NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

For the Fiscal Year 2022
(From April 1, 2022 to March 31, 2023)

Mitsui O.S.K. Lines, Ltd.

[Translation for Reference and Convenience Purposes Only]

To our shareholders and investors

I would like to express my heartfelt gratitude to all of you for your ongoing support.
First let me extend my greetings as you read this Notice of Convocation of the Ordinary General Meeting of Shareholders for FY2022.

During FY2022, we were able to achieve record profits for the second consecutive fiscal year due to not only the historically strong performance of the containership business, but also strong performance of other businesses, such as dry bulk, energy and car carrier, and the weak yen as a backdrop. We believe that we now have a structure that will enable us to stably achieve the target of ¥200.0 billion in ordinary profit in FY2027, which was set in the previous management plan, "Rolling Plan 2022." As a result, our financial position has greatly improved, with total assets of over ¥3.5 trillion, shareholders' equity on the verge of ¥2.0 trillion, and equity ratio of 54%.

Regarding dividends for FY2022, we have maintained a policy of paying dividends linked with business performance with a 25% consolidated dividend payout ratio as a guideline, and continuing to work on improving the ratio as a medium- and long-term management priority. In returning profits to shareholders based on business performance for FY2022, we are planning to pay an annual dividend of ¥560 per share (¥300 as interim dividend already paid and ¥260 as year-end dividend).

On March 31, 2023, we announced a new management plan, "BLUE ACTION 2035." We have referred to the attempt to continue to take on the challenge of business management under our growth strategy aimed at "taking the leap to becoming a global social infrastructure company" with origins connected to the sea while simultaneously resolving social issues as "BLUE ACTION," have aligned the "BLUE ACTION" with our Environmental Vision, and have set 2035, which is a milestone year for the introduction of alternative clean energy for ships, as the target year for achieving "BLUE ACTION." We will have portfolio reform, which generates stable profits, as the main scenario even when there is a weak shipping market and will achieve sustainable growth by taking on the challenge of meeting environmental needs in the energy business and other businesses and expanding to offshore, real property, cruise ship and other businesses.

For FY2023, which is the first year of the Plan, we plan to have revenues of ¥1,490.0 billion, business profit (operating profit + equity in earnings of affiliated companies) of ¥185.0 billion, ordinary profit of ¥200.0 billion, and profit attributable to owners of parent of ¥210.0 billion.

With regard to shareholder returns, as announced in "BLUE ACTION 2035," we adopted a policy to increase the dividend payout ratio from 25% to 30%, with a minimum dividend of ¥150 per share during Phase 1 from FY2023 to FY2025. Based on the profit plan and shareholder return policy mentioned above, we plan to pay an annual dividend of ¥180 per share (including an interim dividend of ¥100) for FY2023.

As a corporate group engaged in a wide range of social infrastructure businesses centered on marine shipping business, MOL Group aims to enhance corporate value and provide new value by resolving sustainability issues by engaging in highly transparent dialogue with all stakeholders.

We appreciate your continued understanding and support.

Takeshi Hashimoto

Representative Director
President, Chief Executive Officer

June 2023

[Translation for Reference and Convenience Purposes Only]

Securities Code: 9104
June 3, 2023

To Shareholders with Voting Rights

Takeshi Hashimoto
Representative Director
President, Chief Executive Officer
Mitsui O.S.K. Lines, Ltd.
1-1, Toranomon 2-chome,
Minato-ku, Tokyo, Japan

NOTICE OF CONVOCATION OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the Ordinary General Meeting of Shareholders (the "Meeting") of Mitsui O.S.K. Lines, Ltd. ("MOL" or the "Company") will be held as set forth below.

1. Date and Time:	10:00 a.m., Tuesday, June 20, 2023 (Reception from 9:00 a.m.)
2. Place:	Toranomon Hills Forum, 5th floor, Toranomon Hills Mori Tower, 23-3, Toranomon 1-chome, Minato-ku, Tokyo, Japan
3. Agenda:	
Matters to Be Reported:	Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board for the Consolidated Financial Statements for the Fiscal Year 2022 (From April 1, 2022 to March 31, 2023)
Proposals to Be Resolved:	
Proposal No. 1:	Appropriation of Surplus
Proposal No. 2:	Election of Nine (9) Directors
Proposal No. 3:	Election of Two (2) Audit & Supervisory Board Members
Proposal No. 4:	Election of One (1) Substitute Audit & Supervisory Board Member

[Translation for Reference and Convenience Purposes Only]

How to Exercise Your Voting Rights

There are following three methods to exercise your voting rights. Please exercise your voting rights after considering these methods.

If you wish to attend the venue of the Meeting

Date and time of the General Meeting of Shareholders: **10:00 a.m., Tuesday, June 20, 2023 (Japan standard time)**
(Reception starts at 9:00 a.m.)

Please bring the enclosed Voting Form and submit it to the reception desk.

If you wish to exercise voting rights in writing (by mail)

Deadline for exercising voting rights: **No later than 5:00 p.m. (Japan standard time), Monday, June 19, 2023 (must arrive by this time)**

Please indicate your approval or disapproval of the proposals in the enclosed Voting Form and return it to the Company by mail so that it arrives before the deadline.

If you wish to exercise voting rights via the Internet, etc.

Deadline for exercising voting rights: **No later than 5:00 p.m. (Japan standard time), Monday, June 19, 2023 (must be completed by this time)**

Please access the Company's voting website and indicate whether you approve or disapprove of the proposals by the deadline.

Voting Rights Exercise Website URL: https://www.web54.net (Japanese only)

- You may exercise your voting rights through a proxy who is another shareholder holding voting rights of the Company. In this case, it is necessary for the shareholder or the proxy to submit a document to the Company proving the right of proxy.
- If a voting right is exercised both by returning a Voting Form and via the Internet, etc., only voting via the Internet, etc. will be deemed valid. If you exercise your voting rights multiple times via the Internet, etc., by using devices such as PC or smartphone, the last vote shall be deemed valid.
- If there is no indication of approval or disapproval of the proposals in the Voting Form with which voting rights have been exercised in writing (by mail), it will be treated as approval.

[Translation for Reference and Convenience Purposes Only]

How to Participate in the General Meeting of Shareholders

Livestream of the General Meeting of Shareholders via the Internet and prior submission of questions

We will livestream the Meeting via a dedicated website on the Internet (Japanese only) so that our shareholders are able to view the proceedings of the Meeting from any place. We will also accept questions from shareholders via the dedicated website prior to the Meeting.

Date and time of the Livestream of the General Meeting of Shareholders (Japanese only)

10:00 a.m., Tuesday, June 20, 2023

(Log-in is available from 9:30 a.m.)

Period accepting prior submission of questions (Japanese only)

From Monday, June 5, 2023 to Tuesday, June 13, 2023

The number of letters shall not exceed 200 per question. Among the questions submitted, we intend to address those that are of particular interest to our shareholders on the day of the Meeting. Please understand that it will not be possible for us to individually respond to all questions.

How to access the dedicated website (Japanese only)

URL: https://mol.premium-yutaiclub.jp/ (Japanese only)

How to log in the dedicated website (Japanese only)

ID: Shareholder number printed on the Voting Form (nine digits)

Password: Postal code printed on the Voting Form (seven digits without hyphen)

Notes:

- You will not be able to exercise your voting rights via the website dedicated for the livestream and prior submission of questions. Please exercise your voting rights beforehand either in writing using postal mail or via the Internet, etc.
- The livestream of the Meeting and prior submission of questions are restricted to shareholders. Sharing of the URL, ID and password of the dedicated website with third parties, as well as recording, videotaping or public disclosure of the General Meeting of Shareholders, are prohibited.
- Depending on your device or Internet connection, there may be problems with video or audio, or you may not be able to view on livestream.
- Shareholders will be responsible for telecommunication costs and other expenses necessary to view on livestream.
- To respect the privacy of shareholders who attend the meeting, livestream footage will only show chairman’s and board members’ seats, and we will try to avoid filming the shareholders to the extent possible.

[Translation for Reference and Convenience Purposes Only]

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposal No. 1: Appropriation of Surplus

The Company's key management policies are the enhancement of corporate value with proactive business investment and the direct return of profits to shareholders through dividend payments. To this end, we are working to reinforce our corporate structure and further increase per-share corporate value by utilizing internal capital reserves. For FY2022, we have maintained a policy of paying dividends linked to business performance, with a 25% dividend payout ratio as a guideline, and continuing to work on improving the ratio as a medium- and long-term management priority.

For FY2022, we have decided to pay a year-end dividend of ¥260 per share, a decrease of ¥40 from the previous fiscal year in accordance with these policies with a 25% dividend payout ratio as a guideline. As we have already paid an interim dividend of ¥300 per share, for FY2022, the annual dividend of the Company will be ¥560 per share, an increase of ¥160 from the previous fiscal year.

Note: On April 1, 2022, the Company executed a 3-for-1 stock split of shares of common stock. For the comparison with the dividend from FY2021, the dividend per share for FY2021 was calculated by assuming that the share split was carried out at the beginning of FY2021 and then compared with the dividend per share for FY2022.

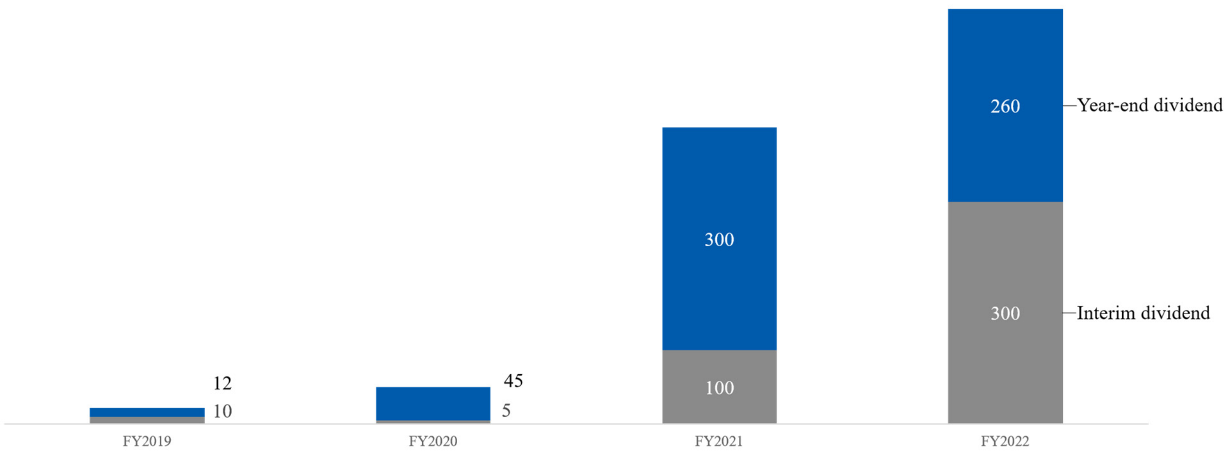
Matters related to year-end dividend

(1) Type of dividend property
Cash

(2) Matter related to distribution of dividend property and total amount thereof
¥260 per common share of the Company   Total amount: ¥94,056,779,440

(3) Effective date of distribution of surplus
June 21, 2023

Reference: Trends in dividends (Yen)



Note: On April 1, 2022, the Company executed a 3-for-1 stock split of shares of common stock. For FY2019, FY2020 and FY2021, dividend per share was calculated by assuming that the share split was carried out at the beginning of FY2019.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 2: Election of Nine (9) Directors

The terms of office of all eight (8) directors will expire at the conclusion of this meeting. Accordingly, the Company proposes addition of one (1) outside director to enhance the experience, knowledge and capability that the Board of Directors should possess and to improve corporate governance, and proposes election of the following nine (9) directors.
The candidates for directors are as follows:

No.		Name	Current Positions and Responsibilities in the Company	Attendance to the Board of Directors' meetings	Nomination Advisory Committee	Remuneration Advisory Committee
1	Reappointed Non-executive	Junichiro Ikeda	Chairman of the Board	100% 15 of 15	○	○
2	Reappointed	Takeshi Hashimoto	Representative Director President, Chief Executive Officer	100% 15 of 15	○	○
3	Reappointed	Toshiaki Tanaka	Representative Director Executive Vice President, Executive Officer Chief Operating Officer, Responsible for Promoting Diversity, Equity and Inclusion	100% 15 of 15		
4	Newly appointed Non-executive	Junko Moro	Adviser	-% - of -		
5	Newly appointed	Hisashi Umemura	Managing Executive Officer Chief Financial Officer, Chief Communication Officer, Responsible for: Finance Division, Accounting Division, Corporate Communication Division	-% - of -		
6	Reappointed Outside Independent	Hideto Fujii	Director	100% 15 of 15	○	○
7	Reappointed Outside Independent	Etsuko Katsu	Director	100% 15 of 15	○	○
8	Reappointed Outside Independent	Masaru Onishi	Director	100% 15 of 15	○	○
9	Newly appointed Outside Independent	Mitsunobu Koshiba	-	-% - of -	○	○

Note: The chairmen and members of the Nomination Advisory Committee and the Remuneration Advisory Committee will be officially determined at a meeting of the Board of Directors to be held after this meeting.

Reappointed	Newly appointed	Outside	Independent	Non-executive
Candidate for reappointment as director	Candidate for new appointment as director	Candidate for outside director	Candidate for independent officer for submission to stock exchanges	Candidate for inside director who mainly supervises management and business execution, and is not responsible for business execution

Selection policy and process
The selection of candidates for the Board of Directors is based on the report from the Nomination Advisory Committee. The basic policy of the Company is to have a board composed of inside directors and several outside directors. Directors appointed from within the company should be able to contribute to the enhancement of the Group's corporate value with extensive experience, knowledge and ability, as well as being capable of making management decisions on a global basis with broad perspectives and foresight. Outside directors should be able to contribute to the enhancement of the Group's corporate value from an objective perspective based on extensive experience and knowledge in their area of expertise.

[Translation for Reference and Convenience Purposes Only]

Candidate number 1	Junichiro Ikeda	Reappointed Non-executive Date of birth July 16, 1956	**Number of the Company's Shares Held** 122,591 shares **Attendance to the Board of Directors' meetings** 15 of 15 (Attendance rate: 100%) **Number of years as Director** 10 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1979	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2004	General Manager of Human Resources Division
Jun. 2007	General Manager of Liner Division
Jun. 2008	Executive Officer
Jun. 2010	Managing Executive Officer
Jun. 2013	Director, Senior Managing Executive Officer
Jun. 2015	Representative Director, President, Chief Executive Officer
Apr. 2021	Representative Director, Chairman Executive Officer
Apr. 2023	Chairman of the Board (to present)

[Reason for nomination as candidate for director]

Junichiro Ikeda had been leading management of the Group since being appointed as Representative Director, President, Chief Executive Officer in June 2015 and as Chief Executive Officer until March 2021, and has abundant experience and achievements. He has been strengthening corporate governance as Chairman of the Board since April 2021 and contributing to the highly transparent and effective operation of the Board of Directors as non-executive Chairman of the Board since April 2023. We deem that the use of his extensive experience in management and in-depth knowledge about corporate governance are necessary, and accordingly propose that he be reappointed.

Candidate number 2	Takeshi Hashimoto	Reappointed Date of birth October 14, 1957	**Number of the Company's Shares Held** 72,291 shares **Attendance to the Board of Directors' meetings** 15 of 15 (Attendance rate: 100%) **Number of years as Director** 8 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1982	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2008	General Manager of LNG Carrier Division
Jun. 2009	Executive Officer, General Manager of LNG Carrier Division
Jun. 2011	Executive Officer
Jun. 2012	Managing Executive Officer
Jun. 2015	Director, Managing Executive Officer
Apr. 2016	Director, Senior Managing Executive Officer
Apr. 2019	Representative Director, Executive Vice President, Executive Officer
Apr. 2021	Representative Director, President, Chief Executive Officer (to present)

<Assignment>

Chief Executive Officer

[Reason for nomination as candidate for director]

Takeshi Hashimoto has been involved in the liquefied natural gas (LNG) carrier and offshore businesses over many years. Since being appointed to Chief Executive Officer in April 2021, he has demonstrated his strong leadership and decision-making ability based on his abundant experience and achievements. In FY2022, he formulated and directed the new management plan "BLUE ACTION 2035," and led MOL Group reorganization in order to achieve an appropriate balance between centralization and decentralization of authority in MOL Group management, promote flexible business and enhance group governance. We deem that his extensive experience, knowledge and ability are necessary in our efforts to further strengthen our competitiveness and increase the corporate value of the Group, and accordingly propose that he be reappointed.

Candidate number	Name		
3	Toshiaki Tanaka	Reappointed Date of birth April 17, 1960	**Number of the Company's Shares Held** 41,013 shares **Attendance to the Board of Directors' meetings** 15 of 15 (Attendance rate: 100%) **Number of years as Director** 3 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1984	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2011	General Manager of Iron Ore & Coal Carrier Division
Jun. 2014	Executive Officer, General Manager of Iron Ore & Coal Carrier Division
Jun. 2015	Executive Officer
Apr. 2017	Managing Executive Officer
Jun. 2020	Director, Managing Executive Officer
Apr. 2021	Director, Senior Managing Executive Officer
Apr. 2022	Representative Director, Executive Vice President, Executive Officer (to present)

<Assignment>

Chief Operating Officer,
Responsible for Promoting Diversity, Equity and Inclusion

[Reason for nomination as candidate for director]

Toshiaki Tanaka has been involved in the dry bulk business such as iron ore transport over many years. He has been supporting the Chief Executive Officer and pursuing the overall optimization of Group management as Executive Vice President, Executive Officer since April 2022 and Chief Operating Officer (COO) since April 2023. He had also overseen the Group's environmental and sustainability strategy as Chief Environment and Sustainability Officer (CESO) until March 2023. He has been responsible for promoting diversity, equity and inclusion since April 2023. We deem that his extensive experience, knowledge and ability are necessary in our efforts to increase the corporate value of the Group, and accordingly propose that he be reappointed.

Candidate number	Name		
4	Junko Moro	Newly appointed Non-executive Date of birth May 31, 1963	**Number of the Company's Shares Held** 34,856 shares **Attendance to the Board of Directors' meetings** - of - (Attendance rate: -%) **Number of years as Director** - years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1986	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2014	General Manager of Secretaries Office
Apr. 2017	Associate General Manager of Corporate Planning Division and General Manager of One MOL Business Strategy Execution Office, Corporate Planning Division
Apr. 2018	General Manager of Corporate Marketing Division
Apr. 2019	Executive Officer
Apr. 2021	Managing Executive Officer
Apr. 2023	Adviser (to present)

[Reason for nomination as candidate for director]

Junko Moro has been involved in divisions responsible for secretaries, human resources and other corporate affairs over many years, and has experience in administration of the Nomination Advisory Committee and Remuneration Advisory Committee as General Manager of the Secretaries Office. In addition, she has a PhD in the field of industrial and organizational psychology and had contributed to formulating and promoting the human resource strategy for the entire MOL Group as Chief Human Resource Officer (CHRO) until March 2023. We deem that her extensive experience and knowledge are necessary in our efforts to further improve the effectiveness of the Board of Directors of the Company, and accordingly propose that she be appointed.

Candidate number 5	Hisashi Umemura	Newly appointed Date of birth June 8, 1968	**Number of the Company's Shares Held** 11,448 shares **Attendance to the Board of Directors' meetings** - of - (Attendance rate: -%) **Number of years as Director** - years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1992	Joined Mitsui O.S.K. Lines, Ltd.
Apr. 2018	General Manager of Finance Division
Apr. 2021	Executive Officer
Apr. 2022	Managing Executive Officer (to present)

<Assignment>

Chief Financial Officer, Chief Communication Officer,
Responsible for:
Finance Division,
Accounting Division,
Corporate Communication Division

[Reason for nomination as candidate for director]

Hisashi Umemura has been involved in businesses in the Finance Division over many years. He has overseen financial strategies of the entire MOL Group that conducts its business globally as Chief Financial Officer (CFO) since April 2021. He has also promoted enhancing communications with investors as Chief Communication Officer (CCO) since April 2023. We deem that his extensive experience and knowledge are necessary in our efforts to increase the corporate value of the Group, and accordingly propose that he be appointed.

Candidate number 6	Hideto Fujii	Reappointed Outside Independent Date of birth December 13, 1947	**Number of the Company's Shares Held** 33,995 shares **Attendance to the Board of Directors' meetings** 15 of 15 (Attendance rate: 100%) **Number of years as Outside Director** 7 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1971	Joined Ministry of Finance
Jan. 2003	Deputy Vice Minister, Minister's Secretariat
Jul. 2004	Director-General, Budget Bureau
Jul. 2006	Administrative Vice Minister
Oct. 2007	Deputy Governor, Development Bank of Japan Inc.
Oct. 2008	Deputy President (Resigned in June 2015)
Jun. 2015	Adviser, Sumitomo Corporation (to present)
Jun. 2016	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)

<Significant concurrent positions outside the Company>

Adviser, Sumitomo Corporation
Councilor, Takanashi Foundation for Historical Science

[Reason for nomination as candidate for outside director, and overview of role expectations]

We have nominated Hideto Fujii as candidate for outside director in the expectation that he will continue to appropriately fulfill his role as a supervisor of the Company's business execution in terms of proactively contributing to discussions at meetings of the Board of Directors from a standpoint of independence and fairness, drawing on his many years of experience, knowledge and ability from his involvement in Japan's economic management and policy finance. If he is appointed, we will seek his involvement enlisting his position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

Meanwhile, although he has served as Deputy President of Development Bank of Japan Inc., one of the Company's creditors, he has been nominated as a director candidate based on his own experience and insight, and not on any special interests between the Company and the bank.

[Translation for Reference and Convenience Purposes Only]

Candidate number	Name		
7	Etsuko Katsu	Reappointed Outside Independent Date of birth April 3, 1955	**Number of the Company's Shares Held** 22,295 shares **Attendance to the Board of Directors' meetings** 15 of 15 (Attendance rate: 100%) **Number of years as Outside Director** 7 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1978	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) Research Division (Resigned in December 1992)
Dec. 1992	Senior Economist, The Japan Research Institute, Limited
Apr. 1995	Associate Professor of Finance and Economics, Ibaraki University
Apr. 1998	Associate Professor, School of Political Science and Economics, Meiji University
Apr. 2003	Professor, School of Political Science and Economics, Meiji University (to present)
Apr. 2008	Vice President International, Meiji University
Jun. 2016	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)
Mar. 2019	Outside Director (Audit and Supervisory Committee Member), DENTSU INC. (currently Dentsu Group Inc.)

<Significant concurrent positions outside the Company>

Professor, School of Political Science and Economics, Meiji University

Chairman, Fund Management Advisory Committee, The Japan Foundation

Member, Council for Science, Technology and Innovation, Ministry of Education, Culture, Sports, Science and Technology

[Reason for nomination as candidate for outside director, and overview of role expectations]

We have nominated Etsuko Katsu as candidate for outside director in the expectation that she will continue to appropriately fulfill her role as a supervisor of the Company's business execution in terms of proactively contributing to discussions at meetings of the Board of Directors from a standpoint independent from the executive team involved in our businesses, reflecting her extensive knowledge and insight as an expert in international economics and finance, her experience in university management, as well as her experience and knowledge regarding global human resource development. If she is appointed, we will seek her involvement enlisting her position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

[Translation for Reference and Convenience Purposes Only]

Candidate number 8	Masaru Onishi	Reappointed Outside Independent Date of birth May 19, 1955	**Number of the Company's Shares Held** 9,895 shares **Attendance to the Board of Directors' meetings** 15 of 15 (Attendance rate: 100%) **Number of years as Outside Director** 4 years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Apr. 1978	Joined Japan Airlines Co., Ltd.
Apr. 2009	Executive Officer, Japan Airlines International Co., Ltd. (currently Japan Airlines Co., Ltd.)
Jun. 2009	Representative Director, President, Japan Air Commuter Co., Ltd.
Feb. 2010	Trustee Representative and President, Japan Airlines International Co., Ltd. (currently Japan Airlines Co., Ltd.)
Nov. 2010	Director, Japan Airlines International Co., Ltd.
Mar. 2011	Representative Director, President, (Safety General Manager), Japan Airlines International Co., Ltd.
Apr. 2011	Representative Director, President, (Safety General Manager), Japan Airlines Co., Ltd.
Feb. 2012	Representative Director, Chairman, General Manager, Corporate Safety & Security (Safety General Manager), Japan Airlines Co., Ltd.
Apr. 2013	Representative Director, Chairman (Safety General Manager), Japan Airlines Co., Ltd.
Apr. 2014	Director, Chairman, Japan Airlines Co., Ltd.
Apr. 2018	Director, Japan Airlines Co., Ltd.
Jul. 2018	Senior Representative, External Affairs, Japan Airlines Co., Ltd.
Jun. 2019	Outside Director, TEIJIN LIMITED (to present)
Jun. 2019	Outside Director, Mitsui O.S.K. Lines, Ltd. (to present)
Jun. 2021	Outside Director, Kadoya Sesame Mills Incorporated (to present)
Jun. 2022	Outside Director, Benesse Holdings, Inc. (to present)

<Significant concurrent positions outside the Company>

Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Trustee, International University of Japan
Visiting Professor, Toyo University
Outside Director, TEIJIN LIMITED
Outside Director, Kadoya Sesame Mills Incorporated
Senior Advisor, Alton Aviation Consultancy Japan Co., Ltd
Outside Director, Benesse Holdings, Inc.

[Reason for nomination as candidate for outside director, and overview of role expectations]

We have nominated Masaru Onishi as candidate for outside director in the expectation that he will continue to appropriately fulfill his role as a supervisor of the Company's business execution in terms of proactively contributing to discussions at meetings of the Board of Directors from a practical and multifaceted perspective, reflecting his considerable insight based on his high level of managerial experience having served as Representative Director, President and as Representative Director, Chairman of Japan Airlines Co., Ltd. If he is appointed, we will seek his involvement enlisting his position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

[Translation for Reference and Convenience Purposes Only]

Candidate number 9	Mitsunobu Koshiba	Newly appointed Outside Independent Date of birth November 9, 1955	**Number of the Company's Shares Held** - shares **Attendance to the Board of Directors' meetings** - of - (Attendance rate: -%) **Number of years as Outside Director** - years *as of the conclusion of this meeting

Career Summary, and Positions and Responsibilities in the Company

Oct. 1981	Joined Japan Synthetic Rubber Co., Ltd. (currently JSR Corporation)
Jun. 2002	Director, General Manager of No.1 Electronic Materials Dept., Electronic Materials Div., JSR Corporation
Jun. 2003	Director, General Manager of Electronic Materials Div. and General Manager of Electronic Materials Dept., JSR Corporation
Jun. 2004	Director, General Manager of Electronic Materials Div., JSR Corporation
Jun. 2005	Senior Officer, General Manager of Electronic Materials Div. and Assistant for Fine System Business, JSR Corporation
Jun. 2006	Managing Director, General Manager of Electronic Materials Div., JSR Corporation
Jun. 2007	Managing Director, JSR Corporation
Jun. 2008	Executive Managing Director, JSR Corporation
Apr. 2009	Representative Director and President, JSR Corporation
Jun. 2019	Representative Director and Chairman, JSR Corporation
Jun. 2019	Outside Director, Idemitsu Kosan Co., Ltd. (to present)
Jun. 2020	Director and Chairman, JSR Corporation
Mar. 2021	External Director, A Holdings Corporation (to present)
Jun. 2021	Chairman Emeritus, JSR Corporation (to present)
Aug. 2021	Outside Director, TBM Co., Ltd. (to present)
Mar. 2023	Outside Director, Rapidus Corporation (to present)

<Significant concurrent positions outside the Company>

External Director, A Holdings Corporation

Outside Director, TBM Co., Ltd.

Outside Director, Rapidus Corporation

[Reason for nomination as candidate for outside director, and overview of role expectations]

Mitsunobu Koshiba has served as Representative Director and President and Representative Director and Chairman in JSR Corporation. He has a high level of expertise in the technical field, as well as wealth of experience, broad insight, and proven track record in business management and the operation of the Board of Directors. Based on such experience and knowledge, we believe that he will be able to suitably fulfill his role in making proposals to the Company's management and supervising the execution of business operations, and we therefore request his appointment as an outside director. If he is appointed, we will seek his involvement enlisting his position of objectivity and neutrality with respect to engaging in consideration and making decisions particularly regarding selection of the Company's officer candidates and matters of officer remuneration as a member of the Nomination Advisory Committee and the Remuneration Advisory Committee.

