

**Consolidated Financial Results for Six Months Ended September 30, 2023**  
**(Japanese GAAP) (Unaudited)**

November 6, 2023

# Nippon Yusen Kabushiki Kaisha (NYK Line)

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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, 2023 (April 1, 2023 to September 30, 2023)

### (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, 2023	1,168,335	-14.5	98,786	-39.5	159,297	-79.2	113,390	-83.9
Six months ended September 30, 2022	1,365,878	29.9	163,336	38.5	765,329	92.7	706,058	71.7

(Note) Comprehensive income: Six Months ended September 30, 2023: ¥326,944 million (-65.6%),  
Six Months ended September 30, 2022: ¥950,812 million (118.9%)

	Profit per share		Profit per share-fully diluted	
	yen		yen	
Six months ended September 30, 2023	224.99		-	
Six months ended September 30, 2022	1,391.01		-	

(Note) A 3-for-1 common stock split was conducted with an effective date of October 1, 2022. "Profit per share" and "Profit per share-fully diluted" have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

### (2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of September 30, 2023	4,018,960	2,688,714	65.9
As of March 31, 2023	3,776,797	2,524,993	65.6

(Reference) Shareholders' equity: As of September 30, 2023: ¥2,647,186million, As of March 31, 2023: ¥2,478,641 million

## 2. Dividends

Date of record	Dividend per share				
	1 <sup>st</sup> Quarter End	2 <sup>nd</sup> Quarter End	3 <sup>rd</sup> Quarter End	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2023	-	1,050.00	-	170.00	-
Year ending March 31, 2024	-	60.00			
Year ending March 31, 2024 (Forecast)			-	70.00	130.00

(Note) Revision of forecast for dividends in this quarter: No

(Note) A 3-for-1 common stock split was conducted with an effective date of October 1, 2022. The (forecast) year-end dividend per share for the fiscal year ending March 31, 2023 indicated above is based on the number of shares after the stock split, and the full-year dividend is stated as “-”. Based on the number of shares prior to the stock split, the (forecast) year-end dividend for the fiscal year March 31, 2023 would be ¥350.00 for a full-year dividend of ¥520.00 per share.

### 3. Consolidated Financial Results Forecast for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	2,280,000	-12.8	165,000	-44.3	235,000	-78.8	220,000	-78.3	441.67

(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: None

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, 2023	510,165,294	As of March 31, 2023	510,165,294
2. Number of treasury stock	As of September 30, 2023	18,925,372	As of March 31, 2023	1,991,890
3. Average number of shares (cumulative quarterly period)	Six months ended September 30, 2023	503,988,216	Six months ended September 30, 2022	507,586,736

A 3-for-1 common stock split was conducted with an effective date of October 1, 2022. “Total issued shares”, “Number of treasury stock” and “Average number of shares” have been calculated assuming the stock split was conducted at the beginning of the prior consolidated fiscal year.

\*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 quarter) ¥145.00/US\$ (for fourth quarter) ¥142.00/US\$

(for full year) ¥141.72/US\$

Bunker oil price:

(for the third and fourth quarter) US\$624.00/MT

(for full year) US\$614.20/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/2023/>)

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## 1. Qualitative Information on Quarterly Results

### (1) Review of Operating Results

(In billion yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Change	Percentage Change
Revenues	1,365.8	1,168.3	-197.5	-14.5%
Operating Profit	163.3	98.7	-64.5	-39.5%
Recurring Profit	765.3	159.2	-606.0	-79.2%
Profit attributable to owners of parent	706.0	113.3	-592.6	-83.9%

In the first six months of the fiscal year ending March 31, 2024 (April 1, 2023 to September 30, 2023), consolidated revenues amounted to ¥1,168.3 billion (decreased by ¥197.5 billion compared to the first six months of the previous fiscal year), operating profit amounted to ¥98.7 billion (decreased by ¥64.5 billion), recurring profit amounted to ¥159.2 billion (decreased by ¥606.0 billion), profit attributable to owners of parent amounted to ¥113.3 billion (decreased by ¥592.6 billion).

