Consolidated Financial Results for the Year Ended March 31, 2020
(Japanese GAAP) (Unaudited)

May 25, 2020

Nippon Yusen Kabushiki Kaisha (NYK Line)

Security Code:	9101
Listings:	The First Section of Tokyo and Nagoya Stock Exchanges
URL:	https://www.nyk.com/english/
Head Office:	Tokyo, Japan
Representative:	Hitoshi Nagasawa, President
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Ordinary General Meeting of Shareholders	June 29, 2020
Start scheduled date of paying Dividends	June 30, 2020
Submit scheduled date of Financial Report	June 29, 2020
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 Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	%
Year ended March 31, 2020	1,668,355	-8.8	38,696	249.1	44,486	-	31,129	-
Year ended March 31, 2019	1,829,300	-16.2	11,085	-60.2	(2,052)	-	(44,501)	-

(Note) Comprehensive income:
Year ended March 31, 2020: ¥-11,216 million (-%), Year ended March 31, 2019: ¥-60,308 million (-%)

	Profit per share	Profit per share–fully diluted	Profit per share ratio in shareholders' equity	Recurring profit/ total assets	Operating profit/ revenues
	yen	yen	%	%	%
Year ended March 31, 2020	184.39	-	6.6	2.3	2.3
Year ended March 31, 2019	(263.80)	-	-8.6	-0.1	0.6

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates:
Year ended March 31, 2020: ¥22,517 million, Year ended March 31, 2019: ¥-2,538 million

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio	Equity per share
	million yen	million yen	%	yen
Year ended March 31, 2020	1,933,264	498,839	23.9	2,740.41
Year ended March 31, 2019	2,001,704	521,725	24.4	2,889.26

(Reference) Shareholders' equity :
Year ended March 31, 2020: ¥462,664 million, Year ended March 31, 2019: ¥487,432 million

(3) Cash Flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended March 31, 2020	116,931	(54,867)	(61,733)	77,092
Year ended March 31, 2019	45,260	(132,292)	62,715	78,280

2. Dividends

Date of record	Dividend per share					Total dividends paid (Full year)	Payout ratio (Consolidated)	Dividends/ Equity (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended March 31, 2019	-	10.00	-	10.00	20.00	3,391	-	0.6
Year ended March 31, 2020	-	20.00	-	20.00	40.00	6,782	21.7	1.4
Year ending March 31, 2021 (Forecast)	-	-	-	20.00	20.00		-	

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	1,430,000	-14.3	5,000	-87.1	0	-	To be determined		-

(Note) Profit attributable to owners of parent has not been determined as it is impossible to form a rational estimate at this time because a number of elements are currently uncertain as a result of the novel coronavirus pandemic.
While carefully watching the developments going forward, the forecast will be announced as soon as it becomes possible to formulate a rational estimate.

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) 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

(3) Total issued shares (Ordinary shares)

1. Total issued shares (including treasury stock)	As of March 31, 2020	170,055,098	As of March 31, 2019	170,055,098
2. Number of treasury stock	As of March 31, 2020	1,224,721	As of March 31, 2019	1,349,732
3. Average number of shares	Year ended March 31, 2020	168,831,329	Year ended March 31, 2019	168,694,360

(Reference)

Non-consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Operating Results

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring Profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2020	669,905	-4.7	9,808	-	48,935	538.6	22,647	-
Year ended March 31, 2019	703,078	-35.4	(23,256)	-	7,663	-81.6	(24,501)	-

	Profit per share	Profit per share-fully diluted
	yen	yen
Year ended March 31, 2020	134.14	-
Year ended March 31, 2019	(145.24)	-

(2) Financial Position

	Total assets	Equity	Shareholders' equity ratio	Equity per share
	million yen	million yen	%	yen
Year ended March 31, 2020	1,308,170	214,602	16.4	1,271.09
Year ended March 31, 2019	1,365,127	209,298	15.3	1,240.59

(Reference) Shareholders' equity:
Year ended March 31, 2020: ¥214,602 million, Year ended March 31, 2019: ¥209,298 million

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

*Assumption for the forecast of consolidated financial results for the year ending March 31, 2021
Foreign exchange rate: (full year) ¥105/US$
Bunker oil price: (full year) US$240/MT
VLSFO price:(full year) US$345/MT

The above forecast is based on currently available information and assumptions that NYK Line deems to be reasonable. NYK Line offers no assurance the forecast will be realized. Actual results may differ from the forecast as a result of various factors. Refer to page 4-12 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/2019/)

1. Review of Operating Results and Financial Position

(1) Review of Operating Results

1) Operating Results for the Fiscal Year 2019

Financial results for the consolidated fiscal accounting year are as follows:

(In billion yen)

	Year Ended March 31,2019	Year Ended March 31,2020	Change	Percentage Change
Revenues	1,829.3	1,668.3	-160.9	-8.8%
Cost and expenses	1,634.1	1,461.4	-172.7	-10.6%
Selling, general and administrative expenses	184.0	168.2	-15.8	-8.6%
Operating Profit	11.0	38.6	27.6	249.1%
Recurring Profit	(2.0)	44.4	46.5	-
Profit attributable to owners of parent	(44.5)	31.1	75.6	-

Average exchange rate	¥110.67/US$	¥109.13/US$	Yen up ¥1.54/US$
Exchange rate at the end of period	¥110.99/US$	¥108.83/US$	Yen up ¥2.16/US$
Average bunker oil prices	US$442.49/MT	US$454.97/MT	Price up US$12.48/MT