Notes:

1. No special interests exist between any of the director candidates and the Company.
2. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. Overall details of the insurance policy are as stated in the Business Report on page 54 of this document. The respective director candidates all shall remain or newly be listed as insured parties under the insurance policy, subject to approval of their appointments. The Company intends to renew the insurance policy with the same content during their term of office.
3. The Company has entered into an indemnification agreement set forth in Article 430-2, paragraph (1) of the Companies Act with every director, under which the Company will cover the expenses set forth in Article 430-2, paragraph (1), item (1) of the Companies Act and the loss set forth in item (2) of the same paragraph within the extent stipulated by laws and regulations. Overall details of the insurance policy are as stated in the Business Report on page 54 of this document. The Company intends to continue the indemnification agreements with the reappointed candidates if their reelection as directors is approved. The Company plans to enter into the same indemnification agreement with the newly appointed candidates, Junko Moro, Hisashi Umemura, and Mitsunobu Koshiba, if their election as directors is approved.

4. Among the above candidates, Hideto Fujii, Etsuko Katsu, Masaru Onishi, and Mitsunobu Koshiba are candidates for outside directors stipulated in Article 2, paragraph (3), item (7) of the Regulation for Enforcement of the Companies Act. Each candidate for outside director satisfies the requirements for independent officer stipulated under the regulations of the Tokyo Stock Exchange, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 19 and 20). The Company has appointed Hideto Fujii, Etsuko Katsu, and Masaru Onishi as independent officer stipulated under the regulations of the Tokyo Stock Exchange, and has notified the exchanges. If their reelection as outside directors are approved, the Company intends to continue to appoint them as independent officers. If the election of Mitsunobu Koshiba as an outside director is approved, the Company will appoint him as an independent officer stipulated under the regulations of the Tokyo Stock Exchange, and notify the matter to the Exchange.
5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into liability limitation agreements with Hideto Fujii, Etsuko Katsu and Masaru Onishi which limit the amount of their liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if they perform their duties in good faith and without gross negligence. If their reelections as outside directors are approved, the Company intends to continue the liability limitation agreements with them. If the election of Mitsunobu Koshiba as an outside director is approved, the Company plans to enter into the same liability limitation agreement with him.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 3: Election of Two (2) Audit & Supervisory Board Members

The terms of office of audit & supervisory board members, Toshiaki Takeda and Junko Imura, will expire at the conclusion of this meeting. Accordingly, election of the following two (2) audit & supervisory board members is proposed.

The Audit & Supervisory Board has previously given its consent to this proposal.

The candidates for audit & supervisory board member are as follows:

Candidate number			
Candidate number 1	Yutaka Hinooka	Newly appointed Date of birth October 22, 1961	**Number of the Company's Shares Held** 34,257 shares

Career Summary

Apr. 1985	Joined Mitsui O.S.K. Lines, Ltd.
Jun. 2012	General Manager of Liner Division
Apr. 2016	Executive Officer, General Manager of Liner Division
Apr. 2018	Executive Officer
Apr. 2019	Managing Executive Officer
Jun. 2021	Director, Managing Executive Officer
Apr. 2022	Director, Senior Managing Executive Officer
Apr. 2023	Director (to present)

[Reason for nomination as candidate for director]

Yutaka Hinooka has been involved in the car carrier business and container shipping business over many years, and also has experience in corporate affairs in the Corporate Planning Division. He was appointed as director of the Company in 2021 and has been involved in the Group's overall business management. He had also promoted the establishment and strengthening of the compliance system until March 2023 as Chief Compliance Officer (CCO), and he could use this experience and knowledge if he is appointed as an audit & supervisory board member. We think he would carry out his duties competently from a position of objectivity and fairness, and thus propose that he be appointed as an audit & supervisory board member.

Candidate number			
2	Fumiko Takeda	Newly appointed Outside Independent Date of birth June 10, 1968	**Number of the Company's Shares Held** – shares

Career Summary

Apr. 1991	Joined Nomura Research Institute, Ltd.
Apr. 2002	Lecturer, Faculty of Economics & Business Administration, Yokohama City University
Apr. 2003	Assistant Professor, Faculty of Economics & Business Administration, Yokohama City University
Mar. 2004	Assistant Professor, Department of Systems Innovation, School of Engineering/Faculty of Engineering, The University of Tokyo
Apr. 2007	Associate Professor, Department of Systems Innovation, School of Engineering/Faculty of Engineering, The University of Tokyo
Sep. 2007	Visiting Associate Professor, Department of Economics, Yale University
Jan. 2008	Visiting Professor, Alberta School of Business, University of Alberta
Apr. 2015	Same as the above
Jul. 2015	Visiting Researcher, University of Illinois
Apr. 2022	Professor, Graduate School of Business Administration, Keio University (to present)

<Significant concurrent positions outside the Company>

Member, Antitrust Association, Japan Fair Trade Commission

Professor, Graduate School of Business Administration, Keio University

[Reason for nomination as candidate for outside audit & supervisory board member]

Fumiko Takeda specializes in applied empirical economics. She has many years of experience as a researcher and professor with considerable knowledge in finance and accounting. In addition, although she does not have past experience in getting directly involved in corporate management other than having served as an outside officer, she has made research achievements in the fields of internal control, corporate governance, and others. We think she would competently carry out her duties to supervise the Company's management and business execution from a position of objectivity and fairness as an outside audit & supervisory board member. We thus propose that she be appointed as an outside audit & supervisory board member.

Notes:

1. No special interests exist between any of the candidates for audit & supervisory board members and the Company.
2. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. Overall details of the insurance policy are as stated in the Business Report on page 54 of this document. The respective candidates for audit & supervisory board members all shall newly be listed as insured parties under the insurance policy, subject to approval of their appointments. The Company intends to renew the insurance policy with the same content during their term of office.
3. The Company plans to enter into indemnification agreements with respective candidates for audit & supervisory board members, under which the Company will cover the expenses set forth in Article 430-2, paragraph (1), item (1) of the Companies Act and the loss set forth in item (2) of the same paragraph within the extent stipulated by laws and regulations, if their election is approved. Overall details of the insurance policy are as stated in the Business Report on page 54 of this document.
4. Of the above-mentioned candidates, Fumiko Takeda is a candidate for outside audit & supervisory board member stipulated in Article 2, paragraph (3), item (8) of the Regulation for Enforcement of the Companies Act. Fumiko Takeda satisfies the requirements for independent officer stipulated under the regulations of the Tokyo Stock Exchange, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 19 and 20). The Company intends to appoint her as an independent officer stipulated under the regulations of the Tokyo Stock Exchange, and notify the matter to the Exchange, subject to approval of her appointment.
5. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company plans to enter into a liability limitation agreement with Fumiko Takeda which limits the amount of her liability under Article 423, paragraph (1) of the Companies Act to the aggregate of the amounts specified in items of Article 425, paragraph (1) of the Companies Act, if her election is approved and if she performs her duties in good faith and without gross negligence.

[Translation for Reference and Convenience Purposes Only]

Proposal No. 4: Election of One (1) Substitute Audit & Supervisory Board Member

Based on the provisions of Article 329, paragraph (3) of the Companies Act, election of one (1) substitute audit & supervisory board member is proposed in preparation for lacking a quorum of audit & supervisory board members.

The Audit & Supervisory Board has previously given its consent to this proposal.

The candidate for substitute audit & supervisory board member is as follows:

Atsuji Toda	Outside Independent Date of birth January 19, 1955	**Number of the Company's Shares Held** – shares

Career Summary

Oct. 1979	Joined Showa Audit Corporation
Oct. 1980	Joined Shinko Audit Corporation
Aug. 1984	Registered as a certified public accountant
Oct. 1984	Established Toda Accounting Office (to present)
Jun. 2000	Registered as a certified tax accountant
Jun. 2015	Outside Auditor, TAMURA CORPORATION (to present)
Jan. 2019	Established TIS Tax & Accounting Corporation (to present)

<Significant concurrent positions outside the Company>

Director (certified public accountant), Toda Accounting Office

Partner, Certified public tax accountant, TIS Tax & Accounting Corporation

[Reason for nomination as candidate for substitute outside audit & supervisory board member]

Atsuji Toda has many years of experience as a certified public accountant and extensive knowledge related to accounting although he does not have past experience in getting directly involved in corporate management other than having served as an outside officer. If he is appointed as an audit & supervisory board member, he could use this experience, knowledge and ability in the Company's auditing systems. We think he would carry out his duties as an outside audit & supervisory board member competently from a position of objectivity and fairness. We thus propose that he be appointed as a substitute outside audit & supervisory board member.

Notes:

1. No special interests exist between Atsuji Toda and the Company.
2. Pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act, the Company has entered into a directors and officers liability insurance policy with an insurance company. Overall details of the insurance policy are as stated in the Business Report on page 54 of this document. Atsuji Toda shall be listed as an insured party under the insurance policy, subject to his appointment to the position of outside audit & supervisory board member. The Company intends to renew the insurance policy with the same content during his term of office.
3. On Atsuji Toda's assumption of office as an outside audit & supervisory board member, the Company plans to enter into an indemnification agreement with Atsuji Toda, under which the Company will cover the expenses set forth in Article 430-2, paragraph (1), item (1) of the Companies Act and the loss set forth in item (2) of the same paragraph within the extent stipulated by laws and regulations. Overall details of the insurance policy are as stated in the Business Report on page 54 of this document.
4. Atsuji Toda is a candidate for outside audit & supervisory board member stipulated in Article 2, paragraph (3), item (8) of the Regulation for Enforcement of the Companies Act. It is proposed that he be elected as a substitute outside audit & supervisory board member. He satisfies the requirements for independent officer stipulated under the regulations of the Tokyo Stock Exchange, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 19 and 20). If he assumes his office as an outside audit & supervisory board member, the Company will appoint him as an independent officer stipulated under the regulations of the Tokyo Stock Exchange, and notify the matter to the Exchange.
5. On Atsuji Toda's assumption of office as an outside audit & supervisory board member, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company intends to enter into an agreement with Atsuji Toda, which will limit his liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in items of Article 425, paragraph (1) of the Companies Act, if he performs his duties in good faith and without gross negligence.

[Translation for Reference and Convenience Purposes Only]

Independence Criteria for Outside Officers

The Company has established the following criteria for the independence of outside directors and outside audit & supervisory board members (hereinafter referred collectively as “Outside Officer”). The Company deems an Outside Officer or a candidate for Outside Officer to have independence in the event that none of the following items is applicable upon the Company having investigated to the extent that is reasonable and practically possible.

(i) A person who is an executing person*[1] of the Company or its subsidiaries (hereinafter referred collectively as the “MOL Group”) or has served as an executing person of the MOL Group during the past ten (10) years (in the case of a person who has served as non-executive director, audit & supervisory board member, or accounting advisor of the MOL Group at a certain point in time during the past ten (10) years, during the ten (10) years prior to their appointment).
*1: An executing person refers to an executive director, a corporate officer, an executive officer, other person with similar responsibilities, or an employee of a corporation or other organization.

(ii) A current major shareholder*[2] of the Company or an executing person thereof, or a person who has fallen under such category during the past three (3) years.
*2: A major shareholder means a shareholder who holds shares with 10% or more of voting rights in his or her own name or in another person’s name at the end of the most recent fiscal year of the Company.

(iii) An executing person of an entity or the like in which the MOL Group directly or indirectly holds 10% or more voting rights out of the total number of voting rights, or a party which has fallen under such category during the past three (3) years.

(iv) An executing person of a company which has accepted a director (either full-time or part-time) from the MOL Group, or the parent company or a subsidiary thereof, or a person who was an executing person of such company during the past three (3) years.

(v) An executing person of a financial institution or other major creditor, or the parent company or a major subsidiary thereof, which is indispensable for the MOL Group’s financing and on which the MOL Group depends to an irreplaceable extent.

(vi) A party with which the MOL Group is a major business partner*[3], or if such party is a company, then an executing person of such company, or the parent company or a major subsidiary thereof, or a party which has fallen under such category during the past three (3) years.
*3: A party with which the MOL Group is a major business partner means a party which, in its most recent fiscal year, received a payment of 2% or more of its consolidated total revenue from the MOL Group (excluding payment of remuneration to director from the MOL Group if a party with which the MOL Group is a major business partner is an individual).

(vii) A party which is a major business partner of the MOL Group*[4], or if such party is a company, then an executing person of such company, or the parent company or a major subsidiary thereof, or a party which has fallen under any of such categories in the past three (3) years.
*4: A major business partner of the MOL Group means a party which paid the MOL Group 2% or more of its gross sales in its most recent fiscal year.

(viii) A party which was an accounting auditor of the MOL Group, or an employee, etc. thereof, or a party which has fallen under such category during the past three (3) years.

(ix) A consultant, an accounting professional, or a legal professional receiving a significant amount of money or other assets*[5] other than director remuneration from the MOL Group (if a party receiving such assets is an organization such as an entity or an association, then a person who belongs to such organization), or a party which has fallen under any of such categories in the past three (3) years.
*5: A significant amount of money or other assets means ¥10 million or more of money or other assets benefits received per year other than director remuneration in its most recent fiscal year (if a party receiving such assets is an organization such as an entity or an association, a significant amount of money or other assets means the amount of money or other assets benefit which exceeds 2% of the gross revenue of the party in its most recent fiscal year).

(x) A party which received donations or grants exceeding a certain amount*[6] from the MOL Group (if a party receiving such donations or grants is an organization such as an entity or an association, then an executing person of such organization), or a party which has fallen under any of such categories in the past three (3) years.
*6: Donations or grants exceeding a certain amount mean donations or grants exceeding the greater of ¥10 million per year on average in the past three (3) years or 2% of the gross revenue of a party in its most recent fiscal year.

(xi) A close relative*[8] of a person who is applicable to the above-listed items (i) through (x) (limited to a person who is in an important position*[7]).
*7: A person who is in an important position means an employee who holds a senior management position, such as executive director, corporate officer, executive officer, or general manager or above; if a person belongs to an auditing firm or an accounting firm, then a certified public accountant; if a person belongs to a law firm, then a lawyer; if a person belongs to an incorporated foundation, an incorporated association, or an incorporated educational institution, then an officer such as councilor, board member, or an auditor-secretary; or other person who is objectively and reasonably considered to be of equivalent importance.
*8: A close relative means a spouse or a relative within the second-degree of kinship.

(xii) Any other person who might have a conflict of interest with general shareholders and who is under the circumstances which are reasonably considered to prevent the person from fulfilling duties as an independent Outside Officer.

[Translation for Reference and Convenience Purposes Only]

Experience, Knowledge and Capability of Directors Especially Expected by the Company

The Company has updated the existing skills matrix for directors as shown in the table below based on discussions by the Nominating Advisory Committee. The Company positions the skills matrix as a framework for the experience, knowledge and capability (hereinafter "Experience, etc.") that the Board of Directors should possess, and has selected five (5) items in "Experience, etc. considered important for corporations" that are universal to corporate management, and four (4) items in "Experience, etc. considered important for corporations supporting social infrastructure" that the Company believes should be particularly important in the management of the MOL Group. "Human resources/Diversity," a fundamental component of sustainability, was added as an item that is universally applicable to corporate management. Furthermore, as priority items for the Company's management, in addition to "Marketing/Business strategy" and "Global business," which are backed by the Company's knowledge in the growth areas of energy transport and international logistics designated in the management plan, we have added "Safety," which is the most important foundation for business, and "Technology," which is an essential area for the future growth of the Company in terms of decarbonization of business activities, safe and efficient operation of vessels, and Digital Transformation (DX), etc. In order to fully demonstrate its governance function, the Board of Directors will adequately maintain the Experience, etc. and will continue to review the Experience, etc. in accordance with the changes in the business environment. In addition, training opportunities will be provided for directors and audit & supervisory board members, and advisors will be appointed to supplement the Experience, etc. as necessary.
The following shows the experience, etc. of directors and audit & supervisory board members if Proposal No. 2 "Election of Nine (9) Directors" and Proposal No. 3 "Election of Two (2) Audit & Supervisory Board Members" are approved and adopted as originally proposed.

		Experience, etc. considered important for corporations					Experience, etc. considered important for corporations supporting social infrastructure			
		Corporate management	Finance/ Accounting	Legal affairs /Risk management	ESG	Human resources/ Diversity	Safety	Technology	Marketing/ Business strategy	Global business
Junichiro Ikeda	Director	●		●	●	●	●		●	●
Takeshi Hashimoto	Representative Director	●	●	●	●	●	●		●	●
Toshiaki Tanaka	Representative Director	●			●	●	●		●	●
Junko Moro	Director				●	●	●		●	
Hisashi Umemura	Director	●	●	●			●			●
Hideto Fujii	Outside Director	●	●	●	●				●	
Etsuko Katsu	Outside Director		●		●	●				●
Masaru Onishi	Outside Director	●					●	●	●	
Mitsunobu Koshiba	Outside Director	●		●				●		●
Masanori Kato	Full-time Audit & Supervisory Board Member			●		●	●	●		
Yutaka Hinooka	Full-time Audit & Supervisory Board Member		●	●			●		●	●
Satoru Mitsumori	Outside Audit & Supervisory Board Member	●		●	●	●				
Fumiko Takeda	Outside Audit & Supervisory Board Member		●	●	●	●				●

[Translation for Reference and Convenience Purposes Only]

[Reference] Approaches to Corporate Governance

Basic Concept of Corporate Governance

Due to the rapid changes in the ocean shipping business environment and in risk factors, we must adeptly set our course by accurately grasping the business environment, always confronting risks appropriately, and effectively utilizing our management resources by maintaining our offense-defense balance. We believe that the essentials of corporate governance are fostering sustainable growth and enhancing our corporate value by making decisions promptly and boldly, guided by appropriate risk management, while ensuring the transparency and fairness of management by carefully considering the viewpoints of our diverse stakeholders and other various social requests.

Based on this understanding, the MOL Group has put together the “MOL Group Three Basic Principles of Corporate Governance” as follows, which we consider universally important as our basic approach to corporate governance and action guidelines for all stakeholders, including shareholders, investors, employees, and customers. The MOL Group has also formulated the MOL Group Corporate Governance Policy, which systematizes specific policies based on the ethos of the Basic Principles.

<MOL Group Three Basic Principles of Corporate Governance>

Article 1 (Framework and Operation)

Based on the MOL Group Corporate Mission, the MOL Group Vision, and the MOL Group Values, Code of conducts (MOL CHARTS), we, the MOL Group, grow globally by enhancing corporate governance and leveraging the collective strengths of the MOL Group.

Article 2 (System)

We, the MOL Group, have established a highly effective corporate governance system befitting a strong and resilient corporate group that is growing globally to increase corporate value over the medium and long term.

Article 3 (Dialogue)

We, the MOL Group, provide new value through highly transparent dialogue with all of our stakeholders, including shareholders, investors, employees and customers.

In addition, we see Governance (governance and compliance to support businesses) as one of the “sustainability issues” (materiality) identified as important for our group to achieve sustainable development together with society through the realization of our Group vision. We are actively and continuously working to enhance corporate governance based on the belief that the implementation of the management plan (BLUE ACTION 2035), supported by the ethos of the MOL Group Corporate Mission and the MOL Group Values (MOL CHARTS), will lead to the resolution of sustainability issues, which in turn will not only enhance corporate value, but also realize the Group’s vision.

MOL Corporate Governance Organizational Structure

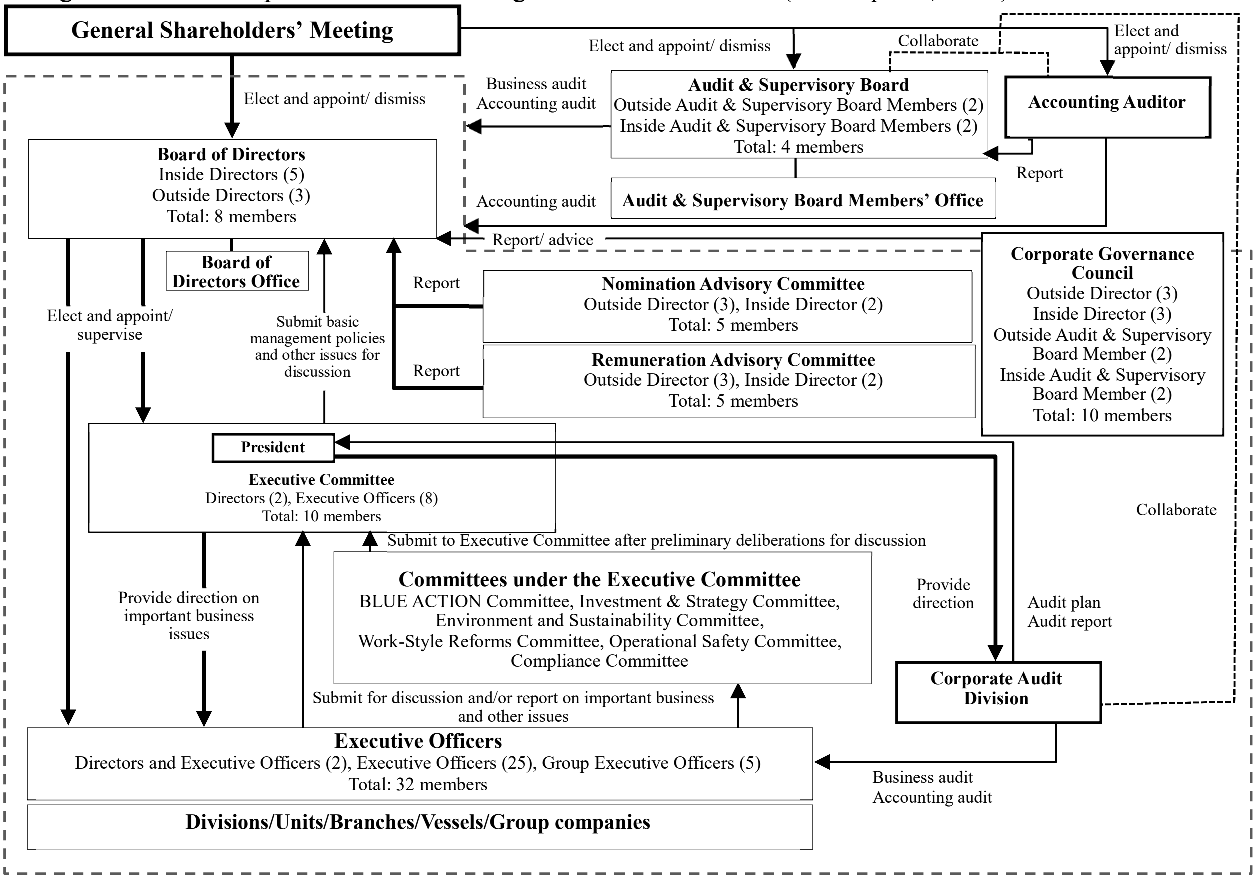
We believe that the appropriate form of governance should achieve legality, appropriateness, and efficiency of business operations by ensuring an effective supervisory framework for the Board of Directors. This is accomplished by having a mutual supervision and check mechanism among inside directors (two out of five inside directors also serve as executive officers as of April 1, 2023) who carry out business operations and by forming a Board of Directors that consists of inside directors who also carry out business operations and non-executive inside directors and outside directors who specialize in strategy deliberation functions and supervisory functions. The structure also secures the audit function of the Audit & Supervisory Board, which is independent from the Board of Directors. Based on this view, MOL has become a company with an Audit & Supervisory Board as prescribed in the Companies Act.

The Board of Directors, by its resolution, has established a basic policy for developing a system to secure the properness of operations (internal control system). The MOL Group’s officers and employees, under the president serving as the chief executive officer for management, carry out business operations in accordance with the management policy set by the Board of Directors and the above-mentioned basic policy, while being subject to supervision by the Board of Directors and audits by the Audit & Supervisory Board. In FY2021, the Corporate Governance Council was established under the Board of Directors to serve as a forum for facilitating unrestricted discussion while incorporating outside knowledge with respect to the overall direction of the entire MOL corporate governance. We expect that the council will contribute to improving the effectiveness of the Board of Directors by providing reports and advice to the Board of Directors.

We also believe that the true worth of the MOL corporate governance structure will not be achieved through the existence of the framework and organization constructed as described above. Instead, the true worth of the MOL corporate governance structure will result from whether the framework is functioning properly and effectively as described on pages 23 to 27.

[Translation for Reference and Convenience Purposes Only]

<Diagram of MOL Corporate Governance Organizational Structure> (as of April 1, 2023)



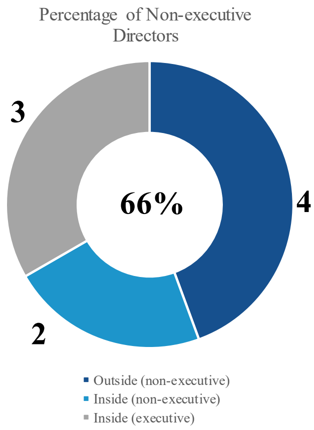
Board of Directors
As the central decision-making body of the Company, the Board of Directors deliberates and makes decisions on the basic policies and the most important matters for the management of MOL Group.
The Board of Directors consists of five (5) inside directors (as of April 1, 2023) and three (3) outside directors (as of April 1, 2023), who hold no interest in MOL. Outside directors play a major role in vitalizing the Board of Directors by checking the reasonableness of management decisions and of the status of business execution based on their respective experience and knowledge from an independent standpoint without an interest in the Company and expressing useful opinions on overall management. We have developed a supporting system for outside directors whereby agenda at the Board of Directors' meetings are explained in advance and the execution of important businesses is reported to them each time. In addition, the Board of Directors also conducts "Deliberation on Corporate Strategy and Vision" sessions during which inside and outside directors and audit & supervisory board members exchange opinions freely on management strategies, the long-term vision and other important topics related to overall management. In addition to the "Deliberation on Corporate Strategy and Vision," the "Board Member Discussion Sessions" is also held when necessary after the meetings of the Board of Directors to share and discuss a range of ongoing important issues other than the agenda items at the Board of Directors' meeting at an early stage.
The Board of Directors meets regularly about 10 times a year at appropriate intervals to formulate management plans, decide on major investments, approve budgets for each fiscal year, approve quarterly financial results, and make decisions on strengthening corporate governance, among others.

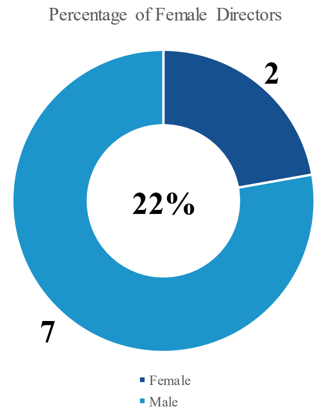
[Translation for Reference and Convenience Purposes Only]

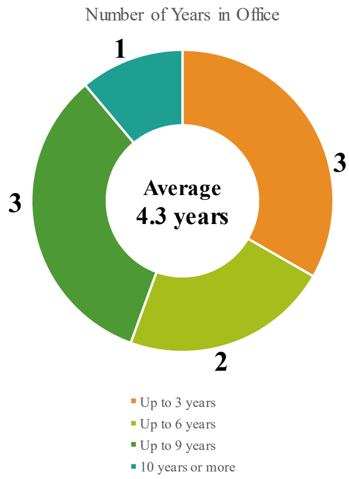
FY2022 "Deliberation on Corporate Strategy and Vision": Main Agenda Items

	Agenda
April	Diversity
August	Outline of next medium-term management plan for DAIBIRU CORPORATION and company-wide risk management deepening project (scenario analysis and evaluation of material risks)
September	Direction of the next management plan
October	Review of Rolling Plan 2022 and direction of new human resource strategy
November	Logistics business
December	Overview of next management plan
January	Company-wide risk management deepening project (emerging risk management)

Composition of Board of Directors (Planned Composition if Proposal No. 2 Is Approved and Adopted as Originally Proposed)







Nomination Advisory Committee and Remuneration Advisory Committee

MOL has established the Nomination Advisory Committee and the Remuneration Advisory Committee as arbitrary organizations under the Board of Directors. For making the outside directors supervise the executive directors more effectively, both committees are chaired by outside directors and are composed of all three (3) outside directors, the Chairman and the President, so that the majority are outside directors.

The Nomination Advisory Committee deliberates on the election, appointment and dismissal of directors and executive officers, as well as the necessary criteria for their determination and proposals for the next President based on the succession plan (including reappointment and dismissal of the incumbent President), thereby increasing the objectivity and transparency of the processes and strengthening accountability.

The Remuneration Advisory Committee appropriately reviews the remuneration plan for directors and executive officers, and determines appropriate levels of remuneration for directors, including incentives for long-term enhancement of corporate value from an objective standpoint, while putting a high priority on the "stakeholders' perspective."

In addition to the committee members, the outside audit & supervisory board members may also attend meetings of the respective committees in order to gain an understanding of the deliberation process and provide their opinions. The Board of Directors respects the contents of reports from both Advisory Committees and uses them to pass necessary resolutions.