Equity in earnings of unconsolidated subsidiaries and affiliates of ¥59.1 billion in non-operating income was recorded. Within this amount, equity in earnings of affiliates from OCEAN NETWORK EXPRESS PTE. LTD. (ONE), our equity-method affiliate, was ¥37.3 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 six months of the current and previous fiscal years are shown in the following tables.

	Six months ended September 30, 2022	Six months ended September 30, 2023	Change
Average exchange rates	¥131.56/US\$	¥139.93/US\$	Yen down ¥8.37/US\$
Average bunker oil prices	US\$839.95/MT	US\$604.38/MT	Price down US\$235.57/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, 2023 (April 1, 2023 to September 30, 2023) is as follows.

(in billion yen)

		Six Months Ended						
		Revenues				Recurring profit		
		Sep 30, 2022	Sep 30, 2023	Change	Percentage Change	Sep 30, 2022	Sep 30, 2023	Change
Liner & Logistics	Liner Trade	101.2	111.7	10.4	10.3%	566.6	46.7	-519.9
	Air Cargo Transportation	123.9	77.8	-46.0	-37.2%	43.9	0.3	-43.6
	Logistics	474.4	338.6	-135.7	-28.6%	37.1	13.7	-23.4
Bulk Shipping		616.4	592.8	-23.5	-3.8%	118.5	103.1	-15.4
Others	Real Estate	1.7	1.5	-0.1	-10.0%	0.8	0.7	-0.0
	Other	125.2	106.7	-18.4	-14.7%	1.4	0.1	-1.3

From the first quarter of the current consolidated fiscal year, in order to more appropriately reflect the business performance by reporting segment, the method used to calculate interest affiliated with each segment has been changed. This change will have no impact on the revenue of each segment. Also, recurring profit for the cumulative period through the second quarter of the previous consolidated fiscal year has been calculated and disclosed based on the revised calculation method.

### Liner Trade

In the container shipping division, despite summer typically being the period of seasonally strong demand, cargo demand was weak due to the impact of inflation and higher interest rates mainly in the United States and Europe and high inventories in North America. At the same time, shipping capacity increased following the completion of new ships, and as a result, market levels were lower compared to the same period last year. At ONE, freight rates and profit levels fell year on year.

At the terminals in Japan, handling volumes increased year on year following the normalization of the containership schedules. At the overseas terminals, handling volumes declined due to weaker cargo volumes compared to the same period last year.

As a result of the above, profit declined on higher revenue compared to the same period last year in the overall Liner Trade Business.

In addition, an extraordinary income was recorded following the sale of all shares of an affiliate at a terminal on the west coast of North America at the end of September.

## **Air Cargo Transportation**

In the Air Cargo Transportation Business, along with lower cargo volumes compared to the same period last year, the supply of space increased following the resumption of international passenger flights. These factors led to looser supply-and-demand conditions, causing freight rate levels to fall year on year. As a result of the above, profit declined on lower revenue compared to the same period last year in the Air Cargo Transportation Business.

## **Logistics**

In the air freight forwarding business, while the supply of space increased following the restoration of international passenger flights, demand was weak, and cargo volumes fell compared to the same period last year. Although efforts were made to reduce procurement prices through agile procurement, handling volumes and profit levels greatly declined compared to the same period last year.

In the ocean freight forwarding business, cargo volumes were weak mainly in the services within Asia and long-distance services from Asia, and both handling volumes and profit levels declined compared to the same period last year.

In the contract logistics business, the results were steady due to strong cargo volumes in the e-commerce, healthcare and automotive industries within Europe and firm demand for general consumer goods within North America.

As a result of the above, profit decreased on lower revenue compared to the same period last year in the overall Logistics Business.

## **Bulk Shipping**

In the automotive business division, while the port congestion caused by labor shortages and restrictions of transiting the Panama Canal remained ongoing, recovering automobile production volumes and firm vehicle sales demand caused supply-and-demand conditions to tighten. Within this business environment, vessel utilization was increased through efficient deployment plans, and the number of vehicles transported was higher compared to the same period last year. In the auto logistics business, handling volumes increased year on year in Europe, Mexico and parts of Southeast Asia. Also, efforts were made to expand the business in growth markets, including a new investment in a terminal business in Indonesia.

