.1 billion from the beginning of the fiscal year. Cash flow from operating activities through the second quarter of the current consolidated accounting period was ¥109.9 billion (¥67.4 billion during the same period last year) as a result of the profit before income taxes of ¥433.0 billion, non-cash depreciation and amortization of ¥49.1 billion, equity in earnings of unconsolidated subsidiaries and affiliates outflow of ¥295.1 billion and interest and dividend income of ¥21.7 billion.

Cash flow from investing activities was an inflow of ¥5.6 billion (outflow of ¥22.6 billion during the same period last year) due to the acquisition and sale of non-current assets, mainly vessels, and the partial transfer of shares of a subsidiary.

Cash flow from financing activities was an outflow of ¥135.7 billion (outflow of ¥40.8 billion during the same period last year) due to the repayment of long-term loans, payment of the dividend, redemption of bonds and repayment of leases liabilities.

(3) Explanation of the Consolidated Earnings Forecast and Future Outlook

① Forecast of the Consolidated Financial Results

It is still difficult to foresee the impact of COVID-19 pandemic rebounds, when such rebounds and the pandemic itself will come to an end and the condition of the business environment at that time. However, the following business forecast takes into account the factors that can be incorporated at this time.

In the container shipping division, at ONE, it remains unclear when the robust demand will peak and when the supply chain disruptions will be resolved. However, the situation is expected to gradually normalize toward the latter half of the second half, and the current forecast incorporates the assumption that seasonal demand will slow during Chinese New Year. At the terminals in Japan, handling volumes are expected to remain firm, but at the overseas terminals, handling volumes are forecast to decline along with easing container demand.

In the Air Cargo Transportation segment, the supply and demand balance is expected to remain tight during the seasonal period of strong demand early in the second half, and freight rates are forecast to remain at high levels. Thereafter, although freight rates are expected to soften following the gradual restoration of international passenger flights, they are forecast to remain firm.

In the Logistics segment, although handling volumes are expected to decline compared to the first half in both the air and ocean freight forwarding businesses as the seasonal demand eases, they are forecast to remain at firm levels. Also, in the logistics business, soaring personnel expenses caused by disruptions in inland haulage is an issue, and continued efforts will be made to stabilize earnings by cutting costs and revising the service contracts, including price adjustments.

In the car transportation division, although there continue to be concerns about vehicle transportation volumes due to the shortage of semiconductors and automotive components, transportation volumes in the second half are expected to remain generally unchanged from the first half, and full-year transportation volumes are forecast to increase compared to last year.

In the dry bulk division, market levels for all vessel segments are expected to remain strong and trend at levels greatly exceeding last year.

In the energy division, the VLCC market is expected to gradually recover in the second half based on support from seasonal demand, and the VLGC market is expected to recover to levels exceeding those in the first half. Also, LNG carrier earnings are expected to remain steady based on support from stable medium and long-term contracts.

Based on the above, the forecast of the full-year consolidated financial results has been revised as follows.

(in billion yen)

	Revenues	Operating Profit	Recurring Profit	Profit attributable to owners of parent
Previous Forecast (August 4, 2021)	1,850.0	150.0	500.0	500.0
Revised Forecast	2,000.0	220.0	710.0	710.0
Change	150.0	70.0	210.0	210.0
Percentage Change (%)	8.11%	46.67%	42.00%	42.00%

Assumptions for the forecast of consolidated financial results:

Foreign Exchange Rate

(for the third and fourth quarters) ¥110.00/US\$

(for the full year) ¥109.95/US\$

Bunker Oil Price

(for the third quarter) US\$549.00/MT

(for the fourth quarter) US\$539.00/MT

(for the full year) US\$511.29/MT

*Bunker oil price is on average basis for all the major fuel grades including VLSFO.