Main Agenda Items for Review by the Advisory Committees (FY2022)

Nomination Advisory Committee (held seven times in total)	Remuneration Advisory Committee (held nine times in total)
・ Board succession plan; ・ Selection of next President based on the succession plan for the President, and consideration of a candidate for successor in the event of an emergency; ・ Election of directors, audit & supervisory board members, and executive officers for FY2023 (Relinquishment of right of representation to be Chairman of the Board, retirement of executive officers, selection of non-executive directors, and addition of one outside director); ・ Revision of advisory system; and other matters	・ Details of payment of single fiscal year performance-based compensation for directors and long-term target contribution-based compensation in FY2021, and remuneration for directors in FY2022; ・ Revision of non-executive director remuneration plans; ・ Peer group review to ensure the appropriateness of remuneration levels; ・ Evaluation of officer remuneration plans introduced in FY2021; ・ How to establish and evaluate qualitative targets for Chairman and President; and other matters

Corporate Governance Council

The Corporate Governance Council has been established under the Board of Directors to serve as a forum for facilitating unrestricted discussion while incorporating outside knowledge with respect to the overall direction of the entire MOL corporate governance. By taking into account the perspectives from independent outside directors and independent outside audit & supervisory board members, the Council examines the status and direction of corporate governance of the entire MOL Group and verification of the effectiveness of the Board of Directors, and provides reports and advice to the Board of Directors.

Main Agenda Items for Review by the Corporate Governance Council (FY2022, held seven times in total)

・ Roles and functions of Board of Directors ・ Institutional design ・ MOL Group Three Basic Principles of Corporate Governance and MOL Group Corporate Governance Policy ・ Training policy for directors and audit & supervisory board members and improvement in the operation of Board of Directors, and other matters

Succession Planning
The Company has drawn up President and CEO (hereinafter collectively referred to as “President” for the purpose of this section) succession plans consisting of the position’s requirements, selection process, and plan for training successor candidates, with the aim of selecting a President who is appropriate for the Company.
In FY2022, based on said plan, the Nomination Advisory Committee deliberated on the selection of the next President based on the succession plan for the President, and on the method of selecting a successor in case of emergency.

Evaluation of Effectiveness of Board of Directors
The Board of Directors annually conducts a questionnaire survey, including self-evaluation by each director and audit & supervisory board member, regarding the agenda and deliberations of the Board of Directors and its subordinate committees, the Nomination Advisory Committee, Remuneration Advisory Committee and Corporate Governance Council, the contribution of each member, and the effectiveness of their operations, etc. It then analyzes and evaluates the effectiveness of the Board of Directors as a whole, identifies issues and examines measures for improvement, and discloses a summary of the results.
In FY2022, we received responses from all directors and audit & supervisory board members in the form of a self-questionnaire in February 2023, and in March 2023, the Corporate Governance Council evaluated and analyzed the effectiveness of the Board of Directors, identified issues, formulated improvement measures, and reported them to the Board of Directors. A summary of the results will be disclosed in the Corporate Governance Report.

Business Execution System
MOL introduced the executive officer system in 2000. Executive officers who are appointed by the Board of Directors and to whom authority is delegated by representative director work to increase the speed of management by operating business in accordance with the highest management policy determined by the Board of Directors. The Executive Committee (chaired by the President) functions as a deliberative organ to make decisions on basic management plans and important issues related to execution of business in accordance with the basic policy determined by the Board of Directors. MOL has established six (6) committees as subordinates under the Executive Committee. In addition to the members of each respective committee, officers and general managers related to each issue attend the committee meetings to examine and deliberate on various matters such as important matters submitted to the Executive Committee for discussion and matters pertinent to multiple divisions.
In FY2023, we introduced the Chief Officer system to oversee the Group’s corporate functions across the board and provide strong support for integrated and strategic initiatives. Each Chief Officer is delegated with a portion of the President’s authorities and responsibilities, and is tasked with directing and controlling not only the Company (headquarters), but also the entire Group in specific cross-functional areas.
Additionally, the cross-functional structure consists of three axes: corporate organizations, which are overseen by Chief Officer; business organizations, which are overseen by Director General of business headquarters; and regional organizations, which are overseen by Regional Executive Officer. Through this structure, we aim to strike the right balance between the centralization and decentralization of authority in the management of our group, as well as promote more flexible business operations and improve group governance.

Auditing System
The Audit & Supervisory Board consists of two (2) full-time audit & supervisory board members and two (2) outside audit & supervisory board members who hold no interest in MOL. The audit & supervisory board members periodically hold Audit & Supervisory Board’s meetings to draw up audit plans and report and share audit results, etc., and prepare audit reports at the end of fiscal years. Each audit & supervisory board member attends meetings of the Board of Directors and other important meetings to audit the deliberation and decision-making processes. They also audit the development and operational status of internal control systems by conducting interviews with directors, executive officers, and employees, as well as researches for Group companies. KPMG AZSA LLC, the accounting auditor, conducts accounting audits. In addition to the above, the Corporate Audit Division, which receives directions from the President and is independent from any other management body, conducts internal audits including internal audits on Group companies. Three entities—namely, the Audit & Supervisory Board, the accounting auditor, and the Corporate Audit Division—take initiatives to improve the effectiveness of audits through close coordination with each other.

[Translation for Reference and Convenience Purposes Only]

Outside Officers

All five (5) of MOL's outside officers (three (3) outside directors and two (2) outside audit & supervisory board members) fulfill MOL's unique "Independence Criteria for Outside Officers."

All three (3) outside directors fulfill their role to strengthen the function of Board of Directors regarding its management decisions and supervision by providing advice regarding MOL's overall management from an independent standpoint based on their extensive experience and knowledge in their respective areas of expertise. The outside directors gain a deeper understanding of the Group's businesses by attending meetings of the Board of Directors, the Corporate Governance Council, the Nomination Advisory Committee and the Remuneration Advisory Committee as well as through discussions regarding management issues with the executive officers.

The two (2) outside audit & supervisory board members have in-depth knowledge and insight as specialists in law and accounting and have a role in strengthening MOL's audit structure from an independent position. In addition to attending Board of Directors' meetings and Audit & Supervisory Board's meetings, the outside audit & supervisory board members interview inside directors, exchange opinions with outside directors, carry out discussions with executive officers about management issues, and incorporate the knowledge gained from them in their duties as outside audit & supervisory board members.

In order to ensure that outside directors and outside audit & supervisory board members can sufficiently fulfill their expected roles, the Company has entered into liability limitation agreements with each of the three (3) outside directors and two (2) outside audit & supervisory board members, which limit their liability to the total of the amounts specified in each item of Article 425, paragraph (1) of the Companies Act, in the event that they fail to perform their duties as a director or audit & supervisory board member and cause damage to the Company, provided that they have performed their duties in good faith and without gross negligence.

[Translation for Reference and Convenience Purposes Only]

Please note that the following is an unofficial English translation of the Japanese original text of the business report of Mitsui O.S.K. Lines, Ltd. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the Japanese version shall be the official version.

BUSINESS REPORT

(From April 1, 2022 to March 31, 2023)

I. Matters Concerning the Present State of the Group

1. Business Progress and Results

■ Business environment

During the first half of the fiscal year, lockdowns in Shanghai and other Chinese cities had a global impact through the supply chain. However, in the second half of the fiscal year, the logistics disruption began to return to normal, and the global economy generally showed signs of recovery from COVID-19. Meanwhile, the pace of economic recovery has slowed significantly due to worsening inflation, monetary tightening and emerging effect of geopolitical risk such as a protracted Russian invasion of Ukraine. In particular, high energy prices sparked by the invasion of Ukraine have exacerbated inflation. On the issue of climate change, each country and company is required to take more proactive decarbonization measures after the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) reconfirmed the importance of the 1.5 degree target established by the Paris Agreement and resolved to further reduce 2030 greenhouse gas emissions and support developing countries vulnerable to climate change.

■ FY2022 Results

Under this environment, the Company achieved record ordinary profit and profit attributable to owners of parent for FY2022 thanks to maintenance of high freight rates for the containership business in the first half of the fiscal year, depreciation of yen throughout the year, and contributions to profit growth from non-containership businesses.

In the dry bulk business, market conditions remained favorable in the first half of the fiscal year due to strong transport demand for each ship type, while the trend weakened in the second half of the fiscal year due to uncertainties of the future of global economy. These market conditions led to increase in year-on-year profits due to the stable performance of the long-term contracts and the effect of partial reversal of allowance for doubtful accounts previously recorded by consolidated subsidiaries of the Company.

Within energy business, the market conditions for the tanker business firmed up for each ship type in and after the summer due to increase in ton-miles associated with changing trade patterns following the Russian invasion of Ukraine. These favorable market conditions together with cost-cutting and other efforts resulted in a significant year-on-year profits. The LNG carrier business experienced a reduction in year-on-year profits with the expiration of some long-term contracts. The FSRU business experienced improvement in year-on-year profits due to the introduction of short-term contracts for existing vessels.

Within product transport business, the containership business operated by Ocean Network Express, an equity-method affiliate of the Company, saw strong demand for transportation continuing into the first half of the fiscal year, mainly on North America and Europe routes, but in the second half of the fiscal year, spot freight rates dropped rapidly due to buildup of North American product inventories and the impact of decreased post-summer port congestion. Nevertheless, with the accumulation of first-half profits, year-on-year profits remained almost unchanged. The car carrier business, although affected by the lack of semiconductor, achieved significant year-on-year profit growth by securing almost same number of transported vehicles as the previous fiscal year by flexibly revising the vessel allocation plan and by also making efforts to improve the transport efficiency.

The average USD/JPY exchange rate during FY2022 depreciated by ¥23.15 year on year to ¥134.67. The average bunker price (average price for all major fuel grades) during the same period rose by US$161/MT year on year to US$745/MT.

As a result of the above, we recorded revenue of ¥1,611.9 billion, an operating profit of ¥108.7 billion, an ordinary profit of ¥811.5 billion (an increase of ¥89.8 billion from the previous fiscal year) and profit attributable to owners of parent of ¥796.0 billion.

(¥ billion)

Category	FY2019	FY2020	FY2021	FY2022
Revenues	1,155.4	991.4	1,269.3	1,611.9
Operating profit (loss)	23.7	(5.3)	55.0	108.7
Business profit (Operating profit + equity in earnings of affiliated companies)	39.7	127.6	712.3	777.1
Ordinary profit	55.0	133.6	721.7	811.5
Profit (loss) attributable to owners of parent	32.6	90.0	708.8	796.0
ROE (Ratio of net income to shareholders' equity) (%)	6.3	16.5	76.5	49.8
ROA (Ratio of ordinary profit to total assets) (%)	2.6	6.4	30.2	26.0
Equity ratio (%)	24.5	27.6	47.4	54.0
Net gearing ratio* (%)	194	163	71	55

*(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity

2. Business Overview by Segment

Notes to changes in reportable segments beginning April 1, 2022:
Comparisons with the past consolidated fiscal years have been made after rearranging the segments and categories to the segments and categories for this consolidated fiscal year which reflect these changes.
(1) "Terminal and Logistics" was moved from the "Containerships" category to the "Ferries and Coastal RoRo Ships" category.
(2) "Real Property" (formerly under the Associated Businesses segment) became an independent segment.
(3) "Energy and Offshore Business" has been renamed as "Energy Business." This change is a change in name only and has no impact on the business segment overview.

(¥ billion)

Segment	Revenues	Ordinary profit (loss)	Revenue composition ratio
Dry Bulk Business	429.6	57.6	26.65%
Energy Business	388.7	39.5	24.11%
Product Transport Business	677.3	705.4	42.02%
Containerships only	53.0	620.1	3.29%
Real Property Business	39.5	8.1	2.46%
Associated Businesses	57.1	(0.5)	3.54%
Others	19.6	1.7	1.22%
Adjustment (Corporate and eliminations)	–	(0.4)	
Total	**1,611.9**	**811.5**	

Note: Revenues represent those from external customers.

Dry Bulk Business

Revenue composition ratio 26.65%

Revenues*		Ordinary profit (loss)	
FY2022	**¥429.6 billion**	FY2022	**¥57.6 billion**
FY2021	¥360.7 billion	FY2021	¥43.2 billion

* Revenues represent those from external customers.

[Major Business Lines]

- Owning and operating specialized vessels for specific cargo types and bulk carriers for cargoes such as iron ore, coal, grains, wood, wood chips, cement, fertilizer, salt and steel products.

Overview of FY2022 Market and Business Conditions

- In the first half of the fiscal year, although the Capesize bulker market rose against the backdrop of firm demand for coal to India, the market declined sharply due to global economic uncertainty and increased capacity utilization rates caused by easing and abolition of COVID-19 regulations. In the second half of the fiscal year, market rates continued to lack buoyancy despite appearing to rally temporarily.
- The Panamax bulker market conditions remained at a high level in the first half of the fiscal year due to firm transport demand, but subsequently deteriorated due to global economic slowdown and decreased cargo to China. The second half of the fiscal year remained weak due to sluggish shipments of coal and grains to China.
- Similar to Panamax market conditions, the market conditions for Handymax and smaller-sized bulkers started at a high level in the first half of the fiscal year, but gradually weakened and remained at low level overall in the second half of the fiscal year.
- Although markets conditions weakened, the Dry Bulk Business as a whole posted a year-on-year improvement in profits due to strong performance of MOL Drybulk Ltd., operating in its initial fiscal year following a business integration, and strong performance of Gearbulk Holding AG, an equity-method affiliate of the Company.

Major Initiatives

● Iron Ore Carriers

- Executed contracts to build four LNG fuel Capesize bulkers.
- Implemented CO2 emission offsets from iron ore carrier's voyages on Australian routes
- Participated in the Designated Owners & Operators (DOO) program of a major resource company, which aims to improve the safety of marine transportation and the welfare of seafarers.

● MOL Drybulk Ltd.

(Bulkers)
- Decided to adopt the Wind Challenger technology for Enviva's new vessel for transporting wood pellets (scheduled for delivery in 2024).
- Strengthened partnership with U.K. DRAX to decrease greenhouse gas from transport of wood pellets.
- Received deliveries of 2 new vessels.

(Woodchip carriers)
- Received deliveries of 4 new vessels.

(Multipurpose vessels)
- Received deliveries of 5 new vessels, 1 of which is equipped with a Marine Gas Oil engine.

Energy Business

		Revenue composition ratio	24.11%
Revenues*		Ordinary profit (loss)	
FY2022	**¥388.7 billion**	FY2022	**¥39.5 billion**
FY2021	¥294.0 billion	FY2021	¥19.8 billion

* Revenues represent those from external customers.

[Major Business Lines]
- Owning and operating tankers such as crude oil tankers; product tankers that carry naphtha, gasoline and other refined petroleum products; and chemical tankers that carry liquid chemical products.
- Owning and operating LNG carriers that carry liquefied natural gas, and development of offshore businesses such as FPSO (floating production, storage and offloading system) and FSRU (floating storage and regasification unit).
- Owning and operating steaming coal carriers for the transport of coal for thermal power generation.
- Development and promotion of wind power generation related business.

Overview of FY2022 Market and Business Conditions

● Tankers

- In the very large crude oil carrier (VLCC) market, rates remained firm from the summer due to factors such as an increase in ton-miles associated with shifts in trading patterns amid the Russian invasion of Ukraine and releases from the U.S. strategic petroleum reserve.
- The product tanker market saw firm cargo movements, with an increase in ton-miles achieved through procurement of alternatives for Europe-destined petroleum products, which were shipped from Russia, from further afield, as seen in the VLCC market, and through surplus Russian petroleum products being redirected to China and India, which are further afield than Europe. This strong market condition has also helped boost the revenues of Waterfront Shipping Limited, in which the Company holds a partial stake.
- The tanker business as a whole posted a significant year-on-year increase in profits, thanks to favorable market conditions and efforts to stably fulfill existing long-term contracts and reduce costs.

● Liquefied Gas

- Whilst continuing to generate stable profits through existing long-term charter contracts, the LNG carrier business posted a year-on-year decline in profit due to the effect of the expiration of some long-term contracts, etc.
- The LPG carrier market remained firm with increased cargo movement fueled by increased production in the United States and the Middle East.

- The FSRU business increased year-on-year profitability with additional utilization of existing vessels due to execution of new short-term contracts.

● Offshore
- In the offshore business, year-on-year profitability remained almost unchanged with continuing accumulation of stable profits from existing long-term charter contracts and the delivery of 2 new FPSOs.

● Wind and Carbon Power
- Year-on-year profit increased with high utilization of mid to long-term contracted vessels, as well as firm cargo demand from Japanese coal-fired power plants.
- Promoted active participation and investment in the offshore wind power value chain in order to develop new profitable business due to the global trend toward decarbonization.

Major Initiatives

● Tankers
- Completed the world's first Net Zero Voyage by a bio-methanol-fueled vessel and construction of a new vessel, "CYPRESS SUN," in a collaborative effort with Methanex to reduce GHG emissions.
- Executed a shipbuilding contract for 2 LNG dual-fuel Very Large Crude Carriers (VLCCs) and purchased 1 used fuel-efficient VLCC.
- Executed charter contract and construction contract for methanol-fueled coastal tanker for Mitsubishi Corporation.

● Liquefied Gas

(LNG carriers)
- Executed time charter contracts for 6 new LNG carriers with China National Offshore Oil Corporation (CNOOC), 7 with Qatar Energy, 3 with ENN, and 1 with TotalEnergies.

(FSRU)
- Commenced operation of MOL FSRU CHALLENGER as an offshore LNG storage facility and contributor to Singapore's energy security.
- Contributed to addressing emergency power demand in Brazil with arrival of remodeled KARMOL LNGT POWERSHIP ASIA.

● Offshore
- Started commercial operation of Cargo Transfer Vessel (CTV) for Petróleo Brasileiro S.A. (Petrobras).
- Started joint consideration with Petronas and Chevron to develop liquefied CO2 transport business for Carbon Capture, Utilization and Storage (CCUS) in Asia.
- Commenced FPSO GUANABARA MV31 operations for Petrobas's Mero field of Brazilian offshore pre-salt oil field.

● Wind and Carbon Power
- Completed SHOFU MARU, the world's first coal carrier equipped with Wind Challenger (hard sail wind propulsion).
- Received delivery of 2nd and 3rd next-generation coal carriers, EeneX, designed to be environmentally friendly and safe.
- Received delivery of Asia's first SOV, TSS PIONEER, and used it for a long-term charter contract with Ørsted in Taiwan.
- Established investment fund for Japanese offshore wind power generation business with Hokutaku and made the initial investment through the fund.
- Participated in a human resource development project subsidized by Ministry of Economy, Trade and Industry through training facilities specializing in offshore wind power O&M (operation and maintenance).

Product Transport Business			
		Revenue composition ratio	42.02%
Revenues*		Ordinary profit (loss)	
FY2022	**¥677.3 billion**	FY2022	**¥705.4 billion**
FY2021	¥515.3 billion	FY2021	¥662.9 billion

Containerships share of Product Transport Business			
		Revenue composition ratio	3.29%
Revenues*		Ordinary profit (loss)	
FY2022	**¥53.0 billion**	FY2022	**¥620.1 billion**
FY2021	¥56.6 billion	FY2021	¥634.0 billion

* Revenues represent those from external customers.

[Major Business Lines]

- Offering total logistics solutions through air and sea forwarding, land transport, warehousing services, services for the transport of heavy goods, etc.
- Owning and operating specialized car carriers for the transport of completed cars and construction machinery, and developing comprehensive car transport services such as land transport and terminal operation.
- Transporting passengers and cargos by operating ferries and coastal RoRo ships in inshore Pacific and Seto Inland Sea.

Overview of FY2022 Market and Business Conditions

● Containerships

- Ocean Network Express Pte. Ltd., an equity-method affiliate of MOL, continued to see robust transport demand, especially on Asia-North America and Asia-Europe routes during the first half of the fiscal year. In the second half of the fiscal year, however, short-term freight rates weakened rapidly due to the buildup of merchandise inventories in North America, which became more pronounced from the summer along with the decline in consumption in Europe due to rising inflation. However, the profit accumulation in the first half of the fiscal year resulted in the profitability of the Containerships business remaining at a record high level, on par with the previous fiscal year.

● Car Carriers

- Year-on-year transport levels are maintained by flexibly reviewing ship allocation plans amid fluctuations in finished vehicle volumes due to global semiconductor shortages and COVID-19 pandemic. The Car Carriers business achieved substantial year-on-year profit growth due to reasons such as increased cargo movement from China and India and improvement in transport efficiency.

● Ferries and Coastal RoRo Ships

- The passenger transportation business saw a sharp rebound in the number of passengers year on year due to the easing of COVID-19 restrictions.
- The cargo transportation business was also stable despite the delayed recovery of automotive-related business.
- Achieved recovery in the number of passengers and improvement in year-over-year profits in the Ferries and Coastal RoRo Ships business overall.

Major Initiatives

● Containerships

- Acquired nearly 30% of Atlas Corp., which owns Seaspan, the world's largest owner of containerships.
- Installed Bow Wind Shields on the bows of 2 large containerships to reduce air resistance and CO2 emissions.
- Conducted global promotion of digital tool, ONE eCommerce/Mobile App, to enable self-service completion of all processes from quotation to booking, B/L issuance, payment, and cargo release, etc.

● Car Carriers

- Promoted countermeasures against environmental issues such as placing additional orders of 4 LNG-fueled car carriers, making carbon offset voyages from Japan to Europe, and supplying biodiesel fuel in Singapore.
- Decided new LNG-fueled car carrier color design and series name (“BLUE” series).

● Terminals and Logistics

- Acquired MOL Logistics Co., Ltd. to make it a wholly-owned subsidiary in order to strengthen group management.
- For the overseas terminal business, executed a share transfer agreement for the North American container terminal, TraPac, LLC.
- For the logistics business, MOL Logistics Co., Ltd. Group conducted operation of trucks using next-generation biodiesel fuel.
- For the Japanese terminal business, UTOC Corporation has taken initiative to reduce environmental impact by ordering two decarbonized tire-type transfer cranes at the Port of Yokohama.

● Ferries and Coastal RoRo Ships

- Began service of Japan’s first LNG-fueled ferry “Sunflower Kurenai” on the Osaka-Beppu route.
- Decided to merge 2 group companies operating ferries and coastal RORO ships in October 2023.

Real Property Business

		Revenue composition ratio	2.46%
Revenues*		Ordinary profit (loss)	
FY2022	**¥39.5 billion**	FY2022	**¥8.1 billion**
FY2021	¥38.9 billion	FY2021	¥9.7 billion

* Revenues represent those from external customers.

[Major Business Lines]

- Land and building lease, building management, etc.

Overview of FY2022 Market and Business Conditions

- The real property business recorded stable profits despite the reconstruction of some of the office buildings owned by DAIBIRU CORPORATION.

Major Initiatives

- Completed making DAIBIRU CORPORATION a wholly-owned subsidiary in April 2022.
- Completed several new investments in Japan, including the acquisition of partial equity interest in “Otemon Tower/ENEOS Building” and “Otemachi First Square.”
- Began an ESG-friendly office development project overseas in the suburbs of Atlanta, USA.

Associated Businesses

		Revenue composition ratio	3.54%
Revenues*		Ordinary profit (loss)	
FY2022	**¥57.1 billion**	FY2022	**¥(0.5) billion**
FY2021	¥44.5 billion	FY2021	¥(2.3) billion

* Revenues represent those from external customers.

[Major Business Lines]

- Cruise business, tugboat business, overseas human resources business, trading company business (fuel, vessel materials, sales of machinery, etc.), etc.

Overview of FY2022 Market and Business Conditions

- The demand in the cruise business recovered and its profits improved year on year due to the easing of COVID-19 restrictions.
- The tugboat business posted a year-on-year increase in profits due to a rise in the number of vessels requiring tugboat services entering/leaving port and revision of tugboat service fees, though the situation varies from company to company and port to port.

Major Initiatives

- Mitsui O.S.K. Passenger Line Co., Ltd. began operation of its first overseas-destination cruise after COVID-19 pandemic called “Mauritius Precious Cruise aboard Nippon Maru.”
- Purchased 32,000-ton cruise ship “SEABOURN ODYSSEY” from Seabourn Cruise Line Limited as a measure to expand the cruise business. Delivery of the vessels was completed in March 2023.
- Conducted trial bunkering operations of LNG-fueled tugboat “Ishin” at Tomakomai Port.
- Expanded overseas human resources consulting business by forming a business partnership with Nishi-Nippon Financial Holdings, Inc., Tokyu Hotels & Resorts Co., Ltd., NPO WELgee, and Oarai Town, Ibaraki Prefecture.

Others

		Revenue composition ratio	1.22%
Revenues*		Ordinary profit (loss)	
FY2022	**¥19.6 billion**	FY2022	**¥1.7 billion**
FY2021	¥15.7 billion	FY2021	¥2.7 billion

* Revenues represent revenues from external customers.

[Major Business Lines]

- Ship operation business, ship management business, ship chartering business, financing business, information service business, accounting service business, marine consulting business, etc.

Overview of FY2022 Market and Business Conditions

- Ordinary profit in this segment, which is mainly the MOL Group’s cost centers, decreased from the previous fiscal year.

3. Management Strategies of MOL and Issues to be Addressed

A. Management Strategies

Management Plan "BLUE ACTION 2035" – Taking the leap to becoming a global social infrastructure company

We introduced the rolling management plan (Rolling Plan) in fiscal year 2017 and improved our financial position and reformed our business portfolio to achieve the vision for 2027. For Rolling Plan 2022, we proceeded with a variety of initiatives in line with 3 strategies under the theme of "Demonstrating the Group's comprehensive strengths and taking on the challenge of global growth." As part of our portfolio strategy, we actively invested in non-shipping businesses such as real property and cruise businesses. For our environmental strategy, we steadily accumulated environmental investments in line with Environmental Vision 2.1. For our regional strategy, we enhanced sales activities in India and other overseas countries and established systems to support them. In April 2022, we also formulated the MOL Sustainability Plan while working on the Rolling Plan 2022 and MOL Sustainability Plan in our efforts to create a more sustainable society and improve the corporate value of the MOL Group.

Since fiscal year 2021, each MOL Group business, including the containership business, has performed well. As a result, our financial position rapidly improved as we achieved the fiscal year 2027 financial targets set in 2017 for the second consecutive year. In order to conceptualize and set the Group's next stage and to show the path toward our vision based on long-term strategies, we formulated the Group management plan "BLUE ACTION 2035" with the target year of 2035.

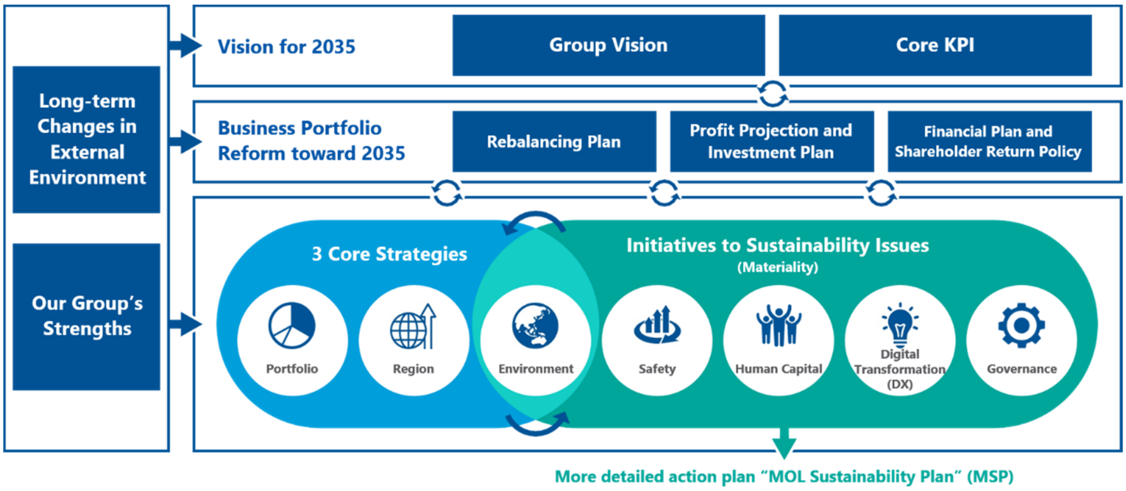
Group Corporate Mission	From the blue oceans, we sustain people's lives and ensure a prosperous future.
Group Vision	We will develop a variety of social infrastructure businesses in addition to traditional shipping businesses, and will meet evolving social needs, including environmental conservation, with innovative technology and services. The MOL group aims to be a strong and resilient corporate group that provides new value to all stakeholders and grows globally.
MOL CHARTS	Challenge / Honesty / Accountability / Reliability / Teamwork / Safety

BLUE ACTION 2035 combines elements of Rolling Plan 2022 and MOL Sustainability Plan and more strongly shows sustainability management. The Group's sustainability management is based on long-term strategy to realize sustainable growth which can also handle social issues and environmental perspectives. We will ultimately achieve our Group vision by solving sustainability issues and improving corporate value through BLUE ACTION 2035 initiatives in line with our corporate mission and the spirit of MOL CHARTS.

