

Mitsui O.S.K. Lines, Ltd.

Financial Highlights: Fiscal Year 2021 Ended March 31, 2022



1. Consolidated Financial Highlights (from April 1, 2021 to March 31, 2022)

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

(1) Operating Results

	(¥Million)	
	FY2021	FY2020
Revenues	1,269,310	991,426
Operating profit (loss)	55,005	(5,303)
Ordinary profit	721,779	133,604
Profit attributable to owners of parent	708,819	90,052
	(¥)	
Net income per share	1,970.16	250.99
Diluted net income per share	1,960.97	250.22
Return to shareholders' equity	76.5%	16.5%
Rate of ordinary income on assets	30.2%	6.4%
Operating profit ratio	4.3%	(0.5%)

* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022.

Accordingly, net income per share and diluted net income per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2021.

(2) Financial Position

	(¥Million)	
	FY2021	FY2020
Total assets	2,686,701	2,095,559
Total net assets	1,334,866	699,150
Shareholders' equity / Total assets	47.4%	27.6%
	(¥)	
Shareholders' equity per share	3,532.32	1,610.04

* Shareholders' Equity is defined as follows.

Shareholders' Equity = Total Net Assets - (Share option + Non-controlling interests)

* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022.

Accordingly, Shareholders' equity per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2021.

2. Dividends

	Dividend per share (¥)					Total dividends paid (¥Million)	Dividend pay-out ratio	Dividend ratio to shareholders' equity
	Q1	Q2	Q3	Year - end	Total			
FY2020	—	15.00	—	135.00	150.00	17,943	19.9%	3.3%
FY2021	—	300.00	—	900.00	1,200.00	144,240	20.3%	15.6%
FY2022 (Outlook)	—	200.00	—	150.00	350.00		25.2%	

* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022.

Accordingly, the dividends per share for the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022 represent the actual amount of dividends before the stock split. The dividend per share for the fiscal year ended March 31, 2023 (Outlook) represents the amount with impacts from the stock split taken into consideration.

3. Forecast for the Fiscal Year Ending March 31, 2023

	(¥Million)
	FY2022
Revenues	1,353,000
Operating profit	46,000
Ordinary profit	525,000
Profit attributable to owners of parent	500,000
	(¥)
Net income per share	1,389.63

* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022.

Accordingly, net income per share in Forecast for the Fiscal Year Ending March 31, 2023 represents the amount with impacts from the stock split taken into consideration.

(Reference)

Non-Consolidated Financial Highlights (from April 1, 2021 to March 31, 2022)

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

(1) Operational Results

	(¥Million)	
	FY2021	FY2020
Revenues	765,214	585,630
Operating profit (loss)	33,376	(13,267)
Ordinary profit	260,240	23,457
Net income	270,004	(9,196)
		(¥)
Net income per share	750.46	(25.56)
Diluted net income per share	746.96	—

* Net income per share and diluted net income per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2021.

(2) Financial Position

	(¥Million)	
	FY2021	FY2020
Total assets	1,231,491	1,009,922
Total net assets	419,739	194,574
Shareholders' equity / Total assets	34.0%	19.1%
		(¥)
Shareholders' equity per share	1,161.06	538.43

* Shareholders' equity per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2021.

4. Business Performance

(1) Analysis of Operating Results

(¥ Billion)

	FY2020 From April 1, 2020 to March 31, 2021	FY2021 From April 1, 2021 to March 31, 2022	Year-on-year comparison / Variance
Revenue	991.4	1,269.3	277.8 / 28.0%
Operating profit	(5.3)	55.0	60.3 / - %
Ordinary profit	133.6	721.7	588.1 / 440.2%
Profit attributable to owners of parent	90.0	708.8	618.7 / 687.1%
Exchange rate	¥105.95/US\$	¥111.52/US\$	¥5.57/US\$
Bunker price*	US\$355/MT	US\$585/MT	US\$230/MT

*Average price for all the major fuel grades

We recorded revenue of ¥1,269.3 billion, an operating profit of ¥55.0 billion, an ordinary profit of ¥721.7 billion and profit attributable to owners of parent of ¥708.8 billion. We recorded ¥657.3 billion of equity in net earnings of affiliated companies in non-operating income, mainly due to considerably improved earnings at OCEAN NETWORK EXPRESS PTE. LTD. (ONE), an equity method affiliate. The amount of equity in net earnings of affiliated companies we recorded which is attributable to ONE is ¥635.7 billion.

The following is a summary of business conditions including revenue and ordinary profit/loss per business segment.

Upper: Segment Revenue, Lower: Segment Ordinary Profit

(¥ Billion)

	FY2020 From April 1, 2020 to March 31, 2021	FY2021 From April 1, 2021 to March 31, 2022	Year-on-year comparison / Variance
Dry Bulk Business	222.1	360.9	138.7 / 62.4%
	(4.2)	43.2	47.5 / -%
Energy and Offshore Business	287.5	303.1	15.5 / 5.4%
	29.7	19.8	(9.9) / (33.3%)
Product Transport Business	396.4	516.6	120.2 / 30.3%
	102.6	662.9	560.3 / 545.9%
Containerships	220.5	277.3	56.7 / 25.7%
	117.1	653.2	536.1 / 457.7%
Associated Businesses	98.1	108.1	9.9 / 10.1%
	9.4	7.4	(1.9) / (20.9%)
Others	22.5	24.2	1.7 / 7.5%
	2.6	2.7	0.0 / 1.9%

Note: Revenue includes internal sales or transfers among segment

(A) Dry Bulk Business

In the dry bulk market, charter rates remained at a high level until early autumn, reflecting tight vessel supply due to firm demand for the transport of steel raw materials, grains, coal and other commodities, and congestion largely attributable to border control measures in response to COVID-19 and typhoons in China. The Capesize market subsequently entered an adjustment phase and was somewhat lackluster from the beginning of the year onwards due to a slowdown in shipments from Brazil during the rainy season. Meanwhile, the Panamax bulker market maintained a firm tone throughout the year due to transport demand for coal in winter and other cargoes such as South American grains, despite the impact of Indonesia's coal export ban at the beginning of the year and the upheaval caused by the Russia-Ukraine crisis.

