

Mitsui O.S.K. Lines, Ltd.



Financial Highlights: The First Quarter Ended June 30, 2023

1. Consolidated Financial Highlights (from April 1, 2023 to June 30, 2023)

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

(1) Operating Results

	(¥Million)	
	Q1/FY2023	Q1/FY2022
Revenues	385,183	374,783
Operating profit	24,472	23,597
Ordinary profit	90,369	284,191
Profit attributable to owners of parent	91,155	285,779
	(¥)	
Net income per share	251.98	791.96
Diluted net income per share	251.34	788.68

(2) Financial Position

	(¥Million)	
	Q1/FY2023	FY2022
Total assets	3,737,672	3,564,247
Total net assets	2,015,352	1,937,621
Shareholders' equity / Total assets	53.6%	54.0%

* Shareholders' Equity is defined as follows.

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

2. Dividends

	Dividend per share				
	Q1	Q2	Q3	Year -end	Total
FY2022	—	300.00	—	260.00	560.00
FY2023	—	—	—	—	—
FY2023 (Forecast)	—	110.00	—	70.00	180.00

3. Forecast for the Fiscal Year Ending March 31, 2024

(¥Million)

	1H/FY2023	FY2023
Revenues	797,000	1,530,000
Operating profit	50,000	100,000
Ordinary profit	135,000	220,000
Profit attributable to owners of parent	135,000	215,000
		(¥)
Net income per share	373.14	594.21

* Net income per share for the fiscal year 2023 is calculated based on the number of shares after the issuance of new shares regarding the following three cases:

(i) Notice on issuance of new shares to directors/executive officers of subsidiaries of the company and employees of the company as fiscal year 2023 non-performance-linked restricted stock compensation

The number of shares issued on the payment deadline of July 20th, 2023: 57,300 shares

(ii) Notice on issuance of new shares to non-executive directors of the company as fiscal year 2023 non-performance-linked restricted stock compensation

The number of shares issued on the payment deadline of July 20th, 2023: 10,495 shares

(iii) Notice on issuance of new shares to executive directors and executive officers and senior associate executive officer of the company as fiscal year 2022 performance linked stock compensation

The number of shares issued on the payment deadline of July 20th, 2023: 33,829 shares

(The total number of new shares issued for (i)~(iii) is 101,624 shares)

4. Business Performance

(1) Analysis of Operating Results

(¥ Billion)

	Three months		Year-on-year comparison / Variance
	From April 1, 2022 to June 30, 2022	From April 1, 2023 to June 30, 2023	
Revenue	374.7	385.1	10.4 / 2.8%
Operating profit	23.5	24.4	0.8 / 3.7%
Ordinary profit	284.1	90.3	(193.8) / (68.2%)
Profit attributable to owners of parent	285.7	91.1	(194.6) / (68.1%)
Exchange rate	¥125.29/US\$	¥134.86/US\$	¥9.57/US\$
Bunker price*	US\$914/MT	US\$575/MT	US\$(339)/MT

*Average price for all the major fuel grades

The average exchange rate against the dollar for the first quarter of the current fiscal year decreased by ¥9.57/US\$ to ¥134.86/US\$ from the same period of the previous fiscal year. The average bunker price for the first quarter of the current fiscal year decreased by US\$339/MT to US\$575/MT from the same period of the previous fiscal year

We recorded revenue of ¥385.1 billion, an operating profit of ¥24.4 billion, an ordinary profit of ¥90.3 billion and profit attributable to owners of parent of ¥91.1 billion.

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

Upper: Segment Revenue, Lower: Segment Ordinary Profit

(¥ Billion)

	Three months		Year-on-year comparison / Variance
	From April 1, 2022 to June 30, 2022	From April 1, 2023 to June 30, 2023	
Dry Bulk Business	105.2	95.4	(9.8) / (9.3%)
	18.5	26.3	7.7 / 41.8%
Energy Business	85.6	101.6	16.0 / 18.8%
	9.5	19.4	9.9 / 104.6%
Product Transport Business	141.9	147.2	5.3 / 3.8%
	249.5	40.4	(209.1) / (83.8%)
Containerships	13.0	13.6	0.5 / 4.1%
	234.4	23.8	(210.5) / (89.8%)
Wellbeing & lifestyle Business	26.5	25.2	(1.2) / (4.7%)
	2.1	2.3	0.2 / 12.0%
Real property Business	9.8	9.7	0.0 / (0.7%)
	2.5	2.4	(0.1) / (4.4%)
Associated Businesses	11.4	10.9	(0.4) / (4.1%)
	0.6	0.5	(0.1) / (24.1%)
Others	4.0	4.5	0.5 / 12.5%
	0.4	1.5	1.0 / 228.6%