Overview

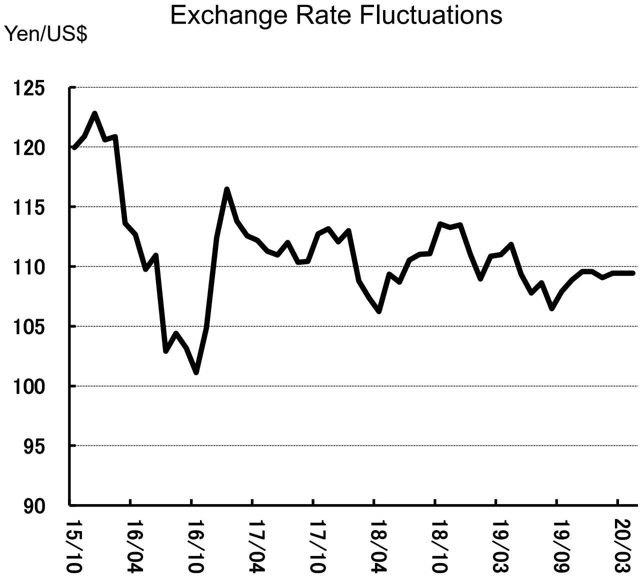
During the current consolidated fiscal year, the global economy continued to grow, but the pace slowed due to increased uncertainty in relation to heightened trade problems and geopolitical conditions. In addition, the novel coronavirus spread around the world during the fourth quarter, and although the virus is starting to impact the business operations, there was only a limited impact on this year's results.

In the container shipping division, while the supply of ultra large containerships continued to increase, cargo volumes were strong and spot freight rates remained firm. In the dry bulk division, strong cargo volumes of iron ore, coal and grain drove the market higher in the first half, but the market slumped in the fourth quarter as the deterioration in market sentiment caused by the novel coronavirus coincided with the seasonally slower cargo volumes. As a result, it was a volatile year. In the energy division, the market soared for a time due to geopolitical conditions in the Middle East. In the Air Cargo Transportation and Logistics segments, the trade problem between the US and China caused cargo volumes from certain locations to decline and the trade patterns to change. Regarding bunker fuel, following the enforcement of the international regulations on sulphur oxides(SOx) emissions from January 2020, the company switched to low sulfur, regulatory compliant fuel, resulting in increased bunker fuel costs.

Under this environment, in the Liner Trade segment, the shipping line OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter "ONE"), which is operating in its second year as a company, was able to improve liftings and utilization, as well as greatly improve the bottom line by optimizing the cargo portfolio, trades and vessel deployment as planned, and overall, the company recorded a profit. In the Bulk Shipping segment, structural reforms were advanced in the dry bulk division, further efforts were made towards efficient vessel deployment and selective cargo acquisition in the car transportation division, and stable earnings were achieved in the

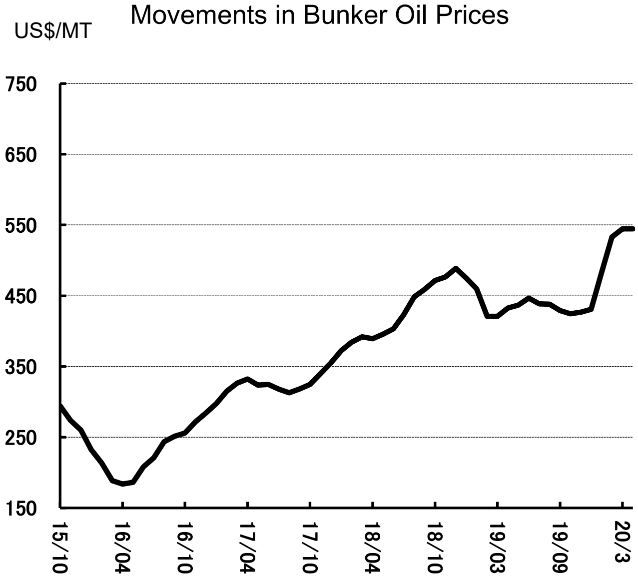
LNG carrier and offshore businesses in the energy division. As a result of these factors, the Bulk Shipping segment as a whole realized increased profits. On the other hand, the Air Cargo Transportation segment recorded an impairment loss as an extraordinary loss due to the ongoing lower cargo volumes caused by the trade problem between the US and China and the greater than expected slump in the air cargo market. However, an extraordinary income was also recorded following the liquidation of the company's assets including the sale of strategic shareholdings and owned real estate.