In the formulation of BLUE ACTION 2035, the Company independently analyzed long-term changes in the external environment, defined the Group's vision of what the Group wants to achieve in 2035 upon reconfirming the Group's strengths, and established Core KPIs for its evaluation. In order to transform our business portfolio to realize our vision, in addition to 3 main supporting strategies from Rolling Plan 2022, we have set the top 5 items of "Initiatives Addressing Sustainability Issues," which are also the initiatives to develop the foundation of supporting strategies, as the core of BLUE ACTION 2035.

Although BLUE ACTION 2035 sets fiscal year 2035 as the year to achieve the Group vision, BLUE ACTION 2035 is formulated based on backcasting under which the period is divided into 3 phases of 3 years + 5 years + 5 years. For Phase 1 (2023 to 2025), we will maintain the "Vision for 2035 and business portfolio targets" which we have set this time. From fiscal 2024 onward, we will update the action plan each year while monitoring Core KPIs.

[Translation for Reference and Convenience Purposes Only]



<Core KPIs and profit targets>

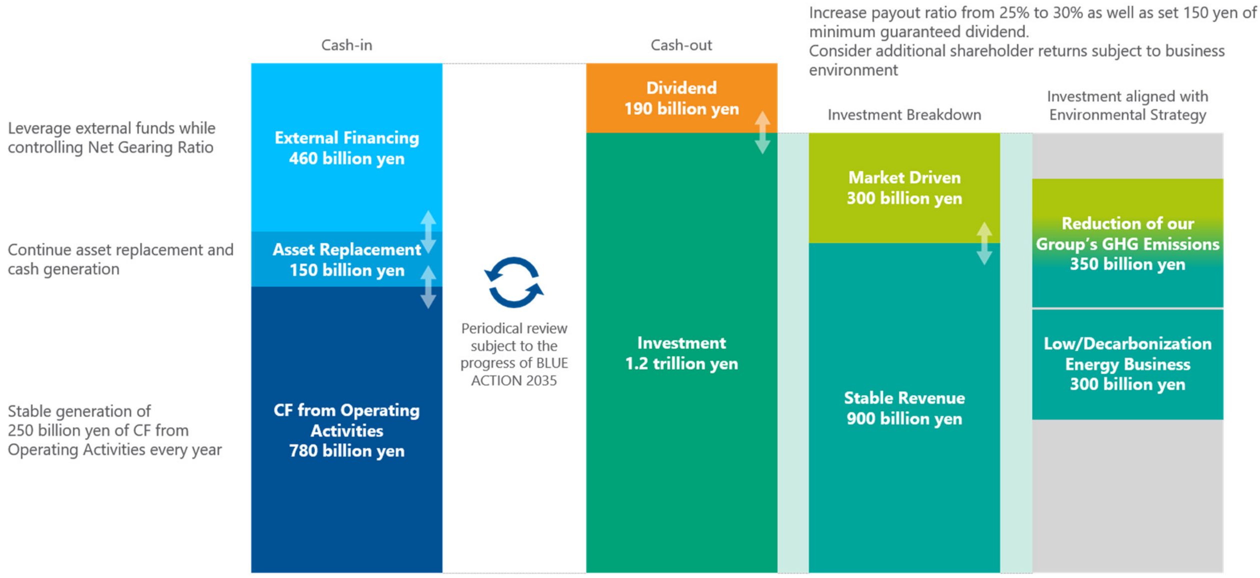
	KPI		FY2022 Results	Phase 1 FY2025	Phase 2 FY2030	Phase 3 FY2035
Financial KPI	Profit before tax (unit: billions of yen)		819.1	240.0	340.0	400.0
	Net Gearing Ratio[*1]		1.01	0.9~1.0		
	ROE		49.8%	9~10%		
Non-Financial KPI	Enviro-nment	GHG emissions intensity reduction rate[*2] (Compared to 2019)	▲3.6% (Results in FY2021)	-	-	▲45%
	Safety	4 Zero[*3]	Unachieved (One fatal accident)	Achieve		
	Human Capital	Percentage of female employees in managerial positions (Office workers, non-consolidated)	9.2%	15%	[Reset by the end of Phase 1]	
		Percentage of MGKP[*4] incumbents (Female/Non-HQ/Under 40s)	4.7%/18.3%/9.5%	8%/30%/15%		
	DX	Conversion rate to value creation and safety work (cumulative)	-	10%	20%	30%

(Unit: billions of yen)	FY2022[*5] Results	FY2025[*5]	FY2030[*5]	FY2035[*5]
Dry Bulk Business	57.6	25.0	29.0	31.0
Energy Business	39.5	70.0	84.0	96.0
Product Transportation Business	705.4	124.0	195.0	225.0
(Of which, containership business)	(620.1)	(67.0)	(140.0)	(160.0)
Wellbeing Lifestyle Business	8.1[*6]	19.0	29.0	45.0
Associated Business and Others	0.8	2.0	3.0	3.0
Total (A)	**811.5**	**240.0**	**340.0**	**400.0**
Projected Total Assets (B)	**4600.0**	**5400.0**	**6400.0**	**7500.0**
ROA (A)/(B)	**17.6%**	**4.4%**	**5.3%**	**5.3%**

*1 Interest-bearing debt is assumed to include off-balance sheet assets (approximately ¥900 billion) such as future charter fees which must be factored in after the introduction of IFRS. These figures are estimates based on certain assumptions made by the Company and may differ from figures calculated when IFRS is officially applied.
*2 Fiscal year 2022 results are scheduled to be updated in briefing materials for FY2023 1st Quarter financial results.
*3 4 ZEROS: zero serious marine incidents, zero oil pollution, zero fatal accidents, and zero serious cargo damage
*4 MOL Group Key Positions. Positions designated as a position in Group or on a global basis equivalent to general manager of head office.
*5 The profit figures above show ordinary profits for FY2022 results and profits before tax for FY2025 onward.
*6 The FY2022 profit figures for the Wellbeing Lifestyle Business show only operating profits from the real property business.

[Translation for Reference and Convenience Purposes Only]

<Cash flows and shareholder return>
Corporate value will be enhanced by generating stable operating cash flow by overhauling our business portfolio, by developing alternative fuel fleets that reduce GHG emissions of the MOL Group, and by investing in low carbon and decarbonized businesses with growth potential.



As for shareholder returns, the “Rolling Plan 2022” set a dividend payout ratio of 25%. However, per BLUE ACTION 2035, we raised the dividend payout ratio to 30% in the Phase 1 (2023 to 2025) based on prime Tokyo Stock exchange movements. We have also set a minimum dividend of 150 yen per share to prevent the dividend from becoming too small during down shipping market cycles. When profits exceed original expectations, capital controls such as share buybacks may be implemented with 9~10% of ROE target in mind.

B. Issues to be Addressed

(i) Overhaul of business portfolio

We understand that an important management issue for MOL is to secure stable profits even when there is a weak shipping market. With this understanding, we are implementing initiatives to find solutions by building an optimal business portfolio by taking measures such as increasing the ratio of our stable revenue businesses while at the same time further growing businesses outside of maritime transportation.

(ii) Sustainability issues

We have identified 5 "Sustainability Issues (Materiality)" as important issues for the Group to achieve sustainable development together with society through realization of Group Vision. We have formulated the "MOL Sustainability Plan" as an action plan for solving issues including sustainability issues addressed in "BLUE ACTION 2035" and will steadily take sound initiatives to implement the plan.

Safety & Value Provide added value through safe transportation and our social infrastructure business	**Environment** Conservation for Marine and global environment	**Human & Community** Contributing to the growth and development of people and communities	**Innovation** Innovation for development in marine technology	**Governance** Governance and compliance to support businesses
MOL aims to promote sustainability and prosperity in people's everyday lives and in industries around the world, by transporting energy, commodities, and finished products safely, reliably, and cost-effectively. The MOL Group continually aims to expand its social infrastructure business, centered primarily on ocean shipping.	MOL aims to minimize the negative impacts of its business activities (marine environmental pollution, air pollution, reduction of biodiversity, climate change, etc.) and to ensure a sustainable world for everyone.	MOL aims to achieve successful coexistence among everyone in the MOL Group and in the sustainable growth and development of communities through its activities as a corporate group that respects diverse personalities and that can maximize the capabilities of every employee.	MOL aims to enhance its business through advanced technologies using clean energy and ICT, and to contribute to addressing various social issues. This will also help the group "Provide added value through safe transportation and our social infrastructure business" and achieve its goal of "Conservation for Marine and global environment."	Through enhancement of corporate governance and thorough compliance, MOL aims to ensure transparency in group-wide management, build the foundation for its initiatives on social issues through business activities, and to establish sustainable value chains in consideration of human rights, safety, and the environment.
Theme of initiative	Theme of initiative	Theme of initiative	Theme of initiative	Theme of initiative
● Value through main business ● Safety quality ● More added value	● Climate change countermeasures ● Preservation of marine environments ● Protection of biodiversity ● Prevention of air pollution	● Diversity, equity & inclusion ● Mutually empowered ● Highly engaged ● Growing together with local communities	● Promote wide adoption of clean energy ● Increasing energy efficiency of vessels ● Safe/efficient operation using ICT ● DX	● Management transparency ● Information security ● Responsible procurement ● Respect for human rights ● Fair trade ● Anti-bribery
SDGs to contribute through initiatives	SDGs to contribute through initiatives	SDGs to contribute through initiatives	SDGs to contribute through initiatives	SDGs to contribute through initiatives
1 NO POVERTY 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 17 PARTNERSHIPS FOR THE GOALS	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

[Translation for Reference and Convenience Purposes Only]

<Strategies and Initiatives>

Strategy/Initiative	Key Points of Phase 1 (2023 - 2025)	What we want to be in 2035
Portfolio Strategy	Measure and manage business profitability by segment ROA and company-wide capital costs	Reform to a portfolio that can maintain profitability even during a shipping recession
Regional Strategy	Shift to an organizational structure to promote business globally which supports portfolio reform	Demonstrate presence in the global market as a global social infrastructure company
Environmental Strategy	Implement and accelerate Initiatives 1 - 5 to achieve net zero	Achieve GHG reduction targets set forth in the Environmental Vision
Safety	Continuously achieve "4 Zero*" with innovation for our initiatives in safety	Establish a safety culture across regions and business units
Human Capital	Centralize human capital planning across global MOL group as well as headquarters	Support achieving Group Vision for 2035 from a human capital perspective
DX (Digital Transformation)	Focus on changes in "Business" and "Culture"	Be a leading company using digital power to address social issues not limited to shipping
Governance	Corporate governance evolving from the board of directors, sophistication of business management, and enhancement of intelligence to deal with management risks	Sophistication of governance in support of Group's vision

4 Zero: zero serious marine incidents, zero oil pollution, zero fatal accidents, and zero serious cargo damage

Since 2012, MOL Group is under investigation of antitrust authorities in the U.S. and other overseas countries for suspicion of violation of each country's competition laws in connection with ocean transport services of complete build-up vehicles. In connection therewith, class-action lawsuits were also filed in the U.K., etc. against MOL Group seeking damages and cease and desist order for MOL Group's conduct in question. The MOL Group takes this situation very seriously, and will continue to work to enhance compliance, including compliance with antitrust laws, and to prevent recurrence.

4. Financial Position and Results of Operations

(¥ million)

Category	FY2019	FY2020	FY2021	FY2022 (current fiscal year)
Revenues	1,155,404	991,426	1,269,310	1,611,984
Ordinary profit	55,090	133,604	721,779	811,589
Profit attributable to owners of parent	32,623	90,052	708,819	796,060
Net income per share (¥)	90.93	250.99	1,970.16	2,204.04
Total assets	2,098,717	2,095,559	2,686,701	3,564,247
Total net assets	641,235	699,150	1,334,866	1,937,621
ROE (Ratio of net income to shareholders' equity)	6.3%	16.5%	76.5%	49.8%
ROA (Ratio of ordinary profit to total assets)	2.6%	6.4%	30.2%	26.0%
Equity ratio	24.5%	27.6%	47.4%	54.0%
Net gearing ratio* *(Interest-bearing debt - Cash and cash equivalents)/Shareholders' equity	194%	163%	71%	55%

Notes:
1. Figures in revenues, ordinary profit, profit attributable to owners of parent, total assets and total net assets are rounded down to the nearest million.
2. The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022. In terms of trend of net income shown above, net income per share for each fiscal year is calculated on the assumption that the said split of shares had been made at the beginning of FY2019.
3. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of FY2021, and each figure for FY2021 is the figure after applying the accounting standard and relevant ASBJ regulations.

5. Fund Raising

The Group's funds required in the fiscal year under review were financed mainly with our own resources and borrowings from financial institutions.

6. Capital Investment

The Group's capital investment, mainly in ships, implemented in the fiscal year under review amounted to ¥272.0 billion.

(¥ million)

Name of Segment	Amount of Capital Investment
Dry Bulk Business	20,003
Energy Business	118,886
Product Transport Business	33,245
Containerships only	5,191
Real Property Business	59,794
Associated Businesses	34,153
Others	3,233
Adjustment	2,774
Total	272,092

Notes:
1. Figures less than one million yen are rounded down to the nearest million.
2. "Adjustment" includes assets which are not allocated to segments and reconciled transactions among segments.

Seven vessels in Dry Bulk Business, Energy Business, and Product Transport Business were sold.

Sale of Vessels

Name of Segment		Number of Vessels	Deadweight Tons (in thousands)	Book Value (¥ million)
Dry Bulk Business		1	206	1,180
Energy Business		5	475	18,802
Product Transport Business		1	3	0
	Containerships only	–	–	–
Total		7	685	19,983

Note: Figures less than one million yen are rounded down to the nearest million.

7. Major Creditors (As of March 31, 2023)

(¥ million)

Creditor	Loan Outstanding
Sumitomo Mitsui Banking Corporation	169,588
Development Bank of Japan Inc.	62,223
MUFG Bank, Ltd.	26,692
THE YAMAGUCHI BANK, Ltd.	23,432
Shinkin Central Bank	22,055

Note: Figures less than one million yen are rounded down to the nearest million.

8. Principal Business (As of March 31, 2023)

Marine transportation business, such as collection of freight, ship charter hire and operation handling charges by providing worldwide maritime cargo transport services including bulk carriers, various specialized vessels, tankers, LNG carriers and containerships; offshore business; warehousing business; real estate leasing business

9. Principal Business Offices (As of March 31, 2023)

■ **The Company**

	Location
Head and registered office	Tokyo Pref.
Branch offices	Hokkaido (Hokkaido Pref.), Nagoya (Aichi Pref.), Kansai (Osaka Pref.), Kyushu (Fukuoka Pref.), Hiroshima (Hiroshima Pref.)
Representative office	Beijing Representative Office (China)

■ **Subsidiaries**

- Principal domestic business offices
  Tokyo Pref., Kanagawa Pref., Osaka Pref., Hyogo Pref.
- Principal overseas business offices
  U.S.A., Mexico, Brazil, Chile, United Kingdom, Germany, the Netherlands, Belgium, Norway, Turkey, South Africa, Kenya, China, Taiwan, South Korea, the Philippines, Vietnam, Singapore, Malaysia, Indonesia, India, Thailand, Myanmar, Australia, New Zealand, UAE

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10. Shipping Tonnage of the Group (As of March 31, 2023)

Category	Dry Bulk Business		Energy Business		Product Transport Business			
	Dry Bulkers		Tankers, LNG Carriers and Steaming Coal Carriers				Of which, Containerships	
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands		in thousands
Owned vessels	42	4,812	101	10,776	79	2,382	18	1,435
Chartered vessels	234	20,745	159	8,234	73	3,393	22	2,590
Others	–	–	5	305	–	–	–	–
Total	276	25,557	265	19,314	152	5,775	40	4,025

Category	Product Transport Business		Associated Businesses		Others		Total	
	Of which, Car Carriers, Ferries, RoRo Ships		Cruise Ship		Others			
	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons	Number of Vessels	Deadweight Tons
		in thousands		in thousands		in thousands		in thousands
Owned vessels	61	947	2	8	–	–	224	17,977
Chartered vessels	51	802	–	–	2	12	468	32,383
Others	–	–	–	–	–	–	5	305
Total	112	1,749	2	8	2	12	697	50,666

Note: Shipping tonnage shown is for the Company and its consolidated subsidiaries.

11. Employees of the Group (As of March 31, 2023)

Name of Segment	Number of Employees	
Dry Bulk Business	245	(41)
Energy Business	902	(75)
Product Transport Business	4,398	(814)
Containerships only	52	(9)
Real Property Business	1,152	(1,044)
Associated Businesses	859	(261)
Others	699	(85)
Company-wide (common)	493	(165)
Total	8,748	(2,485)
As of March 31, 2022	8,547	(2,494)

Notes: 1. The number of employees includes the entire labor force, and the approximate average number of temporary employees is indicated in parentheses.
2. The employees indicated as Company-wide (common) belong to administrative departments, which cannot be classified in any specific segment.

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12. Principal Subsidiaries (As of March 31, 2023)

Company	Paid-in Capital (¥ million)	Percentage of Equity Participation (%)	Principal Business
DAIBIRU CORPORATION	12,227	100.00	Real estate business
Utoc Corporation	2,155	100.00	Harbor and transportation business
MOL Ferry Co., Ltd.	1,577	100.00	Marine transportation business
MOL Logistics Co., Ltd.	756	100.00	Air Transport agents and other businesses
MOL Drybulk Ltd.	660	100.00	Marine transportation business
Nissan Motor Car Carrier Co., Ltd.	640	90.00	Marine transportation business
MOL Techno-Trade, Ltd.	490	100.00	Sales of fuel oil/vessel materials/ machinery
Mitsui O.S.K. Passenger Line, Ltd.	100	100.00	Marine transportation business
Ferry Sunflower Ltd.	100	100.00	Marine transportation business
Phoenix Tankers Pte. Ltd.	229,311 USD Thousand	100.00	Marine transportation business
MOL Chemical Tankers Pte. Ltd.	262,369 SGD Thousand	100.00	Marine transportation business
TraPac, LLC.	–	*100.00	Harbor and transportation business

Notes: 1. Figures less than one million yen are rounded down to the nearest million. Figures less than one thousand USD and one thousand SGD are rounded down to the nearest thousand.
2. Percentage of Equity Participation is the total of percentage of direct equity participation by the Company and indirect equity participation through subsidiaries.
Figures prefixed by * include a percentage of indirect equity participation by subsidiaries. Such figures reflect the percentage of equity participation of the holding subsidiary held by the Group.

13. Principal Equity Method Affiliates (As of March 31, 2023)

Company	Paid-in Capital	Percentage of Equity Participation (%)	Principal Business
Ocean Network Express Pte. Ltd.	3,000,000 USD Thousand	*31.00	Marine transportation business

Notes: 1. Figures less than one thousand USD are rounded down to the nearest thousand.
2. Percentage of Equity Participation is the total of percentage of direct equity participation by the Company and indirect equity participation through affiliates.
Figures prefixed by * include a percentage of indirect equity participation by affiliates. Such figures reflect the percentage of equity participation of the holding affiliate held by the Group.

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II. Status of Shares (As of March 31, 2023)

1. **Total Number of Shares Authorized to Be Issued** 946,200,000 shares
2. **Number of Shares Issued** 362,010,900 shares
(**including own shares** 254,056 shares)

Notes: 1. The Company implemented a stock split as of April 1, 2022 when each share of common stock was split into 3 shares. As a result, the total number of issued shares has increased by 241,257,222 shares.
2. On July 21, 2022 and August 26, 2022, the Company issued a total of 125,067 shares in order to grant restricted shares to 107 individuals made up of directors, executive officers and employees of the Company and directors, etc. of subsidiaries of the Company.

3. **Number of Shareholders** 384,381 parties
4. **Major Shareholders**

Name of Shareholders	Investment in the Company by the Shareholders	
	Number of Shares (in thousands)	Investment ratio (%)
1. The Master Trust Bank of Japan, Ltd. (Trust Account)	38,916	10.76
2. STATE STREET BANK WEST CLIENT - TREATY 505234	11,570	3.20
3. Custody Bank of Japan, Ltd. (Trust Account)	9,895	2.74
4. Sumitomo Mitsui Banking Corporation	9,000	2.49
5. Mitsui Sumitomo Insurance Co., Ltd.	4,949	1.37
6. Mizuho Bank, Ltd.	4,200	1.16
7. State Street Bank and Trust Company 505225	3,557	0.98
8. The Bank of New York Mellon 140044	3,548	0.98
9. Sumitomo Mitsui Trust Bank, Limited	3,471	0.96
10. Sumitomo Life Insurance Company	3,180	0.88

Notes: 1. Shares less than 1,000 have been rounded down to the nearest 1,000 shares.
2. Shares of the above loan and trust companies include shares related to trust services.
3. The investment ratio is calculated excluding own shares (254,056 shares).

■ **Composition of shareholders**

Financial institutions	27.3% (including 18.2% of trust account)
Individual investors	47.1%
Domestic corporations	3.8%
Foreign investors	19.7%
Securities companies	2.1%
Own shares	0.1%

5. **Status of Shares Issued to Company Officers as Consideration for Performance of Duties in the Current Fiscal Year**

Category	Number of Shares (shares)	Number of Grantees (persons)
Directors (excluding Outside Directors)	30,798	5
Outside Directors	1,485	3
Audit & Supervisory Board Members	–	–

Note: For details of compensation involving the Company’s stock, please see “IV. 2. Amounts of Remunerations, etc. of Directors and Audit & Supervisory Board Members” on page 51 of the Business Report.

[Translation for Reference and Convenience Purposes Only]

III. Matters Concerning Share Option

1. Outline of Share Options Held by the Company's Officers at the End of the Fiscal Year under Review, etc.

Issue date	August 16, 2013	August 18, 2014	August 17, 2015	August 15, 2017	August 15, 2018
Total number of holders (persons)	1	3	4	6	5
MOL Directors (excluding outside directors) (persons)	1	3	4	4	4
MOL Outside Directors (persons)	0	0	0	2	1
MOL Audit & Supervisory Board Members (persons)	None	None	None	None	None
Total number of share options (units)	30	42	162	204	135
Class and number of shares subject to the share options (shares)	(common stock) 9,000	(common stock) 12,600	(common stock) 48,600	(common stock) 61,200	(common stock) 40,500
Paid-in value at exercise of share options (yen)	without consideration	without consideration	without consideration	without consideration	without consideration
Exercise price (yen per share)	1,490	1,374	1,424	1,260	981
Exercise period of the share options	August 2, 2015 to June 20, 2023	August 2, 2016 to June 23, 2024	August 1, 2017 to June 20, 2025	August 1, 2019 to June 25, 2027	August 1, 2020 to June 23, 2028
Exercise conditions of the share options	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

Issue date	August 15, 2019	August 17, 2020
Total number of holders (persons)	5	4
MOL Directors (excluding outside directors) (persons)	4	3
MOL Outside Directors (persons)	1	1
MOL Audit & Supervisory Board Members (persons)	None	None
Total number of share options (units)	230	114
Class and number of shares subject to the share options (shares)	(common stock) 69,000	(common stock) 34,200
Paid-in value at exercise of share options (yen)	without consideration	without consideration
Exercise price (yen per share)	988	702
Exercise period of the share options	August 1, 2021 to June 22, 2029	August 1, 2022 to June 21, 2030
Exercise conditions of the share options	(Note 1)	(Note 1)

Notes:
1. 1) A share option cannot be partially exercised.
   2) Even if the grantee no longer holds a position as an officer of the Company, he/she may exercise share options. However, if the grantee is sentenced to imprisonment or heavier penalty, dismissed from office, or passes away, the granted share options shall become invalid immediately.
   3) Other exercise conditions of share options are according to the decision of the Board of Directors.
2. The share options include rights granted prior to their appointments as MOL directors.
3. The Company implemented a stock split with an effective date of April 1, 2022 when each share of common stock was split into 3 shares.
   The table above shows the number and price of shares after adjustment.

2. Outline of Share Options Granted to MOL Employees, etc. during the Fiscal Year under Review, etc.

There are no significant matters to report.

3. Other Significant Matters Concerning Share Options, etc.

There are no significant matters to report.

[Translation for Reference and Convenience Purposes Only]

IV. Matters Concerning Officers

1. Directors and Audit & Supervisory Board Members (As of March 31, 2023)

Position	Name	Assignment	Significant Concurrent Positions Outside the Company
Representative Director, Chairman Executive Officer	Junichiro Ikeda		
Representative Director, President, Chief Executive Officer	Takeshi Hashimoto		
Representative Director, Executive Vice President, Executive Officer	Toshiaki Tanaka	Assistant to President, Chief Environment and Sustainability Officer, Responsible for: Environment & Sustainability Strategy Division, Corporate Marketing Division, Supervisor for Corporate Communication Division	
Director, Senior Managing Executive Officer	Kenta Matsuzaka	Director General, Headquarters of Energy Business, Responsible for: Europe and Africa Area, Work-Style Reforms	
Director, Senior Managing Executive Officer	Yutaka Hinooka	Chief Compliance Officer, Assistant to Chief Safety Officer, Deputy Director General, Headquarters of Safety Operations, Responsible for: Secretaries & General Affairs Division, Legal Division, Liner Business Management Division, Real Property Business Division	
Director	Hideto Fujii		Provided in 6. Matters Concerning Outside Officers below.
Director	Etsuko Katsu		Provided in 6. Matters Concerning Outside Officers below.
Director	Masaru Onishi		Provided in 6. Matters Concerning Outside Officers below.
Full-time Audit & Supervisory Board Member	Toshiaki Takeda		
Full-time Audit & Supervisory Board Member	Masanori Kato		
Audit & Supervisory Board Member	Junko Imura		Provided in 6. Matters Concerning Outside Officers below.
Audit & Supervisory Board Member	Satoru Mitsumori		Provided in 6. Matters Concerning Outside Officers below.

Notes:
1. Directors Hideto Fujii, Etsuko Katsu, and Masaru Onishi are outside directors. They satisfy the requirements for independent officer stipulated under the regulations of the stock exchange on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 19 and 20).
2. Audit & Supervisory Board Members Junko Imura and Satoru Mitsumori are outside audit & supervisory board members. They satisfy the requirements for independent officer stipulated under the regulations of the stock exchange on which the Company's common share is listed, as well as the requirements for independence stipulated under the Company's "Independence Criteria for Outside Officers" (pages 19 and 20).
3. Junko Imura, an audit & supervisory board member, has qualifications as a certified public accountant and considerable knowledge in finance and accounting.

4. Satoru Mitsumori, an audit & supervisory board member, is familiar with corporate legal affairs as an attorney, and has considerable knowledge in finance and accounting.
5. At the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2022, Audit & Supervisory Board Member Hideki Yamashita resigned from his office due to expiration of his term.
6. Executive officers as of March 31, 2023 are as follows (excluding ones concurrently serving as director).

