

July 10, 2023

To whom it may concern:

Company Name	Nippon Yusen Kabushiki Kaisha
Representative	Takaya Soga (Code No.: 9101 TSE Prime Market)
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**Notice of Execution of Definitive Agreement on Share Exchange between
Our Consolidated Subsidiary and ANA Holdings, Inc.**

Nippon Yusen Kabushiki Kaisha ("NYK"), as announced in the "Notice of Basic Agreement on Transfer of Shares in Consolidated Subsidiary" on March 7, 2023, entered into a certain basic agreement with ANA HOLDINGS INC. ("ANAHD") for a transaction to transfer all shares of Nippon Cargo Airlines Co., Ltd. ("NCA"), a wholly owned subsidiary of NYK (consolidated subsidiary), to ANAHD.

Today, NYK hereby announces that NYK has executed a definitive agreement with ANAHD (the "Definitive Agreement") whereby NYK and ANAHD have agreed to carry out the transaction for the transfer of all of shares in NCA to ANAHD through a share exchange (the "Share Exchange"), and upon the consummation of this transaction, ANAHD will become the wholly owning parent company and NCA will become the wholly owned subsidiary. NYK also hereby announces that NCA has executed a share exchange agreement with ANAHD regarding the Share Exchange.

As a result, NCA will no longer be one of our consolidated subsidiaries and will become a wholly owned subsidiary of ANAHD as of the effective date of the Share Exchange.

1. Purpose of the Share Exchange

NCA was established in 1978 with the participation of several companies as a company specializing in international air cargo. NYK has been involved in the management of NCA as a major shareholder since its establishment, and in 2010, NYK acquired all of the outstanding shares of NCA with the aim of becoming a comprehensive logistics company offering ocean, land, and air transportation services. However, the continual introduction of new aircraft to expand the operation and maintenance system, as well as the continual training of personnel engaged in operation and maintenance required considerable expenditures. In the highly volatile business environment of airfreight transportation, NCA has been facing challenges in expanding its business scale at a level that is commensurate with such costs.

ANAHD, in order to dramatically enhance its international air cargo network and products and services based in Japan and also with the aim of contributing to the development of global economic activities both in Japan and abroad, expressed its strong desire to add NCA (the only Japanese airline dedicated exclusively to air cargo transportation) to its business portfolio and integrate and reorganize NCA within the cargo business of the ANA group in the future, thereby realizing the goal of providing high-quality and internationally competitive air cargo transportation services that can respond to the increasing sophistication of the supply chain.

NCA has recently been providing value to the public through its air cargo transportation business under its mission statement of "Never Stop Logistics even during the Covid-19 Pandemic". However, in order for NCA to achieve further growth and increase its corporate value from a long-term perspective, including environmental response, we believe that the best option is to transfer the shares of NCA to ANAHD which operates the same category of business and has been providing human resources support to strengthen NCA's maintenance system.

In addition, NYK positions its comprehensive logistics business as one of its core businesses and also sets deepening the same business as one of the key strategies in its medium-term management plan announced on

March 10, 2023. From the perspective of NYK group's continued involvement in the air cargo transportation business through maintaining a relationship with ANAHD even after the transfer of all NCA shares to ANAHD, NYK agreed to acquire common shares of ANAHD through the Share Exchange.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

(i) Date of resolution by the Board of Directors of NYK	July 10, 2023
(ii) Date of execution of the Definitive Agreement on the Share Exchange	July 10, 2023
(iii) Date of resolution by the Board of Directors of NCA	July 10, 2023
(iv) Date of execution of share exchange agreement by NCA	July 10, 2023
(v) Date of resolution of an extraordinary meeting of Shareholders at NCA	By mid-September 2023 (scheduled)
(vi) Effective date of the Share Exchange	October 1, 2023 (scheduled)

(Note) In the event that it becomes necessary to change the above schedule due to the progress of filings, registration, permits and approvals, or other preparations, in relation to domestic or foreign competition law authorities, or for any other reason, NYK will promptly announce such change upon discussion and agreement with ANAHD.

(2) Method of the Share Exchange

Under the share exchange, ANAHD will become a wholly owning parent company and NCA will become a wholly owned subsidiary. The effective date is scheduled for October 1, 2023. ANAHD plans to conduct the Share Exchange without obtaining approval at a general meeting of its shareholders by carrying out a short-form share exchange procedure pursuant to Article 796, Paragraph 2 of the Companies Act, while NCA plans to conduct the Share Exchange after obtaining approval by way of a resolution at an extraordinary meeting of its shareholders by the effective date.