Under such market conditions, the dry bulk business as a whole posted a significant year-on-year improvement in profit, bolstered by improvement in profitability through more efficient vessel allocation at MOL Drybulk Ltd., which was established in April 2021.

(B) Energy and Offshore Business**<Tankers>**

In the very large crude oil carrier (VLCC) market, rates remained sluggish throughout the year, with no tightening of the vessel supply-demand gap amid slow growth in cargo movements due to prolonged coordinated output cuts by OPEC and a lack of progress on the scrapping of obsolete vessels. The product tanker market also continued to face difficult conditions as a result of the decline in export cargo movements, amid a slow recovery in demand as seen for VLCCs.

Under these market conditions, while the tanker division as a whole endeavored to stably fulfill long-term contracts and reduce costs, it suffered a decline in profit compared with the previous fiscal year when charter rates were strong.

<LNG Carriers/Offshore business>

The LNG carrier division generated stable profit mainly through existing long-term charter contracts in addition to profit from the delivery of a new LNG carrier and an LNG-bunkering vessel posting a year-on-year increase in profit. In the offshore business, one unit each was delivered in the FPSO business and in the FSRU business. In addition to the newly delivered units, operations in existing projects were steady and maintained the profit level year on year.

(C) Product Transport Business**<Containerships>**

In the containerships business, ONE continued to see robust demand for container cargo movements, especially on Asia-North America and Asia-Europe routes, throughout the year. In addition, supply chain disruptions persisted, particularly in ports and inland transport logistics in North America. As a result, spot freight rates far exceeded levels seen a year earlier. Increased profit in the Terminals & Logistics business reflecting the recovery of handling volume also contributed to segment profit and, as a result, the Containerships business posted substantial year-on-year profit growth.

<Car Carriers>

Transportation volume of completed cars increased substantially from the previous year when it was affected by the COVID-19 pandemic, thanks to a recovery in global auto sales, significantly improving profitability year on year. While there was some impact of production cuts caused by semiconductor shortages, we have endeavored to minimize the effect by flexible and agile tonnage and route adjustments.

<Ferries and Coastal RoRo Ships>

The passenger business was sluggish, failing to recover to pre-pandemic levels, with prolonged periods under a state of emergency and quasi-state of emergency throughout the year. The logistics business remained on a recovery path, buoyed by stay-at-home consumption. However, the Ferries and Coastal RoRo Ships business overall saw a year-on-year deterioration in profit, reflecting rising bunker prices.

(D) Associated Businesses

In the real estate business, profit declined slightly year on year, due to a fall in revenues associated with the reconstruction of some buildings held by DAIBIRU CORPORATION, the core company in the Group's real estate business, but performed steadily in general. The cruise ship business was forced to suspend services for prolonged periods due to the resurgence of COVID-19, resulting in a decline in profit, as was the case in the previous fiscal year. The tugboat business faced different conditions at every company and every port, but overall profit was mostly unchanged year on year. Performance of other associated businesses such as the trading business remained generally balanced, but the Associated Businesses segment, on the whole, reported a year-on-year decline in profit.

(E) Others

Other businesses, which are mainly cost centers, including ship operations, ship management, ship chartering, and financing posted an ordinary profit flat year on year.

(2) Outlook for FY2022

(¥ Billion)

	FY 2021 (From April 1, 2021 to March 31, 2022)	FY 2022 Outlook (From April 1, 2022 to March 31, 2023)	Year-on-year Comparison / Variance
Revenue	1,269.3	1,353.0	83.7 / 6.6%
Operating profit	55.0	46.0	(9.0) / (16.4%)
Ordinary profit	721.7	525.0	(196.7) / (27.3%)
Profit attributable to owners of parent	708.8	500.0	(208.8) / (29.5%)

Exchange rate	¥111.52/US\$	¥120.00/US\$	¥8.48/US\$
All major fuel grade price*1	¥585.00/US\$	-	-
Bunker price*2	-	US\$650/MT	-
Compliant fuel price*3	-	US\$810/MT	-
		(Assumption for full year)	

*1 All major fuel grades average price

*2 HSFO (High Sulphur Fuel Oil) average price

*3 VLSFO (Very Low Sulphur Fuel Oil) average price

In the fiscal year ending March 2023, there is a risk that our company's businesses will be affected by factors such as the risk of an economic downturn caused by increasing global inflation and fluctuations in transportation demand resulting from the Russia-Ukraine situation. In the dry bulk carrier and energy transportation business, our company is mainly engaged in medium- to long-term contracts. Therefore, fluctuations in the business cycle and transportation demand are expected to have a relatively small impact on business performance.

However, fluctuations in market conditions and cargo movements are expected to have a certain impact on our business performance for some short-term contracts. In the product transportation business including containerships, although the direct impact on cargo movement from the situation in Russia and Ukraine is limited, we anticipate that there will be a phase in which transportation demand will weaken due to the slowdown of the world economy or the impact on parts procurement and logistics.

(A) Dry Bulk Business

The dry bulk market is expected to remain firm as a whole, supported by solid demand for steel raw materials, especially in China, and demand for the transport of grain. However, the COVID-19 pandemic and border control measures around the world including China associated with this are expected to continue to cause considerable volatility in the dry bulk market. Our forecast also assumes that the dry bulk market will weaken from the second half onwards due to seasonal factors.

(B) Energy and Offshore Business

On the very large crude oil carrier (VLCC) market, cargo movements and charter rates are expected to recover, with OPEC expected to cease coordinated output cuts in face of higher demand than supply recently as the world economy rebounds after the latest wave of the pandemic. The product tanker market is expected to mirror the VLCC market's recovery, with the recovery of demand driven by a resumption of economic activity anticipated.