In the dry bulk business division, the Capesize market trended slightly below the same period last year due to the impact of the economic slowdown in China. In the Panamax and smaller segments, although shipment volumes of coal and grain were firm, markets trended below the high levels recorded during the same period last year. Within this business environment, efforts were made to reduce the risk of market volatility through the use of futures contracts, stabilize earnings through the acquisition of long-term contracts and reduce costs through efficient operations.

In the energy business division, the VLCC (Very Large Crude Carrier) market softened from July after entering the seasonal period of weak demand and the decision by major oil producing countries to cut production. However, supported by the strong levels during the first quarter, markets trended at levels above the same period last year. In the petrochemical tanker market, the trade patterns changed due to the impact of the ongoing situation in Russia and Ukraine, and the longer shipping distances caused supply-and-demand conditions to tighten. In the VLGC (Very Large LPG Carrier) segment, the increased long-distance shipments from the United States to Asia, as well as the impact of transit restrictions at the Panama Canal, caused supply-and-demand conditions to tighten. The market recorded record highs in September and trended at levels greatly exceeding the same period last year. In the LNG carrier segment, the results were steady on support from the long-term contracts that generate stable earnings. Also, in the offshore business, FPSO (Floating, Production, Storage and Offloading), drill ships and

shuttle tankers were steady.

As a result of the above, both profit and revenue declined slightly compared to the same period last year in the overall Bulk Shipping Business.

### **Real Estate and Other Businesses**

In the Real Estate Business, profit declined on lower revenue compared to the same period last year.

In Other Business Services, profit levels in the bunker fuel sales business declined following the drop in fuel oil prices, and the marine equipment supplies sales business was also weak. In the cruise business, the occupancy rate recovered from the major impact of COVID-19 during the same period last year. As a result of the above, profit decreased on lower revenue compared to the same period last year in the Other Business Services segment.

## **(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 fiscal year, assets amounted to ¥4,018.9 billion, an increase of ¥242.1 billion compared to the end of the previous consolidated fiscal year due to factors including an increase in tangible non-current assets, mainly vessels, and an increase in investment securities after recording the profit from ONE and other equity method affiliates. Interest bearing debt increased by ¥31.0 billion to ¥725.1 billion due to factors including an increase in loans payable resulting from the impact of exchange rate fluctuations, and total liabilities amounted to ¥1,330.2 billion, an increase of ¥78.4 billion compared to the end of the previous consolidated fiscal year. Under consolidated equity, retained earnings increased by ¥27.5 billion and shareholders' equity, which is the aggregate of shareholders' capital and accumulated other comprehensive income, amounted to ¥2,647.1 billion. This amount combined with the non-controlling interests of ¥41.5 billion brought total equity to ¥2,688.7 billion. Based on this result, the debt-to-equity ratio (D/E ratio) came to 0.27, and the equity ratio was 65.9%.

### **② Cash flow**

The balance of cash and cash equivalents as of the end of the second quarter of the current consolidated fiscal year was ¥148.6 billion, a decrease of ¥47.6 billion compared to the beginning of the fiscal year.

Cash flow from operating activities was ¥254.2 billion (compared to ¥295.4 billion during the same period last year) as a result of profit before income taxes of ¥177.6 billion, non-cash depreciation and amortization of ¥68.4 billion, equity in earnings of unconsolidated subsidiaries and affiliates outflow of ¥59.1 billion and interest and dividend income of ¥128.0 billion. Cash flow from investing activities was an outflow of ¥134.5 billion (compared to an outflow of ¥142.4 billion during the same period last year) as a result of the acquisition and sale of non-current assets, mainly vessels. Cash flow from financing activities was an outflow of ¥173.4 billion (compared to an outflow of ¥260.8 billion during the same period last year) due to the repayment of long-term loans payable, payment of the dividend and acquisition of treasury stock.