(A) Dry Bulk Business

The Capesize bulker market rates were weaker than the year before, falling for a time in response to a sharp drop in steel product prices amid concerns about China's slow economic recovery; nonetheless rates remained generally firm. Meanwhile, the market rates for Panamax, Handymax, and smaller vessels remained in a downward trend due to the weak South American grain shipments and limited movements of other cargoes such as cement, and also by the concerns about the delay in China's economic recovery, the same reason that applies to the Capesize bulker market.

Despite the impact of the decline in market conditions, the dry bulk business posted a year-on-year increase in profit, reflecting the reversal of an allowance for doubtful accounts recorded in the past at one of the consolidated subsidiaries, in relation to a loan to GEARBULK HOLDING AG, an equity-method affiliate, as a result of improvement in this company's financial standing.

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

In the very large crude oil carrier (VLCC) market, cargo movements remained firm as China resumed economic activity, although there were concerns about the impact of additional production cuts by OPEC+. Freight rates fluctuated but remained higher year-on-year, reflecting an increase in ton-miles due to cargoes shipped from the U.S. and a tight vessel supply-demand balance and the Russia-Ukraine conflict. Product tanker market rates held firm, as a result of an increase in exports ahead of scheduled maintenance at oil refineries in the Far East but then gradually weakened, reflecting a decrease in export volumes with the start of scheduled maintenance and the resumption of economic activity and increased domestic demand in oil-exporting countries. On the other hand, chemical tankers business remained steady, benefiting from the ton-miles increase as well as crude oil tankers. In this market environment, by fulfilling existing long-term contracts and reducing costs, the tanker business as a whole posted a year-on-year increase in profits.

<Offshore>

The FPSO business secured stable profit through existing long-term charter contracts and reported a year-on-year increase in profit mainly thanks to the start of a new project.

<Liquefied gas>

The LNG carrier business continued to generate stable profit through existing long-term charter contracts. Although some long-term contracts expired, there were acquisitions of new contracts, and the LNG carrier business posted an increase in profit year-on-year. Similarly, in the FSRU business, some contracts expired while other new contracts started, and profit was mostly unchanged year-on-year.

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

At OCEAN NETWORK EXPRESS PTE. LTD, the Company's equity-method affiliate, cargo demand decreased due to weak consumption in Europe and the U.S. under the impact of high-interest rates and inflation, and spot freight rates and term-contract freight rates fell especially on Asia-North America and Asia-Europe routes. The containerships business posted a substantial decline in profit year-on-year reflecting a significant drop from the high freight rate levels seen during the COVID-19 pandemic.

<Car Carriers>

As economic activity normalized and production of completed cars also returned to normal levels with improvement in the supply of semiconductors and automotive components, cargo movements also gradually recovered. Although port congestion in some regions led to delays in discharging operations, temporarily lowered the fleet operation efficiency, we flexibly revised vessel allocation plans, and as a result, the car carriers business achieved year-on-year profit growth.

<Other Product Transport>

Container handling volumes in the terminal business decreased year-on-year due to a slowdown in cargo movements at overseas terminals, while there were firm cargo movements at domestic terminals. Meanwhile, the logistics business was affected by softened air and sea freight rates and posted lower profits than a year earlier.

(D) Wellbeing & Lifestyle Business**<Real Property Business>**

The real property business maintained around the same level of profit year-on-year, due to an increase in occupancy rate despite the increased costs associated with new property acquisitions by DAIBIRU

CORPORATION, the core company in the Group's real property business.

<Ferries and Coastal RoRo Ships>

The passenger transportation business saw a significant rebound in the number of passengers year-on-year, thanks to a boost from the "National Travel Assistance Program" in addition to the entry into service of new LNG-fueled ferries. In terms of the cargo transportation business, although the automotive component-related cargo movements have not fully normalized, the ferries and coastal RoRo ships business overall posted a year-on-year increase in profit.