② Dividends for the Fiscal Year ending March 31, 2022

NYK Line has designated the stable return of profits to shareholders as one of the most important management priorities, and generally targeting a consolidated dividend payout ratio of 25%, the distribution of profits is decided after comprehensively taking into account the business forecast and other factors. At the same time, based on an ongoing minimum dividend that is not affected by the business results, an annual dividend of ¥20 per share has been set as the minimum dividend for the time being. An interim dividend of ¥200 per share will be issued for the current fiscal year (year ending March 2022), and we plan to issue a year-end dividend of ¥600 per share for a full-year dividend of ¥800 per share. However, the year-end dividend will be decided based on the future financial results, financial condition and direction of shareholder returns, and considering additional shareholder returns such as share buyback after May 2022. We plan to issue the year-end dividend at a payout ratio of about 25%, or a level equal to or exceeding a payout ratio of 25% in the event of share buyback, including the amount allocated to share buyback.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	107,369	82,908
Notes and operating accounts receivable-trade	234,909	287,970
Contract assets	—	15,204
Short-term investment securities	144	146
Inventories	37,619	41,358
Deferred and prepaid expenses	56,438	32,372
Other	104,108	81,873
Allowance for doubtful accounts	(2,101)	(2,436)
Total current assets	538,488	539,398
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	534,378	510,910
Buildings and structures, net	109,198	96,335
Aircraft, net	35,838	34,562
Machinery, equipment, and vehicles, net	26,040	26,670
Furniture and fixtures, net	5,303	5,152
Land	86,912	71,468
Construction in progress	44,704	63,573
Other, net	5,314	5,008
Total vessels, property, plant, and equipment	847,689	813,682
Intangible assets		
Leasehold right	4,912	4,849
Software	5,768	5,775
Goodwill	10,190	9,308
Other	3,408	3,293
Total intangible assets	24,279	23,225
Investments and other assets		
Investment securities	578,892	874,564
Long-term loans receivable	21,393	24,320
Net defined benefit asset	60,339	61,111
Deferred tax assets	6,110	6,365
Other	53,393	57,766
Allowance for doubtful accounts	(5,350)	(5,406)
Total investments and other assets	714,779	1,018,720
Total non-current assets	1,586,748	1,855,629
Deferred assets	243	305
Total assets	2,125,480	2,395,332

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	168,690	174,701
Current portion of bonds payable	25,000	30,000
Short-term loans payable	161,045	133,663
Leases liabilities	19,477	19,007
Income taxes payable	14,390	14,630
Contract liabilities	—	34,128
Provision for bonuses	14,063	11,035
Provision for directors' bonuses	366	243
Provision for stock payment	170	856
Provision for losses related to contracts	14,364	4,656
Provision for related to business restructuring	3	3
Other	124,691	93,310
Total current liabilities	542,262	516,238
Non-current liabilities		
Bonds payable	107,000	97,000
Long-term loans payable	560,913	484,452
Leases liabilities	77,707	74,855
Deferred tax liabilities	64,718	64,202
Net defined benefit liability	16,697	16,452
Provision for directors' retirement benefits	979	750
Provision for stock payment	551	—
Provision for periodic dry docking of vessels	14,595	15,846
Provision for losses related to contracts	52,071	34,713
Provision for related to business restructuring	927	844
Other	19,645	15,801
Total non-current liabilities	915,805	804,919
Total liabilities	1,458,068	1,321,157
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	44,214	44,243
Retained earnings	444,801	832,025
Treasury stock	(3,381)	(3,235)
Total shareholders' capital	629,954	1,017,353
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	22,004	24,149
Deferred gain (loss) on hedges	(29,187)	(25,851)
Foreign currency translation adjustments	(11,365)	3,846
Remeasurements of defined benefit plans	13,927	13,584
Total accumulated other comprehensive income (loss)	(4,621)	15,728
Non-controlling interests	42,078	41,093
Total equity	667,411	1,074,175
Total liabilities and equity	2,125,480	2,395,332