In the LNG carrier division, we will continue securing stable profits but expect profitability to decrease year on year as some long-term contracts had expired. In the offshore business, new projects are scheduled to commence in the FPSO business and the FSRU business.

(C) Product Transport Business

In the containerships business, the strong cargo movements and the historically high rates seen at present are expected to soften during the second half of the fiscal year, due to the slowdown of the world economy and the easing of supply chain disruptions to a certain extent.

Regarding the car carrier business, the impact of semiconductor shortages, worldwide lockdowns, and the deteriorating Russia-Ukraine crisis on sales and production of completed cars will need to be monitored. We will continue taking the necessary steps to flexibly adjust our services in line with cargo movements.

In the business of ferries and coastal RoRo ships, it is expected to remain on a recovery path overall. In the passenger business, travel demand is expected to recover with the relaunch of the Go To Travel campaign.

(D) Associated Businesses

The real estate business is expected to report a decline in rental income as a result of the reconstruction of property owned but will continue to post solid profit due mainly to the rising occupancy rates of overseas properties.

The cruise ship business and the travel business are expected to see improvement in profitability as the COVID-19 pandemic gradually comes to an end.

5. Financial Position

Total assets as of March 31, 2022 increased by ¥ 591.1 billion compared to the balance as of the end of the previous fiscal year, to ¥ 2,686.7 billion. This was primarily due to the increase in Investment securities.

Total liabilities as of March 31, 2022 decreased by ¥ 44.5 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,351.8 billion. This was primarily due to the decrease in Long-term bank loans.

Total net assets as of March 31, 2022 increased by ¥ 635.7 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,334.8 billion. This was primarily due to the increase in Retained earnings.

As a result, shareholders' equity ratio increased by 19.9% compared to the ratio as of the end of the previous fiscal year, to 47.4%.

6. Cash Flow

Cash and cash equivalents (hereinafter called "cash") as of the end of FY2021 was ¥ 97.1 billion, an increase of ¥ 13.6 billion compared to the balance as of the end of the previous fiscal year. Cash flows on each activity are as follows.

Net cash provided by operating activities during FY2021 was ¥ 307.6 billion (while net cash provided by FY2020 was ¥ 98.8 billion), mainly due to Dividends from received from associates accounted for using equity method.

Net cash used in investing activities during FY2021 was ¥ 107.4 billion (while net cash used in FY2020 was ¥ 54.6 billion), mainly due to Purchase and proceeds from sale of vessels and other non-current assets.

Net cash used by financing activities during FY2021 was ¥ 191.7 billion (while net cash provided by FY2020 was ¥ 61.7 billion), mainly due to Proceeds from long-term bank loans.

7. Basic Policy on Profit Sharing and Dividends

Our key management policies are to enhance corporate value with proactive capital investment and to directly return profits to shareholders through dividends. By utilizing our internal capital reserves, we work to reinforce corporate strength and strive to further raise our per-share corporate value. Therefore, we have paid dividends linked with business performance with a 20% dividend payout ratio as a guideline, and we have addressed the need to increase the ratio as a medium- and long-term management issue. Due to the improvement in corporate value and financial situation, a 25% dividend payout ratio is planned to be paid in FY2022. With regard to shareholder returns for FY2023 onward, we will consider the revision plan of shareholder returns, taking into consideration the progress of our investment plan and the trend in Prime Market of Tokyo Stock Exchange at that time.

As for the fiscal year under review, we will distribute dividends of surplus (a year-end dividend) at ¥900.00 per share. The annual dividend will be ¥1,200.00 per share including the interim dividend of ¥300.00 per share. As for dividends of surplus for the next fiscal year, we plan to pay an annual dividend of ¥350.00 per share, comprising an interim dividend of ¥200.00 per share and a year-end dividend of ¥150.00 per share on the assumption that we secure the income described in our outlook for the next fiscal year.

* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022. Accordingly, the dividends per share for the fiscal year ended March 31, 2022 represent the actual amount of dividends before the stock split. The dividend per share for the fiscal year ended March 31, 2023 (Outlook) represents the amount with impacts from the stock split taken into consideration.

8. Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

(1) Consolidated Balance Sheets

(¥Million)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	86,238	99,878
Trade receivables	86,828	—
Trade receivables and contract assets	—	125,493
Marketable securities	500	1,000
Inventories	29,615	46,085
Deferred and prepaid expenses	49,866	21,545
Other current assets	74,505	58,748
Allowance for doubtful accounts	(553)	(1,298)
Total current assets	327,000	351,452
Fixed assets		
Tangible fixed assets		
Vessels	625,896	632,105
Buildings and structures	145,171	127,954
Equipment and others	26,861	25,290
Furniture and fixtures	5,477	5,529
Land	252,794	254,594
Construction in progress	40,704	59,988
Other tangible fixed assets	2,551	5,688
Total tangible fixed assets	1,099,458	1,111,152
Intangible fixed assets	31,364	36,624
Investments and other assets		
Investment securities	459,357	978,848
Long-term loans receivable	83,258	110,104
Long-term prepaid expenses	9,926	8,562
Net defined benefit assets	24,172	18,957
Deferred tax assets	2,369	1,217
Other investments and other assets	79,184	93,343
Allowance for doubtful accounts	(20,533)	(23,562)
Total investments and other assets	637,736	1,187,472
Total fixed assets	1,768,559	2,335,249
Total assets	2,095,559	2,686,701