<Cruise Business>

The cruise business achieved improved profitability year-on-year due to a recovery in traveling demand following the easing of COVID-19 restrictions.

(E) Associated Businesses

The tugboat business posted a year-on-year increase in profit due to a revision of tugboat service fees, though the situation varies depending on each company and port. On the other hand, the trading company business decreased profits year-on-year due to the deterioration of the business environment.

(F) Others

Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering and financing. This segment maintained around the same level of profit year-on-year.

(2) Outlook for FY2023

(For consolidated cumulative second quarter of the fiscal year 2023)

(¥ Billion)

	Previous outlook (As announced on April 28, 2023)	Current outlook (As of announcement of Q1 financial results)	Previous outlook Comparison / Variance
Revenue	747.0	797.0	50.0 / 6.7%
Operating profit	50.0	50.0	- / -%
Ordinary profit	105.0	135.0	30.0 / 28.6%
Profit attributable to owners of parent	120.0	135.0	15.0 / 12.5%

		(Assumptions for the 2 nd Quarter)	
Exchange rate	¥126.18/US\$	¥134.07/US\$	¥7.89/US\$
Bunker price *1	US\$520/MT	US\$480/MT	US\$(40)/MT
Compliant fuel price *2	US\$640/MT	US\$590/MT	US\$(50)/MT

(For consolidated full fiscal year 2023)

(¥ Billion)

	Previous outlook (As announced on April 28, 2023)	Current outlook (As of announcement of Q1 financial results)	Previous outlook Comparison / Variance
Revenue	1,490.0	1,530.0	40.0 / 2.7%
Operating profit	105.0	100.0	(5.0) / (4.8%)
Ordinary profit	200.0	220.0	20.0 / 10.0%
Profit attributable to owners of parent	210.0	215.0	5.0 / 2.4%

		(Assumptions for the 2nd Half)	
Exchange rate	¥125.59/US\$	¥130.00/US\$	¥4.41/US\$
Bunker price *1	US\$520/MT	US\$520/MT	-
Compliant fuel price *2	US\$640/MT	US\$640/MT	-

*1 HSFO (High Sulfur Fuel Oil) average price

*2 VLSFO (Very Low Sulfur Fuel Oil) average price

(A) Dry Bulk Business

The Capesize bulker market is expected to maintain a certain level of stability due to consistent shipments of iron ore from Australia and Brazil. However, market rates are likely to lack buoyancy caused by ongoing concerns about China's economic slowdown. The market rates for Panamax, Handymax, and smaller vessels are likely to see some recovery through the second half due to seasonal factors and support from strong coal cargo movements to a certain extent. However, the recovery is assumed to be limited for the same reason that applies to the Capesize bulker market. As a result, weak market condition is expected to persist to some degree.

Although lower profit due to the weak market is anticipated, the profit decline in the dry bulk business as a whole is expected to be limited mainly because we have balanced the vessel capacity and cargo volumes for Panamax, Handymax, and smaller vessels.

(B) Energy Business

The very large crude oil carrier (VLCC) freight rate is expected to remain firm due to growing demand for cargo transportation from North and South America resulting in an increase in ton-miles, and also due to the

limited supply of new vessels, despite the possibility of a decline in cargo movements due to factors such as additional production cuts by Saudi Arabia and a slump in crude oil demand due to a possible recession in China and the global economy. Meanwhile, in the product tanker market, we expect the freight rate to remain steady because the scheduled maintenance at oil refineries will end, the growth in ton-miles driven by the procurement of alternatives to Russian petroleum products is expected to continue, and the number of newly built vessels entering the market will be limited. The offshore business is projected to continue generating stable profit, with an additional FPSO expected to be commercially operational in a new project in FY2023.

In the liquefied gas business, the LNG carrier business will continue to maintain stable profit even though profitability is expected to decrease year on year due to the expiry of some existing contracts. The FSRU business is expected to post lower profit as a result of decreased revenue as it reassigns an existing vessel to the next project and begins preparations to commence commercial operation.

(C) Product Transport Business

In the containerships business, freight rates are much lower than a year earlier as the supply chain disruptions that lasted until last summer calmed down; nonetheless, we expect to see stable cargo movements and secure a certain level of freight rates.

In the car carrier business, we will continue flexible ship allocation in line with cargo movements while monitoring the impact of semiconductor shortages, the Russia-Ukraine conflict, and the ongoing global inflation on sales and production of completed cars.