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Revenues	722,031	1,051,381
Cost and expenses	628,370	847,555
Gross profit	93,660	203,826
Selling, general and administrative expenses	76,969	85,893
Operating profit	16,690	117,933
Non-operating income		
Interest income	1,221	993
Dividend income	3,379	4,277
Equity in earnings of unconsolidated subsidiaries and affiliates	35,394	295,152
Foreign exchange gains	—	2,381
Other	3,600	2,502
Total non-operating income	43,595	305,306
Non-operating expenses		
Interest expenses	9,004	6,671
Foreign exchange losses	1,136	—
Derivative losses	1,864	18,178
Other	852	1,142
Total non-operating expenses	12,858	25,993
Recurring profit	47,428	397,246
Extraordinary income		
Gain on sales of non-current assets	7,185	8,806
Gain on sale of shares of subsidiaries and associates	80	28,833
Other	3,219	1,162
Total extraordinary income	10,485	38,802
Extraordinary losses		
Loss on sales of non-current assets	79	15
Provision for losses related to contracts	17,567	—
Other	10,351	3,029
Total extraordinary losses	27,998	3,044
Profit before income taxes	29,916	433,004
Total income taxes	5,572	18,373
Profit	24,343	414,631
Profit attributable to non-controlling interests	2,162	3,311
Profit attributable to owners of parent	22,180	411,319

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	24,343	414,631
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	1,421	2,157
Deferred gain (loss) on hedges	235	483
Foreign currency translation adjustments	287	(3,599)
Remeasurements of defined benefit plans	(927)	(415)
Share of other comprehensive income of associates accounted for using equity method	(10,179)	21,099
Total other comprehensive income	(9,162)	19,724
Comprehensive income	15,180	434,355
(Breakdown)		
Comprehensive income attributable to owners of parent	13,036	431,669
Comprehensive income attributable to non-controlling interests	2,144	2,686

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net cash provided by (used in) operating activities		
Profit before income taxes	29,916	433,004
Depreciation and amortization	49,329	49,158
Impairment loss	8,341	144
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(7,032)	(8,649)
Loss (gain) on sales of short-term and long-term investment securities	(936)	(28,959)
Loss (gain) on valuation of short-term and long-term investment securities	198	8
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(35,394)	(295,152)
Interest and dividend income	(4,601)	(5,271)
Interest expenses	9,004	6,671
Foreign exchange losses (gains)	582	2,055
Decrease (increase) in notes and accounts receivable - trade	13,141	(21,331)
Decrease (increase) in inventories	2,607	(4,736)
Increase (decrease) in notes and accounts payable - trade	(11,083)	(171)
Increase (decrease) in provision for losses related to contracts	13,681	(27,066)
Other, net	(3,583)	8,316
Subtotal	64,173	108,021
Interest and dividend income received	10,572	21,788
Interest expenses paid	(9,728)	(6,615)
Income taxes (paid) refund	2,451	(13,197)
Net cash provided by (used in) operating activities	67,469	109,996
Net cash provided by (used in) investing activities		
Purchase of vessels, property, plant and equipment and intangible assets	(51,423)	(38,098)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	14,401	19,942
Purchase of investment securities	(6,029)	(7,390)
Proceeds from sales and redemption of investment securities	11,758	1,038
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(348)	—
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(1)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	0	35,772
Payments of loans receivable	(7,433)	(6,578)
Collection of loans receivable	13,816	4,358
Other, net	2,656	(3,386)
Net cash provided by (used in) investing activities	(22,602)	5,656

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(58,492)	(33)
Net increase (decrease) in commercial papers	(1,000)	—
Proceeds from long-term loans payable	81,005	11,202
Repayments of long-term loans payable	(27,484)	(100,801)
Proceeds from issuance of bonds	—	19,892
Redemption of bonds	(20,000)	(25,000)
Repayments of leases liabilities	(9,548)	(10,506)
Proceeds from stock issuance to non-controlling shareholders	1,221	5,976
Purchase of treasury stock	(3)	(38)
Proceeds from sales of treasury stock	27	290
Cash dividends paid to shareholders	(3,391)	(30,520)
Cash dividends paid to non-controlling interests	(1,410)	(2,344)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(879)	—
Other, net	(928)	(3,843)
Net cash provided by (used in) financing activities	(40,885)	(135,726)
Effect of exchange rate change on cash and cash equivalents	(442)	(4,097)
Net increase (decrease) in cash and cash equivalents	3,539	(24,171)
Cash and cash equivalents at beginning of period	77,092	103,593
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	24	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	122	8
Cash and cash equivalents at end of period	80,778	79,430