(¥Million)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Trade payables	73,019	96,034
Short-term bonds	17,800	23,700
Short-term bank loans	166,879	192,170
Commercial papers	40,000	8,000
Accrued income taxes	4,119	8,624
Advances received	31,762	2,188
Contract liabilities	—	23,125
Provision for bonuses	4,962	9,433
Other current liabilities	79,030	50,726
Total current liabilities	417,574	414,002
Fixed liabilities		
Bonds	163,200	189,500
Long-term bank loans	623,006	575,101
Lease obligations	14,059	10,803
Deferred tax liabilities	65,172	74,516
Net defined benefit liabilities	9,245	9,355
Provision for directors' and corporate auditors' retirement benefits	1,645	1,485
Provision for periodic drydocking	15,219	15,836
Other fixed liabilities	87,286	61,233
Total fixed liabilities	978,834	937,832
Total liabilities	1,396,409	1,351,835
Net assets		
Owners' equity		
Common stock	65,400	65,400
Capital surplus	45,351	23,090
Retained earnings	435,589	1,091,250
Treasury stock	(6,515)	(2,267)
Total owners' equity	539,825	1,177,474
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	29,917	34,010
Unrealized gains on hedging derivatives, net of tax	5,150	27,161
Foreign currency translation adjustments	(4,653)	29,232
Remeasurements of defined benefit plans, net of tax	7,541	6,691
Total accumulated other comprehensive income	37,956	97,095
Share option	1,347	781
Non-controlling interests	120,020	59,514
Total net assets	699,150	1,334,866
Total liabilities and net assets	2,095,559	2,686,701

(2) Consolidated Statements of Income

(¥Million)

	FY2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY2021 (Apr. 1, 2021 - Mar. 31, 2022)
Shipping and other revenues	991,426	1,269,310
Shipping and other expenses	911,055	1,117,405
Gross operating income	80,370	151,905
Selling, general and administrative expenses	85,674	96,899
Operating profit (loss)	(5,303)	55,005
Non-operating income		
Interest income	6,036	6,940
Dividend income	6,795	8,239
Equity in earnings of affiliated companies	132,912	657,375
Foreign exchange gains	12,412	7,080
Others	3,239	3,581
Total non-operating income	161,397	683,217
Non-operating expenses		
Interest expenses	12,518	11,392
Others	9,971	5,051
Total non-operating expenses	22,489	16,443
Ordinary profit	133,604	721,779
Extraordinary income		
Gain on sales of fixed assets	10,758	13,414
Others	6,138	10,377
Total extraordinary income	16,897	23,791
Extraordinary losses		
Loss on sale of fixed assets	5,501	649
Provision of allowance for loss on sale of fixed assets	6,217	1,431
Loss related to business restructuring	18,480	2,299
Loss on building reconstruction	114	1,389
Others	19,873	6,808
Total extraordinary losses	50,187	12,577
Income before income taxes and non-controlling interests	100,313	732,993
Income taxes - current	6,810	12,846
Income taxes - deferred	303	5,993
Total income taxes	7,114	18,839
Net income	93,199	714,154
Profit attributable to non-controlling interests	3,147	5,335
Profit attributable to owners of parent	90,052	708,819

(3) Consolidated Statements of Comprehensive Income

(¥Million)

	FY2020 (Apr. 1, 2020 - Mar. 31, 2021)	FY2021 (Apr. 1, 2021 - Mar. 31, 2022)
Net income	93,199	714,154
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	16,329	4,626
Unrealized gains on hedging derivatives, net of tax	(14,799)	9,102
Foreign currency translation adjustments	(10,249)	16,924
Remeasurements of defined benefit plans, net of tax	4,866	(845)
Share of other comprehensive income of associates accounted for using equity method	(14,015)	32,989
Total other comprehensive income	(17,867)	62,797
Comprehensive income	75,332	776,951
(Breakdown)		
Comprehensive income attributable to owners of parent	69,994	767,958
Comprehensive income attributable to non-controlling interests	5,337	8,993

(4) Consolidated Statement of Changes in Net assets

FY2020 (April 1, 2020 – March 31, 2021)

(¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at Mar, 2020	65,400	45,007	351,636	(6,722)	455,320
Changes during period					
Issuance of new shares - exercise of share acquisition rights				21	21
Dividends of surplus			(5,979)		(5,979)
Profit attributable to owners of parent			90,052		90,052
Change of scope of consolidation			(0)		(0)
Purchase of treasury shares				(25)	(25)
Disposal of treasury shares			(118)	211	92
Purchase of shares of consolidated subsidiaries		344			344
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	344	83,953	207	84,505
Balance at Mar, 2021	65,400	45,351	435,589	(6,515)	539,825

	Accumulated other comprehensive income					Share option	Non-controlling interests	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at Mar, 2020	16,306	28,170	10,889	2,648	58,014	1,646	126,253	641,235
Changes during period								
Issuance of new shares - exercise of share acquisition rights						(21)		-
Dividends of surplus								(5,979)
Profit attributable to owners of parent								90,052
Change of scope of consolidation								(0)
Purchase of treasury shares								(25)
Disposal of treasury shares								92
Purchase of shares of consolidated subsidiaries								344
Net changes of items other than shareholders' equity	13,610	(23,019)	(15,542)	4,893	(20,058)	(277)	(6,233)	(26,568)
Total changes of items during period	13,610	(23,019)	(15,542)	4,893	(20,058)	(298)	(6,233)	57,914
Balance at Mar, 2021	29,917	5,150	(4,653)	7,541	37,956	1,347	120,020	699,150

FY2021 (April 1, 2021 – March 31, 2022)

(¥Million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at Mar, 2021	65,400	45,351	435,589	(6,515)	539,825
Cumulative effects of changes in accounting policies			349		349
Restated balance	65,400	45,351	435,939	(6,515)	540,175
Changes during period					
Issuance of new shares - exercise of share acquisition rights				657	657
Dividends of surplus			(52,137)		(52,137)
Profit attributable to owners of parent			708,819		708,819
Change of scope of consolidation			(3)		(3)
Purchase of treasury shares				(97)	(97)
Disposal of treasury shares			(1,366)	3,687	2,321
Purchase of shares of consolidated subsidiaries		(22,260)			(22,260)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(22,260)	655,311	4,247	637,298
Balance at Mar, 2022	65,400	23,090	1,091,250	(2,267)	1,177,474