Executive Officers (As of March 31, 2023)

Position	Name	Assignment
Senior Managing Executive Officer	Toshinobu Shinoda	Director General, Headquarters of Dry Bulk Business, Responsible for: Dry Bulk Business Planning & Co-ordination Division, Iron Ore and Coal Carrier Division
Senior Managing Executive Officer	Hirotoshi Ushioku	Director General, Headquarters of Product Transport & Real Property Business, Responsible for: The Americas Area, Car Carrier Division
Managing Executive Officer	Hirofumi Kuwata	Associate Director General, Headquarters of Dry Bulk Business, Deputy Director General, Headquarters of Energy Business, Responsible for: Integrated Wind & Carbon Power Solutions – Carbon Power Solution Unit, Wind Power Projects Unit, Secondarily Responsible for Ferry and Associated Business Division
Managing Executive Officer	Nobuo Shiotsu	Responsible for: East/South East Asia and Oceania Area, Managing Director of MOL (Asia Oceania) Pte. Ltd., Managing Director of MOL Treasury Management Pte. Ltd.
Managing Executive Officer	Junko Moro	Chief Human Resource Officer, Responsible for: Human Resources Division, Secretaries & General Affairs Division (Secretaries), Human Capital Strategy Division
Managing Executive Officer	Osamu Sakurada	Deputy Director General, Headquarters of Product Transport & Real Property Business, Responsible for: Regional Strategy in Japan, Port Projects & Logistics Business Division
Managing Executive Officer	Ryusuke Kimura	Chief Information Officer, Chief Digital Officer, Responsible for: DX Co-Creation Unit, Supervisor for MOL Information Systems, Ltd.
Managing Executive Officer	Mitsuhisa Tanimoto	Chief Safety Officer, Director General, Headquarters of Safety Operations, Responsible for: Human Resources Division, Marine Safety Division, Global Maritime Resources Division, Secondarily Responsible for: Offshore Technical Division, Smart Shipping Division
Managing Executive Officer	Hisashi Umemura	Chief Financial Officer, Responsible for: Corporate Communication Division, Finance Division, Accounting Division
Managing Executive Officer	Ajay Singh	Responsible for: South Asia and the Middle East
Managing Executive Officer	Jotaro Tamura	Responsible for: Corporate Planning Division, Business Process Re-engineering, Structural Reforms
Executive Officer	Mitsuru Endo	Deputy Director General, Headquarters of Safety Operations, Responsible for: Marine Technical Management Division, Liquefied Gas Ship Management Strategies Division, Secondarily Responsible for: Marine Safety Division, Smart Shipping Division
Executive Officer	Makoto Yamaguchi	Chief Technical Officer, Director General, Headquarters of Technology Innovation, Responsible for: Technical Division, Offshore Technical Division, Smart Shipping Division

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Position	Name	Assignment
Executive Officer	Kazuya Hamazaki	Responsible for: Integrated Liquefied Gas Transport & Offshore Projects – Liquefied Gas Unit 1 (Responsible for Japan, South East Asia & South Asia LNG Business), Liquefied Gas Unit 2 (Responsible for China, Korea, Middle East, Europe, Africa, North & South America, Oceania LNG Business), Liquefied Gas Unit 3 (Responsible for Arctic Ocean, FSRU, Powership Business), Liquefied Gas Ship Management Strategies Division
Executive Officer	Kazuhiro Takahashi	Responsible for: Bunker Business Division, Integrated Tanker & Offshore Projects – Tanker Unit
Executive Officer	Yasuchika Noma	Responsible for: Offshore Technical Division, Integrated Tanker & Offshore Projects – Offshore Unit
Executive Officer	Tsunemichi Mukai	Responsible for: Ferry and Associated Business Division
Executive Officer	Tomoaki Ichida	Responsible for: Energy Business Strategy Division, Bunker Business Division, Integrated Liquefied Gas Transport & Offshore Projects – Liquefied Gas Unit 1 (Responsible for LPG & Ammonia Business), General Manager of Energy Business Strategy Division
Group Executive Officer	Takashi Maruyama	DAIBIRU CORPORATION (Representative Director, President Chief Executive Officer)
Group Executive Officer	Akihiko Ono	Utoc Corporation (Representative Director and President)
Group Executive Officer	Kazuhiko Kikuchi	Deputy Director General, Headquarters of Dry Bulk Business, MOL Drybulk Ltd. (President and Representative Director)
Group Executive Officer	Akira Sasa	MOL Chemical Tankers Pte. Ltd. (Managing Director/Chief Executive Officer)
Group Executive Officer	Ryoji Mitani	MOL Information Systems, Ltd. (President and Representative Director)

2. Amounts of Remunerations, etc. of Directors and Audit & Supervisory Board Members

Category	Number of Persons Remunerated	Total Amount of Remunerations Paid (¥ million)	Total Amount of Remunerations by Type (¥ million)			
			Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	Non-monetary compensation, etc.
			Monthly remuneration (cash)	Single fiscal year performance-based compensation (cash)	Performance-linked stock compensation (stock-based)	Non-Performance-linked stock compensation (stock-based)
Directors (of which, outside directors)	8 (3)	1,096 (45)	301 (41)	673 (-)	118 (-)	4 (4)
Audit & Supervisory Board Members (of which, outside audit & supervisory board members)	5 (3)	98 (26)	98 (26)	-	-	-
Total (of which, outside officers)	13 (6)	1,194 (71)	399 (67)	673 (-)	118 (-)	4 (4)

Notes:
1. The above includes remuneration related to one (1) audit & supervisory board member (who was an outside audit & supervisory board member) who resigned at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2022.
2. Of the above, the total amount of remuneration, etc. paid to the six (6) outside officers is ¥71 million.
3. Recorded figures less than one million yen are rounded down to the nearest million yen.

(1) Policy, etc. for determining the contents of remuneration, etc. of officers
Company Policy for Decisions on the contents of individual remuneration, etc. of directors
At the meeting of the Board of Directors held on April 28, 2022, the Company established the Company Policy for Decisions on the contents of individual remuneration, etc. of directors.
Objective and transparent procedures were taken by having the Board of Directors make a decision after involving the Remuneration Advisory Committee, in which the majority of members are outside directors and which is chaired by an outside director.
The Board of Directors and the Remuneration Advisory Committee respectively conducted a deliberation on monthly compensations and bonuses three times respectively in total in the course of determining the amount of remuneration, etc. of the Company's officers in the fiscal year under review.
As for individual remuneration, etc. of directors for the fiscal year under review, the Board of Directors determined that the remuneration, etc. are in accordance with the determination policy due to the fact that the Board of Directors confirmed that the method of determining the contents of remuneration, etc. and the determined contents of remuneration, etc. are consistent with the determination policy on the contents of individual remuneration, etc. and that the report received from the Remuneration Advisory Committee as the result of its review, which takes into account the said policy, has been respected. The outline of the contents of the policy for determining the contents of individual remuneration, etc. of directors is as follows:

(i) Basic Policy
Remuneration of the Company's directors shall encourage them to execute their duties in conformance with "MOL CHARTS," which represents MOL Group's values and code of conduct, and to motivate them strongly to achieve the Group Vision and the Management Plan (Rolling Plan), with the aim of sustainable enhancement of corporate value in line with the MOL Group's Corporate Mission.
Remuneration level shall be suitable for attracting and retaining human capital and shall motivate employees to become officers of the Company. With regard to the composition of remuneration, remunerations of directors serving concurrently as executive officers shall consist of basic compensation (cash compensation), single fiscal year performance-based compensation (cash compensation) as performance-linked compensation, and long-term target contribution-based

compensation (non-monetary compensation) as performance-linked compensation. Remunerations of directors including outside directors, whose primary role is business execution supervisor and who do not concurrently serve as executive officers, shall consist of basic compensation and non-performance-linked stock compensation (RS) in order for them to carry out their role as business execution supervisor and to share shareholder value. The composition ratios of remuneration shall be set to allow the proportions of remuneration linked to short-term performance and medium- to long-term performance to be set appropriately by taking into account the business characteristics and shall also enable the demonstration of sound entrepreneurial spirit and the greater alignment of value with the shareholders.

Objective and transparent procedures will be taken by having the Remuneration Advisory Committee, in which the majority of members are outside directors and which is chaired by an outside director, become involved in the formulation of proposal for remuneration structure, and by having the Board of Directors make decisions after receiving reports from the Remuneration Advisory Committee.

(ii) Policy on determination of amount and timing or conditions of granting individual remuneration, etc. of basic compensation (cash compensation)

The Company determines individually the amount of basic compensation (cash compensation) of the Company's directors by taking into account the weight of their respective responsibilities and pays them in cash a fixed amount on a monthly basis during their term of office.

(iii) Policy on determination of contents of performance indicators, amount or calculation method, and timing or conditions of granting performance-linked compensation (cash compensation)

Single fiscal year performance-based compensation (cash compensation) as performance-linked compensation of the Company is paid to directors serving concurrently as executive officers during each fiscal year. The Company strives to enhance the linkage between performance indicators and amount of remuneration and to ensure safe ship operation based on the Company's renewed commitment stated in the "MOL CHARTS," which represents MOL Group's values and code of conduct, by incorporating into the individual basic compensation specified in the preceding paragraph the achievement rate, etc. of groupwide business performance plan, the achievement rate of performance plan of director's division as an individual evaluation and the achievement rates of safe ship operation indicators. The Company makes payment of single fiscal year performance-based compensation in cash in June of each year.

(iv) Policy on determination of contents of performance indicators, calculation method of amount or number, and timing or conditions of granting performance-linked compensation (non-monetary compensation)

Long-term target contribution-based compensation (non-monetary compensation) as performance-linked compensation of the Company is paid to directors serving concurrently as executive officers during each fiscal year. The Company grants performance-linked stock compensation (PSU), which is a type of non-monetary compensation that is linked to medium- to long-term stock prices and business performance, at a certain proportion according to business performance and achievement rates of business targets, etc. over the evaluation period, in the form of restricted shares, and pays the remainder of compensation in cash, for the purpose of incentivizing directors to sustainably enhance the Company's corporate value and to pursue greater value alignment with shareholders. After each evaluation period, the Board of Directors determines the number of shares and the amount of cash to be granted, and grants such shares or cash. When eligible directors retire, the Company cancels the transfer restrictions on shares and grants the cash portion of the compensation. However, the Company will acquire such shares free of charge and confiscate the portion of compensation granted in cash from eligible director in case that the eligible director violates laws and regulations or internal rules or falls under some other reason, which the Board of Directors prescribes as appropriate for the Company to acquire such shares free of charge.

(v) Policy on determination of contents and calculation method of amount or number of non-monetary remuneration

The Company grants non-performance-linked stock compensation (RS), for which transfer restrictions shall in principle be canceled upon retirement, to directors including outside directors, whose primary role is business execution supervisor and who do not concurrently serve as executive officers, at a certain time each year, in order to share value with shareholders and to motivate such directors to contribute to the enhancement of corporate value and shareholder value over the medium to long term. The number of shares to be granted shall be determined based on their positions, responsibilities, stock prices, and other factors. However, the Company will acquire such shares free of charge from eligible director in case that the eligible director falls under some reason, which the Board of Directors prescribes as appropriate for the Company to acquire such shares free of charge.

(vi) Policy on determining the ratios of amount of basic compensation, amount of performance-linked compensation, etc. and amount of non-monetary compensation, etc. in the amount of individual remuneration of directors, etc.

With regard to the ratio of each type of remuneration in the individual remuneration of directors, the Company makes the determinations by taking into overall account their positions, responsibilities, performance and achievement rates of targets, etc. and by using the policies of companies in the same industry or companies with the same size in other industries as a reference.

With regard to the ratio of each type of remuneration in the individual remuneration of directors including outside directors whose primary role is business execution supervisor and who do not concurrently serve as executive officers, the Company makes the determinations by taking into overall account their positions and responsibilities, etc. and by using the policies of companies with the same size in other industries, etc. as a reference.

(vii) Matters regarding procedures for determining contents of individual remuneration of directors, etc.

Contents of individual remuneration of directors are determined by resolution of the Board of Directors based on the deliberation and report of the Remuneration Advisory Committee in which the majority of members are outside directors and which is chaired by an outside director.

(2) Matters concerning performance-linked compensation, etc.

Performance indicators for performance-linked compensation and the reason for choosing these indicators are provided below. Specific remuneration amounts are calculated based on the standard amount for each position according to the achievement rate of groupwide business performance plan, plus compensation based on the individual evaluation of business performance of the director's division, as described in (1) (iii) above.

(i) Consolidated ordinary profit/loss
Reason for this choice: This item has been adopted because it is a performance target set forth in the management plan.

(ii) Return on equity (ROE)
Reason for this choice: This item has been adopted because it is a performance target set forth in the management plan.

(iii) Dividend payout ratio
Reason for this choice: This item has been adopted to align values with the shareholders.

(iv) Total Shareholder Return (TSR: total shareholder yield including dividends)
Reason for this choice: This item has been adopted to align values with the shareholders.

(v) Safe operations KPI
Reason for this choice: This item has been adopted to ensure completely safe operations while taking into consideration ESG perspectives.

(vi) Qualitative indicators: Achievement rates of specific measures for the following strategic items

- Portfolio Strategy: Strengthening of non-shipping businesses (offshore, offshore wind power, logistics, real property)
- Environmental Strategy: Initiatives to resolve environmental issues with stakeholders and contributions to the sustainable development of people, society and earth
- Regional Strategy: Acquisition of large-scale projects, which are not limited to transportation, with focus on Asia by demonstrating MOL Group's collective strength
- DX: Full-scale DX initiatives
- Enhancement of Organizational Strength / Work Style Reform / Safety: Setting human capital initiatives as top priority including securing and training excellent crewmembers as a foundation for aggressive future investment
- Governance: Continuous efforts to further enhance governance

Reason for this choice: These items have been adopted as indicators because they are strategic items set forth in the management plan.

Concerning the actual results of performance indicators in the fiscal period under review, for (i) consolidated ordinary profit/loss and (ii) ROE, please see "4. Financial Position and Results of Operations" provided on page 41. (iii) Dividend payout ratio is based on the premise of 25%, which reflects fiscal year 2022 actual results. (iv) TSR is rated above the standard as a result of favorable stock price. (v) Safe operations KPI is rated below the target as a result of fatal work accident(s). In (vi) qualitative indicators, overall performance in various initiatives was evaluated at a level higher than the standard.

(3) Contents of non-monetary compensation, etc.
The contents of non-monetary compensation, etc. are performance-linked stock compensation (PSU) and non-performance-linked stock compensation (RS). Conditions, etc. to grant performance-linked stock compensation are as stated in "(1) (iv) Policy on determination of contents of performance indicators, calculation method of amount or number, and timing or conditions of granting performance-linked compensation (non-monetary compensation)" and "(1) (v) Policy on determination of contents and calculation method of amount or number of non-monetary remuneration."

(4) Matters concerning resolution at the General Meeting of Shareholders on remuneration, etc. of directors and audit & supervisory board members.
The dates of resolutions on the remunerations, etc. of the Company's officers at the General Meetings of Shareholders are as follows:
The amount of monthly remuneration of directors (24 directors) was resolved on June 28, 1990 in the amount of not more than ¥46 million in total; the amount of monthly remuneration of audit & supervisory board members (four (4) audit & supervisory board members, two (2) of whom are outside audit & supervisory board members) was resolved on June 21, 2022 in the amount of not more than ¥12 million in total; the amount of single fiscal year performance-based compensation of directors (eight (8) directors, three (3) of whom are outside directors) was resolved on June 21, 2022 in the annual amount of not more than ¥1.0 billion in total; the performance-linked stock compensation of directors (nine (9) directors, three (3) of whom are outside directors) was resolved on June 22, 2021 in the number of not more than 375,000 shares (after the stock split implemented on April 1, 2022) and in the amount of not more than ¥550 million with respect to each evaluation period (the period from the beginning of each fiscal year to the end of that fiscal year and the period from July 1 of each fiscal year to the end of June of fiscal year which is three fiscal years after the said fiscal year); and the amount of non-performance-linked stock compensation for non-executive directors including outside directors (eight (8) directors, three (3) of whom are outside directors) was resolved on June 21, 2022 in the number of not more than 210,000 shares (after the stock split implemented on April 1, 2022) and in the amount of not more than ¥100 million each fiscal year.

(5) Remuneration on audit & supervisory board members
Remuneration on audit & supervisory board members is discussed and determined among audit & supervisory board members, within the upper limit determined at the General Meeting of Shareholders, by taking into consideration the conditions such as separation of full-time and part-time audit & supervisory board members, and status of allocation of audit work, etc. Performance-linked compensation (cash compensation and non-monetary compensation) is not granted to audit & supervisory board members.

3. Outline of Contents of Limited Liability Contract

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into contracts with outside officers that limit their liability as set forth in Article 423, paragraph (1) of the Companies Act to the total of the amounts set forth in each of the items of Article 425, paragraph (1) of the Companies Act in the case that they perform their duties in good faith and without gross negligence.

4. Outline of Contents of Indemnification Agreement

The Company has executed a corporate indemnification agreement stipulated in Article 430-2 Paragraph 1 of the Companies Act with Directors Junichiro Ikeda, Takeshi Hashimoto, Toshiaki Tanaka, Kenta Matsuzaka, Yutaka Hinooka, Hideto Fujii, Etsuko Katsu and Masaru Onishi, and Audit & Supervisory Board Members Toshiaki Takeda, Masanori Kato, Junko Imura and Satoru Mimori, wherein the Company indemnifies them from costs within the scope of law in item (1) of the same paragraph and from losses in item (2) the same paragraph. In order to ensure that the proper performance of duties is not compromised, the necessity and scope of compensation shall be resolved by the Board of Directors before the compensation is awarded.

5. Outline of Contents of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This policy covers the damages such as compensation of damages and litigation expenses for which the insured assumes in cases where a damage claim has been filed due to any acts engaged by the insured based on the insured's position in the Company. In FY2022, the insureds in this policy are persons who perform important duties of the Company such as directors, audit & supervisory board members, executive officers, group executive officers and other important employees of the Company. The Company will bear the entire amount of insurance premiums.

Starting from fiscal year 2023, we plan to add subsidiaries, in which the Company's executive officers and group executive officers are chief operating officers, as well as passenger ship companies and ferry companies, which are subsidiaries and conduct passenger transport business, as insured parties.

In order not to undermine the appropriateness of the performance of duties of the insured, the above policy does not cover damages caused by certain actions such as any acts engaged by the insured for personal gain or benefits or any acts engaged by the insured while being aware that such acts are criminal acts or are in violation of laws and regulations.

6. Matters Concerning Outside Officers

Major activities and significant concurrent positions outside the Company

Outside Directors

Name	Overview of Major Activities and Duties Carried Out in Relation to Expected Role	Significant Concurrent Positions Outside the Company
Hideto Fujii	Attended all fifteen (15) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on his deep insights into Japan's economic management and policy finance, from the objective viewpoint of an outside director. Furthermore, attended all seven (7) Nomination Advisory Committee meetings and nine (9) Remuneration Advisory Committee meetings held in the fiscal year under review as a member of both committees, and was responsible for the supervisory function with regard to the selection of candidates for officer of the Company, remuneration for directors, etc. from an objective and neutral standpoint.	Adviser, Sumitomo Corporation Councilor, Takanashi Foundation for Historical Science
Etsuko Katsu	Attended all fifteen (15) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on her deep sights as a specialist on international finance in addition to her experience participating in university management and knowledge regarding global human resource development, from the objective viewpoint of an outside director. Furthermore, attended all seven (7) Nomination Advisory Committee meetings and nine (9) Remuneration Advisory Committee meetings held in the fiscal year under review as a member of both committees, and was responsible for the supervisory function with regard to the selection of candidates for officer of the Company, remuneration for directors, etc. from an objective and neutral standpoint.	Professor, School of Political Science and Economics, Meiji University Chairman, Fund Management Advisory Committee, The Japan Foundation Member, Council for Science, Technology and Innovation, Ministry of Education, Culture, Sports, Science and Technology

Name	Overview of Major Activities and Duties Carried Out in Relation to Expected Role	Significant Concurrent Positions Outside the Company
Masaru Onishi	Attended all fifteen (15) board meetings held in the fiscal year under review and made statements necessary for discussing proposals based on his practical and multifaceted perspective cultivated as a corporate manager, from the objective viewpoint of an outside director. Furthermore, attended all seven (7) Nomination Advisory Committee meetings and nine (9) Remuneration Advisory Committee meetings held in the fiscal year under review as a member of both committees, and was responsible for the supervisory function with regard to the selection of candidates for officer of the Company, remuneration for directors, etc. from an objective and neutral standpoint.	Trustee, KEIZAI DOYUKAI (Japan Association of Corporate Executives) Trustee, International University of Japan Visiting Professor, Toyo University Outside Director, TEIJIN LIMITED Outside Director, Kadoya Sesame Mills Incorporated Senior Advisor, Alton Aviation Consultancy Japan Co., Ltd Outside Director, Benesse Holdings, Inc.

Outside Audit & Supervisory Board Members

Name	Overview of Major Activities and Duties Carried Out in Relation to Expected Role	Significant Concurrent Positions Outside the Company
Junko Imura	Attended all fifteen (15) board meetings, all fourteen (14) audit & supervisory board members' meetings and all nine (9) Remuneration Advisory Committee meetings held in the fiscal year under review and made statements necessary for discussion of proposals based on her deep insights as a certified public accountant, from the objective viewpoint of an outside audit & supervisory board member.	Representative, Imura Accounting Office Outside Director (Audit and Supervisory Committee Member), Mitsubishi UFJ Trust and Banking Corporation Outside Audit & Supervisory Board Member, T. HASEGAWA CO., LTD. Visiting Professor, Tama Graduate School of Business Auditor, Takanashi Foundation for Historical Science
Satoru Mitsumori	Attended all ten (10) board meetings, all ten (10) audit & supervisory board members' meetings and all six (6) Nomination Advisory Committee meetings held in the fiscal year under review since his appointment on June 21, 2022, and made statements necessary for discussion of proposals based on his deep insights as an attorney, from the objective viewpoint of an outside audit & supervisory board member.	Director, AZABU GAKUEN Audit & Supervisory Board Member, Kur & Hotel Co., Ltd. Representative Director, Japan Association for Business Recovery

Note: No special business relationships exist between the Company and the organizations for which the outside directors and outside audit & supervisory board members hold concurrent positions.

7. Status of the Accounting Auditor

(1) Name of Accounting Auditor KPMG AZSA LLC

(2) Compensations to the Accounting Auditor

(¥ million)

	Amount of Compensations Paid
Compensations paid for the fiscal year under review	117
Total of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	218

Notes:
1. Figures less than one million yen are rounded down to the nearest million.
2. The audit agreement entered into by MOL and the Accounting Auditor does not clearly distinguish the amount being derived from the audit under the Companies Act and that which is being derived from the audit under the Financial Instruments and Exchange Act and cannot practically distinguish between the two types, therefore, the amount of compensations paid to the Accounting Auditor for the fiscal year under review is the total of these amounts.
3. The Audit & Supervisory Board of the Company has given its consent to the compensations to the Accounting Auditor for the fiscal year under review as stipulated in Article 399, paragraph (1) of the Companies Act, after the Audit & Supervisory Board reviewed the descriptions in the audit plan, the Accounting Auditor's performance of its duties, the basis for calculating the estimated compensation, audit hours, and historical changes of compensations and other factors, and concluded that the compensations to the Accounting Auditor for the fiscal year under review are appropriate in view of efficiency of the audit and quality of audit delivered.
4. Of the Company's significant subsidiaries, MOL Techno-Trade, Ltd., Ferry Sunflower Ltd., Phoenix Tankers Pte. Ltd., MOL Chemical Tankers Pte. Ltd., and TraPac, LLC. are subject to audits of their financial statements by a certified public accountant or an audit corporation (including parties holding qualifications comparable to those of a certified public accountant or an audit corporation in a country besides Japan) other than the Accounting Auditor of the Company (provided, however, that such audits fall under the provisions of the Companies Act or the Financial Instruments and Exchange Act of Japan (or foreign laws comparable to the said Acts)).

(3) Contents of Non-audit Services

The Company has entrusted to the Accounting Auditor with services such as "financial and tax due diligence," which are services other than ones stipulated in Article 2, paragraph (1) of the Certified Public Accountants Act (non-audit services).

(4) Company Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor

In case the Accounting Auditor is considered to be within the circumstances stipulated in any of items of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor by consent of all audit & supervisory board members.

In addition to the above, in the case when there is any event that undermines eligibility or credibility as the Accounting Auditor, when it is considered difficult for the Accounting Auditor to properly perform an accounting audit, when it is considered reasonable to change the Accounting Auditor in order to improve the appropriateness of the accounting audit, or when the Company concludes that it is appropriate to dismiss or not to reappoint the Accounting Auditor in comprehensive consideration of the Accounting Auditor's performance of its duties and other various factors, the Audit & Supervisory Board decides details of a proposal concerning dismissal or non-reappointment of the Accounting Auditor and requests the Board of Directors to include that proposal in the agenda of the General Meeting of Shareholders.

The Board of Directors, upon request from the Audit & Supervisory Board, decides to include the said proposal in the agenda of the General Meeting of Shareholders.

[Translation for Reference and Convenience Purposes Only]

8. System to Ensure Appropriateness of Operations

(1) Outline of the system to ensure the appropriateness of operations

The Company has built and implemented the "System to Ensure the Appropriateness of Operations (Internal Control System)" as described below, in order to ensure the soundness and efficiency of management and the appropriateness and reliability of financial reporting. Improvements will be made on this policy on a continuous basis going forward.

i) System to Ensure that the Execution of Duties by the Directors, Executive Officers and Employees of the Group Consisting of the Company and Its Subsidiaries (hereinafter referred to as the "MOL Group" or the "Group") Complies with Laws and Regulations and the Articles of Incorporation

<Compliance>

(a) The MOL Group has set "keep compliance as a top priority, and ensure that actions comply with social norms and the highest ethical standards" as one of its values and code of conduct (MOL CHARTS), in addition to complying with laws and regulations and the Articles of Incorporation. The Company prescribes the Compliance Policy as the basis for enhancing the compliance system and has established the Compliance Committee, chaired by a Chief Compliance Officer (CCO) (a Chief Operating Officer (COO) or a Chief Compliance Legal Officer (CCLO) from April 2023 onward) as appointed by the Board of Directors, in order to develop and maintain the compliance system through regular monitoring.

(b) The Company sets the code of conduct in Article 5 of the Compliance Policy as the code of conduct for the officers and employees and strives to enforce compliance with these rules. In particular, the Company fully enforces, among others, the following: Observing the competition laws of countries, standing firm against antisocial forces, prohibiting insider trading, prohibiting the offer and acceptance of bribes, protecting confidential information, including personal information, of customers, business partners, employees, companies, and others, and prohibiting discrimination and harassment.

(c) The Company takes measures to prevent the violation of compliance and to improve compliance by providing all the officers and employees with training by job rank, training by category and e-learning on a range of laws, rules, and regulations including the Antimonopoly Act, the Financial Instruments and Exchange Act and the Unfair Competition Prevention Act as well as the Company's internal rules and regulations, and strives to have its officers and employees deepen and enhance their compliance awareness.

(d) The Company maintains and operates the reporting and consultation systems by establishing an internal helpdesk and the Compliance Advisory Service Desk with service provided by outside lawyers for reporting and consulting on the violation of compliance, based on the Compliance Policy. The Company keeps reports and consultations on breaches of compliance by the officers and employees of the Group strictly confidential and guarantees that those who have made the reports and undertaken the consultations will not be treated unfavorably by making such reports and by undertaking consultations.

<Corporate governance>

(e) The Company has set forth the MOL Group Three Basic Principles of Corporate Governance and the MOL Group Corporate Governance Policy, which serve as conduct standards for all officers and employees of the Group, and strives actively and continuously to enhance corporate governance.

(f) The Company strives actively and continually to bolster its corporate governance system to achieve the MOL Group Vision and maximize its corporate value over the mid and long term through promotion of management plan and initiatives addressing MOL's Sustainability Issues, based on the Group's Corporate Mission, by taking measures that include: 1) appointing two or more independent outside directors; 2) establishing the Nomination Advisory Committee and Remuneration Advisory Committee as advisory bodies to the Board of Directors, which are optional organizations in which the majority of members are independent outside directors; and 3) establishing its own criteria for judging independence in addition to the requirements for independent officers stipulated by the Tokyo Stock Exchange.

(g) The Company has adopted an institutional design to realize the legality, appropriateness and effectiveness of business execution by securing an auditing function through the Audit & Supervisory Board, which is independent from the Board of Directors, and by not only securing mutual supervision and check mechanism between inside directors (concurrently serving as executive officers) who execute business, but also having the Board of Directors composed of inside directors, who are also responsible for business execution, and independent outside directors, who have abundant experience and knowledge in specialized fields and play a specialized role in strategy discussion and supervision from an objective perspective, thereby ensuring effective supervision of the Board of Directors.

(h) The Board of Directors will make efforts to create an environment that enables audit & supervisory board members to audit the execution of duties by the directors, executive officers and employees according to the audit policies specified by the Rules of the Audit & Supervisory Board and the standards of the audit & supervisory board members' audit and fulfill their missions as provided for by other laws and regulations.

(i) The Company establishes the Corporate Audit Division, which is independent from any other positions, as an internal audit department that receives directions from the President.

(j) The Company has established the Corporate Governance Council, which examines the status and direction of corporate governance across the entire Group as well as the effectiveness of the Board of Directors, by incorporating the perspectives from the independent outside directors and the independent outside audit & supervisory board members, in order to ensure the objectivity and transparency of management.

ii) System to Ensure Objectivity and Transparency of Personnel Affairs of Directors and Executive Officers and Decision-Making Process for Their Remuneration

(a) The Company has established the Nomination Advisory Committee and Remuneration Advisory Committee, whose majority of members consist of independent outside directors, under the Board of Directors for the purpose of strengthening its accountability by increasing the objectivity and transparency of the procedures for the nomination and remuneration, etc. of directors and executive officers.

(b) The Nomination Advisory Committee and Remuneration Advisory Committee consist of Chairman, President and all independent outside directors. The chairmen of the Committees are selected from the independent outside directors by a resolution of the Board of Directors. In addition, the independent outside audit & supervisory board members may attend meetings of both committees and provide their opinions.

(c) The Nomination Advisory Committee will deliberate on matters such as matters concerning appointment and dismissal of directors and executive officers in response to request for advice from the Board of Directors and will submit a report to the Board of Directors.

(d) The Remuneration Advisory Committee will deliberate on matters such as matters concerning the remuneration and treatment of directors and executive officers in response to request for advice from the Board of Directors and will submit a report to the Board of Directors.

(e) The Board of Directors will respect the reports submitted by Nomination Advisory Committee and Remuneration Advisory Committee.

iii) System Concerning the Preservation and Management of Information on Execution of Duties by Directors and Executive Officers

(a) Information on the execution of duties by directors and executive officers will be appropriately preserved and managed for a prescribed period of time in writing or in the form of electronic information based on various laws and regulations as well as the Rules of Document Management, the Rules of Electronic Information Security and other relevant rules.