In the terminal business, we plan to proceed with the transfer of the container terminal business overseas, such as terminals on the West Coast of North America. Meanwhile, we anticipate steady handling volumes at domestic terminals. In the logistics business, air and sea freight rates are likely to be lower than the levels a year earlier, but we will seek to stabilize earnings through initiatives such as strengthening our bargaining power for spaces.

(D) Wellbeing & Lifestyle Business

In the real property business, a profit impact from the reconstruction of some properties owned by DAIBIRU CORPORATION is expected, but the business will continue to post solid profits due to the high occupancy rates of other properties.

In the business of ferries and coastal RoRo ships, the recovery driven by the passenger business is expected to continue. We aim to generate further synergy with the merger of two group companies in October.

In the cruise business, we anticipate a recovery in demand owing to the easing of COVID-19 restrictions, and profitability is expected to improve.

(E) Associated Businesses

The tugboat business is projected to report increased profit due to the effect of the revision of tugboat service fees.

5. Financial Position

Total assets as of June 30, 2023 increased by ¥ 173.4 billion compared to the balance as of the end of the previous fiscal year, to ¥ 3,737.6 billion. This was primarily due to the increase in Investment securities.

Total liabilities as of June 30, 2023 increased by ¥ 95.6 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,722.3 billion. This was primarily due to the increase in Long-term bank loans.

Total net assets as of June 30, 2023 increased by ¥ 77.7 billion compared to the balance as of the end of the previous fiscal year, to ¥ 2,015.3 billion. This was primarily due to the increase in Foreign currency translation adjustments.

As a result, shareholders' equity ratio decreased by 0.5% compared to the ratio as of the end of the previous fiscal year, to 53.6%.

6. Consolidated Financial Statements

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

(1) Consolidated Balance Sheets

	(¥Million)	
	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	93,961	130,490
Trade receivables	124,134	118,366
Contract assets	8,329	9,955
Marketable securities	500	500
Inventories	50,787	51,992
Deferred and prepaid expenses	26,820	30,023
Other current assets	135,669	151,948
Allowance for doubtful accounts	(1,662)	(1,754)
Total current assets	438,541	491,521
Fixed assets		
Tangible fixed assets		
Vessels	708,682	713,611
Buildings and structures	132,943	132,159
Equipment and others	25,227	24,314
Furniture and fixtures	5,585	5,883
Land	299,710	299,811
Construction in progress	162,234	205,057
Other tangible fixed assets	7,856	7,273
Total tangible fixed assets	1,342,240	1,388,110
Intangible fixed assets	36,739	35,806
Investments and other assets		
Investment securities	1,430,873	1,490,032
Long-term loans receivable	116,893	106,332
Long-term prepaid expenses	8,550	7,990
Net defined benefit assets	20,987	21,254
Deferred tax assets	2,058	1,929
Other investments and other assets	191,173	201,613
Allowance for doubtful accounts	(23,811)	(6,919)
Total investments and other assets	1,746,726	1,822,233
Total fixed assets	3,125,705	3,246,150
Total assets	3,564,247	3,737,672

(¥Million)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade payables	99,872	107,594
Short-term bonds	30,000	59,500
Short-term bank loans	339,354	359,874
Commercial papers	80,000	80,000
Accrued income taxes	6,979	18,449
Advances received	2,493	2,643
Contract liabilities	31,006	34,073
Provision for bonuses	11,660	6,003
Other current liabilities	67,808	74,232
Total current liabilities	669,176	742,371
Fixed liabilities		
Bonds	159,500	130,000
Long-term bank loans	524,801	569,188
Lease liabilities	17,509	17,578
Deferred tax liabilities	84,870	93,035
Net defined benefit liabilities	9,188	9,204
Provision for directors' and corporate auditors' retirement benefits	750	648
Provision for periodic drydocking	19,078	20,053
Other fixed liabilities	141,751	140,240
Total fixed liabilities	957,449	979,948
Total liabilities	1,626,626	1,722,320
Net assets		
Owners' equity		
Common stock	65,589	65,592
Capital surplus	—	3
Retained earnings	1,571,582	1,568,667
Treasury stock	(558)	(523)
Total owners' equity	1,636,614	1,633,739
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	32,472	46,674
Unrealized gains on hedging derivatives, net of tax	77,590	82,557
Foreign currency translation adjustments	171,647	232,438
Remeasurements of defined benefit plans, net of tax	7,021	6,677
Total accumulated other comprehensive income	288,732	368,347
Share option	550	527
Non-controlling interests	11,724	12,737
Total net assets	1,937,621	2,015,352
Total liabilities and net assets	3,564,247	3,737,672