(3) Allotment of shares in connection with the Share Exchange

	ANAHD (Wholly owning parent company in the Share Exchange)	NCA (Wholly owned subsidiary in the Share Exchange)
(i) Share Exchange Ratio	1	0.009815
(ii) Number of shares to be delivered through the Share Exchange	ANAHD common stock: 3,926,000 shares	

(Note1) 0.009815 shares of ANAHD common stock will be allocated and delivered per share of NCA's Class II shares. NCA has issued another class of shares in addition to Class II shares; however, all of such other class of shares are held as treasury stock and all of such other class of shares will be cancelled before the effective date of the Share Exchange.

(Note2) NYK will receive 3,926,000 shares of ANAHD common stock by way of allotment and disposal by ANAHD through the Share Exchange.

(4) Treatment of stock options and bonds with stock options in connection with the Share Exchange

Not applicable, as NCA has not issued any stock acquisition rights or bonds with stock acquisition rights.

3. Basis for the calculation of the allotment of shares in the Share Exchange

(1) Basis and rationale for assignment details

NYK retained EY Strategy & Consulting K.K. ("EY") as a third-party valuation agent independent of any of NYK, NCA and ANAHD, to verify the fairness and appropriateness of the calculation of the share exchange ratio (the "Share Exchange Ratio") set forth in Section 2.(3) "Allotment of Shares in connection with the Share Exchange" above.

NYK and ANAHD have negotiated on and discussed the share exchange ratio with each other, referring to the calculation results of the share exchange ratio submitted by their respective third-party valuation agents as well as comprehensively considering factors such as the financial condition, asset status, future prospects, etc. of both companies.

As a result, we have concluded that the Share Exchange Ratio is within the range of EY's calculation results described in (2) (ii) "Summary of Calculation" below and is also at a fair and reasonable level, and have therefore decided to conduct the Share Exchange with the Share Exchange Ratio.

(2) Matters related to calculation

(i) Name of the Valuation Agent and Relationship with NYK

EY, which has been retained by NYK, is a valuation agent that is independent of NYK, NCA and ANAHD. It is not a related party of NYK, NCA or ANAHD, and has no material interest in the Share Exchange that should be noted.

(ii) Summary of Calculation

As described in (1) "Basis and rationale for assignment details" above, NYK selected EY as its third-party valuation agent to calculate the Share Exchange Ratio to ensure fairness and appropriateness in the calculation of the Share Exchange Ratio to be used in the Share Exchange.

After analyzing the financial information of NCA and ANAHD and the terms and conditions of the Share Exchange, EY performed calculation of the Share Exchange Ratio by adopting (a) with respect to NCA's share value, a comparable companies analysis and discounted cash flow (DCF), and (b) with respect to ANAHD's share value, a market share price analysis since ANAHD is listed on the prime market of the Tokyo Stock Exchange.

The valuation range of ANAHD's common stock per share of NCA's Class II shares is as follows.

Analysis method		Range of share exchange ratio
NCA	ANAHD	
Comparable companies analysis	Market share price analysis	0.001~0.020
DCF analysis		0.006~0.013

In the market share price analysis, EY set July 7, 2023 as the base date (the "Base Date") for the calculation, and adopted (a) the closing price on the Tokyo Stock Exchange on the Base Date, and (b) the simple average of the closing prices on the Tokyo Stock Exchange for the periods of (i) one-month, (ii) three-months, and (iii) six-months prior to the Base Date.

The profit plan of NCA, upon which the calculation based on the DCF analysis used by EY to calculate the equity value of NCA was premised, includes a fiscal year in which a significant decrease in profit is expected. This is due to a combination of a decline in air freight rates due to the easing of the impact of the spread of COVID-19 infections, and a sharp rise in fuel and labor costs. In addition, this business plan is not premised on the execution of the Share Exchange.