(b) Directors and audit & supervisory board members may access these documents in writing or in the form of electronic information when necessary.

iv) Rules and Other Systems Concerning Management of Risk that May Cause Losses to the Group

(a) In marine transport, which is MOL Group's principal business, and in social infrastructure business, which is promoted to realize the MOL Group Vision, the Group will identify, analyze and evaluate the major risks of loss ("risks" in this section), which could adversely affect the Group's business activities and performance, share price, and financial position, etc., in the event of occurrence of unexpected events including economic conditions in countries around the world, terrorism, war, other political and social factors, natural phenomena and disasters, and social disorder caused by pandemics, strikes and other factors, through the Investment and Finance Committee (Investment & Strategy Committee from April 2023 onward) and the Operational Safety Committee, which are under the Executive Committee, and will incorporate the results of such identification, analysis and evaluation into the decision-making of the Board of Directors and the Executive Committee.

(b) The value fluctuation risk for the assets of the Company and the Group companies is statistically analyzed and quantitatively analyzed results (“asset risk control” in this section) are reported to the Board of Directors regularly. After assessing and analyzing the issues such as whether the asset risk control provided in the reports is within the limit of the Company’s consolidated shareholders’ equity, the Board of Directors and other decision-making bodies will make investment decisions and implement risk control for all businesses of the MOL Group.

(c) In the event of maritime accident, including major maritime accident, a disaster such as earthquake, pandemic or terrorism, or a major ICT incident, the Company will establish headquarters as an organization for early recovery and resumption of operations including business continuity, pursuant to the “Rules of Emergency Control Headquarters for Serious Marine Accidents,” the “Rules of Emergency Control Headquarters for Overseas Security Management,” the “Rules of Emergency Control Headquarters for Disaster and Pandemic,” and the “Rules of Emergency Control Headquarters for Critical ICT Incident” respectively, and will take appropriate measures. The Company will deal with events that do not fall under the above-mentioned serious accidents, disasters and crises in accordance with various internal manuals. In addition, in the event of accident, event or situation that may have a significant impact on the business activities of the Company or the Group as a whole (“crisis” in this section), which goes beyond the framework of individual emergency control headquarters, the Company will establish a Crisis Control Headquarters, headed by the President, pursuant to the Rules for Crisis Control Headquarters as an organization to implement united Group crisis countermeasures while taking the social impact into consideration, responding appropriately and promptly to strive for business continuity and maintenance of corporate value.

v) System to Ensure Efficient Execution of Duties by Directors and Executive Officers of the Group

(a) The Board of Directors will hold meetings about 10 times a year at appropriate intervals and as required. Important matters to be submitted to the Board of Directors will, in principle, be prescribed by the Rules of the Board of Directors and deliberated in advance by the Executive Committee. Furthermore, in order to respond to changes in the business environment and to enhance the efficiency of the Board of Directors, the Company will strive to improve the management structure of the Board of Directors through discussions at the Nomination and Remuneration Advisory Committees and the Corporate Governance Council.

(b) The Board of Directors will establish the Executive Committee, which will deliberate in order for the President/Chief Executive Officer to decide on important matters related to basic management plans and the execution of business, in accordance with the highest policy decided by the Board of Directors. The Executive Committee consists of members nominated by the President/Chief Executive Officer and approved by the Board of Directors and will hold meetings once a week in principle and as required based on the Rules of the Executive Committee. The Executive Committee will also establish a committee as a subordinate body as required to undertake consultations on necessary matters.

(c) Executive officers will be appointed by the Board of Directors and will execute business in accordance with the highest policy on overall company management decided by the Board of Directors based on the organizational division of duties and the official authority of the job position prescribed in the Rules of Organization, upon being delegated with such authority from representative directors pursuant to the Rules of Executive Officer.

(d) In order to ensure the efficient execution of duties by the Group’s directors and executive officers, the Company will establish various regulations on resolutions and decisions, compliance, organizational management, and administrative responsibility and authority, and will recommend the application of these regulations at subsidiaries through the Company’s General Managers in Charge. In addition, the Company’s Board of Directors and Executive Committee will supervise the execution of duties by the Group’s directors and executive officers, and the Group Executive Meeting, which meets about twice a year, will discuss and share information on the Group’s management policies and the management status of its subsidiaries.

vi) System to Ensure the Reliability of Financial Reporting

(a) In order to ensure proper accounting and increase the reliability of financial reporting, the Company will establish the Rules of Accounting and will strive to improve the system of internal control over financial reporting and to increase its effectiveness.

(b) The Corporate Audit Division will evaluate the effectiveness of internal control over financial reporting. Divisions that have undergone evaluation will take measures if any correction or improvement is necessary.

vii) System for Reporting on the Execution of Duties by Directors, etc. of the Group's Subsidiaries and Other Systems for Ensuring the Appropriateness of Business Operations

(a) In order to ensure the appropriateness of operations within the Group companies, the Company will establish the Group's values and code of conduct (MOL CHARTS) which will apply to all Group companies, and in accordance with the regulations that the Company will establish based on these values and code of conduct, each Group company will establish various regulations, including regulations on the management of their subsidiaries.

(b) A division or unit in charge of management will be assigned according to the business contents of each Group company to manage the status of business operations within each company based on the management plan and the annual budget of the entire Group and to assume responsibility for internal control. As General Managers in Charge, the general manager of the division or unit in charge will receive the necessary reports in a timely manner from the directors, etc. of the Group companies in accordance with the Rules of Group Company Management in order to properly understand their financial conditions and business risks, and will also require the Group companies to agree on matters, for which the Company's prior approval or reporting to the Company is necessary, and to implement important management matters. In principle, the general manager of the division or unit in charge will dispatch directors and auditors to the Group companies, will allocate the necessary management resources in a timely and appropriate manner so that the directors and auditors of the Group companies can execute their duties efficiently, and will ensure the appropriateness of business operations. Furthermore, for certain overseas Group companies, a chief executive representative (a Regional Head of Marketing or a Regional Head of Corporate Functions from April 2023 onward) of Americas, Europe and Africa, East Asia, Southeast Asia and Oceania, and South Asia and Middle East areas will perform this role in place of the general manager of the division or unit in charge.

(c) Notwithstanding the provisions of preceding paragraph, for Group companies classified as a part of the Company organization, in accordance with the Rules of Organization, Director General of Headquarters/executive officer in charge of the division or unit will be established as the person responsible for business management ("person responsible for management" in this section), and the person responsible for management will be directly responsible for business management and internal control, without establishing division or unit in charge of business management. In addition, the executive officer (in principle, Group executive officer) of the Company will be appointed as the chief operating officer (President) of the Group company. Furthermore, a division or unit in charge of administration will be established as an organization to provide practical support to the person responsible for management, and it will be responsible for performing administration for the relevant Group company from an objective standpoint, under the direction of the person responsible for management.

(d) In order to ensure compliance within Group companies, the Group companies will establish various internal rules and regulations in accordance with the Compliance Policy, including the code of conduct of the Company. The Compliance Advisory Service Desk of the Company will strive to enforce compliance throughout the entire Group by also undertaking consultations sought by the directors, officers and employees of the Group companies. The Company will require the Group companies to keep reports and consultations on breaches of compliance made by the officers and employees of the Group from the Group companies strictly confidential and to guarantee that those who have made the reports and undertaken the consultations will not be treated unfavorably by making such reports and undertaking such consultations.

(e) With respect to the audits of the Group companies, each company will build an internal control system appropriately, and the Corporate Audit Division of the Company will conduct internal audits of the Group companies in Japan and overseas periodically and when necessary based on the Rules of Internal Audit.

viii) Matters Concerning Dedicated Staff Members to Assist in the Audit & Supervisory Board Members' Duties ("Assistant" in this section) and Assistants' Independence and Matters Concerning Ensuring the Effectiveness of the Instructions of the Audit & Supervisory Board Members to Assistants

(a) In order to assist in the audit & supervisory board members' duties, an Assistant will be appointed from the Company's employees.

(b) Personnel evaluation on the Assistant will be conducted by the audit & supervisory board members, and the personnel change of the Assistant will be decided upon obtaining approval of the Audit & Supervisory Board.

(c) An Assistant generally may not concurrently be in a position involved in execution of business.

(d) The audit & supervisory board members will consider the matters necessary to ensure the independence of the Assistants and the effectiveness of their instructions to the Assistant, including the clarification of the following matters:

1) The authority of the Assistants (including, among other things, the authority to investigate and collect information, as well as the authority to attend meetings at the direction of the audit & supervisory board members as necessary);
2) The authority of audit & supervisory board members to give directions and orders to Assistants;
3) Securing the expenses related to the activities of Assistants; and
4) The system for the Corporate Audit Division and other departments to cooperate with Assistants.

ix) System Concerning Reports from Directors, Executive Officers and Employees of the Group to Audit & Supervisory Board Members of the Company, Other Systems Concerning Reports to Audit & Supervisory Board Members, and System to Ensure that Audits Are Effectively Conducted by the Audit & Supervisory Board Members

(a) The Company will establish rules on matters that directors, executive officers and employees should report to the audit & supervisory board members, and directors, executive officers and employees will report important matters that could have an impact on the Company's business or business performance to the audit & supervisory board members based on the rules. Directors, audit & supervisory board members, executive officers and employees of Group companies may report important matters that could have an impact on the business or business performance of the Company and the Group to the audit & supervisory board members of the Company.

(b) A system for reporting the violation of laws or regulations and other compliance issues appropriately to the audit & supervisory board members will be ensured by maintaining the appropriate operation of the reporting and consultation systems based on the Compliance Policy. With regard to reports and consultations on breaches of compliance by the officers and employees of the Group to the audit & supervisory board members, information will be kept strictly confidential, and will be guaranteed that those who have made the reports and undertaken the consultations will not be treated unfavorably by making such reports and undertaking such consultations.

(c) Representative directors will make efforts to have meetings periodically with the audit & supervisory board members.

(d) The Corporate Audit Division will cooperate with the audit & supervisory board members in conducting audits effectively by communicating and coordinating with the audit & supervisory board members.

(e) When an audit & supervisory board member makes requests such as request for advance payment of expenses for the duties they will perform pursuant to Article 388 of the Companies Act, the expenses or debt will be paid except in cases where it is determined that the expenses or debt relating to the request were not necessary.

(2) Overview of Operation Status of the System to Ensure Appropriateness of Operations

The Company is appropriately managing the system to ensure the appropriateness of operations of the Company as described above. There are no issues to report.

The following is an overview of the operation status of the system to ensure the appropriateness of operations.

i) Compliance

(a) The Company has internal rules and regulations including the code of conduct to be observed by officers and employees of the MOL Group companies, the Compliance Policy, and other policies in line with laws and regulations, such as the Rules of Conduct Related to Antitrust Laws, Anti-Corruption Policy, Rules of Insider Trading Prevention and Rules of Personal Information Management. The Company also holds internal training, seminars, e-learning training and other learning activities for officers and employees of domestic and international MOL Group companies in order to provide a better understanding of such rules and regulations and to ensure and enhance their awareness on compliance.

(b) The Company clarifies the personnel accountable for compliance by appointing Compliance Officers, who are responsible for enforcing compliance regulations within divisions and branch offices, and the Chief Compliance Officer (CCO) (the Chief Compliance Legal Officer (CCLO) from April 2023 onward), who is accountable for developing and strengthening the compliance system as well as supervising Compliance Officers. The Compliance Committee, which the Company has established as a subordinate organization of the Executive Committee, holds quarterly meetings, and fulfills its role by enhancing and thoroughly implementing the compliance system across the Group and by deciding on measures against compliance violations among other things. The Board of Directors and the Executive Committee receive semi-annual reports on compliance activities and have discussions to ensure and improve compliance.

(c) Upon discovering behavior suspected of violating compliance, officers and employees are expected to report to and consult with the compliance officer of their division or branch office or the Compliance Committee secretariat. However, an external Compliance Advisory Service Desk is also provided for cases where it is difficult to report to or consult with the Compliance Officer or a General Manager of the Corporate Audit Division, who oversees both the Compliance Committee secretariat and the internal Compliance Advisory Service Desk, cases where it is deemed necessary and appropriate, or cases where behavior that is a violation or suspected violation involves directors, audit & supervisory board members, executive officers, including Group executive officers, or a General Manager of the Corporate Audit Division. The behaviors reported to and consulted with the external Compliance Advisory Service Desk shall be investigated under strict confidence and the necessary rectification measures will immediately be taken if violations are recognized. In addition, the Company designates one month out of each year as “Compliance Strengthening Month,” during which it makes efforts to collect a wide range of information regarding compliance from officers and employees.

ii) Corporate Governance

(a) The Board of Directors, as the Company’s central decision-making body, deliberates and decides on basic policy and the most important matters relating to MOL Group management, and supervises business operations among other things. The Board of Directors held 15 meetings during FY2022.

(b) In order to make the supervision of executive directors by independent outside directors further effective, the Company has established the Nomination Advisory Committee and the Remuneration Advisory Committee, which are comprised of Chairman, President and all independent outside directors and in which independent outside directors form a majority of the members. These Committees discuss matters related to the selection and dismissal of directors and executive officers, the successor development plan for the President and CEO, and the remuneration and treatment, and report them to the Board of Directors. In FY2022, the Nomination Advisory Committee held 7 meetings and the Remuneration Advisory Committee held 8 meetings.

(c) Under the Board of Directors, the Company has established the Corporate Governance Council, which is comprised of inside directors, including Chairman and President, all independent outside directors, inside audit & supervisory board members, and independent outside audit & supervisory board members. The council freely discusses the broad direction of the Company’s corporate governance overall, and provides advice and reports to the Board of Directors. The Corporate Governance Council held 7 meetings during FY2022.

(d) In order to enable the Board of Directors to focus on critical matters, the important items in basic business plans and execution of business operations based on the decision of the Board of Directors are deliberated and decided by the Executive Committee, which generally meets on a weekly basis. The Company makes efforts to streamline and accelerate the execution of management by having executive officers, who are appointed by the Board of Directors and who are delegated with authority from representative director, execute operations based on the policies decided by the Executive Committee.

(e) The status of businesses of the Company and Group companies is regularly reported at important internal meetings including meetings of the Board of Directors and the Executive Committee, and timely instructions are provided to relevant divisions if any issues or problems requiring rectification occur.

iii) Risk Management

(Management of Risk that May Cause Losses)

(a) The Company has established a division in charge for each type of risk and takes risk mitigation measures, including identifying risk amounts, reducing risk exposure through hedges, and transferring risk through insurance and other means, in accordance with prescribed rules and regulations. The situation of risk management is periodically reported by each division in charge to the Executive Committee, where the information is centrally managed and necessary decisions and responses are made. In addition, for new investment decisions, the decision-making process starts after risks are identified by the internal examination department and evaluated as needed by the division in charge of risk management. Depending on the importance of the project, the Investment and Finance Committee (Investment & Strategy Committee from April 2023 onward) discusses the matter prior to deliberations by the Executive Committee to dive deeper into the risk and sort out key points of discussion. Matters of utmost importance are put on the agenda of the Board of Directors' meeting after careful discussion at the Executive Committee. Risk management is emphasized in making decisions, such as making it a rule to discuss the matter based on a summary sheet of potential risks.

(b) In addition, the Company has introduced its own risk management approach called "asset risk control." Asset risk control is a marine transport industry adaptation of the risk management methods widely used by financial institutions, under which considerable stressful scenarios (market with low freight rates/weak vessel sales & purchase market) are applied to all fleets at the same time, maximum potential losses (risk amounts) in case such scenarios run for a certain length of time are calculated and the risks are managed so that the total potential losses will not become excessive as compared to shareholders' equity. Groupwide risk exposure is calculated once every six months, and the results are compared with shareholders' equity, reported to the Board of Directors, and audited.

(c) As a company that operates roughly 800 vessels of various types and offshore plants which are centered around marine transport and that provides social infrastructure, some of the most serious risks are damage to ships and cargo or injury to crew members caused by vessel collisions, ships running aground, fires and other accidents, as well as environmental pollution from leakage of cargo oil and bunker oil (oil spills). In order to prevent accidents from occurring, the Company takes various measures from intangible and tangible aspects, such as training and supervising crew members and maintenance of hull specification which effectively ensures safety, in close coordination with the Company's Headquarters of Safety Operations and sales divisions, shipowners (for chartered vessels), and ship management companies, regardless of whether a vessel is owned or chartered. The Company also makes a variety of preparations to counter the dangers of piracy and terrorism such as providing sufficient training, setting precise operational rules, providing support from land, and installing necessary equipment.

In light of the oil spill that resulted after the WAKASHIO (Capesize bulker chartered from a subsidiary of Nagashiki Shipping Co., Ltd.), ran aground off Mauritius in July 2020, the Company reviewed the support system, not only from the perspective of vessels on site, but also from the perspective of the Company on land, and reviewed the management system of the vessel owners and vessel management companies. In addition, the Company has established the Crisis Control Headquarters, headed by the President, as an organization to implement crisis countermeasures by uniting the Group as one while taking the social impact into consideration responding appropriately and promptly to strive for business continuity and maintenance of corporate value in the case of accidents, events or situations such as this, which may have a significant impact on the business activities of the Company or the Group as a whole (crisis) and go beyond the framework of the existing Emergency Control Headquarters for Serious Marine Accidents.

(d) Climate change such as global warming can present a danger to safe ship operations by causing more severe weather and sea events. The movement toward decarbonization to combat climate change also has the potential to drastically change the business environment for the Company, which requires large volumes of bunker oil and transports various kinds of fossil energy as a main cargo, in the form of higher costs to comply with public regulations, etc. and structural reduction in transport demands among other things. The Company sets a goal in "MOL Group Environmental Vision 2.2," in which the Company aims to achieve net zero GHG emissions by 2050 and which is in tune with these trends, has formulated and announced a road map for achieving this goal, and is in the process of introducing clean alternative fuels and energy-saving technologies and enhancing efficient fleet operations among other things. Furthermore, by developing and providing alternative fuel transportation and solutions for low-carbon or decarbonization, the Company will boost new demands from the trend of decarbonization and make this trend a business opportunity. The Company will visualize the overall picture of its climate change risks and formulate policies to deal with them by using the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

(e) In order to maintain the operation of vessels and fulfill its social role in supporting the supply chain even at the time of occurrence of major earthquake or other disaster, the Company has established a BCP manual, has satellite offices and backup systems in place, and provides sufficient training. The Company has also established a work system that enables all the officers and employees of the Company's head office to work remotely through the use of cloud-based tools by distributing laptop computers to them.

(f) The Company has initiated discussions on risk mapping analysis on customer credit risk and country risk, including what is going on in the world, and is working to understand the degree of impact from them. In addition, the "asset risk control" described above is currently being developed into a mechanism that can more appropriately measure risk amounts, including country risk, customer credit risk and Group company business risk. With regard to the current situation involving Russia and Ukraine, the Company will comply with the sanctions against the Russian Federation in cooperation with the international community, while responding appropriately to the situation in accordance with the policy of the Japanese government by continuing to have discussions with various parties including business partners. To this end, the Company is making efforts to be ready to promptly respond to changing situations by establishing a companywide taskforce led by the President and by collecting and analyzing information on a daily basis.

(g) The Company checks appropriate operation of its internal control systems by evaluating the effectiveness of its internal control pursuant to the provisions stipulated in the Financial Instruments and Exchange Act, in order to ensure the reliability of its financial reports.

iv) Management of MOL Group companies
(Ensuring appropriate execution of business operations of the corporate group)

(a) The Company strives to appropriately manage the domestic and international MOL Group companies by maintaining regulations including the Rules of Group Company Management and Group Company Management Practical Guidelines. The Company also strives to improve the corporate value of the entire MOL group by, among other things, addressing any important business items of MOL Group companies as matters to be approved by the Company, receiving reports from MOL Group companies on the progress of their plans, etc., and providing guidance and advice as appropriate. Furthermore, the Company holds a Group Executive Meeting twice a year which is attended by President, management members of the Company, and representatives of MOL Group companies. In these meetings, the participants share and confirm management goals and make efforts to ensure compliance.

(b) MOL Group companies develop and operate their own compliance systems as independent entities in line with MOL's Compliance Policy which conform to their size and area of business. In the event that MOL Group companies have any incidents regarded as compliance violations, the companies will swiftly take actions and recurrence prevention measures in accordance with their own internal rules and regulations, and the Company will also take necessary actions such as reporting to the Compliance Committee and improving internal control of the MOL Group.

v) Audit & Supervisory Board Members

(a) The Company has set out rules for ensuring the effectiveness of audits by audit & supervisory board members and maintains a standard for ensuring the effectiveness of audits by audit &

supervisory board members, such as items to be reported to the audit & supervisory board members by officers and employees.

(b) In order to ensure the execution of audits of deliberations and decision-making processes, the Company ensures opportunities for full-time audit & supervisory board members to attend meetings of the Executive Committee, Investment and Finance Committee (Investment & Strategy Committee from April 2023 onward) and other committees, in addition to meetings of the Board of Directors. Opportunities have been ensured for one outside audit & supervisory board member to attend the meetings of the Nomination Advisory Committee and the Remuneration Advisory Committee. In addition, opportunities are ensured for audit & supervisory board members to hold regular interviews with directors, executive officers and employees, to inspect Group companies, to coordinate with the Corporate Audit Division and the Accounting Auditor, and to exchange information with audit & supervisory board members of the Group companies among other things. Through these activities, they share a common understanding of management issues and risks and audit the development and operation status, etc., of the internal control system, and facilitate assurance of appropriate business operations.

(c) The Company has appointed the Audit & Supervisory Board Manager (The Company has established the Audit & Supervisory Board Members' Office under the Audit & Supervisory Board from April 2023 onward.) to support the duties of the Audit & Supervisory Board and audit & supervisory board members and assigns the dedicated staff member to provide support.

vi) Internal Audits

The Corporate Audit Division, which is an internal audit department, draws up an audit plan at the beginning of every fiscal year and conducts audits of the Company's divisions and domestic and international MOL Group companies based on the audit plan. The Corporate Audit Division proposes improvement measures to the relevant divisions on issues identified from the audit results and reports to the President each time. In addition, the Corporate Audit Division periodically reports the internal audit plan and the status of its implementation to the Board of Directors, and ensures that cooperation is maintained with the Audit & Supervisory Board through regular meetings, etc.

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Balance Sheets

(¥ million)

	As of March 31, 2023	As of March 31, 2022
	Amount	Amount
(Assets)		
Current assets	**438,541**	**351,452**
Cash and deposits	93,961	99,878
Trade receivables	124,134	109,891
Contract assets	8,329	15,601
Marketable securities	500	1,000
Inventories	50,787	46,085
Deferred and prepaid expenses	26,820	21,545
Other current assets	135,669	58,748
Allowance for doubtful accounts	(1,662)	(1,298)
Fixed assets	**3,125,705**	**2,335,249**
Tangible fixed assets	**1,342,240**	**1,111,152**
Vessels	708,682	632,105
Buildings and structures	132,943	127,954
Equipment and others	25,227	25,290
Furniture and fixtures	5,585	5,529
Land	299,710	254,594
Construction in progress	162,234	59,988
Other tangible fixed assets	7,856	5,688
Intangible fixed assets	**36,739**	**36,624**
Investments and other assets	**1,746,726**	**1,187,472**
Investment securities	1,430,873	978,848
Long-term loans receivable	116,893	110,104
Long-term prepaid expenses	8,550	8,562
Net defined benefit assets	20,987	18,957
Deferred tax assets	2,058	1,217
Other investments and other assets	191,173	93,343
Allowance for doubtful accounts	(23,811)	(23,562)
Total Assets	**3,564,247**	**2,686,701**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	As of March 31, 2023	As of March 31, 2022
	Amount	Amount
(Liabilities)		
Current liabilities	**669,176**	**414,002**
Trade payables	99,872	96,034
Short-term bonds	30,000	23,700
Short-term bank loans	339,354	192,170
Commercial papers	80,000	8,000
Accrued income taxes	6,979	8,624
Advances received	2,493	2,188
Contract liabilities	31,006	23,125
Provision for bonuses	11,660	9,433
Provision for directors' bonuses	829	660
Provision for share-based payments	113	184
Provision for loss on contracts	4,700	11,036
Provision for loss on sale of fixed assets	–	1,431
Other current liabilities	62,165	37,414
Fixed liabilities	**957,449**	**937,832**
Bonds	159,500	189,500
Long-term bank loans	524,801	575,101
Lease liabilities	17,509	10,803
Deferred tax liabilities	84,870	74,516
Net defined benefit liabilities	9,188	9,355
Provision for share-based payments	605	354
Provision for directors' and audit & supervisory board members' retirement benefits	750	1,485
Provision for periodic drydocking	19,078	15,836
Provision for loss on guarantees	1,535	–
Provision for loss on contracts	7,057	11,057
Other fixed liabilities	132,552	49,822
Total Liabilities	**1,626,626**	**1,351,835**
(Net Assets)		
Shareholders' equity	**1,636,614**	**1,177,474**
Common stock	65,589	65,400
Capital surplus	–	23,090
Retained earnings	1,571,582	1,091,250
Treasury stock	(558)	(2,267)
Accumulated other comprehensive income	**288,732**	**97,095**
Unrealized holding gains on available-for-sale securities, net of tax	32,472	34,010
Unrealized gains on hedging derivatives, net of tax	77,590	27,161
Foreign currency translation adjustments	171,647	29,232
Remeasurements of defined benefit plans, net of tax	7,021	6,691
Share option	**550**	**781**
Non-controlling interests	**11,724**	**59,514**
Total Net Assets	**1,937,621**	**1,334,866**
Total Liabilities and Net Assets	**3,564,247**	**2,686,701**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Income

(¥ million)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2021 (From April 1, 2021 to March 31, 2022)
	Amount	Amount
Shipping and other revenues	**1,611,984**	**1,269,310**
Shipping and other expenses	1,376,504	1,117,405
Gross operating income	**235,479**	**151,905**
Selling, general and administrative expenses	126,770	96,899
Operating profit	**108,709**	**55,005**
Non-operating income		
Interest income	14,473	6,940
Dividend income	7,824	8,239
Equity in earnings of affiliated companies	668,435	657,375
Foreign exchange gains	23,700	7,080
Others	11,990	3,581
Total non-operating income	**726,423**	**683,217**
Non-operating expenses		
Interest expenses	17,268	11,392
Others	6,275	5,051
Total non-operating expenses	**23,543**	**16,443**
Ordinary profit	**811,589**	**721,779**
Extraordinary income		
Gain on sales of fixed assets	9,884	13,414
Others	16,130	10,377
Total extraordinary income	**26,014**	**23,791**
Extraordinary losses		
Loss on sale of fixed assets	225	649
Provision of allowance for loss on sale of fixed assets	–	1,431
Impairment loss	4,008	125
Loss related to business restructuring	–	2,299
Settlement payments	5,300	–
Others	8,909	8,072
Total extraordinary losses	**18,444**	**12,577**
Income before income taxes and non-controlling interests	**819,160**	**732,993**
Income taxes - current	**14,729**	**12,846**
Income taxes - deferred	**6,187**	**5,993**
Net income	**798,242**	**714,154**
Profit attributable to non-controlling interests	**2,182**	**5,335**
Profit attributable to owners of parent	**796,060**	**708,819**

[Translation for Reference and Convenience Purposes Only]

Consolidated Statement of Changes in Net Assets

FY2022 (April 1, 2022 – March 31, 2023)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	65,400	23,090	1,091,250	(2,267)	1,177,474
Changes during period					
Issuance of new shares	189	189			378
Exercise of share option				225	225
Dividends of surplus			(216,639)		(216,639)
Profit attributable to owners of parent			796,060		796,060
Net changes in retained earnings from changes in scope of consolidation or equity method			(341)		(341)
Purchase of treasury stock				(56)	(56)
Disposal of treasury stock			(686)	1,540	853
Purchase of shares of consolidated subsidiaries		(121,340)			(121,340)
Transfer from retained earnings to capital surplus		98,060	(98,060)		–
Net changes of items other than shareholders' equity					–
Total changes of items during period	189	(23,090)	480,331	1,709	459,140
Balance at March 31, 2023	65,589	–	1,571,582	(558)	1,636,614

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	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	Remeasure-ments of defined benefit plans, net of tax	Total accumulated other comprehensive income			
Balance at April 1, 2022	34,010	27,161	29,232	6,691	97,095	781	59,514	1,334,866
Changes during period								
Issuance of new shares								378
Exercise of share option						(225)		–
Dividends of surplus								(216,639)
Profit attributable to owners of parent								796,060
Net changes in retained earnings from changes in scope of consolidation or equity method								(341)
Purchase of treasury stock								(56)
Disposal of treasury stock								853
Purchase of shares of consolidated subsidiaries								(121,340)
Transfer from retained earnings to capital surplus								–
Net changes of items other than shareholders' equity	(1,537)	50,429	142,415	329	191,636	(5)	(47,790)	143,839
Total changes of items during period	(1,537)	50,429	142,415	329	191,636	(231)	(47,790)	602,754
Balance at March 31, 2023	32,472	77,590	171,647	7,021	288,732	550	11,724	1,937,621

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Financial Statements

Significant Matters for Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 385

(2) Names of principal consolidated subsidiaries are as stated in “1. Matters Concerning the Present State of the Group, 12. Principal Subsidiaries.”