Exchange Rate Fluctuations



Period：2015/10 ～ 2020/03

Movements in Bunker Oil Prices



Period：2015/10 ～ 2020/03

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

(Overview by Business Segment) (In billion yen)

		Revenues				Recurring profit		
		FY2019	FY2019	Change	Percentage Change	FY 2018	FY 2019	Change
Global Logistics	Liner Trade	286.3	202.2	-84.0	-29.4 %	(26.4)	13.4	39.8
	Air Cargo Transportation	56.7	75.1	18.4	32.4 %	(15.9)	(15.5)	0.3
	Logistics	525.8	476.3	-49.5	-9.4 %	7.7	4.7	-3.0
Bulk Shipping		841.3	819.8	-21.5	-2.6 %	33.7	44.1	10.3
Others	Real Estate	7.6	7.3	-0.2	-3.6 %	2.7	2.5	-0.1
	Other	188.1	165.6	-22.4	-11.9 %	3.0	1.7	-1.3

Liner Trade

In the container shipping division, ONE maintained steady overall liftings and utilization on the North America and Europe trades. Freight rates briefly fell in the third quarter as a result of factors including seasonally slower demand and the trade problem between the US and China, but they recovered in the fourth quarter to levels exceeding the same period last year. Also, with the aim of improving profitability,

synergistic effects of the business integration were further accumulated and the balance between the headhaul and backhaul was improved through optimization of the cargo portfolio. Regarding the direct impact of the novel coronavirus, although it appeared in the form of lower liftings during the fourth quarter, deterioration to utilization was prevented by nimbly void sailings and other means.
In the previous fiscal year, large one-time costs were incurred following the teething problems that occurred immediately after the start of service and the termination of the container shipping business by NYK Line. However, these costs did not occur this year, resulting in a great improvement in the bottom line.
At the company’s terminals in Japan and overseas, revenue declined compared to the previous year due to the sale of the equity share in the North American stevedoring subsidiary at the end of last year and lower handling volumes at the other terminals.
As a result of the above, although revenue declined year on year in the Liner Trade as a whole, the business performance greatly improved, and a profit was recorded.

Air Cargo Transportation

In the Air Cargo Transportation segment, the lower cargo volumes caused by the impact of the trade problem between the US and China continued throughout the year, but in the later part of the fourth quarter, the spread of the novel coronavirus caused a huge number of international flight cancellations and route suspensions, resulting in tighter supply and an improved load factor. Compared to the low aircraft operational rate last year, the supply capacity (ATK) increased this year, leading to increased volume (RTK) and chargeable weight and ultimately higher revenue. However, despite this and lower fuel costs, for the full year, a loss on par with last year was recorded as a result of the poor market conditions, grouped regular engine maintenance and increased costs resulting from one-time maintenance of the leased-out aircraft.

Logistics

In the ocean freight forwarding business, the cargo portfolio was revised through agile marketing, but handling volumes dropped significantly in relation to the trade problem between the US and China, chaos in Hong Kong and spread of the novel coronavirus. In the air freight forwarding business, demand was slow in Japan and Asia, and handling volumes fell. In the logistics business, although progress was made in the initiatives aimed at improving profitability in Europe and the US, it will take further time to improve the bottom line in Southeast Asia. The coastal transportation business was generally firm, and handling volumes increased due in part to the establishment of new services.
As a result of the above, the overall Logistics segment recorded lower profit on lower revenue year on year.

Bulk Shipping

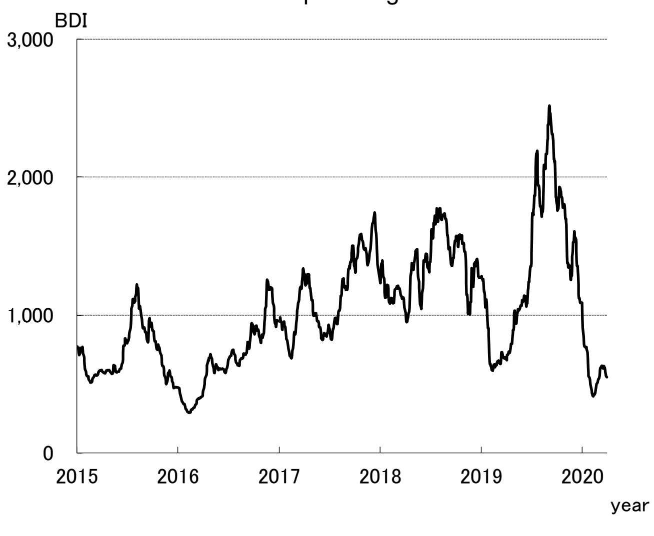
In the car transportation division, while cargo volumes were firm to Europe and intra- Asia and recovered to a certain extent to resource rich countries, they declined year on year to North America. As a result of vessel deployment rationalization mainly in trilateral transport and selective cargo acquisition, although the number of vehicles transported declined year on year, transportation efficiency increased. In the auto logistics segment, along with rationalizing some of the existing businesses and starting to reorganize the business portfolio, new businesses were launched in Turkey and Egypt. Also, activities were conducted with the aim of both strengthening the business base and expanding the business in growing fields, including new logistics proposals utilizing the group network such as railroad transportation between China and Central Asia.

In the dry bulk division, although capacity supply tightened following increased dry dockings to prepare for the environmental regulations, it did not lead to a fundamental resolution of the oversupply situation. Concerning the cargo volumes of the main cargo, iron ore shipments recovered from the supply disruptions that occurred in Brazil and Australia at the end of the previous fiscal year, and cargo volumes of coal and grain were firm through the end of the second quarter. However, volumes slackened from the third quarter due to seasonal factors and the early arrival of the wet season. In addition, this coincided with a deterioration to market sentiment in the fourth quarter following the spread of the novel coronavirus, resulting in lower market levels. Overall, it was a volatile year. Under this environment, efforts were made to stabilize the bottom line, including continuing to work to secure long-term contracts, fixing revenue through measures such as the use of freight forward agreements, reducing costs by thoroughly conducting efficient navigation and returning high cost chartered vessels early.