	Accumulated other comprehensive income					Share option	Non-controlling interests	Total net assets
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at Mar, 2021	29,917	5,150	(4,653)	7,541	37,956	1,347	120,020	699,150
Cumulative effects of changes in accounting policies								349
Restated balance	29,917	5,150	(4,653)	7,541	37,956	1,347	120,020	699,500
Changes during period								
Issuance of new shares - exercise of share acquisition rights						(657)		-
Dividends of surplus								(52,137)
Profit attributable to owners of parent								708,819
Change of scope of consolidation								(3)
Purchase of treasury shares								(97)
Disposal of treasury shares								2,321
Purchase of shares of consolidated subsidiaries								(22,260)
Net changes of items other than shareholders' equity	4,092	22,011	33,885	(850)	59,139	91	(60,505)	(1,274)
Total changes of items during period	4,092	22,011	33,885	(850)	59,139	(566)	(60,505)	635,366
Balance at Mar, 2022	34,010	27,161	29,232	6,691	97,095	781	59,514	1,334,866

(5) Consolidated Statements of Cash flows

(¥Million)

	FY2020 (Apr.1, 2020 - Mar.31, 2021)	FY2021 (Apr.1, 2021 - Mar.31, 2022)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	100,313	732,993
Depreciation and amortization	85,798	86,399
Provision of allowance for loss on sales of non-current assets	6,217	1,431
Loss related to business restructuring	18,480	2,299
Loss on building reconstruction	114	1,389
Equity in losses (earnings) of affiliated companies	(132,912)	(657,375)
Various provisions (reversals)	(4,937)	(9,792)
Interest and dividend income	(12,832)	(15,180)
Interest expense	12,518	11,392
Loss (gain) on sale and retirement of non-current assets	(4,977)	(12,412)
Foreign exchange loss (gain), net	(13,152)	(8,369)
Decrease (Increase) in trade receivables	(7,262)	—
Decrease (Increase) in trade receivables and contract assets	—	(35,955)
Decrease (Increase) in inventories	3,693	(16,095)
Increase (Decrease) in trade payables	4,517	21,033
Others, net	21,959	(18,260)
Sub total	77,538	83,495
Interest and dividend income received	43,426	242,193
Interest expenses paid	(12,883)	(11,560)
Income taxes paid	(9,183)	(6,490)
Net cash provided by (used in) operating activities	98,898	307,637
Cash flows from investing activities		
Purchase of investment securities	(5,109)	(75,939)
Proceeds from sale and redemption of investment securities	7,765	23,213
Purchase of non-current assets	(104,419)	(112,337)
Proceeds from sale of non-current assets	59,691	52,089
Disbursements for long-term loans receivables	(28,992)	(19,350)
Collection of long-term loans receivables	19,261	22,295
Others, net	(2,857)	2,578
Net cash provided by (used in) investing activities	(54,660)	(107,450)

(¥Million)

	FY2020 (Apr.1, 2020 - Mar.31, 2021)	FY2021 (Apr.1, 2021 - Mar.31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	(15,233)	45,265
Net increase (decrease) in commercial paper	15,000	(32,000)
Proceeds from long-term bank loans	111,589	165,205
Repayments of long-term bank loans	(117,270)	(254,696)
Proceeds from issuance of bonds	—	50,000
Redemption of bonds	(36,766)	(17,800)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(84,725)
Cash dividends paid by the company	(5,969)	(51,996)
Cash dividends paid to non-controlling interests	(8,747)	(3,613)
Others, net	(4,308)	(7,422)
Net cash provided by (used in) financing activities	(61,705)	(191,784)
Effect of foreign exchange rate changes on cash and cash equivalents	(142)	5,295
Net increase (decrease) in cash and cash equivalents	(17,610)	13,698
Cash and cash equivalents at beginning of year	102,283	83,436
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(1,236)	—
Cash and cash equivalents at end of period	83,436	97,135

[NOTE]**(Changes in Accounting Standards)****(Adoption of Accounting Standard for Revenue Recognition)**

The Company has adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020.), etc. from the beginning of the fiscal year ended March 31, 2022 to recognize revenue at the amount expected to be received in exchange for the promised goods or services when the control of those goods or services is transferred to customers. As a result, the Company has decided to adopt the percentage of voyage-completion method mainly to freight revenue and freight revenue expenses, which were previously accounted under the completed-voyage method.

The adoption of "Accounting Standard for Revenue Recognition", etc. follows the transitional treatment prescribed in the proviso of Paragraph 84 of "Accounting Standard for Revenue Recognition". The cumulative effect of retroactive adoption of the new accounting policy prior to the beginning of the fiscal year ended March 31, 2022 is added to or subtracted from retained earnings at the beginning of the fiscal year ended March 31, 2022, and the new accounting policy is adopted from the beginning balance. However, the new accounting policy has not been adopted retrospectively to contracts which recognized almost all amounts of revenue in accordance with the previous treatment prior to the beginning of the fiscal year ended March 31, 2022 by adopting the method prescribed in Paragraph 86 of "Accounting Standard for Revenue Recognition". In addition, by adopting the method prescribed in Paragraph 86 of "Accounting Standard for Revenue Recognition" or (1) above, changes in contracts made prior to the beginning of the fiscal year ended March 31, 2022 are accounted for based on the contract terms after reflecting all changes in contracts, and the cumulative effect is added to or deducted from retained earnings at the beginning of the fiscal year ended March 31, 2022.

As a result, Shipping and other revenues increased by ¥20,044 million, Shipping and other expenses increased by ¥10,417 million, Selling, general and administrative expenses increased by ¥9 million, Operating profit increased by ¥9,617 million, and Ordinary profit and Income before income taxes and non-controlling interests each increased by ¥9,597 million in the fiscal year ended March 31, 2022. The balance of retained earnings at the beginning of the fiscal year ended March 31, 2022 increased by ¥349 million.