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

#### ① Forecast of the Consolidated Financial Results

In the Liner Trade Business, the recovery in transportation demand will occur later than foreseen in the previous forecast, and the extent of the recovery will likely be smaller. As a result, profit levels are expected to fall. In addition, we are scheduled to receive approximately \$80.0 million (approximately ¥12.0 billion) in dividends from ONE, our equity method affiliate on November 15, 2023. The rate of ¥149.58/US\$ has been used in translation. In connection with this case, we expect to record the dividend in non-operating revenues for the third quarter of the fiscal year ending March 31, 2024. There is no impact on the consolidated results for the third quarter of the fiscal year ending March 31, 2024, as dividends are from equity method affiliate.

In the Air Cargo Transportation Business, markets are expected to remain soft from the third quarter. Also, as announced in the timely disclosure dated September 26, 2023, Nippon Cargo Airlines Co., Ltd. will be deconsolidated and become a wholly-owned subsidiary of ANA Holdings Inc. effective February 1, 2024 (planned).

In the Logistics Business, the impact of falling markets due to ongoing weak demand is expected to cause profit levels to fall below the previous forecast in the air freight forwarding business and ocean freight forwarding business, but the contract logistics business is expected to remain firm on support from demand mainly within North America and Europe.

In the Bulk Shipping Business, transportation demand is expected to remain strong in the automotive business division following the notable recovery in automobile production volumes due to improvement in the semiconductor shortage and the ongoing strong vehicle sales.

In the dry bulk business division, although there continues to be uncertainty around the direction of the economy in China, markets are expected to trend generally in line with the previous forecast during the second half.

In the energy business division, although the VLCC market is expected to trend below the previous forecast following the revision to transportation demand, the VLGC market is expected to trend at levels exceeding the previous forecast from the third quarter on support from continued active cargo volumes, including long-distance shipments from the United States to Asia. Also, the LNG carrier business will be steady on support from stable profits generated through the medium to long-term contracts.

Based on the above factors, the full-year forecast has been revised as follows.

(in billion yen)

Consolidated forecast for the fiscal year ending March 31, 2024	Revenues	Operating Profit	Recurring Profit	Profit attributable to owners of parent
Previous Forecast (August 3, 2023)	2,170.0	146.0	220.0	220.0
Revised Forecast	2,280.0	165.0	235.0	220.0
Change	110.0	19.0	15.0	0.0
Percentage Change	5.1%	13.0%	6.8%	0.0%

Assumptions for the forecast of consolidated financial results:

Foreign Exchange Rate

(for the third quarter) ¥145.00/US\$ (for the fourth quarter) ¥142.00/US\$ (for the full year) ¥141.72/US\$

Bunker Oil Price\*

(for the third and fourth quarters) US\$624.00/MT (for the full year) US\$614.20/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, 2023

We have designated the stable return of profits to shareholders as one of the most important management priorities and have set forth a shareholder return policy that generally targets a consolidated payout ratio of 30% and sets the minimum annual dividend at ¥100 per share. In accordance with this policy, the previously planned interim dividend for the current fiscal year of ¥60 per share will be issued. Also, it is planned to keep the year-end dividend unchanged at ¥70 per share as announced in the previous forecast for a full-year dividend of ¥130 per share. Regarding the treasury stock acquisition, it has been decided to acquire a total of 85 million shares (maximum) worth up to a maximum of ¥200 billion during the period from August 4, 2023 through April 30, 2024. As of September 30, 2023, a total of 17,000,100 shares have been acquired. It is planned to retire all of the treasury stock acquired. Also, the dividends for the current fiscal year is based on the number of shares prior to the above treasury stock acquisition.