In the energy division, the VLCC (Very Large Crude Carrier) market briefly soared following the increased risk of deploying vessels to the Middle East due to geopolitical factors and the US sanctions on several Chinese tanker operators. In the fourth quarter, the impact of the spreading novel coronavirus and the failure of OPEC to reach agreement on production cuts caused oil prices to crash, leading to an extended period of instability during which market rates soared as vessel demand for storage increased. In petrochemical tankers, the market soared following the rapid fall in oil prices during the fourth quarter. In LPG carriers, in addition to the strong shipping volumes from the US to Asia, the ton-miles increased due to changes in the trade patterns resulting from the trade problem between the US and China, and these factors pushed market levels higher for the full year. In LNG carriers, three new vessels were completed this year, and the forecast results were achieved based on support from the long-term contracts that generate stable earnings. In the offshore business, FPSO (floating production, storage and offloading) vessels and drill ships were steady.

As a result of the above, the overall Bulk Shipping segment recorded higher profit on lower revenue year on year.

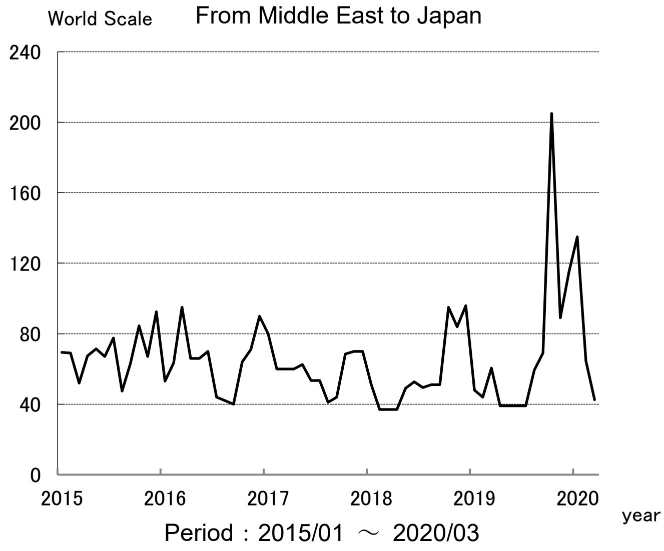
Fluctuation in Tramper Freight Rate in BDI



Period：2015/01 ～ 2020/03

Tanker Freight Rates (high) for VLCCs

From Middle East to Japan



Period：2015/01 ～ 2020/03

Real Estate and Other Businesses

The Real Estate segment was steady, and both revenue and recurring profit were generally unchanged year on year. In the Other Business Service segment, sales of bunker fuel and chemical products were strong. However, in the cruise business, there was a non-operating period during the scheduled dry docking for modifications in the fourth quarter, and it was also decided to cancel the subsequent cruise departing in March in order to prevent the further spread of the novel coronavirus. As a result, profit in the segment as a whole declined year on year.

In regards to revenue, due to the impact of the conversion of NYK CRUISES CO., LTD. into an equity method affiliate, revenue declined year on year.

(2) Review of Change in Financial Position

Total assets as of the end of the current consolidated fiscal year were ¥1,933.2 billion, a decrease of ¥68.4 billion compared to the end of the previous consolidated fiscal year as a result of a decline in notes and operating accounts receivable- trade and investment securities. Total liabilities decreased by ¥45.5 billion compared to the end of the previous consolidated fiscal year to ¥1,434.4 billion due to a decline in notes and operating accounts payable- trade and loans payable and despite the ¥90.1 billion increase in leases liabilities at the start of the year from the application of IFRS 16 at consolidated subsidiaries that have adopted the International Financial Reporting Standards (IFRS). Under equity, although retained earnings increased by ¥18.1 billion, due to ¥13.6 billion decline in the unrealized gain (loss) on available-for-sale securities, shareholders' equity, which is the aggregate of shareholders' capital and total accumulated other comprehensive income, was ¥462.6 billion. This amount combined with non-controlling interests of ¥36.1 billion brought total equity to ¥498.8 billion. As a result of these factors, the debt-to-equity ratio rose to 2.27.

(3) Cash Flows

Cash flow from operating activities during the current consolidated fiscal year was ¥116.9 billion as a result of the profit before income taxes of ¥42.5 billion, non-cash depreciation and amortization of ¥104.0 billion and ¥25.8 billion in interest expenses paid. Cash flow from investing activities was an outflow of ¥54.8 billion from the acquisition and sale of non-current assets, mainly vessels. Cash flow from financing activities was an outflow of ¥61.7 billion mainly due to the net changes in short-term loans payable and expenditures for the repayment of long-term loans payable.

As a result of the above factors, the balance of cash and cash equivalents on March 31, 2020 after taking into consideration the exchange rate differences was ¥77.0 billion, down ¥1.1 billion from the beginning of the fiscal year on April 1, 2019.

(4) Consolidated Earnings Outlook

The extent of the novel coronavirus impact and when it will come to an end are still unclear, but it is expected that April through June 2020 will be the worst period and the level of economic activities will gradually recover thereafter. Based on this, a forecast has been prepared that takes into account the elements known at this time in accordance with the characteristics of each business segment and the actions taken by each national government in response to the pandemic, including the measures to prevent further spread and economic stimulus.