Due to the adoption of "Accounting Standard for Revenue Recognition", etc., in the consolidated balance sheets of the previous fiscal year, Trade receivables presented in Current assets have been included in Trade receivables contract assets from the fiscal year ended March 31, 2022, and some of Advances received presented as Current liabilities, Unearned revenue included in Other current liabilities, and Long-term unearned revenue in Other fixed liabilities have been included in Contract liabilities. The Company has not reclassified financial statements of the previous fiscal year using the new presentation method in accordance with the transitional treatment prescribed in Paragraph 89 -2 of "Accounting Standard for Revenue Recognition".

(Adoption of Accounting Standard for Fair Value Measurement)

The Company has adopted "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019.), etc. from the fiscal year ended March 31, 2022, and in accordance with the transitional treatment prescribed in Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by "Accounting Standard for Fair Value Measurement", etc. will be adopted prospectively. There is no impact on the consolidated financial statements.

(6) Segment Information

Business segment information:

(¥Million)

FY2020 (Apr.1, 2020 - Mar.31, 2021)	Reportable Segment						Others *1	Total	Adjust- ment *2	Consoli- dated
	Dry Bulk Business	Energy and Offshore Business	Product Transport Business		Associated Businesses	Sub Total				
			Container ships	Car Carries, Ferries and Coastal RoRo ships						
Revenues										
1.Revenues from external customers	222,053	278,865	219,453	175,722	78,942	975,038	16,388	991,426	—	991,426
2.Inter-segment revenues	122	8,724	1,130	163	19,183	29,322	6,189	35,512	(35,512)	—
Total Revenues	222,175	287,589	220,583	175,885	98,126	1,004,360	22,577	1,026,938	(35,512)	991,426
Segment profit (loss)	(4,275)	29,764	117,113	(14,468)	9,450	137,584	2,661	140,246	(6,641)	133,604
Others										
Depreciation and amortization	10,279	35,381	11,502	17,435	9,615	84,214	415	84,629	1,168	85,798
Amortization of goodwill	—	30	—	—	146	176	—	176	—	176
Interest income	883	4,756	510	64	86	6,301	1,935	8,236	(2,199)	6,036
Interest expenses	1,872	7,932	1,318	627	1,294	13,044	1,313	14,358	(1,840)	12,518
Equity in earnings (losses) of affiliates	(2,983)	15,553	120,042	88	212	132,912	—	132,912	—	132,912

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business and the financing business.

* 2.

(1) Adjustment in Segment profit (loss) of ¥ -6,641 million include the following:

¥ -10,869 million of corporate profit which is not allocated to segments, ¥ 5,007 million of adjustment for management accounting and ¥ -779 million of inter-segment transaction elimination.

(2) Adjustment in Depreciation and amortization of ¥ 1,168 million include the following:

¥ 1,168 million of depreciation of assets which are not allocated to segments.

(3) Adjustment in Interest income of ¥ -2,199 million include the following:

transaction elimination.

(4) Adjustment in Interest expenses of ¥ -1,840 million include the following:

¥ 4,763 million of interest expenses which are not allocated to segments, ¥ -3,463 million of adjustment for management accounting and ¥ -3,140 million of inter-segment transaction elimination.

* 3. Segment profit (loss) corresponds to ordinary profit in the consolidated statements of income.

(¥ Million)

FY2021 (Apr.1, 2021 - Mar.31, 2022)	Reportable Segment						Others *1	Total	Adjust- ment *2	Consoli- dated
	Dry Bulk Business	Energy and Offshore Business	Product Transport Business		Associated Businesses	Sub Total				
			Container ships	Car Carries, Ferries and Coastal RoRo ships						
Revenues										
1.Revenues from external customers	360,742	294,006	276,229	239,124	83,487	1,253,590	15,720	1,269,310	—	1,269,310
2.Inter-segment revenues	171	9,159	1,117	228	24,616	35,292	8,572	43,865	(43,865)	—
Total Revenues	360,913	303,165	277,346	239,352	108,103	1,288,882	24,293	1,313,175	(43,865)	1,269,310
Segment profit (loss)	43,275	19,838	653,227	9,771	7,473	733,584	2,714	736,299	(14,519)	721,779
Others										
Depreciation and amortization	10,808	35,122	13,311	16,068	9,293	84,604	639	85,244	1,155	86,399
Amortization of goodwill	—	33	—	—	192	225	—	225	—	225
Interest income	844	5,681	158	50	88	6,822	1,315	8,138	(1,197)	6,940
Interest expenses	1,582	6,716	1,182	484	1,326	11,292	699	11,991	(559)	11,392
Equity in earnings (losses) of affiliates	3,481	16,579	636,704	421	188	657,375	—	657,375	—	657,375

* 1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business and the financing business.

* 2.

(1) Adjustment in Segment profit (loss) of ¥ -14,519 million include the following:

¥ -21,765 million of corporate profit which is not allocated to segments, ¥ 5,712 million of adjustment for management accounting and ¥ 1,533 million of inter-segment transaction elimination.

(2) Adjustment in Depreciation and amortization of ¥ 1,155 million include the following:

¥ 1,155 million of depreciation of assets which are not allocated to segments.

(3) Adjustment in Interest income of ¥ -1,197 million include the following:

¥ 711 million of interest income which is not allocated to segments and ¥ -1,909 million of inter-segment transaction elimination.

(4) Adjustment in Interest expenses of ¥ -599 million include the following:

¥ 4,379 million of interest expenses which are not allocated to segments, ¥ -3,049 million of adjustment for management accounting and ¥ -1,929 million of inter-segment transaction elimination.

* 3. Segment profit (loss) corresponds to ordinary profit in the consolidated statements of income.

* 4. Notes to changes in reportable segments etc.

As stated in (Changes in Accounting Standards), We have adopted "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022 and changed the accounting method for revenue recognition.