(2) Consolidated Statements of Income

(¥Million)

	FY2022 (Apr. 1, 2022 - June. 30, 2022)	FY2023 (Apr. 1, 2023 - June. 30, 2023)
Shipping and other revenues	374,783	385,183
Shipping and other expenses	318,296	324,748
Gross operating income	56,487	60,434
Selling, general and administrative expenses	32,889	35,962
Operating profit	23,597	24,472
Non-operating income		
Interest income	2,493	5,280
Dividend income	2,962	2,632
Equity in earnings of affiliated companies	242,741	33,693
Foreign exchange gains	12,581	11,796
Reversal of allowance for doubtful accounts	—	17,398
Others	3,661	1,839
Total non-operating income	264,440	72,640
Non-operating expenses		
Interest expenses	2,746	5,910
Others	1,099	833
Total non-operating expenses	3,846	6,743
Ordinary profit	284,191	90,369
Extraordinary income		
Gain on sales of fixed assets	5,106	9,535
Others	1,109	10,027
Total extraordinary income	6,216	19,562
Extraordinary losses		
Loss on sale of fixed assets	26	1
Loss on retirement of non-current assets	497	143
Others	1,059	157
Total extraordinary losses	1,583	302
Income before income taxes and non-controlling interests	288,824	109,629
Income taxes	1,272	18,112
Net income	287,551	91,517
Profit attributable to non-controlling interests	1,772	361
Profit attributable to owners of parent	285,779	91,155

(3) Consolidated Statements of Comprehensive Income

(¥Million)

	FY2022 (Apr. 1, 2022 - June. 30, 2022)	FY2023 (Apr. 1, 2023 - June. 30, 2023)
Net income	287,551	91,517
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	1,351	14,142
Unrealized gains on hedging derivatives, net of tax	14,133	7,091
Foreign currency translation adjustments	8,143	(19,140)
Remeasurements of defined benefit plans, net of tax	(254)	(343)
Share of other comprehensive income of associates accounted for using equity method	95,018	79,102
Total other comprehensive income	118,391	80,852
Comprehensive income	405,943	172,369
(Breakdown)		
Comprehensive income attributable to owners of parent	402,142	171,304
Comprehensive income attributable to non-controlling interests	3,800	1,065

[NOTE]**(Changes in Accounting Estimates)**

(Change in Useful Life)

The Company changed the useful life of ferries from 15 years to 20 years effective from the first Quarter of the fiscal year. This change in the useful life is caused by our reassessment that ferries are expected to have a longer useful life taking into consideration the actual use, with triggered by launch of the LNG-fueled ferries.

As a result, operating profit, ordinary profit, and income before income taxes and non-controlling interests for the first Quarter of the fiscal year each increased by ¥ 428 million, compared to the previous method.

(Additional Information)

(Change to Consolidated Subsidiary Company (Share Transfer))

As reported as the Material Subsequent Events in Financial Highlights of the Second Quarter Ended September 30, 2022, the Company came to a decision on October 31, 2022 to transfer the shares in INTERNATIONAL TRANSPORTATION INC. (hereinafter referred to as "ITI"), which is our consolidated subsidiary company, to two recipients (hereinafter, out of the recipients, OCEAN NETWORK EXPRESS PTE. LTD. shall be referred to as "ONE" and the other recipient shall be referred to as "Recipient 1") (hereinafter referred to as "Share Transfer"; 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"), however, the Company amend the contracts on Share Transfer 1 and Share Transfer 2 due to a partial change in the matters publicly disclosed through the resolution of our Board of Directors dated June 20, 2023.