In Global Logistics (Liner Trade, Air Cargo Transportation and Logistics), in relation to the characteristics of transporting and storing general consumer goods, there is expected to be potential impact resulting from slower growth around the world due to the novel coronavirus pandemic and changes to the global economic structure that may occur going forward. In Bulk Shipping, which includes the overseas shipping businesses other than the liner trade, although the impact on vessels operating under medium and long-term contracts

is expected to be limited, the vessels operating under short-term contracts are likely to be impacted to a certain extent due to the deterioration in market sentiment and weaker cargo volumes caused by the pandemic.
The outlook for each business segment is as follows.

Liner Trade

Recently, cargo volumes on the North America and Europe trades have fallen by more than 20% as a result of the contraction in economic activity following the city-wide lockdowns in the US and Europe. However, they are expected to start to gradually recover, and looking at the full-year average, cargo volumes are forecast to fall by slightly over 10% compared to last year. ONE has already taken steps in response through the alliance such as void sailings. Going forward, in addition to continuing the capacity adjustments and reducing fixed expenses, detailed cost control will be executed more thoroughly, and the company will flexibly and agilely respond to the changes in cargo volumes.
At the terminals in Japan and overseas, there is expected to be an impact due to changes in container volumes, and it is planned to further promote the existing initiatives aimed at increasing productivity and improving operational efficiency.

Air Cargo Transportation

Although there has been no improvement to the weak demand ongoing from last year, due to the large number of international passenger flight cancellations and service suspensions, supply has tightened, and the market is rapidly improving. Also, there is extraordinary demand for charter flights to transport medical supplies and other goods. While maximizing the features of the cargo aircraft operated by Nippon Cargo Airlines Co., Ltd., the company will continue to provide safe operations and stable transportation services with the aim of fulfilling the social mission to support the lifelines.

Logistics

In the ocean freight forwarding business and logistics business, demand has fallen due to the contraction in economic activities. Demand is also falling in the air freight forwarding business, but the supply and demand environment has drastically changed following the large number of international passenger flight cancellations and service suspensions. While working to optimize the organization and streamline business operations, which has been an issue, the portfolio will be reviewed by region and by business in preparation for the global structural changes.

Bulk Shipping

In the car transportation division, cargo volumes rapidly fell from April, and a year on year decline of about 50% is expected in the first quarter. Based on an analysis of global vehicle sales and production trends, cargo volumes are currently expected to gradually recover from the second quarter, but the level of recovery will likely vary by country and region. Given this situation, consideration is being given to optimizing the fleet, including the sale or scrapping of existing vessels. Also, in order to secure safety and health within the labor environment in the supply chain and maintain stable transportation services, the initiatives directed at shifting to cargo operations that reduce interpersonal contact and minimizing the required labor will be accelerated.
In the dry bulk division, the market has recently been trending at historic lows, and although a certain level of vessel scrapping is expected, global capacity is still forecast to increase compared to the end of FY2019.

Cargo volumes of the main iron ore, coal and grain have been weak recently due to the deterioration in market sentiment, but overall global trends are expected to remain at the same levels as last year. Although the market is forecast to recover to a certain extent from the recent lows, for the full year, it will likely be lower than last year. The market slump will greatly impact earnings from the part of the fleet that is subject to the market fluctuations, but along with reducing costs by thoroughly conducting efficient navigation and other means and continuing the measures such as returning high cost chartered vessels early, efforts will be made to improve and stabilize the bottom line by solidifying earnings at the correct timing through the use of freight forward agreements.

In the energy division, most of the fleet is operating under long-term contracts, so the impact of the market fluctuations caused by the novel coronavirus pandemic will be limited. Recently, the market has fluctuated wildly following the crash in oil prices, but efforts will continue toward securing long-term contracts and controlling the impact of market movements. In the VLCC (very large crude carrier) segment, capacity supply tightened following the increased demand for floating storage, and the market soared. However, the market is expected to enter a correction phase. In the LPG carrier segment, although cargo volumes to Asia have been strong recently, the market is expected to weaken going forward due to a decline in industrial demand. In the petrochemical tanker segment, too, the supply and demand environment has improved following the use of vessels for floating storage, but a market correction is expected going forward. LNG carriers are expected to remain firm based on support from the long-term contracts that generate stable earnings, and the impact will be limited. Also, an earnings contribution is expected following the completion of the Cameron liquefaction plant in the US. In the offshore business, FPSO, drill ships and shuttle tankers are expected to operate steadily under medium to long-term contracts, so the impact will be limited.

Real Estate and Other Businesses

In the Real Estate segment, the impact of the novel coronavirus pandemic will be limited. In the Other Business Services segment, the cruise business has, as of this time, cancelled all cruises schedule to end through late August. Although cruises are expected to recommence thereafter, careful consideration will continue to be made going forward.

Given the above factors, the forecast of the full-year financial results for FY2020 are as follows: revenues of ¥1,430.0 billion, operating profit of ¥5.0 billion and recurring profit of ¥0.0 billion. Concerning profit attributable to owners of parent, because it includes a number of elements that are currently uncertain as a result of the novel coronavirus pandemic, it is impossible to form a rational estimate at this time. Therefore, it remains undetermined. While carefully watching the developments going forward, the forecast will be announced as soon as it becomes possible to formulate a rational estimate.