(3) Name of principal non-consolidated subsidiary: Asia Cargo Service Co., Ltd.

(4) Reason for exclusion from the scope of consolidation
Total assets, total operating revenues, net income (based on the Group’s equity interest) and retained earnings (based on the Group’s equity interest) of non-consolidated subsidiaries are not significant respectively, and do not have a material impact on the consolidated statutory reports.

2. Application of equity method accounting

(1) Number of equity method affiliates

Non-consolidated subsidiaries:	2
Affiliates:	122

(2) Names of principal equity method affiliates are as stated in “1. Matters Concerning the Present State of the Group, 13. Principal Equity Method Affiliates.”

(3) Name of principal non-consolidated subsidiary that is not accounted under the equity method:
Asia Cargo Service Co., Ltd.

(4) Name of principal affiliate that is not accounted under the equity method:
Sorami Container Center Co., Ltd.

(5) Reason for exclusion from the scope of applying the equity method accounting
Net income and retained earnings (based on the Group’s equity interest) of non-consolidated subsidiaries and affiliates that are not accounted under the equity method are not significant.

3. Changes in scope of consolidation and application of equity method

(1) Scope of consolidation
30 companies have been newly included in the scope of consolidation from this fiscal year due to new establishment, the increase in materiality and other reasons. 20 companies have been excluded from the scope of consolidation due to liquidation and other reasons. 2 companies have been transferred from equity method affiliates to consolidated subsidiaries due to share acquisition.

(2) Scope of applying the equity method accounting
1 company has been newly included in the scope of equity method application from this fiscal year due to the increase in materiality and other reasons. 2 companies have been excluded from the scope of consolidation due to completion of liquidation and other reasons. 2 companies have been transferred from equity method affiliates to consolidated subsidiaries due to share acquisition.

4. Significant accounting policies

(1) Bases and methods of valuation of assets

Securities

Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Other securities	
Available-for-sale securities	
Other than shares, etc. without market value	Market value method (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined mainly based on the moving-average method)
Shares, etc. without market value	Stated at cost mainly based on the moving-average method.
Contributions to the investment limited partnership (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)	Valued at the net amount proportionate to equity interests based on the financial statements for the most recent fiscal year available depending on the reporting date stipulated in the partnership agreement.
Derivative transactions	Market value method
Inventories (Fuel and supplies)	Stated at cost mainly based on first-in first-out method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

(2) Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)

Vessels	Mainly straight-line method (Declining-balance method for a part of vessels)
Buildings and structures	Mainly straight-line method
Other tangible fixed assets	Mainly declining-balance method

Intangible fixed assets (excluding leased assets) Straight-line method

Internal use software is amortized by the straight-line method, based on the estimated useful life of 5 years.

Amortization of goodwill is estimated individually for the period in which the effect is realized, and goodwill is equally amortized over the period.

Leased assets

Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Group owns.

Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

(3) Accounting treatment for deferred assets

Bond issue expenses	Expensed as incurred
Stock issue expenses	Expensed as incurred

(4) Accounting for allowances and provisions

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Provision for bonuses

Provision for bonuses to employees is based on the estimated amounts of future payments attributed to the fiscal year.

Provision for directors' bonuses

The Company and several domestic consolidated subsidiaries record provision for bonuses to directors based on the estimated amounts of future payments.

Provision for share-based payments

The Company records provision for granting Company stock, etc. under the stock compensation plan based on the estimated number of shares, etc. granted as of the end of the fiscal year.

Provision for loss on guarantees

Provision for loss on guarantees is based on the estimated amounts of losses arising from fulfilling guarantee obligations in view of the financial conditions of guaranteed companies.

Provision for loss on contracts

Provision for loss on contracts is based on the estimated amounts of loss on contracts with future high probability of loss to be incurred due to a decision made over contracts, etc.

Provision for directors' and audit & supervisory board members' retirement benefits

Several domestic consolidated subsidiaries record Provision for payments of retirement benefits to directors and audit & supervisory board members based on amounts to adequately cover payments at the end of the fiscal year, in accordance with internal regulations.

Provision for periodic drydocking

Provision for periodic drydocking is based on the estimated amounts of repairs of vessels.

(5) Recognition of significant revenues and expenses

The Group mainly provides services such as maritime cargo transport, charter contracts, and other services related to the operation of seafaring vessels.

In maritime cargo transport services, each voyage for the purpose of transporting customers' cargo is deemed to be a contract and a performance obligation. Considering that this performance obligation is satisfied over the duration of the voyage as the number of days spent on the voyage elapse, the Company measures progress as the number of days until the end of the fiscal year end relative to the estimated total number of days expected for each voyage (including duration of ballast voyages related to performance of transport services, excluding duration of travel or standby of vessels not intended for performance of transportation services), and revenue is recognized based on this progress. The Company includes the amount of variable consideration related to adjustments for fuel costs and surcharges for demurrage/dispatch, etc. in the amount of consideration for transactions, but includes said variable consideration in the transaction price because it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In charter services, the provision of transport services by vessels with complete transport capabilities through the assignment of captains, crew members, etc. is deemed to be a performance obligation. Considering that this performance obligation is satisfied by providing said transport service over the duration of a contract, revenue is recognized at the amount that the Company is entitled to charge the customer for the services rendered in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition."

The Company may receive consideration for certain maritime cargo transport and charter-related transactions immediately upon the satisfaction of a performance obligation, but mainly receives consideration in advance for an amount prescribed in the relevant contract. Consideration for transactions does not include a significant financing component.

Certain consolidated subsidiaries involved in the Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo Ships Businesses provide services such as air and sea forwarding and land transport, and revenue is recognized mainly over the duration of the transportation period.

(6) Hedge accounting

Hedge accounting

The Company mainly adopts deferral hedge accounting. The Company adopts special accounting rules for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Currency swap contracts	Charter fees and loans payable in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

Hedging policy

The hedging derivative transactions are executed and managed by the Company mainly in accordance with established policies, "Rules of Market Risk Management" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

The Company evaluates hedge effectiveness mainly by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement for special treatment, the evaluation of hedge effectiveness is omitted.

(Hedging relationships which apply "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR")

Of the above, all hedging relationships included in the scope of applying the "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (PITF No. 40, March 17, 2022) are subject to the special treatment defined in said practical solution. The details of the hedging relationships to which this practical solution is applied are as follows.

Hedge accounting	Deferral hedge accounting, special accounting rules for interest swaps
Hedging instruments	Interest swaps
Hedged items	Interest paid on loans
Hedge transaction type	Transactions with fixed cash flows

(7) Interest expenses are generally expensed as incurred. However, interest expenses for assets which are constructed over a long term and are significant in terms of investment, is included in acquisition cost.

(8) Other significant matters for the preparation of consolidated financial statements

Accounting for retirement benefits

Net defined benefit assets/liabilities are recorded based on estimates of retirement benefit obligations and pension assets as of the end of the fiscal year. Unrecognized actuarial gains/losses are amortized by the straight-line method over a period that does not exceed the employees' estimated remaining service period (generally 10 years) from the next fiscal year. Prior service costs are generally expensed as incurred.

Notes to Changes in Accounting Standards

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021.) from the beginning of the fiscal year ended March 31, 2023, and in accordance with the transitional treatment prescribed in Paragraph 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement," the new accounting policy prescribed by "Implementation Guidance on Accounting Standard for Fair Value Measurement" will be adopted prospectively. There is no impact on the consolidated financial statements.

(Adoption of ASC 842, Lease Accounting)

Some of consolidated foreign subsidiaries of the Company adopting Generally Accepted Accounting Principles in the U.S. have adopted ASC 842, Lease Accounting, effective from the beginning of the fiscal year ended March 31, 2023. In accordance with the adoption of the standard, the Company decided to record leasing transactions of the lessee of the subsidiaries, for all leases in principle, in assets and liabilities on the balance sheet. In terms of application of the standard, the subsidiaries have adopted a method that recognizes the cumulative effect on the date of initial application, which is permitted as a transitional treatment.

As a result, "Other investments and other assets" in investments and other assets increased by ¥82,761 million, "Other current liabilities" in current liabilities increased by ¥6,987 million, and "Other fixed liabilities" in fixed liabilities increased by ¥75,774 million at the beginning of the fiscal year. There is no impact on the consolidated statements of income in the fiscal year ended March 31, 2023.

(Changes in Method of Evaluating Inventories)

The MOL Group has mainly adopted the cost method based on the moving average method for evaluating raw materials and supplies included in inventories. However, the Company and some of its consolidated subsidiaries changed to the cost method based on first-in first-out method effective from the fiscal year ended March 31, 2023.

This change in the evaluation method resulted from our judgment that by taking the opportunity to change the core system, the Company can more appropriately evaluate inventories and calculate periodic profit or loss with inventory valuation by using the first-in first-out method.

However, because it is impossible in practice to calculate inventories by the first-in first-out method due to the difference in the recording method of inventory recipient and payment data for past fiscal years from the new core system and difficult to calculate the cumulative effect in case it is adopted retrospectively, the Company has adopted the cost method based on the first-in first-out method effective from the beginning of the fiscal year to the future, recognizing book value at the end of the previous consolidated fiscal year as the beginning balance of the fiscal year.

As a result, inventories for the consolidated fiscal year decreased by ¥1,439 million, and shipping and other expenses for the consolidated fiscal year increased by the same amount. Consequently, operating profit, ordinary profit, and income before income taxes and non-controlling interests for the fiscal year each decreased by the same amount. In addition, net assets per share decreased by ¥3.61, and net income per share decreased by ¥3.62 for the consolidated fiscal year.

[Translation for Reference and Convenience Purposes Only]

Notes to Changes in Presentations

(Consolidated statements of income)

"Impairment losses," which were included in "Others" in extraordinary losses in the previous consolidated fiscal year, are separately disclosed in this consolidated fiscal year, due to the increase in materiality. "Impairment losses" for the previous consolidated fiscal year were ¥125 million.

"Loss on building reconstruction," which was separately disclosed in extraordinary losses in the previous fiscal year, is included in "Others" in this fiscal year due to the decrease in materiality. "Loss on building reconstruction" for the previous consolidated fiscal year was ¥1,389 million.

Notes to Accounting Estimates

(Provision for loss on contracts related to long-term charter contracts)

1. Amounts recorded in the consolidated financial statements for the fiscal year under review

Provision for loss on contracts	¥10,894 million

2. Information on the content of significant accounting estimates for identified items

Recognition of provision for loss on contracts is estimated from the future charter fees and vessel procurement cost related to long-term charter contracts. The estimation of the charter fees is influenced by the market trend in charter hire, while the estimation of procurement cost is influenced by tends in vessel expenses, such as interest on funding for capital investment in vessels and crew personnel expenses.

As a result, these factors may have a significant impact on the amount of provision for loss on contracts in the consolidated financial statements for the following fiscal year.

Notes to Consolidated Balance Sheets

1. Breakdown and amounts of inventories

Raw materials and supplies	¥49,422 million
Other	¥1,365 million

2. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	¥181,509 million
Investment securities	¥163,575 million
Others	¥1,019 million
Total	¥346,105 million

Pledged investment securities include the following:

a) ¥162,914 million is pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

b) ¥661 million is pledged as collateral for long-term loans associated with Offshore Business and LNG carrier projects.

(2) Secured obligations

Short-term loans	¥17,389 million
Long-term loans	¥159,889 million
Total	¥177,279 million

3. Accumulated depreciation of tangible fixed assets ¥895,650 million

4. Contingent liabilities

Guarantee liabilities, etc.	¥222,375 million
(Guarantee liabilities in foreign currency included in above	¥217,392 million)

5. Others

Since 2012, the Group is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in the U.K., etc. against the Group, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of the Group is uncertain as its financial impact is not estimable at this stage.

Notes to Consolidated Statements of Income

Settlement payments

On January 10, 2014, the MOL Group filed a lawsuit against Mitsubishi Heavy Industries, Ltd. (hereinafter referred to as "MHI") at Tokyo District Court seeking compensation for damages in association with a maritime accident involving a vessel constructed by said company. In response, MHI filed a countersuit at Tokyo District Court seeking payment of consideration for reinforcement of strength of the ship's hull for the same type of ship. Nearly 10 years after the accident, a settlement agreement was reached following diligent negotiations between both companies, and the Group recorded an extraordinary loss of ¥5,300 million as the net burden amount of the two lawsuits.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and total number of issued and outstanding shares as of the end of this fiscal year

Class:	Common stock
Total number of shares:	362,010,900 shares

2. Class and number of shares of treasury stock as of the end of this fiscal year

Class:	Common stock
Number of shares:	263,310 shares

3. Dividends distribution of surplus

(1) Dividends paid

Resolution	Class of stock	Total dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders June 21, 2022 (Note)	Common stock	108,252	900.0	March 31, 2022	June 22, 2022
Board of Directors' Meeting October 31, 2022	Common stock	108,387	300.0	September 30, 2022	November 28, 2022

Note: The Company split its common stock on the basis of one (1) share into three (3) shares as of April 1, 2022. The abovementioned "Dividends per share" resolved at the Ordinary General Meeting of Shareholders held on June 21, 2022 is presented as the amount before the stock split.

(2) Dividends for which record date is in this fiscal year but the effective date for the dividends is in the following fiscal year

Resolution	Class of stock	Total dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders June 20, 2023	Common stock	94,056	260.0	March 31, 2023	June 21, 2023

4. Class and number of shares subject to the share options at the end of the fiscal year

(Excluding share options yet to be effective)

Class: Common stock

Total number of shares: 1,205,400 shares

[Translation for Reference and Convenience Purposes Only]

Notes on Financial Instruments

1. Qualitative information on financial instruments

To acquire vessels and other fixed assets, the Group raises capital investment primarily by bank loans and bonds. In addition, the Group raises short-term working capital primarily by bank loans. Furthermore, the Group has commitment lines with Japanese banks to maintain sufficient sources of working capital and secure necessary liquidity in case of emergency situations.

Trade receivables are exposed to the credit risks of customers. The Group mitigates such risks by performing operations in accordance with internal regulations. In addition, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risks. The Group avoids this risk mainly by using exchange forward contracts to cover net trade receivables and payables denominated in foreign currencies. Short-term loans receivable and long-term loans receivable are mainly due from the subsidiaries and affiliates and are exposed to the credit risks of borrowers. The risks are managed by regularly monitoring the financial position, etc. to ensure early identification and mitigation of the potential bad debt. Investment securities are mainly stocks of companies which the Group has business relationships with. Fair value of listed stock is measured at market value on a quarterly basis.

Trade payables are due within a year. Short-term loans and commercial papers are primarily used to raise short-term working capital, while long-term loans and bonds are mainly used to raise necessary funds for capital investments. Although several items have variable interest rates and therefore are exposed to volatility risks, the Group uses derivative financial instruments (interest rate swaps and interest rate cap contracts) to fix certain portions of such variable interest rates. Long-term loans denominated in foreign currencies are exposed to foreign currency exchange rate risks; however, currency swaps are set for a portion of such loans to minimize the risks. Derivatives are used to hedge risks as discussed above and are executed to manage risks related to actual demand. In accordance with internal policies (“Rules of Market Risk Management” and “Guideline for Market Risk Management”), the Group’s policy is not to use derivatives for speculative purposes.

2. Fair values of financial instruments

The book value, fair value, and differences between the two values of financial instruments at end of this fiscal year are as follows. Shares, etc. without market price (book value of ¥1,342,167 million) are not included in “Available-for-sale securities.” Cash is omitted, and financial instruments settled within a short period are also omitted because their fair value is almost equivalent to book value.

(¥ million)

	Book Value	Fair Value	Difference
(1) Investment securities (*1)			
Investments in and advances to subsidiaries and affiliates	3,650	3,505	(145)
Available-for-sale securities	81,561	81,606	45
(2) Long-term loans receivable (*2)	138,683		
Allowance for doubtful accounts (*3)	(19,059)		
	119,624	121,541	1,916
Total assets	204,836	206,653	1,817
(1) Bonds (*4)	189,500	188,503	(996)
(2) Long-term bank loans (*5)	612,139	610,701	(1,437)
Total liabilities	801,639	799,205	(2,434)
Derivative financial instruments (*6)	72,691	72,691	–

(*1) Investment in partnerships or comparable business entities with net amount equivalent to the equity

interest recorded on the consolidated balance sheet are not included. The amount of those investments recorded on the consolidated balance sheet is ¥3,494 million.
(*2) The book value of long-term loans receivable includes current portion of ¥21,790 million.
(*3) Allowance for doubtful accounts recorded separately is excluded.
(*4) The book value of bonds includes current portion of ¥30,000 million.
(*5) The book value of long-term bank loans includes current portion of ¥87,337 million.
(*6) Assets and liabilities from derivative financial instruments are net. Negative amounts are stated in ( ).

3. Details of fair value of financial instruments by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair values: Fair values measured by quoted prices of the assets or liabilities being measured which are given in active markets among observable valuation inputs.
Level 2 fair values: Fair values measured by inputs other than inputs included within Level 1 among observable valuation inputs.
Level 3 fair values: Fair values measured by unobservable valuation inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities measured at fair value

(¥ million)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	81,452	–	–	81,452
Derivative financial instruments				
Currency-related	–	71,323	–	71,323
Interest-related	–	3,629	–	3,629
Others	–	29	–	29
Total assets	81,452	74,981	–	156,434
Derivative financial instruments				
Currency-related	–	363	–	363
Interest-related	–	1,658	–	1,658
Others	–	269	–	269
Total liabilities	–	2,290	–	2,290

(2) Financial assets and financial liabilities of which book value is not measured at fair value

(¥ million)

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Investments in and advances to subsidiaries and affiliates	3,505	–	–	3,505
Available-for-sale securities	–	154	–	154
Long-term loans receivable	–	121,541	–	121,541
Total assets	3,505	121,695	–	125,200
Bonds	–	188,503	–	188,503
Long-term bank loans	–	610,701		610,701
Total liabilities	–	799,205	–	799,205

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

a) Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

The fair value of golf club membership is measured using publicly disclosed quoted prices. Although the fair value of golf club membership is measured using a quoted price, such a market is not recognized as an active market, and fair value is classified as Level 2.

The fair value of bonds held by the Company is evaluated by discounting the total amount of principal and interest using the rate that would apply if similar bonds were subscribed to, and is classified as Level 2.

b) Derivative transactions

The fair value of derivatives is measured using the discounted cash flow method using interest rates, exchange rates and other observable inputs, and is classified as Level 2. However, since interest swap contracts, to which special treatment is applied, are accounted for together with the long-term bank loans being hedged, the fair value is included in the fair value of the relevant hedged item (see “Long-term bank loans” below).

c) Long-term loans receivable

The fair value of long-term loans receivable with variable interest rates is evaluated at book value since the interest rate reflects the market rate in a short term and fair value is almost equal to book value, unless the creditworthiness of the borrower has changed significantly since the loan was made, and is classified as Level 2. The fair value of long-term loans receivable with fixed interest rates, for each category of loans based on the type of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar borrowing were newly made, and is classified as Level 2.

d) Bonds

The fair value of bonds issued by the Company and its consolidated subsidiaries is measured using publicly disclosed quoted prices. Although the fair value of bonds is measured using a quoted price, such a market is not recognized as an active market, and fair value is classified as Level 2.

e) Long-term bank loans

The fair value of long-term bank loans with variable interest rates is evaluated at book value since fair value is almost equivalent to book value, the interest rate reflects the market rate in a short term and there has been no significant change in the creditworthiness of the Group before and after such bank loans were made, and is classified as Level 2. Long-term bank loans with fixed interest rates are classified by their duration, and based on their individual loan type, their fair value is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar bank loans were to be newly made, and is classified as Level 2. Certain long-term bank loans with variable interest rates are subject to the special treatment applied to interest swap contracts (see “Derivative transactions” above), and measured using the sum of principal and interest accounted for together with the relevant hedged item.

[Translation for Reference and Convenience Purposes Only]

Notes on Business Combination

(Transactions under common control)

Additional investment in consolidated subsidiary DAIBIRU CORPORATION

1. Overview of the transaction

   (1) Company name at the time of business combination and type of business

   Company name at the time of business combination: DAIBIRU CORPORATION

   Type of business: Ownership, operation, management, and leasing of real estate

   (2) Date of business combination

   April 28, 2022

   (3) Legal form of business combination

   Share acquisition as a non-controlling interest

   (4) Company name after business combination

   Not changed.

   (5) Other matters concerning the transaction

   With the aim of making DAIBIRU CORPORATION ("DAIBIRU"), which is a consolidated subsidiary of the Company, a wholly-owned subsidiary, the Company acquired additional shares of DAIBIRU on January 25, 2022 through a tender offer under the Financial Instruments and Exchange Act to acquire the common stock of DAIBIRU. DAIBIRU became a wholly-owned subsidiary of the Company upon effectuation of the share consolidation of the common stock of DAIBIRU on April 28, 2022.

2. Accounting treatment of transaction

   The transaction was accounted for as a non-controlling interest within transactions under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

3. Matters listed on the additional acquisition of subsidiary shares

   Breakdown of acquisition cost and consideration by type

Acquisition consideration	Cash	¥43,896 million
Acquisition cost		¥43,896 million

4. Matters related to changes in the Company's equity from transaction with non-controlling interest holder

   (1) Main cause of change in capital surplus

   Additional acquisition of subsidiary shares

   (2) Decrease in capital surplus from transaction with non-controlling interest holder

   ¥15,292 million

[Translation for Reference and Convenience Purposes Only]

Notes on Rental Property

1. Qualitative information on rental property

The Company and certain of its consolidated subsidiaries own real estate for office lease (including land) in Tokyo, Osaka and other areas.

2. Fair value of rental property

(¥ million)

Book Value	Fair Value
377,634	644,921

Notes: 1. Book value is acquisition cost less accumulated depreciation.

2. Fair value of major properties is based on the valuation of independent real estate appraisers. For other properties, fair value of land is adjusted using an index that reflects market price properly. Fair value of depreciable assets such as buildings is the amount recorded on the consolidated balance sheets.

Notes on Revenue Recognition

1. Information on disaggregation of revenue from contracts with customers

The Group's business activities are centered on the shipping business, providing maritime cargo transport and ship chartering services. The Group mainly operates the Dry Bulk Business, the Energy Business, the Containerships Business, the Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo Ships Businesses, the Real Property Business, and the Associated Businesses.

The revenues of these businesses during the fiscal year ended March 31, 2023 (including internal sales and transfers between the businesses) were ¥430,844 million, ¥401,874 million, ¥53,360 million, ¥628,164 million, ¥42,691 million, and ¥83,292 million.

Since revenue other than revenue from contracts with customers is negligible, the Company does not present revenue from contracts with customers and other revenue in separate categories.

2. Basic information for understanding revenue from contracts with customers

Basic information for understanding revenue is as presented in "Significant Matters for Basis of Preparation of Consolidated Financial Statements 4. Significant accounting policies, (5) Recognition of significant revenues and expenses."

3. Information for understanding amounts of revenue in the consolidated fiscal year under review and the following consolidated fiscal year onward

(1) Contract asset and contract liability balances

(¥ million)

	FY2022	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable – trade	1,174	1,006
Trade receivables	108,716	123,128
Contract assets	15,601	8,329
Contract liabilities	23,125	31,006

(*) Receivables from contracts with customers include amounts related to leasing transactions, etc., which are disclosed as such because the amounts are not material.

The balance of contract liabilities at the beginning of the fiscal year under review is generally recognized as revenue in the said fiscal year.

Changes in the balance of contract liabilities during this fiscal year were mainly due to receiving consideration in advance and satisfying performance obligations in the maritime cargo transport and ship chartering businesses. Changes in the balance of contract assets were mainly due to the recognition of revenue and transfer to receivables.

The amount of revenue recognized in the fiscal year under review resulting from performance obligations that were satisfied in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to notes on transaction prices allocated to the remaining performance obligations. In maritime cargo transport, each voyage to transport customers' cargo is considered a contract and a performance obligation, and the duration of each voyage is one year or less. In regard to performance obligations in ship chartering, revenue from the satisfaction of performance obligations is recognized in accordance with Paragraph 19 of "Implementation Guidance on Accounting Standard for Revenue Recognition." As such, notes pertaining to each of these performance obligations are not presented.

The transaction price allocated to the remaining performance obligations for other services provided by the Group in this fiscal year is immaterial.

Per-share Information

1. Net assets per share	¥5,322.35
2. Net income per share	¥2,204.04

Note: The Group split its common stock on the basis of one (1) share into three (3) shares effective April 1, 2022. Accordingly, net assets per share and net income per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

Major Subsequent Event

(Subscription for shares through third-party allotment and business alliance)

At its Board of Directors meeting held on April 28, 2023, the Company resolved to subscribe for shares of MODEC, Inc. (hereinafter referred to as "MODEC"; President & CEO: Takeshi Kanamori, Head Office: Chuo-ku, Tokyo) through a third-party allotment to be conducted by MODEC to the Company and Mitsui & Co., Ltd. (hereinafter referred to as "Mitsui & Co."; President & CEO: Kenichi Hori, Head Office: Chiyoda-ku, Tokyo) as allottees and to enter into a business alliance agreement (hereinafter referred to as "Business Alliance Agreement," with the business alliance formed by this agreement hereinafter referred to as the "Business Alliance") with MODEC.

1. Overview of subscription for shares through third-party allotment
   (1) Class and number of shares to be subscribed: 10,162,300 shares of common stock
   (2) Amount to be paid: ¥12,845,147,200
   (3) Payment date: June 30, 2023
   After the subscription, the Company's shareholding ratio of MODEC will be 14.86%, which makes the Company the second largest shareholder with the same ratio as Mitsui & Co.

2. Details, etc. of business alliance
   - MODEC will provide its know-hows in engineering, construction, leasing and operation of FPSOs, etc.;
   - The Company will provide its global network, as well as know-hows on business development, fundraising and each regional characteristics;
   - The Company will cooperate with MODEC in strengthening its operational system; and
   - The Company will provide human resource support to MODEC.

   The Company plans to hold discussions with MODEC on the contents, terms and conditions, and timing of each of the items of the Business Alliance and implement each of such items.

3. Impact on profit and loss
   The direct impact of the Business Alliance on the Company's consolidated financial results for the fiscal year ending March 31, 2024 is expected to be immaterial.

Other Notes

(Change to Consolidated Subsidiary Company (Share Transfer))

The Company had reached a decision to transfer shares in its consolidated subsidiary INTERNATIONAL TRANSPORTATION INC., (hereinafter referred to as "ITI") through the resolution of the Company's Board of Directors dated October 31, 2022 (hereinafter the "Share Transfer"). However, impacted by the schedule for approvals of competent government authorities, the Share Transfer is still incomplete.

Upon the completion of the Share Transfer, ITI will no longer be a consolidated subsidiary of the Company.

[Translation for Reference and Convenience Purposes Only]

1. Reason for change (Share Transfer)
TraPac, LLC., which is 100% subsidiary company of ITI, has been operating a container terminal business in California, U.S.A. Since we transferred our container shipping businesses to Ocean Network Express, Pte, Ltd., which is an affiliated company accounted for by using the equity method, in 2018, we had been reviewing our business portfolio strategy of container terminal businesses, and came to a decision to transfer the shares in ITI, which is a holding company of TraPac, LLC.

2. Overview of ITI

Name	INTERNATIONAL TRANSPORTATION INC.	
Location	630 West Harry Bridges Blvd, Wilmington, CA 90744 USA	
Name and title of representative person	Osamu Sakurada, Chairman	
Contents of business	Holding company for operating container terminal business	
Amount of stated capital	US$104,562,811	
Date of establishment	December 16, 1993	
Large shareholder and shareholding ratio	Mitsui O.S.K. Lines, Ltd. 100%	
Relationship between the Company and ITI	Capital relationship	We own 100% of shares in the company in question.
	Personal relationship	We have dispatched 3 part-time officers to the company in question.
	Transactional relationship	There is no matter falling under this category.