Going forward, we will continue to consider agile additional shareholder returns taking into consideration the investment opportunities and business environment.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	204,817	157,827
Notes and operating accounts receivable-trade and contract assets	337,702	340,829
Inventories	57,593	68,122
Deferred and prepaid expenses	30,897	33,865
Other	91,693	88,973
Allowance for doubtful accounts	(2,562)	(2,719)
Total current assets	720,142	686,899
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	637,257	702,860
Buildings and structures, net	143,069	144,810
Aircraft, net	98,573	94,501
Machinery, equipment, and vehicles, net	32,311	28,032
Furniture and fixtures, net	7,536	7,866
Land	89,882	74,564
Construction in progress	126,324	190,551
Other, net	8,795	9,075
Total vessels, property, plant and equipment	1,143,751	1,252,265
Intangible assets		
Leasehold right	5,365	5,570
Software	8,390	8,944
Goodwill	13,712	16,872
Other	13,923	13,014
Total intangible assets	41,392	44,402
Investments and other assets		
Investment securities	1,688,380	1,832,858
Long-term loans receivable	27,642	44,563
Net defined benefit asset	88,404	88,258
Deferred tax assets	9,120	6,318
Other	62,947	68,763
Allowance for doubtful accounts	(5,174)	(5,641)
Total investments and other assets	1,871,320	2,035,119
Total non-current assets	3,056,464	3,331,787
Deferred assets	190	273
<b>Total assets</b>	<b>3,776,797</b>	<b>4,018,960</b>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable - trade	206,153	219,614
Current portion of bonds payable	10,000	33,000
Short-term loans payable	73,581	65,030
Leases liabilities	26,412	21,254
Income taxes payable	17,914	19,929
Contract liabilities	50,562	53,713
Provision for bonuses	20,736	18,399
Provision for directors' bonuses	617	307
Provision for stock payment	241	111
Provision for losses related to contracts	146	1,622
Other	92,668	111,373
Total current liabilities	499,034	544,358
Non-current liabilities		
Bonds payable	87,000	74,000
Long-term loans payable	422,691	456,281
Leases liabilities	74,406	75,586
Deferred tax liabilities	71,676	92,446
Net defined benefit liability	15,302	15,718
Provision for directors' retirement benefits	862	806
Provision for stock payment	54	99
Provision for periodic dry docking of vessels	20,892	22,856
Provision for losses related to contracts	8,883	8,918
Provision for related to business restructuring	256	278
Other	50,741	38,893
Total non-current liabilities	752,769	785,887
Total liabilities	1,251,803	1,330,246
<b>Equity</b>		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	44,897	44,897
Retained earnings	2,018,915	2,046,486
Treasury stock	(3,793)	(69,570)
Total shareholders' capital	2,204,338	2,166,133
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	32,909	53,403
Deferred gain (loss) on hedges	6,583	10,316
Foreign currency translation adjustments	207,437	392,244
Remeasurements of defined benefit plans	27,371	25,089
Total accumulated other comprehensive income (loss)	274,302	481,053
Non-controlling interests	46,352	41,527
Total equity	2,524,993	2,688,714
Total liabilities and equity	3,776,797	4,018,960

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenues	1,365,878	1,168,335
Cost and expenses	1,100,184	950,173
Gross profit	265,693	218,162
Selling, general and administrative expenses	102,356	119,375
Operating profit	163,336	98,786
Non-operating income		
Interest income	1,783	2,452
Dividend income	9,033	4,583
Equity in earnings of unconsolidated subsidiaries and affiliates	572,610	59,198
Foreign exchange gains	20,049	—
Other	7,655	5,864
Total non-operating income	611,132	72,098
Non-operating expenses		
Interest expenses	7,226	6,718
Foreign exchange losses	—	2,766
Other	1,912	2,103
Total non-operating expenses	9,138	11,588
Recurring profit	765,329	159,297
Extraordinary income		
Gain on sales of non-current assets	3,678	8,520
Gain on sale of shares of subsidiaries and associates	1,151	8,514
Other	3,109	3,083
Total extraordinary income	7,938	20,117
Extraordinary losses		
Loss on sales of non-current assets	17	21
Loss on retirement of non-current assets	229	717
Provision for losses related to contracts	—	500
Other	22,394	531
Total extraordinary losses	22,641	1,771
Profit before income taxes	750,627	177,643
Total income taxes	35,452	60,518
Profit	715,175	117,125
Profit attributable to non-controlling interests	9,116	3,735
Profit attributable to owners of parent	706,058	113,390