(In billion yen)

	Revenues	Operating Profit	Recurring Profit	Profit attributable to owners of parent
Fiscal year Ending March 31,2021 (Forecast)	1,430.0	5.0	0.0	To be determined
Fiscal year Ended March 31,2020 (Actual)	1,683.3	38.6	44.4	31.1
Change	-238.3	33.6	-44.4	-

Assumptions for forecasts: (Full year) Foreign exchange rate: ¥105/US$ Bunker oil price: US$240/MT
VLSFO price: US$345/MT

Given the occurrence of major impacts resulting from the novel coronavirus pandemic, the group has renewed the awareness of its social mission to support the global flow of goods and lifelines, and while placing top priority on securing the safety of all group employees working on sea, land and sky, the measures necessary for continuing stable operations will be taken with the aim of overcoming the current difficult period together with customers and business partners. Also, by procuring long-term capital and securing sufficient commitment lines (credit lines), the strong foundation on which the group operates will be maintained.

Financial position

Concerning capital procurement, advances are being made in borrowing long-term capital earlier than expected, and the funds for the repayment of interest-bearing debt planned for next year have largely been arranged. Moreover, the company has secured commitment lines spanning several years, and the remaining unused credit balance as of March 2020 is about ¥230.0 billion.
Concerning the situation surrounding investments, unlike during the global financial crisis (following the collapse of the Lehman Brothers), the company's investment plan is restrictive, but with the aim of prioritizing free cash flow, increased efforts will be made to narrow down and carefully select the new investments. Also, the trend toward the liquidation of assets will be continued and promoted.

Medium- to long-term measures

Without changing the basic policy in the current Medium-Term Management Plan (Staying Ahead 2022 with Digitalization and Green, hereinafter "MTMP"), based on a firm direction in which the group should head, the company will continue to respond to the management issues and execute the initiatives. The results in the fiscal year ending March 31, 2020 were on the way to achieving the targets for FY2022 set forth in the MTMP. However, the novel coronavirus pandemic is expected to have a certain impact on society, people's lifestyles and the global economic structure even after the large-scale pandemic comes to an end, and with consideration for this impact, it is planned to conduct a review of the MTMP targets and progress in achieving those targets. Concerning next year (fiscal year ending March 31, 2021), establishing a solid foundation for business operations through asset liquidation as set forth in the MTMP and securing free cash flow will be steadily carried out as the basic business policy for the time being. Also, while giving maximum consideration to ensuring employee safety and preventing infections even after the state of emergencies in each country end, a revision will be conducted directed toward establishing a work flow based on a society in which the novel coronavirus is presumed to exist.
The company has designated the "promotion of ESG management" as the long-term growth strategy. Going forward, along with accelerating the initiatives for the ESG elements, including decarbonization and reducing greenhouse gas emissions during transportation, by promoting the concreate commercialization of the green business, such as those related to renewable energy, efforts will be made to achieve sustainable growth along with the rapidly transforming society.

(5) Basic Policy Concerning Dividends and Planned Dividend Payments

NYK Line has designated the stable return of profits to shareholders as one of the most important management priorities, and generally targeting a dividend payout ratio of 25%, the profit distribution 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. In accordance with this policy, for the current fiscal year (fiscal year ending March 31, 2020), it is planned to issue a year-end dividend of ¥20 per share for a full-year dividend of ¥40 per share including the interim dividend. Regarding next year (fiscal year ending March 31, 2021), too, based on this policy, it is currently forecasted to issue a full-year dividend of ¥20 per share.

2. Basic Approach to Selection of Accounting Standards

We currently apply Japanese generally accepted accounting principles to the consolidated financial statements of the NYK Group. We constantly examine application of the optimal accounting standards with a view toward the future while paying due attention to trends surrounding the various accounting standards available to us for selection.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	79,915	81,861
Notes and operating accounts receivable-trade	219,937	191,813
Short-term investment securities	140	134
Inventories	39,308	32,532
Deferred and prepaid expenses	63,211	61,162
Other	71,909	77,091
Allowance for doubtful accounts	(2,299)	(2,173)
Total current assets	472,123	442,421
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	620,212	603,317
Buildings and structures, net	84,827	107,643
Aircraft, net	39,692	38,023
Machinery, equipment, and vehicles, net	29,310	28,856
Equipment, net	5,729	5,145
Land	68,543	83,504
Construction in progress	44,172	44,903
Other, net	5,372	4,935
Total vessels, property, plant and equipment	897,861	916,329
Intangible assets		
Leasehold right	4,553	4,926
Software	6,562	5,915
Goodwill	16,404	11,055
Other	3,815	3,670
Total intangible assets	31,335	25,568
Investments and other assets		
Investment securities	478,996	449,267
Long-term loans receivable	21,445	11,876
Net defined benefit asset	55,997	41,430
Deferred tax assets	6,361	4,910
Other	44,146	46,694
Allowance for doubtful accounts	(6,847)	(5,567)
Total investments and other assets	600,099	548,611
Total non-current assets	1,529,295	1,490,509
Deferred assets	285	333
Total assets	2,001,704	1,933,264