1. Reason for change (Share Transfer)

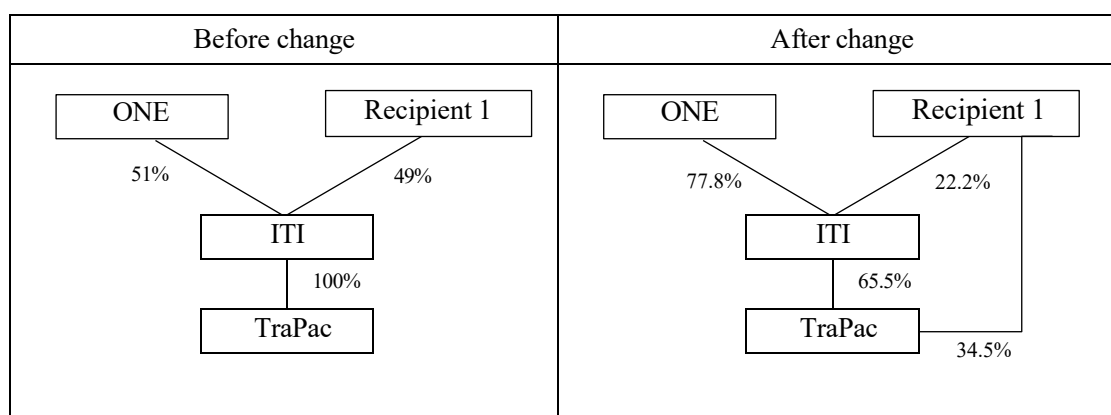
Contract	Item	Before amendment	After amendment
Share Transfer 1	Subject matter of transfer, etc.	490 shares in ITI	222 shares in ITI and contract which enables the acquisition of 34.5% interest in TraPac, LLC (which is 100% subsidiary company of ITI and has been operating a container terminal business at Port of Los Angeles and Port of Oakland in California, U.S.A.) (hereinafter referred to as "TraPac")
	Implementation date	August 2023	September 2023(Scheduled)
Share Transfer 2	Subject matter of transfer	510 shares in ITI	778 shares in ITI
	Implementation Date	August 2023	September 2023(Scheduled)

Upon receiving a request to change the scheme of Share Transfer from Recipient 1 as a result of Recipient

I's analysis and consideration of optimal holding scheme, we came to a decision to amend the contracts on the Share Transfer as follows, as a result of discussion with ONE and Recipient 1.

- * Due to the fact that the Share Transfer will be implemented after the recipients' internal approvals and 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.

Together with the amendments described above, the final holding ratio of shares and interests by each company will change after the Share Transfer as follows:



- * The figures show the holding percentages of shares or interests.
- * Recipient 1 plans to hold the shares in ITI and the interests in TraPac through two entities in which Recipient 1 invests 100%

2. Recording of extraordinary profit and loss and impact on earnings forecast

(1) Share Transfer 1

After the execution of Share Transfer 1, there will be no impact on a consolidated basis in the fiscal year ending March 2024, as ITI will continue to be our consolidated subsidiary company until the execution date of Share Transfer 2.

(2) Share Transfer 2

An extraordinary profit of approximately ¥ 13.3 billion accrued from sale of shares in affiliated company is scheduled to be recorded on a consolidated basis in the fiscal year ending March 2024. For conversion to JPY, we use our internal exchange rate (US\$ = JPY138.17) based on recent exchange trend.

(4) Segment Information

Business segment information:

(¥ Million)

Q1/ FY2022 (Apr. 1 - June. 30, 2022)	Reportable Segment							Sub Total
	Dry Bulk Business	Energy Business	Product Transport Business		Wellbeing & Lifestyle Business		Associated Businesses	
			Container ships	Car Carriers, Terminal and Logistics	Real Property	Ferries & Coastal RoRo Ships, Cruise		
Revenues								
1.Revenues from external customers	105,266	85,618	13,064	128,850	9,848	16,661	11,423	370,734
2.Inter-segment revenues	34	2,481	67	1,089	751	67	5,452	9,945
Total Revenues	105,301	88,100	13,132	129,939	10,600	16,729	16,875	380,679
Segment profit (loss)	18,572	9,509	234,406	15,137	2,565	(459)	683	280,414

Q1/ FY2022 (Apr. 1 - June. 30, 2022)	Others *1	Total	Adjust- ment *2	Consoli- dated *4
Revenues				
1.Revenues from external customers	4,049	374,783	—	374,783
2.Inter-segment revenues	3,577	13,522	(13,522)	—
Total Revenues	7,626	388,306	(13,522)	374,783
Segment profit (loss)	466	280,881	3,310	284,191