**(Consolidated Statement of Comprehensive Income)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	715,175	117,125
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	528	20,449
Deferred gain (loss) on hedges	(3,351)	(1,341)
Foreign currency translation adjustments	31,396	31,669
Remeasurements of defined benefit plans	(2,622)	(2,282)
Share of other comprehensive income of associates accounted for using equity method	209,685	161,325
Total other comprehensive income	235,637	209,819
Comprehensive income	950,812	326,944
(Breakdown)		
Comprehensive income attributable to owners of parent	939,676	320,960
Comprehensive income attributable to non-controlling interests	11,135	5,984

### (3) Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Net cash provided by (used in) operating activities</b>		
Profit before income taxes	750,627	177,643
Depreciation and amortization	57,956	68,460
Impairment loss	18,810	154
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(3,431)	(7,780)
Loss (gain) on sales of short-term and long-term investment securities	(1,322)	(9,421)
Loss (gain) on valuation of short-term and long- term investment securities	—	0
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(572,610)	(59,198)
Interest and dividend income	(10,816)	(7,035)
Interest expenses	7,226	6,718
Foreign exchange losses (gains)	(11,137)	2,875
Decrease (increase) in notes and accounts receivable-trade and contract assets	(24,662)	1,007
Decrease (increase) in inventories	(9,995)	(10,111)
Increase (decrease) in notes and accounts payable - trade	2,023	6,238
Other, net	(14,535)	11,770
Subtotal	188,132	181,319
Interest and dividend income received	142,612	128,009
Interest expenses paid	(6,725)	(6,901)
Income taxes (paid) refund	(28,612)	(48,171)
Net cash provided by (used in) operating activities	295,407	254,256
<b>Net cash provided by (used in) investing activities</b>		
Purchase of vessels, property, plant and equipment and intangible assets	(109,907)	(116,272)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	8,263	23,771
Purchase of investment securities	(21,355)	(18,790)
Proceeds from sales and redemption of investment securities	7,431	6,337
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,172)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	4,278	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,900	15,725
Payments of loans receivable	(2,100)	(17,773)
Collection of loans receivable	3,499	2,492
Other, net	(35,460)	(28,889)
Net cash provided by (used in) investing activities	(142,450)	(134,572)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	55,473	(241)
Proceeds from long-term loans payable	11,840	18,228
Repayments of long-term loans payable	(68,024)	(28,851)
Proceeds from issuance of bonds	—	19,885
Redemption of bonds	(30,000)	(10,000)
Repayments of leases liabilities	(11,545)	(14,715)
Purchase of treasury stock	(1,522)	(66,018)
Proceeds from sales of treasury stock	2,949	241
Cash dividends paid to shareholders	(211,935)	(86,467)
Cash dividends paid to non-controlling interests	(8,388)	(4,975)
Other, net	326	(558)
<b>Net cash provided by (used in) financing activities</b>	<b>(260,827)</b>	<b>(173,472)</b>
Effect of exchange rate change on cash and cash equivalents	10,688	6,166
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(97,181)</b>	<b>(47,621)</b>
Cash and cash equivalents at beginning of period	226,694	196,231
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	173	—
<b>Cash and cash equivalents at end of period</b>	<b>129,686</b>	<b>148,609</b>



#### **(4) Notes Regarding Consolidated Financial Statements**

##### **(Notes Regarding Going Concern Assumption)**

The Second quarter of this fiscal year (April 1, 2023 - September 30, 2023)

Not applicable

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

The Second quarter of this fiscal year (April 1, 2023 - September 30, 2023)

Not applicable

##### **(Additional Information)**

(Share exchange of shares of a subsidiary)

As stated in the important subsequent event note in the Fiscal Highlights for the 1<sup>st</sup> Quarter, preparations are being made to conduct a share exchange that will make ANA Holdings Inc. (hereinafter "ANAHD") the wholly owning parent company and our consolidated subsidiary Nippon Cargo Airlines Co., Ltd. (hereinafter "NCA") the wholly owned subsidiary of ANAHD, but a change has occurred to the timing of the share exchange.