(In million yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	160,258	137,911
Current portion of bonds	30,000	20,000
Short-term loans payable	196,849	162,675
Commercial papers	11,000	19,000
Leases liabilities	4,151	18,740
Income taxes payable	7,536	5,340
Advances received	39,879	39,349
Provision for bonuses	9,264	9,360
Provision for directors' bonuses	333	310
Provision for stock payment	734	—
Provision for losses related to contracts	4,731	—
Provision for related to business restructuring	351	20
Other	62,461	60,906
Total current liabilities	527,553	473,615
Non-current liabilities		
Bonds payable	125,000	132,000
Long-term loans payable	663,305	616,234
Leases liabilities	15,875	81,203
Deferred tax liabilities	49,540	44,632
Net defined benefit liability	16,837	15,920
Provision for directors' retirement benefits	1,375	1,067
Provision for stock payment	—	285
Provision for periodic dry docking of vessels	20,136	18,536
Provision for losses related to contracts	30,734	23,078
Provision for related to business restructuring	1,220	1,001
Provision for loss on guarantees	—	224
Other	28,400	26,624
Total non-current liabilities	952,424	960,809
Total liabilities	1,479,978	1,434,424
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	42,894	45,737
Retained earnings	293,719	311,892
Treasury stock	(3,715)	(3,429)
Total shareholders' capital	477,218	498,520
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	23,156	9,474
Deferred gain (loss) on hedges	(15,685)	(27,752)
Foreign currency translation adjustments	(9,988)	(18,966)
Remeasurements of defined benefit plans	12,731	1,388
Total accumulated other comprehensive income (loss)	10,214	(35,856)
Non-controlling interests	34,293	36,175
Total equity	521,725	498,839
Total liabilities and equity	2,001,704	1,933,264

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

(In million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Revenues	1,829,300	1,668,355
Cost and expenses	1,634,188	1,461,434
Gross profit	195,111	206,921
Selling, general and administrative expenses	184,026	168,225
Operating profit	11,085	38,696
Non-operating income		
Interest income	3,475	3,576
Dividend income	8,473	7,826
Equity in earnings of unconsolidated subsidiaries and affiliates	—	22,517
Foreign exchange gains	368	—
Other	6,522	3,387
Total non-operating income	18,841	37,306
Non-operating expenses		
Interest expenses	24,343	25,958
Equity in losses of unconsolidated subsidiaries and affiliates	2,538	—
Foreign exchange losses	—	1,399
Other	5,097	4,158
Total non-operating expenses	31,978	31,516
Recurring profit (loss)	(2,052)	44,486
Extraordinary income		
Gain on sales of non-current assets	12,577	29,245
Gain on sales of investment securities	19,474	6,373
Other	20,713	1,829
Total extraordinary income	52,766	37,448
Extraordinary losses		
Loss on sales of non-current assets	674	530
Impairment loss	18,886	20,655
Loss on valuation of investment securities	757	10,886
Provision for losses related to contracts	35,465	—
Other	16,912	7,337
Total extraordinary losses	72,697	39,410
Profit (loss) before income taxes	(21,983)	42,525
Income taxes - current	15,869	1,359
Income taxes - deferred	3,359	5,466
Total income taxes	19,229	6,825
Profit (loss)	(41,212)	35,699
Profit attributable to non-controlling interests	3,288	4,569
Profit (loss) attributable to owners of the parent	(44,501)	31,129

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit (loss)	(41,212)	35,699
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(16,550)	(13,577)
Deferred gain (loss) on hedges	(2,810)	(5,745)
Foreign currency translation adjustments	(5,574)	(6,335)
Remeasurements of defined benefit plans	1,390	(11,319)
Share of other comprehensive income of associates accounted for using equity method	4,449	(9,939)
Total other comprehensive income	(19,095)	(46,916)
Comprehensive income	(60,308)	(11,216)
(Breakdown)		
Comprehensive income attributable to owners of parent	(63,307)	(14,940)
Comprehensive income attributable to non-controlling interests	2,999	3,723

(3) Consolidated Statements of Changes in Equity

(Year ended March 31,2019) (In million yen)

	Shareholders' capital				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital
Balance at the beginning of current period	144,319	35,112	345,404	(3,801)	521,035
Cumulative effects of changes in accounting policies					
Restated balance	144,319	35,112	345,404	(3,801)	521,035
Changes of items during the period					
Dividends of surplus			(6,783)		(6,783)
Loss attributable to owners of parent			(44,501)		(44,501)
Purchase of treasury stock				(13)	(13)
Disposal of treasury stock		(1)		99	98
Change in equity of parent related to transactions with non-controlling shareholders		7,783			7,783
Adjustments due to change in the fiscal period of consolidated subsidiaries			26		26
Change in scope of consolidation			(290)		(290)
Change in scope of equity method			(22)		(22)
Decrease by merger			(108)		(108)
Other			(4)	(0)	(4)
Net change of items other than shareholders' capital					
Total changes of items during the period	－	7,781	(51,685)	85	(43,817)
Balance at the end of current period	144,319	42,894	293,719	(3,715)	477,218

	Accumulated other comprehensive income					Non-controlling interests	Total 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	41,637	(18,929)	(3,101)	11,245	30,851	36,368	588,255
Cumulative effects of changes in accounting policies	(1,822)				(1,822)	45	(1,777)
Restated balance	39,814	(18,929)	(3,101)	11,245	29,028	36,414	586,478
Changes of items during the period							
Dividends of surplus							(6,783)
Loss attributable to owners of parent							(44,501)
Purchase of treasury stock							(13)
Disposal of treasury stock							98
Change in equity of parent related to transactions with non-controlling shareholders							7,783
Adjustments due to change in the fiscal period of consolidated subsidiaries							26
Change in scope of consolidation							(290)
Change in scope of equity method							(22)
Decrease by merger							(108)
Other							(4)
Net change of items other than shareholders' capital	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(20,934)
Total changes of items during the period	(16,657)	3,244	(6,886)	1,485	(18,813)	(2,120)	(64,752)
Balance at the end of current period	23,156	(15,685)	(9,988)	12,731	10,214	34,293	521,725