3. Overview of recipients and transfer prices
There will be two recipients of the Share Transfer (of the two recipients, one recipient will be hereinafter referred to as “Recipient 1” and the other recipient will be referred to by its name Ocean Network Express Pte. Ltd. (hereinafter referred to as “ONE”)), and the Company has entered into share transfer agreements with Recipient 1 and ONE, respectively (hereinafter, the Share Transfer to Recipient 1 shall be referred to as “Share Transfer 1” and the Share Transfer to ONE shall be referred to as “Share Transfer 2”).
With respect to Share Transfer 1 to Recipient 1 (which is a large investment fund mainly engaged in infrastructure investment), the transfer price is scheduled to be approximately US$950 million, but we will refrain from disclosing the overview of Recipient 1 due to the confidential obligation under the share transfer agreement.
The overview of ONE and the transfer price with respect to Share Transfer 2 are as follows:

(1) Overview of ONE

Name of recipients	Ocean Network Express Pte. Ltd. (hereinafter referred to as “ONE”) or an entity designated by ONE	
Location	7 Straits View, #16-01 Marina One East Tower, Singapore 018936	
Name and title of representative person	Jeremy Nixon, CEO	
Contents of business	Container shipping business	
Amount of stated capital	US$3,000,000,000	
Date of establishment	July 7, 2017	
Net assets (as of March 31, 2023)	US$22,815,000,000	
Total assets (as of March 31, 2023)	US$31,377,000,000	
Large shareholder and shareholding ratio	Ocean Network Express Holdings, Ltd. 100%	
Relationship between the Company and ONE	Capital relationship	We own 31.0% of outstanding shares in Ocean Network Express Holdings, Ltd. which owns 100% of outstanding shares in ONE.

	Personal relationship	We have dispatched 46 employees to ONE as secondees.
	Transactional relationship	We have entered into charter contracts on container ships with ONE, under which we have leased container ships to ONE.

* ONE falls under our related party.

(2) Transfer price of ONE
Approximately US$212,500,000

4. Number of transferring shares and status of owned shares before and after transfer

(1) Number of shares owned before transfer	1,000 shares (Number of voting rights: 1,000 units) (Voting right holding ratio: 100%)
(2) Number of shares transferred (*)	1,000 shares (Number of voting rights: 1,000 units)
(3) Number of shares owned after transfer	0 shares (Number of voting rights: 0 units) (Voting right holding ratio: 0%)

* The figures provided above provide the sum of number of transferring shares to be transferred to Recipient 1 and ONE. The number of transferring shares to each recipient is as provided below.

Recipient 1: 490 shares
(Number of voting rights: 490 units)
(Voting right holding ratio: 49%)

ONE: 510 shares
(Number of voting rights: 510 units)
(Voting right holding ratio: 51%)

5. Schedule

Execution date of share transfer agreement (Share Transfer 1)	November 11, 2022
Execution date of share transfer agreement (Share Transfer 2)	December 27, 2022
Implementation date of Share Transfer 1	July 2023 (scheduled)
Implementation date of Share Transfer 2 (Date of change to consolidated subsidiary company)	July 2023 (scheduled)

Due to the fact that the Share Transfer will be implemented after the approvals of competent government authorities under relevant laws and regulations are obtained, if there is any change or delay in such approvals, the schedule above may change.

6. Impact on consolidated operating results

(1) Share Transfer 1
After the implementation of Share Transfer 1, ITI will continue to be a consolidated subsidiary of the Company until the implementation of Share Transfer 2. Accordingly, there will be no impact on consolidated operating results until the fiscal year ending March 31, 2024.

(2) Share Transfer 2
A gain on sale of securities issued by subsidiaries and affiliates in the amount of approximately ¥12.6 billion is scheduled to be recorded as extraordinary income on a consolidated basis in the fiscal year ending March 31, 2024.

(Notes to Figures)
Figures less than one million yen are rounded down to the nearest million.

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(¥ million)

	As of March 31, 2023	As of March 31, 2022
	Amount	Amount
(Assets)		
Current assets	**358,936**	**272,635**
Cash and deposits	30,246	47,761
Trade receivables	56,089	56,232
Contract assets	4,233	12,529
Short-term loans receivable	177,159	55,594
Advances	13,022	20,600
Marketable securities	500	1,000
Inventories	27,288	34,022
Deferred and prepaid expenses	13,376	13,678
Receivable from agencies	18,327	14,745
Other current assets	21,402	18,466
Allowance for doubtful accounts	(2,710)	(1,995)
Fixed assets	**1,237,020**	**958,855**
(Tangible fixed assets)	**182,861**	**166,725**
Vessels	153,560	117,479
Buildings	6,814	7,238
Structures and equipment	177	242
Vehicles and transportation equipment	5	11
Furniture and fixtures	609	323
Land	15,252	15,478
Construction in progress	2,433	21,813
Other tangible fixed assets	4,007	4,137
(Intangible fixed assets)	**15,204**	**18,818**
(Investments and other assets)	**1,038,953**	**773,311**
Investment securities	54,993	63,671
Investments in and advances to subsidiaries and affiliates	709,834	527,200
Long-term loans receivable	191,651	89,267
Long-term prepaid expenses	4,879	4,801
Prepaid pension costs	9,727	7,807
Long-term lease receivables	58,937	71,805
Other investments and other assets	14,725	15,790
Allowance for doubtful accounts	(5,796)	(7,033)
Total Assets	**1,595,956**	**1,231,491**

[Translation for Reference and Convenience Purposes Only]

(¥ million)

	As of March 31, 2023	As of March 31, 2022
	Amount	Amount
(Liabilities)		
Current liabilities	**529,727**	**310,072**
Trade payables	56,268	65,759
Short-term bonds	15,000	8,700
Short-term bank loans	324,014	181,035
Other payables	1,829	3,892
Accrued income taxes	1,934	3,357
Advances received	109	20
Contract liabilities	20,090	17,246
Payable to agencies	522	562
Commercial papers	80,000	–
Provision for bonuses	7,426	6,453
Provision for directors' bonuses	680	523
Provision for share-based payments	113	184
Provision for loss on guarantees	6,173	1,431
Provision for loss on contracts	4,905	11,036
Provision for loss related to business restructuring	–	213
Other current liabilities	10,660	9,656
Fixed liabilities	**410,619**	**501,678**
Bonds	94,500	109,500
Long-term bank loans	266,008	334,711
Deferred tax liabilities	12,062	13,041
Provision for share-based payments	605	354
Provision for loss on guarantees	16,790	19,920
Provision for loss on contracts	7,057	11,057
Other fixed liabilities	13,594	13,094
Total Liabilities	**940,347**	**811,751**
(Net Assets)		
Shareholders' equity	**632,271**	**393,873**
Common stock	65,589	65,400
Capital surplus	44,561	44,371
Additional paid-in capital	44,561	44,371
Retained earnings	522,679	286,370
Legal earnings reserve	8,527	8,527
Other retained earnings	514,151	277,842
Reserve for advanced depreciation	966	743
General reserve	46,630	46,630
Retained earnings (losses) brought forward	466,555	230,468
Treasury stock	(558)	(2,268)
Accumulated gains from valuation and translation adjustments	**22,787**	**25,083**
Unrealized holding gains on available-for-sale securities, net of tax	23,987	27,040
Unrealized gains (losses) on hedging derivatives, net of tax	(1,199)	(1,956)
Share option	**550**	**781**
Total Net Assets	**655,609**	**419,739**
Total Liabilities and Net Assets	**1,595,956**	**1,231,491**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statements of Income

(¥ million)

	FY2022 (From April 1, 2022 to March 31, 2023)	FY2021 (From April 1, 2021 to March 31, 2022)
	Amount	Amount
Shipping and other revenues		
Shipping revenues		
Freight	562,665	514,094
Charter fees	209,952	205,879
Other shipping revenues	47,854	44,339
Total	**820,472**	**764,313**
Other operating revenue	903	900
Total shipping and other revenues	**821,375**	**765,214**
Shipping and other expenses		
Shipping expenses		
Voyage expenses	283,174	236,534
Vessels	20,010	16,570
Charter fees	351,302	388,930
Other shipping expenses	49,942	51,835
Total	**704,430**	**693,869**
Other operating expenses	599	567
Total shipping and other expenses	**705,030**	**694,437**
Gross operating income	**116,345**	**70,776**
General and administrative expenses	54,640	37,400
Operating profit	**61,705**	**33,376**
Non-operating income		
Interest and dividend income	409,793	246,182
Foreign exchange gains	3,882	–
Others	6,283	3,080
Total non-operating income	**419,959**	**249,263**
Non-operating expenses		
Interest expenses	9,229	5,129
Foreign exchange losses	–	9,979
Provision of allowance for doubtful accounts	841	3,991
Others	1,609	3,297
Total non-operating expenses	**11,680**	**22,398**
Ordinary profit	**469,984**	**260,240**
Extraordinary income		
Gain on sales of fixed assets	37	12,092
Gain on sale of investment securities	13,869	4,741
Gain on sale of securities issued by subsidiaries and affiliates	0	216
Gain on liquidation of subsidiaries and affiliates	772	124
Gain on reversal of share option	5	121
Others	6,332	6,577
Total extraordinary income	**21,018**	**23,874**
Extraordinary losses		
Loss on sale of fixed assets	8	6
Loss on retirement of fixed assets	550	194
Loss on valuation of securities issued by subsidiaries and affiliates	11,961	1,551
Loss on valuation of investment securities	–	2,308
Provision of allowance for loss on guarantees	9,611	1,431
Loss related to business restructuring	–	4,483
Others	3,430	707
Total extraordinary losses	**25,561**	**10,683**
Income before income taxes	**465,442**	**273,431**
Income taxes - current	3,097	3,589
Income taxes - deferred	321	(162)
Net income	**462,022**	**270,004**

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Statement of Changes in Net Assets

FY2022 (April 1, 2022 – March 31, 2023)

(¥ million)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Common stock	Additional paid-in capital	Total capital surplus	Legal earnings reserve	Reserve for advanced depreciation	General reserve	Retained earnings (losses) brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	**65,400**	**44,371**	**44,371**	**8,527**	**743**	**46,630**	**230,468**	**286,370**	**(2,268)**	**393,873**
Changes during period										
Exercise of share option			–					–	225	225
Issuance of new shares	189	189	189					–		378
Dividends of surplus			–				(216,639)	(216,639)		(216,639)
Profit			–				462,022	462,022		462,022
Provision of reserve for advanced depreciation			–		249		(249)	–		–
Reversal of reserve for advanced depreciation			–		(26)		26	–		–
Purchase of treasury stock			–					–	(56)	(56)
Disposal of treasury stock			–				(686)	(686)	1,540	853
Decrease by company split			–				(8,386)	(8,386)		(8,386)
Net changes of items other than shareholders' equity			–					–		–
Total changes of items during Period	189	189	189	**–**	**222**	**–**	**236,086**	**236,309**	**1,709**	**238,397**
Balance at March 31, 2023	**65,589**	**44,561**	**44,561**	**8,527**	**966**	**46,630**	**466,555**	**522,679**	**(558)**	**632,271**

	Accumulated gains from valuation and translation adjustments				
	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains (losses) on hedging derivatives, net of tax	Total accumulated gains from valuation and translation adjustments	Share option	Total net assets
Balance at April 1, 2022	**27,040**	**(1,956)**	**25,083**	**781**	**419,739**
Changes during period					
Exercise of share option			–	(225)	–
Issuance of new shares			–		378
Dividends of surplus			–		(216,639)
Profit			–		462,022
Provision of reserve for advanced depreciation			–		–
Reversal of reserve for advanced depreciation			–		–
Purchase of treasury stock			–		(56)
Disposal of treasury stock			–		853
Decrease by company split			–		(8,386)
Net changes of items other than shareholders' equity	(3,052)	756	(2,296)	(5)	(2,302)
Total changes of items during period	**(3,052)**	**756**	**(2,296)**	**(231)**	**235,870**
Balance at March 31, 2023	**23,987**	**(1,199)**	**22,787**	**550**	**655,609**

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Financial Statements

Notes to Matters for Significant Accounting Policies

1. Bases and methods of valuation of assets

Securities	
Trading securities	Market value method (Costs of securities sold are determined based on the moving-average method)
Held-to-maturity debt securities	Amortized cost method
Investments in and advances to subsidiaries and affiliates	Stated at cost using the moving-average method.
Other securities	
Other than shares, etc. without market value	Market value method (Unrealized gains/losses are recorded in equity. Costs of securities sold are determined based on the moving-average method)
Shares, etc. without market value	Stated at cost based on the moving-average method
Contributions to the investment limited partnership (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)	Valued at the net amount proportionate to equity interests based on the financial statements for the most recent fiscal year available depending on the reporting date stipulated in the partnership agreement.
Derivative transactions	Market value method
Inventories	Stated at cost mainly based on first-in first-out method (Amounts on the balance sheet are measured at the lower of cost or net realizable value)

2. Depreciation methods for fixed assets

Tangible fixed assets (excluding leased assets)	
Vessels	Straight-line method
Buildings	Straight-line method
Other tangible fixed assets	Mainly declining-balance method
Intangible fixed assets (excluding leased assets)	Straight-line method Internal use software is amortized by the straight-line method, based on the estimated useful life of 5 years.
Leased assets	Leased assets under finance leases that transfer ownership are depreciated consistently as fixed assets that the Company owns. Leased assets under finance leases other than those that transfer ownership are depreciated using the straight-line method, based on lease terms and residual value of zero.

3. Accounting treatment for deferred assets

Bond issue expenses

Expensed as incurred

Stock issue expenses

Expensed as incurred

4. Accounting for allowances and provisions

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

Provision for bonuses

Provision for bonuses to employees is based on the estimated amounts of future payments attributed to the fiscal year.

Provision for directors' bonuses

Provision for bonuses to directors is based on the estimated amounts of future payments.

Provision for share-based payments

Provision for granting the Company's stock, etc. under the stock compensation plan is based on the estimated number of shares, etc. granted as of the end of the fiscal year.

Provision for loss on guarantees

Provision for loss on guarantees is based on the estimated amounts of losses arising from fulfilling guarantee obligations in view of the financial conditions of guaranteed companies.

Provision for loss on contracts

Provision for loss on contracts is based on the estimated amounts of loss on contracts with future high probability of loss to be incurred due to a decision made over contracts, etc.

Provision for employees' severance and retirement benefits

Provision for retirement benefits to employees is based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the fiscal year.

In calculating retirement benefit obligations, the Company uses straight-line attribution as a method of attributing estimates of retirement benefit to a period up to the end of the fiscal year.

Actuarial differences are recognized using the straight-line method within the estimated remaining service period (10 years) commencing with the following period. Prior service cost is accounted for as expenses in lump-sum at the time of occurrence.

5. Recognition of freight revenues and related expenses

The Company mainly provides services such as maritime cargo transport, charter contracts, and other services related to the operation of seafaring vessels.

In maritime cargo transport services, each voyage for the purpose of transporting customers' cargo is essentially regarded as a separate contract and is deemed to be a performance obligation. Considering that this performance obligation is satisfied over the duration of the voyage as the number of days spent on the voyage elapse, the Company measures progress as the number of days until the end of the fiscal year end relative to the estimated total number of days expected for each voyage (including duration of ballast voyages related to performance of transport services, excluding duration of travel or standby of vessels not intended for performance of transportation services), and revenue is recognized based on this progress.

The Company includes the amount of variable consideration related to adjustments for fuel costs and surcharges for demurrage/dispatch, etc. in the amount of consideration for transactions, but includes said variable consideration in the transaction price because it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In charter services, the provision of transport services by vessels with complete transport capabilities through the assignment of captains, crew members, etc. is deemed to be a performance obligation. Considering that this performance obligation is satisfied by providing said transport service over the duration of a contract, revenue is recognized at the amount that the Company is entitled to charge the

customer for the services rendered in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition."
The Company may receive consideration for certain maritime cargo transport and charter-related transactions immediately upon the satisfaction of a performance obligation, but mainly receives consideration in advance for an amount prescribed in the relevant contract. Consideration for transactions does not include a significant financing component.

6. Hedge accounting

Hedge accounting

The Company adopts deferral hedge accounting.
Special accounting rules are used for interest swaps that meet the requirements of special accounting rules.

Hedging instruments and hedged items

Hedging instruments	Hedged items
Loans payable in foreign currencies	Future transactions in foreign currencies
Forward foreign exchange contracts	Future transactions in foreign currencies
Currency option contracts	Future transactions in foreign currencies
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

Hedging policy

Hedging derivative transactions are executed in accordance with the Company's internal regulations, "Rules of Market Risk Management" and "Guideline for Market Risk Management," clarifying hedged items by individual case, in order to hedge risks of currency exchange rate fluctuations, interest rate fluctuations, or changes in prices against relevant hedged items.

Method of evaluating the effectiveness of hedges

In principle, the Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in the fair value of hedged items, and the cumulative changes in cash flows from or the changes in fair value of hedging instruments during the period from commencement of hedging to the point of evaluating effectiveness, based on changes in both amounts and others. As for interest swap contracts meeting the requirement of special treatment, the evaluation of hedge effectiveness is omitted.

7. Accounting treatment for interest expenses

Interest expenses are generally expensed as incurred. However, interest expenses for assets which are constructed over a long term and are significant in terms of investment, are included in acquisition cost.

8. Accounting treatment for retirement benefits

The accounting methods for unrecognized actuarial differences relating to retirement benefits are different from those accounting methods in the consolidated financial statements.

Notes to Changes in Accounting Standards

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021.) from the beginning of the fiscal year ended March 31, 2023, and in accordance with the transitional treatment prescribed in Paragraph 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement," the new accounting policy prescribed by "Implementation Guidance on Accounting Standard for Fair Value Measurement" will be adopted prospectively. There is no impact on the financial statements.

(Changes in Method of Evaluating Inventories)

The Company has mainly adopted the cost method based on the moving average method for evaluating supplies included in inventories. However, the Company changed to the cost method based on first-in first-out method effective from the beginning of the fiscal year ended March 31, 2023.

This change in the evaluation method resulted from our judgment that by taking the opportunity to change the core system, the Company can more appropriately evaluate inventories and calculate periodic profit or loss with inventory valuation by using the first-in first-out method.

However, because it is impossible in practice to calculate inventories by the first-in first-out method due to the difference in the recording method of inventory recipient and payment data for past fiscal years from the new core system and difficult to calculate the cumulative effect in case it is adopted retrospectively, the Company has adopted the cost method based on the first-in first-out method effective from the beginning of the fiscal year to the future, recognizing book value at the end of the previous fiscal year as the beginning balance of the fiscal year.

As a result, supplies for the fiscal year decreased by ¥839 million, and shipping and other expenses for the fiscal year increased by the same amount. Consequently, operating profit, ordinary profit, and income before income taxes for the fiscal year each decreased by the same amount. In addition, net assets per share decreased by ¥2.32, and net income per share decreased by ¥2.32 for the fiscal year.

Notes to Accounting Estimates

(Provision for loss on contracts related to long-term charter contracts)

1. Amounts recorded in the financial statements for the fiscal year under review

Provision for loss on contracts	¥10,894 million

2. Information on the content of significant accounting estimates for identified items

Statement is omitted as the same details are provided in "Notes to Accounting Estimates" in the Notes to Consolidated Financial Statements.

Notes to Non-consolidated Balance Sheets

1. To subsidiaries and affiliates

Short-term monetary lending	¥222,722 million
Long-term monetary lending	¥250,157 million
Short-term monetary debts	¥122,548 million
Long-term monetary debts	¥600 million

2. Accumulated depreciation on tangible fixed assets ¥111,617 million

3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Vessels	¥48,501 million
Investment securities	¥661 million
Investments in and advances to subsidiaries and affiliates	¥77,593 million
Total	¥126,755 million

Pledged investment securities and investments in and advances to subsidiaries and affiliates include the following:

a) Investments in and advances to subsidiaries and affiliates of ¥77,593 million are pledged as collateral to secure long-term loans of subsidiaries/affiliates and future payment of charter hire.

b) Investment securities of ¥661 million are pledged as collateral for long-term loans associated with Offshore Business projects.

(2) Secured obligations

Short-term loans	¥5,605 million
Long-term loans	¥58,223 million
Total	¥63,828 million

4. Contingent liabilities

Guarantee liabilities, etc.	¥536,832 million
(Guarantee liabilities in foreign currency included in above	¥460,208 million)

5. Others

Since 2012, the Company is the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in the U.K., etc. against the Company, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of the Company is uncertain as its financial impact is not estimable at this stage.

Notes to Non-consolidated Statements of Income

1. Volume of transactions with subsidiaries and affiliates

Volume of operating transactions	
Revenues	¥192,401 million
Shipping and other expenses	¥282,778 million
Transactions other than operating transactions	¥428,382 million

2. Provision of allowance for loss on guarantees

The Company has recorded liabilities, etc. of consolidated subsidiaries for which the Company has provided joint and several guarantees. In the fiscal year under review, liabilities related to settlements and other amounts owed by consolidated subsidiaries are included. The settlement relates to a maritime accident that occurred on June 17, 2013, involving a vessel built by Mitsubishi Heavy Industries, Ltd. The said accident was recorded by the consolidated subsidiary as a result of a settlement agreement reached after intensive negotiations between the two companies which has taken into account of the fact that nearly 10 years had passed since the accident occurred.

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of the end of this fiscal year

Common stock	254,056 shares

Notes on Deferred Tax Accounting

1. Accounting treatment of corporate tax and local corporate tax and accounting treatment of related deferred tax accounting

The Company has transitioned to the Group Tax Sharing System from the Consolidated Taxation System from the fiscal year ended March 31, 2023.

Accordingly, the treatment of accounting and disclosure for corporate tax and local corporate tax is in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021; hereinafter "PITF No. 42").

In addition, based on Paragraph 32 (1) of PITF No. 42, the change in accounting policy with the application of PITF No. 42 is considered to have no impact.

For the accounting treatment and disclosure of deferred tax accounting for corporate tax and local corporate tax, the Company has applied PITF No. 42 from the end of the previous fiscal year.

The Company will not adjust, among the tax sharing group, the tax effect amount under the Group Tax Sharing System.

Accordingly, the tax effect amount under the Group Tax Sharing System is not recorded in the Non-consolidated Statements of Income included in the financial statements.

2. Significant components of deferred tax assets and liabilities

	(¥ million)
Deferred tax assets	
Tax loss brought forward	7,911
Retained income of specific foreign subsidiaries	41,808
Loss on valuation of available-for-sale securities	1,049
Voluntary adjustment of loss on valuation of securities issued by subsidiaries and affiliates	56,703
Provision for bonuses	2,127
Impairment loss	449
Allowance for doubtful accounts	2,437
Provision for loss on guarantees	6,579
Provision for loss on contracts	3,427
Transfer of charters from subsidiaries and affiliates	230
Deemed dividends	12,355
Unrealized gains (losses) on hedging derivatives, net of tax	346
Loss on guarantees	1,013
Others	8,460
Subtotal	144,901
Valuation allowance for tax loss brought forward	(7,911)
Valuation allowance for the total of future deductible temporary differences, etc.	(136,987)
Valuation allowance	(144,898)
Total deferred tax assets	2
Deferred tax liabilities	
Prepaid pension costs	(2,239)
Unrealized gains on available-for-sale securities	(9,272)
Others	(553)
Total deferred tax liabilities	(12,065)
Net deferred tax liabilities	(12,062)

[Translation for Reference and Convenience Purposes Only]

Notes on Transactions with Related Parties

(¥ million)

Attribution	Name of company	Ratio of MOL's voting rights	Nature of relationship	Nature of transaction (Note 1)	Transacted amount	Account	Term-end balance
Subsidiary	MOL FSRU Terminal (Hong Kong) Ltd.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	28,844	-	-
	Samba Offshore S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	22,947	-	-
	MOG-X LNG Shipholding S.A.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	20,563	-	-
	ORCHID LNG SHIPPING (SINGAPORE) PTE. LTD.	Directly 100%	Interlocking directorate Debt guarantee	Debt guarantee	19,574	-	-
	White Bear Maritime Ltd.	Directly 100%	Interlocking directorate Ship chartering Debt guarantee	Debt guarantee	16,724	-	-
	Linkman Holdings Inc.	Directly 100%	Interlocking directorate Ship chartering Funding loan	Funding loan	69,897	Short-term loans receivable	104,747
	DAIBIRU CORPORATION	Directly 100%	Interlocking directorate Funding loan	Funding loan	53,500	Long-term loans receivable	53,500
	GYRO SHIPPING INC.	Directly 100%	Interlocking directorate Funding loan	Funding loan	32,384	Long-term loans receivable	32,384
	Canopus Maritime Inc.	Directly 100%	Interlocking directorate Ship chartering	Recovery of lease receivables	5,828	Lease receivables (Note 2)	20,528
	MOL Drybulk Ltd.	Directly 100%	Interlocking directorate Ship chartering Business transfer	Transferred assets Transferred liabilities	27,648 19,183	-	-
Affiliate	Buzios5 MV32 B.V.	Directly 20%	Interlocking directorate Debt guarantee	Debt guarantee	48,690	-	-
	Area1 Mexico MV34 B.V.	Directly 30%	Interlocking directorate Debt guarantee	Debt guarantee	45,032	-	-
	Marlim1 MV33 B.V.	Directly 20%	Interlocking directorate Debt guarantee	Debt guarantee	37,700	-	-

Notes: 1. Transaction conditions and policies to decide transaction conditions, etc.
(1) Debt guarantees are for borrowings from financial institutions, etc. Guarantee charges are determined upon taking into account the guarantee recipient, the form of guarantee, and other such conditions.
(2) As for funding loan, it is determined by market rates and conditions, and companies are not required to pay mortgages.
(3) As for part of the funding loans, because they involve repeated transactions, the average for this fiscal year is shown for the transacted amount.
(4) Lease payments receivable are determined giving consideration to the amount corresponding to the cost of the leased asset.
(5) The business transfer is due to a company split. MOL Drybulk Ltd. succeeded the assets, rights and obligations of the bulk carrier business, woodchip carrier business, and Panamax business (excluding steel industry and domestic electric power business) of the Company as of the effective date of the company split within the scope stipulated in the absorption-type company split agreement. There are no employment contracts to be succeeded and no rights or obligations arising under these contracts. As this company split is conducted between the Company and a wholly-owned subsidiary of the Company, no payment of consideration will be made by MOL Drybulk Ltd. to the Company due to the company split.
2. Lease receivables shown include lease receivables scheduled to be paid within one year.

Notes on Revenue Recognition

(Basic information for understanding revenue from contracts with customers)

Basic information for understanding revenue is as provided in "Notes to Matters for Significant Accounting Policies, 5. Recognition of freight revenues and related expenses."

[Translation for Reference and Convenience Purposes Only]

Per-share Information

1. Net assets per share ¥1,810.77
2. Net income per share ¥1,279.16

Note: The Company split its common stock on the basis of one (1) share into three (3) shares effective April 1, 2022. Accordingly, net assets per share and net income per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

Major Subsequent Event

(Subscription for shares through third-party allotment and business alliance)

At its Board of Directors meeting held on April 28, 2023, the Company resolved to subscribe for shares of MODEC, Inc. (hereinafter referred to as "MODEC"; President & CEO: Takeshi Kanamori, Head Office: Chuo-ku, Tokyo) through a third-party allotment to be conducted by MODEC to the Company and Mitsui & Co., Ltd. (hereinafter referred to as "Mitsui & Co."; President & CEO: Kenichi Hori, Head Office: Chiyoda-ku, Tokyo) as allottees and to enter into a business alliance agreement (hereinafter referred to as "Business Alliance Agreement," with the business alliance formed by this agreement hereinafter referred to as the "Business Alliance") with MODEC.

1. Overview of subscription for shares through third-party allotment

(1) Class and number of shares to be subscribed: 10,162,300 shares of common stock

(2) Amount to be paid: ¥12,845,147,200

(3) Payment date: June 30, 2023

After the subscription, the Company's shareholding ratio of MODEC will be 14.86%, which makes the Company the second largest shareholder with the same ratio as Mitsui & Co.

2. Details, etc. of business alliance

- MODEC will provide its know-hows in engineering, construction, leasing and operation of FPSOs, etc.;
- The Company will provide its global network, as well as know-hows on business development, fundraising and each regional characteristics;
- The Company will cooperate with MODEC in strengthening its operational system; and
- The Company will provide human resource support to MODEC.

The Company plans to hold discussions with MODEC on the contents, terms and conditions, and timing of each of the items of the Business Alliance and implement each of such items.

3. Impact on profit and loss

The direct impact of the Business Alliance on the Company's financial results for the fiscal year ending March 31, 2024, is expected to be immaterial.

Other Notes

(Change to Consolidated Subsidiary Company (Share Transfer))

Except for "6. Impact on operating results," this information is omitted as the same content is indicated in "Notes to Consolidated Financial Statements (Other Notes)."

6. Impact on operating results

(1) Share Transfer 1

A gain on sale of securities issued by subsidiaries and affiliates in the amount of approximately ¥74,800 million is scheduled to be recorded as non-consolidated extraordinary income in the fiscal year ending March 31, 2024.

(2) Share Transfer 2

A loss on sale of securities issued by subsidiaries and affiliates in the amount of approximately ¥34,300 million is scheduled to be recorded as non-consolidated extraordinary losses in the fiscal year ending March 31, 2024.

(Notes to Figures)

Figures less than one million yen are rounded down to the nearest million.