##### 1. Reason for Change

Execution of the share exchange is predicated on the completion of assessments by the competition authorities in each country and region, but with consideration for the time required to complete this process, the timing of the share exchange has been revised as follows. However, there is no change to the intent of NCA and ANAHD to proceed with the share exchange.

##### 2. Changes

	Before change	After change
Effective date of the Share Exchange	October 1, 2023	February 1, 2024 (scheduled)

## (Segment Information)

### I. Six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

#### 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	98,642	118,030	472,794	616,274	1,709	58,427	1,365,878	-	1,365,878
(2) Inter-segment revenues	2,634	5,872	1,698	141	20	66,793	77,162	(77,162)	-
Total	101,277	123,903	474,493	616,416	1,730	125,220	1,443,040	(77,162)	1,365,878
Segment income (loss)	566,654	43,953	37,154	118,570	831	1,473	768,637	(3,307)	765,329

#### (Notes)

- Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 19 million yen and other corporate expenses -3,327 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.

### II. Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

#### 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	108,808	74,572	337,414	592,193	1,556	53,789	1,168,335	-	1,168,335
(2) Inter-segment revenues	2,916	3,284	1,278	648	-	52,998	61,126	(61,126)	-
Total	111,724	77,856	338,693	592,842	1,556	106,788	1,229,462	(61,126)	1,168,335
Segment income (loss)	46,745	335	13,740	103,107	791	144	164,866	(5,568)	159,297

#### (Notes)

- Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 3 million yen and other corporate expenses -5,572 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.

#### 2. Matters regarding changes to the reportable segments

##### (Change to the calculation method)

From the first quarter of the current consolidated fiscal year, in order to more appropriately reflect the operating results of each reportable segment, the method used to calculate interest attributable to each segment has been changed. This change will have no impact on the stated revenues and quarterly consolidated profit/loss of each segment. Also, the information on the revenues and profit/loss of each reportable segment for the first three months of the previous consolidated fiscal year has been prepared and disclosed based on the revised calculation method.

### 3. Other Information

#### (1) Quarterly Operating Results

Year ending March 31, 2024

(Millions of yen)

	Apr 1, 2023 - Jun 30, 2023 1Q	Jul 1, 2023 - Sep 30, 2023 2Q	Oct 1, 2023 - Dec 31, 2023 3Q	Jan 1, 2024 - Mar 31, 2024 4Q
Revenues	567,515	600,819		
Operating profit (loss)	47,103	51,683		
Recurring profit (loss)	89,403	69,893		
Profit (loss) attributable to owners of parent for the quarter	73,490	39,899		
Total assets	3,950,363	4,018,960		
Equity	2,637,096	2,688,714		

Year ended March 31, 2023

(Millions of yen)

	Apr 1, 2022 - Jun 30, 2022 1Q	Jul 1, 2022 - Sep 30, 2022 2Q	Oct 1, 2022 - Dec 31, 2022 3Q	Jan 1, 2023 - Mar 31, 2023 4Q
Revenues	673,050	692,827	684,320	565,867
Operating profit (loss)	89,174	74,162	86,067	46,946
Recurring profit (loss)	377,726	387,603	240,635	103,824
Profit (loss) attributable to owners of parent for the quarter	343,377	362,681	214,313	92,151
Total assets	3,504,816	3,938,103	3,754,637	3,776,797
Equity	2,028,845	2,487,650	2,441,785	2,524,993

(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, 2022	Six months ended September 30, 2023	Change	Year ended March 31, 2023
Average exchange rate during the period	¥131.56/US\$	¥139.93/US\$	Yen down ¥8.37/US\$	¥135.07/US\$
Exchange rate at the end of the period	¥144.81/US\$	¥149.58/US\$	Yen down ¥4.77/US\$	¥133.53/US\$

#### (3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2023	Six months ended September 30, 2023	Change
Loans	496,273	521,312	25,039
Corporate bonds	97,000	107,000	10,000
Leases liabilities	100,818	96,841	(3,977)
Total	694,091	725,154	31,062