(3) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The second quarter of this fiscal year (April 1, 2021 – September 30, 2021)

Not applicable

(Notes in the Event of Significant Changes in Shareholders' Capital)

The second quarter of this fiscal year (April 1, 2021 – September 30, 2021)

Not applicable

(Changes in Accounting Policies Due to Revisions of Accounting Standards)

(Adoption of the Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter referred to as "Revenue Recognition Accounting Standard") has been adopted from the start of the first quarter of the current consolidated fiscal year, and when control of the promised goods or service transfers to the customer, the expected monetary compensation received in return is recognized as revenue.

In accordance with the transitional arrangements set forth in the proviso of Article 84 of the Revenue Recognition Accounting Standard, retained earnings at the start of the first quarter of the current consolidated fiscal year has been adjusted to reflect the cumulative impact assuming the accounting standard is retroactively adopted prior to the start of the first quarter of the current consolidated fiscal year, and the new accounting policy has been applied from the relevant starting balances at the beginning of the accounting period.

As a result, compared to the previous accounting policy, concerning the starting balances at the beginning of the first quarter of the current consolidated fiscal year, mainly notes and operating accounts receivable- trade increased by ¥33.600 billion, contract assets increased by ¥9.622 billion, notes and operating accounts payable- trade increased by ¥5.991 billion, contract liabilities increased by ¥24.640 billion, retained earnings increased by ¥6.467 billion, deferred and prepaid expenses decreased by ¥35.147 billion and other under current liabilities decreased by ¥30.521 billion.

Also, during the cumulative period through the end of the second quarter of the current consolidated fiscal year, revenue increased by ¥12.269 billion, cost and expenses increased by ¥10.053 billion, operating profit increased by ¥2.215 billion and recurring profit and profit before income taxes each increased by ¥1.836 billion. During the second quarter of the current consolidated fiscal year, notes and operating accounts receivable- trade increased by ¥43.723 billion, contract assets increased by ¥10.044 billion, notes and operating accounts payable- trade increased by ¥3.902 billion, contract liabilities increased by ¥33.875 billion, deferred and prepaid expenses decreased by ¥49.976 billion and other under current liabilities decreased by ¥43.591 billion.

(Adoption of the Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter "Fair Value Accounting Standard") has been applied from the start of the first quarter of the

current consolidated fiscal year, and in accordance with the transitional arrangements set forth in Article 19 of the Fair Value Accounting Standard and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), the new accounting policy set forth in the Fair Value Accounting Standard has been permanently adopted. As a result of this change, from the first quarter of the current consolidated fiscal year, the method used to determine the fair value of other short-term investment securities with a market value has been revised from the average market value during the one month prior to the final day of the accounting period to the market value on the final day of the accounting period.

(Segment Information)

I. Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)

Revenues and income or loss by reportable segment

(In million yen)

	Liner & Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues									
(1) Revenues from customer	79,404	51,064	234,363	317,872	3,107	36,218	722,031	-	722,031
(2) Inter-segment revenues	1,935	3,423	703	125	381	22,603	29,172	(29,172)	-
Total	81,340	54,488	235,067	317,997	3,489	58,821	751,204	(29,172)	722,031
Segment income (loss)	28,459	13,249	8,144	185	1,379	(1,535)	49,883	(2,455)	47,428

(Notes)

- Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 32 million yen and other corporate expenses -2,487 million yen. The general and administrative expenses and non-operating expenses which do not belong to any single segment are treated as other corporate expenses.
- Segment income (loss) is adjusted on recurring profit on the quarterly consolidated statement of income.
- On April 1, 2021, "Global Logistics" has been renamed to "Liner & Logistics".