Due to this change, compared with the previous method, Revenues in the Dry Bulk Business increased by ¥ 11,962 million, Segment profit (loss) increased by ¥ 5,983 million, Revenues in the Energy and Offshore Business increased by ¥ 3,605 million, Segment profit (loss) increased by ¥ 1,463 million, Revenues in the Container ships Business decreased by ¥ 433 million, Segment profit (loss) decreased by ¥ 192 million, Revenues in the Car Carries, Ferries and Coastal RoRo ships Businesses increased by ¥ 5,364 million, Segment profit (loss) increased by ¥ 2,296 million, Revenues in Associated Businesses decreased by ¥ 454 million, Segment profit (loss) decreased by ¥ 46 million, Revenues in Others Business didn't change, and Segment profit (loss) increased by ¥ 93 million.

In addition, from the fiscal year ended March 31, 2022, the name of Energy Transport Business has been changed to Energy and Offshore Business. As a result of this change, the name of Energy Transport Business of the previous fiscal year has been changed as well. This change has no impact on segment information.

[REFERENCE PURPOSE ONLY]

Please note that this document has been translated from the Japanese original for reference purposes only and the financial statements contained is unaudited.

In case of any discrepancy or inconsistency between this document and the Japanese original, the latter shall prevail.

(Material Subsequent Events)

(Stock Split)

The Company resolved at a meeting of its Board of Directors held on February 28, 2022 to implement a stock split and conducted the split effective April 1, 2022.

1. Purpose of the stock split

The purpose is to expand the investor base by reducing the Company's stock price per investment unit.

2. Outline of the stock split

(1) Method of the stock split

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of March 31, 2022 will be split into 3 shares per share.

(2) Number of shares to be increased by the stock split

1. Total number of issued shares before the stock split:	120,628,611 shares
2. Number of shares to be increased by the stock split:	241,257,222 shares
3. Total number of issued shares following the stock split:	361,885,833 shares
4. Total number of authorized shares following the stock split:	946,200,000 shares

(3) Schedule of the stock split

1. Public notice of record date:	March 15, 2022
2. Record date:	March 31, 2022
3. Effective date:	April 1, 2022

[Supplement]**1. Review of Quarterly Results****<FY2021>**

	Q1	Q2	Q3	Q4
	Apr-Jun, 2021	Jul-Sep, 2021	Oct-Dec, 2021	Jan-Mar, 2022
Revenues [¥ Millions]	288,874	308,213	331,413	340,810
Operating profit (loss)	8,042	12,350	22,020	12,593
Ordinary profit (loss)	104,268	167,575	215,848	234,088
Income (Loss) before income taxes	106,423	173,650	219,919	233,001
Profit (Loss) attributable to owners of parent	104,147	170,701	212,339	221,632
Net income (loss)* per share [¥]	290.07	474.79	589.73	614.82
Total Assets [¥ Millions]	2,217,926	2,415,856	2,556,362	2,686,701
Total Net Assets	827,605	997,357	1,185,367	1,334,866

*Profit (Loss) attributable to owners of parent

Note: The Company split its common stock on the basis of three (3) shares per share effective April 1, 2022. Accordingly, net income per share is calculated on the assumption that the split of shares was conducted at the beginning of the previous fiscal year ended March 31, 2021.

<FY2020>

	Q1	Q2	Q3	Q4
	Apr-Jun, 2020	Jul-Sep, 2020	Oct-Dec, 2020	Jan-Mar, 2021
Revenues [¥ Millions]	251,471	233,215	246,998	259,742
Operating profit (loss)	(5,126)	904	3,140	(4,221)
Ordinary profit (loss)	7,358	25,374	40,252	60,620
Income (Loss) before income taxes	9,243	27,336	35,899	27,835
Profit (Loss) attributable to owners of parent	5,491	24,760	34,158	25,643
Net income (loss)* per share [¥]	15.31	69.01	95.21	71.47
Total Assets [¥ Millions]	2,036,451	2,053,393	2,056,306	2,095,559
Total Net Assets	614,648	632,667	656,153	699,150

*Profit (Loss) attributable to owners of parent

Note: The Company split its common stock on the basis of three (3) shares per share effective April 1, 2022. Accordingly, net income per share is calculated on the assumption that the split of shares was conducted at the beginning of the previous fiscal year ended March 31, 2021.

2. Depreciation and Amortization

	(¥ Millions)		
	FY2020	FY2021	Increase / Decrease
Vessels	61,305	62,902	1,597
Others	24,493	23,496	△ 996
Total	85,798	86,399	600

3. Interest-bearing Debt

	(¥ Millions)		
	As of Mar.31, 2021	As of Mar.31, 2022	Increase / Decrease
Bank loans	789,885	767,271	△ 22,614
Bonds	181,000	213,200	32,200
Commercial paper	40,000	8,000	△ 32,000
Others	16,108	12,226	△ 3,882
Total	1,026,994	1,000,697	△ 26,296

4. Fleet Capacity (MOL and consolidated subsidiaries)

(No. of ships and deadweight ton)

	Dry bulkers		Tankers		LNG carriers*1		Car carriers		Containerships	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	43	4,674	71	8,899	17	1,258	49	875	16	1,290
Chartered	276	24,126	90	4,480	12	848	44	739	31	3,408
Others	-	-	1	35	-	-	-	-	-	-
As of Mar.31, 2022	319	28,800	162	13,413	29	2,106	93	1,614	47	4,698
As of Mar.31, 2021	312	28,759	169	13,889	39	2,893	95	1,649	60	5,608

	Ferries & Coastal RoRo ships		Passenger ships		Others*2		Total	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	10	54	1	4	7	47	214	17,100
Chartered	5	31	-	-	24	74	482	33,706
Others	-	-	-	-	1	1	2	36
As of Mar.31, 2022	15	85	1	4	32	121	698	50,842
As of Mar.31, 2021	15	85	1	4	30	117	721	53,004

*1 Including offshore project ships and offshore gas project ships

*2 Including coastal ships (excluding coastal RoRo ships)

5. Exchange Rates

	FY2020	FY2021	Change		
Average rates	¥105.95	¥111.52	¥5.57	[5.3%]	JPY Depreciated
Term-end rates	¥110.71	¥122.39	¥11.68	[10.6%]	JPY Depreciated

Remark: "Average rates" are average of monthly corporate rates in each term, while "term-end rates" are TTM rates on the last day of each term.