(Year ended March 31,2020) (In million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' capital
Balance at the beginning of current period	144,319	42,894	293,719	(3,715)	477,218
Cumulative effects of changes in accounting policies			(8,505)		(8,505)
Restated balance	144,319	42,894	285,214	(3,715)	468,713
Changes of items during the period					
Dividends of surplus			(5,087)		(5,087)
Profit attributable to owners of parent			31,129		31,129
Purchase of treasury stock				(482)	(482)
Disposal of treasury stock		(0)		768	768
Change in equity of parent related to transactions with non-controlling shareholders		2,844			2,844
Adjustments due to change in the fiscal period of consolidated subsidiaries			22		22
Change in scope of consolidation			65		65
Change in scope of equity method			(177)		(177)
Other		(1)	723		722
Net change of items other than shareholders' capital					
Total changes of items during the period	－	2,843	26,677	286	29,807
Balance at the end of current period	144,319	45,737	311,892	(3,429)	498,520

	Accumulated other comprehensive income					Non-controlling interests	Total 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	23,156	(15,685)	(9,988)	12,731	10,214	34,293	521,725
Cumulative effects of changes in accounting policies						(355)	(8,860)
Restated balance	23,156	(15,685)	(9,988)	12,731	10,214	33,937	512,865
Changes of items during the period							
Dividends of surplus							(5,087)
Profit attributable to owners of parent							31,129
Purchase of treasury stock							(482)
Disposal of treasury stock							768
Change in equity of parent related to transactions with non-controlling shareholders							2,844
Adjustments due to change in the fiscal period of consolidated subsidiaries							22
Change in scope of consolidation							65
Change in scope of equity method							(177)
Other							722
Net change of items other than shareholders' capital	(13,682)	(12,067)	(8,978)	(11,342)	(46,070)	2,237	(43,833)
Total changes of items during the period	(13,682)	(12,067)	(8,978)	(11,342)	(46,070)	2,237	(14,025)
Balance at the end of current period	9,474	(27,752)	(18,966)	1,388	(35,856)	36,175	498,839

(4) Consolidated Statements of Cash Flows

(In million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	(21,983)	42,525
Depreciation and amortization	89,713	104,057
Impairment loss	18,886	20,655
Provision for losses related to contracts	35,465	—
Losses related to business restructuring	925	—
Loss (gain) on sales and retirement of vessels, property, plant and equipment and intangible assets	(11,259)	(28,384)
Loss (gain) on sales of short-term and long-term investment securities	(36,515)	(7,179)
Loss (gain) on valuation of short-term and long-term investment securities	812	10,938
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	2,538	(22,517)
Interest and dividend income	(11,949)	(11,402)
Interest expenses	24,343	25,958
Foreign exchange losses (gains)	(7,944)	401
Decrease (increase) in notes and accounts receivable - trade	32,476	20,999
Decrease (increase) in inventories	7,788	7,041
Increase (decrease) in notes and accounts payable - trade	(43,775)	(17,712)
Other, net	2,144	(16,001)
Subtotal	81,666	128,998
Interest and dividend income received	22,028	21,851
Interest expenses paid	(23,994)	(25,866)
Paid expenses related to antitrust law	(18,997)	—
Income taxes (paid) refund	(15,442)	(8,434)
Net cash provided by (used in) operating activities	45,260	116,931
Net cash provided by (used in) investing activities		
Purchase of securities	(84)	—
Proceeds from sales and redemption of securities	100	—
Purchase of vessels, property, plant and equipment and intangible assets	(169,614)	(138,766)
Proceeds from sales of vessels, property, plant and equipment and intangible assets	85,356	70,837
Purchase of investment securities	(100,799)	(13,728)
Proceeds from sales and redemption of investment securities	36,855	20,729
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,756)	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(948)	(424)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	11,414	379
Payments of loans receivable	(5,844)	(11,803)
Collection of loans receivable	8,410	15,767
Other, net	5,618	2,141
Net cash provided by (used in) investing activities	(132,292)	(54,867)

(In million yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	97,487	(37,136)
Net increase (decrease) in commercial papers	11,000	8,000
Proceeds from long-term loans payable	112,236	85,939
Repayments of long-term loans payable	(139,028)	(90,950)
Proceeds from issuance of bonds	9,937	26,856
Redemption of bonds	(30,000)	(30,000)
Repayments of leases liabilities	(2,402)	(19,275)
Proceeds from stock issuance to non-controlling shareholders	—	3,271
Purchase of treasury stock	(13)	(482)
Proceeds from sales of treasury stock	106	334
Cash dividends paid to shareholders	(6,783)	(5,087)
Cash dividends paid to non-controlling interests	(4,965)	(4,436)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,565)	—
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	12,846	3,058
Other, net	3,859	(1,827)
Net cash provided by (used in) financing activities	62,715	(61,733)
Effect of exchange rate change on cash and cash equivalents	(1,201)	(1,550)
Net increase (decrease) in cash and cash equivalents	(25,519)	(1,219)
Cash and cash equivalents at beginning of period	103,278	78,280
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	486	26
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	6	30
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	28	(26)
Cash and cash equivalents at end of period	78,280	77,092