4. Overview of the Parties to the Share Exchange

	Wholly owning parent company in share exchange	Wholly owned subsidiary in share exchange	
(1) Name	ANA HOLDINGS INC.	Nippon Cargo Airlines Co., Ltd.	
(2) Location	5-2, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo	1-18-16 Hamamatsucho, Minato-ku, Tokyo	
(3) Title and name of representative	Koji Shibata, President and Representative Director	Hitoshi Oshika, President and Representative Director	
(4) Business	Formulation of management strategies, business management, and related operations for the Group's air transportation and other businesses	1. Scheduled air cargo transportation business 2. Nonscheduled air cargo transportation business and aircraft utilizing business 3. Other related business	
(5) Capital stock	467,601 million yen (As of March 31, 2023)	10,000 million yen (As of March 31, 2023)	
(6) Date of establishment	December 27, 1952	September 27, 1978	
(7) Number of shares outstanding	Common shares 484,293,561 shares (As of March 31, 2023)	Class II shares 400,000,000 shares Class shares subject to wholly call 790,973,000 shares	
(8) Fiscal year end	March 31	March 31	
(9) Number of employees	40,507 (Consolidated) (As of March 31, 2023)	944 (Non-consolidated) (As of April 1, 2023)	
(10) Main customers	ALL NIPPON AIRWAYS CO., LTD. Peach Aviation Limited IBEX Airlines Co., Ltd.	NIPPON EXPRESS HOLDINGS, INC Kintetsu World Express, Inc YUSEN LOGISTICS CO.,LTD.	
(11) Main banks	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	Mizuho Bank, Ltd. MUFG Bank, Ltd. Development Bank of Japan Inc. Citigroup Global Market Japan Inc., Macquarie Bank Limited	
(12) Major shareholders and shareholding ratio (As of March 31, 2023)	The Master Trust Bank of Japan, Ltd.	13.21%	Nippon Yusen Kabushiki Kaisha (100%)
	The Custody Bank of Japan, Ltd.	3.06%	
	Nagoya Railroad Co.	1.56%	
	All Nippon Airways Employee Stock Ownership Plan	0.85%	
	Tokio Marine & Nichido Fire Insurance Co.	0.69%	
	STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	0.65%	
	Nippon Life Insurance Company	0.62%	
	Aioi Nissay Dowa Insurance Co.	0.47%	
	JP MORGAN CHASE BANK 386781	0.44%	
Mitsui Sumitomo Insurance Co.	0.43%		
(13) Relationship between the Parties, etc.			
Capital relations	Not applicable.		

Personal relations	Not applicable.					
Business relations	Maintenance-related transactions from ANA to NCA					
Related Party Status	Not applicable.					
(14) Consolidated operating results and consolidated financial position for the past three years (Million yen)						
	ANAHD (Consolidated)			NCA (Consolidated)		
Accounting period	Year ending March 31, 2021	Year ending March 31, 2022	Year ending March 31, 2023	Year ending March 31, 2021	Year ending March 31, 2022	Year ending March 31, 2023
Consolidated net assets	1,012,320	803,415	870,391	-120,741	-58,787	-11,980
Consolidated total assets	3,207,883	3,218,433	3,366,724	65,088	143,085	135,632
Consolidated net assets per share	2,141.49 yen	1,695.06 yen	1,833.64 yen	-301.85 yen	-146.97 yen	-29.95 yen
Consolidated net sales	728,683	1,020,324	1,707,484	122,719	189,300	219,838
Consolidated operating income	-464,774	-173,127	120,030	33,295	74,478	63,014
Consolidated ordinary income	-451,335	-184,935	111,810	33,341	74,540	62,495
Attributable to: Shareholders of the parent company Net income	-404,624	-143,628	89,477	25,252	61,320	48,394
Consolidated net income per share	-1,082.04 yen	-305.37 yen	190.24 yen	63.13 yen	153.30 yen	120.99 yen
Dividend per share	0.00 yen	0.00 yen	0.00 yen	0.00 yen	0.00 yen	0.00 yen

5. Situation after the Share Exchange

	Wholly owning parent company in share exchange
(1) Name	ANA HOLDINGS INC.
(2) Location	5-2, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo
(3) Title and name of representative	Koji Shibata, President and Representative Director
(4) Business	Formulation of management strategies, business management, and related operations for the Group's air transportation and other businesses
(5) Capital stock	467,601 million yen
(6) Fiscal year end	March 31
(7) Net assets	To be determined (not determined at present)
(8) Total assets	To be determined (not determined at present)

6. Future Outlook

As a result of the Share Exchange, NCA will be excluded from our consolidated subsidiaries. The impact on our consolidated business results for the fiscal year ending March 31, 2024, is expected to be minor. We will promptly disclose any matters that should be publicly announced in the future.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on May 9, 2023) and consolidated results for the previous fiscal year (Million yen)

	Consolidated net sales	Consolidated operating income	Consolidated ordinary income	Net income attributable to owners of the parent
Forecast of Consolidated Financial Results (Fiscal year ending March 31, 2024)	2,300,000	128,000	200,000	200,000
Consolidated results for the previous period (Fiscal year ending March 31, 2023)	2,616,066	296,350	1,109,790	1,012,523