<Overseas subsidiaries>

	As of Dec.31, 2020	As of Dec. 31, 2021	Change		
Term-end rates	¥103.50	¥115.02	¥11.52	[11.1%]	JPY Depreciated

6. Average Bunker Prices

	FY2020	FY2021	Increase / Decrease
Purchase Prices	US\$355/MT	US\$585/MT	US\$230/MT

7. Market Information

(1) Dry Bulker Market (Baltic Dry Index) (Index: January 1985 = 1,000)

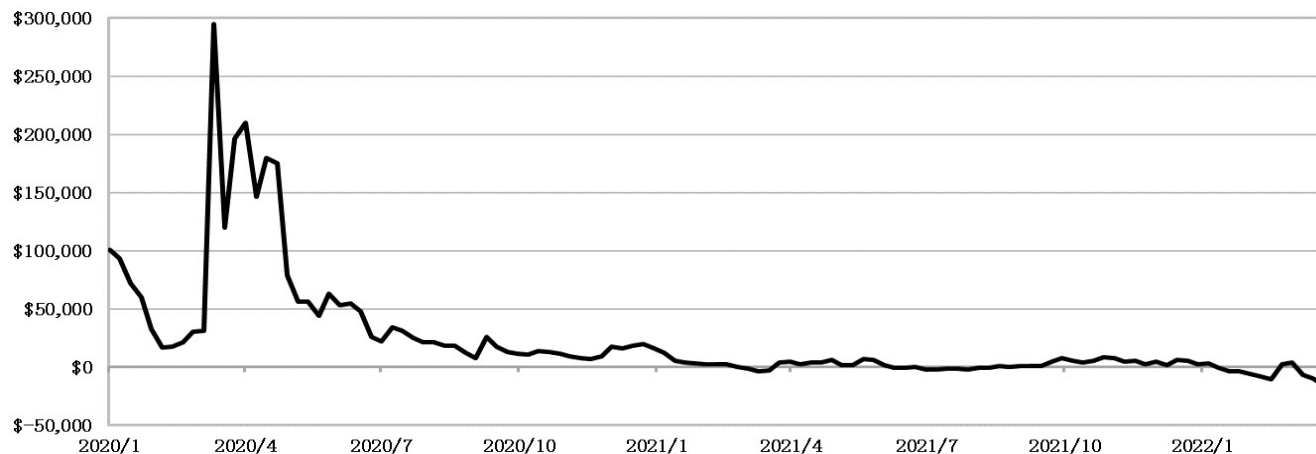
Source : Clarkson Research



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2020	701	461	601	664	489	1,146	1,633	1,516	1,411	1,631	1,180	1,244	1,056
2021	1,658	1,500	2,018	2,475	2,965	2,932	3,188	3,720	4,288	4,820	2,780	2,832	2,931
2022	1,761	1,835	2,464										2,020

(2) Tanker Market (Daily Earnings) : VLCC AG/Japan trade (US\$Charter Rate/dav)

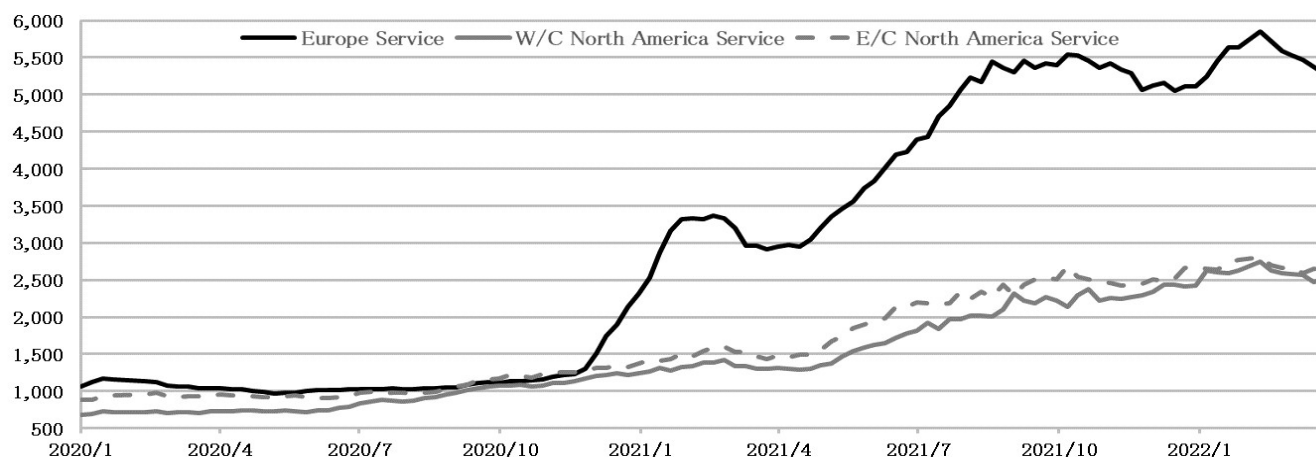
Source : Clarkson Research



Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2020	71,787	21,404	160,557	177,606	59,755	45,336	26,974	17,463	16,091	12,198	8,277	18,046	52,958
2021	8,221	1,639	-1,229	4,243	4,131	92	-1,800	-26	1,952	6,201	5,259	4,024	2,726
2022	-1,128	-5,587	-6,886										-4,534

(3) Containership Market (China Containerized Freight Index) (Index: January 1st 1998 = 1,000)

Source : Clarkson Research



Note: CCFI reflects the freight rate trend for container exports from China only, which does not always match the overall trend for container exports from Asia.