II. Six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)

1. Revenues and income or loss by reportable segment

(In million yen)

	Liner & Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues									
(1) Revenues from customer	91,723	84,477	376,283	456,805	2,358	39,733	1,051,381	-	1,051,381
(2) Inter-segment revenues	2,282	5,270	1,049	131	111	32,016	40,862	(40,862)	-
Total	94,005	89,748	377,332	456,937	2,469	71,749	1,092,243	(40,862)	1,051,381
Segment income (loss)	290,394	33,035	28,418	47,712	1,217	(1,748)	399,029	(1,782)	397,246

(Notes)

- Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 31 million yen and other corporate expenses -1,813 million yen. The general and administrative expenses and non-operating expenses which do not belong to any single segment are treated as other corporate expenses.
- Segment income (loss) is adjusted on recurring profit on the quarterly consolidated statement of income.
- On April 1, 2021, "Global Logistics" has been renamed to "Liner & Logistics".

1. Notes Regarding Changes in Reportable Segments

(Adoption of the Accounting Standard for Revenue Recognition)

In accordance with the Changes in Accounting Policies stated above, the Revenue Recognition Accounting Standard has been adopted from the start of the first quarter of the current consolidated fiscal year, and because the accounting method for revenue recognition has been changed, the method used to measure profit or loss in each reportable segment has been similarly changed.

As a result of these changes, the revenue to external customers through the second quarter of the current consolidated fiscal year increased by ¥15.416 billion in the Bulk Shipping segment, and the segment income (loss) increased by ¥1.850 billion in the Bulk Shipping segment.

3. Other Information

(1) Quarterly Operating Results

Year ending March 31, 2022

(In million yen)

	Apr 1, 2021 – Jun 30, 2021 1Q	Jul 1, 2021 – Sep 30, 2021 2Q	Oct 1, 2021 – Dec 31, 2021 3Q	Jan 1, 2022 – Mar 31, 2022 4Q
Revenues	504,611	546,769		
Operating profit (loss)	53,000	64,932		
Recurring profit (loss)	153,620	243,626		
Profit (loss) attributable to owners of parent for the quarter	151,093	260,225		
Total assets	2,238,803	2,395,332		
Equity	805,345	1,074,175		

Year ended March 31, 2021

(In million yen)

	Apr 1, 2020 – Jun 30, 2020 1Q	Jul 1, 2020 – Sep 30, 2020 2Q	Oct 1, 2020 – Dec 31, 2020 3Q	Jan 1, 2021 – Mar 31, 2021 4Q
Revenues	361,170	360,861	423,911	462,471
Operating profit (loss)	8,947	7,743	31,262	23,583
Recurring profit (loss)	16,591	30,837	74,657	93,249
Profit (loss) attributable to owners of parent for the quarter	11,684	10,496	30,181	86,866
Total assets	1,882,678	1,901,705	1,960,549	2,125,480
Equity	502,347	510,612	540,502	667,411

(Note) The above operating results (revenues, operating profit (loss), recurring profit (loss) and profit (loss) attributable to owners of parent) are based on the results for the first quarter and the cumulative results for the first six, nine and twelve months, and are computed by taking the difference between the two adjacent periods.

(2) Foreign Exchange Rate Information

	Six months ended September 30, 2020	Six months ended September 30, 2021	Change	Year ended March 31, 2021
Average exchange rate during the period	¥106.82/US\$	¥109.90/US\$	Yen down ¥3.07/US\$	¥105.79/US\$
Exchange rate at the end of the period	¥105.80/US\$	¥111.92/US\$	Yen down ¥6.12/US\$	¥110.71/US\$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2021	Six months ended September 30, 2021	Change
Loans	721,958	618,115	(103,842)
Corporate bonds	132,000	127,000	(5,000)
Leases liabilities	97,184	93,863	(3,321)
Total	951,143	838,979	(112,164)