(¥ Million)

Q1/ FY2023 (Apr. 1 - June. 30, 2023)	Reportable Segment							Sub Total
	Dry Bulk Business	Energy Business	Product Transport Business		Wellbeing & Lifestyle Business		Associated Businesses	
			Container ships	Car Carriers, Terminal and Logistics	Real Property	Ferries & Coastal RoRo Ships, Cruise		
Revenues								
1.Revenues from external customers	95,443	101,675	13,600	133,682	9,782	15,490	10,955	380,628
2.Inter-segment revenues	406	2,962	77	1,061	781	71	7,766	13,129
Total Revenues	95,850	104,637	13,678	134,744	10,563	15,561	18,722	393,758
Segment profit (loss)	26,334	19,456	23,825	16,610	2,453	(93)	518	89,105

Q1/ FY2023 (Apr. 1 - June. 30, 2023)	Others *1	Total	Adjust- ment *3	Consoli- dated *4
Revenues				
1.Revenues from external customers	4,554	385,183	—	385,183
2.Inter-segment revenues	3,654	16,783	(16,783)	—
Total Revenues	8,208	401,967	(16,783)	385,183
Segment profit (loss)	1,533	90,639	(270)	90,369

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

* 2. Adjustment in Segment profit (loss) of ¥ 3,310 million include the following:
¥ 617 million of corporate profit which is not allocated to segments, ¥ 918 million of adjustment for management accounting and ¥ 1,774 million of inter-segment transaction elimination.

* 3. Adjustment in Segment profit (loss) of ¥ -270 million include the following:
¥ -2,729 million of corporate profit which is not allocated to segments, ¥ 2,205 million of adjustment for management accounting and ¥ 254 million of inter-segment transaction elimination.

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

* 5. Notes to changes in reportable segments etc:

"Ferries & Coastal RoRo Ships Business," which was conventionally presented in "Product Transport Business," and "Cruise Business," which was conventionally presented in "Associated Businesses" have been disclosed independently as a new reportable segment named "Ferries & Coastal RoRo Ships, Cruise" due to restructure a part of organization. As a result, Revenues and Segment profit (loss) during the first Quarter of the previous fiscal year are reclassified or adjusted to conform to the presentation for the fiscal year.

* 6. As stated in (Change in Useful Life), the Company changed the useful life of ferries from 15 years to 20 years effective from the first Quarter of the fiscal year.

Due to the change, Segment profit (loss) for the first Quarter increased ¥ 428 million in the Ferries & Coastal RoRo Ships, Cruise Business, compared to the previous method.

[REFERENCE PURPOSE ONLY]

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

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

[Supplement]

1. Review of Quarterly Results**<FY2023>**

	Q1	Q2	Q3	Q4
	Apr-Jun, 2023	Jul-Sep, 2023	Oct-Dec, 2023	Jan-Mar, 2024
Revenues [¥ Millions]	385,183			
Operating profit (loss)	24,472			
Ordinary profit (loss)	90,369			
Income (Loss) before income taxes	109,629			
Profit (Loss) attributable to owners of parent	91,155			
Net income (loss)* per share [¥]	251.98			
Net income (loss)* per share (Diluted basis) [¥]	251.34			
Total Assets [¥ Millions]	3,737,672			
Total Net Assets	2,015,352			

*Profit (Loss) attributable to owners of parent

<FY2022>

	Q1	Q2	Q3	Q4
	Apr-Jun, 2022	Jul-Sep, 2022	Oct-Dec, 2022	Jan-Mar, 2023
Revenues [¥ Millions]	374,783	446,554	436,631	354,016
Operating profit (loss)	23,597	32,490	40,157	12,465
Ordinary profit (loss)	284,191	315,604	139,459	72,335
Income (Loss) before income taxes	288,824	331,612	138,824	59,900
Profit (Loss) attributable to owners of parent	285,779	315,744	121,722	72,815
Net income (loss)* per share [¥]	791.96	874.46	336.91	201.43
Net income (loss)* per share (Diluted basis) [¥]	788.68	871.08	335.70	200.74
Total Assets [¥ Millions]	3,134,568	3,588,441	3,522,800	3,564,247
Total Net Assets	1,465,448	1,879,559	1,917,992	1,937,621

*Profit (Loss) attributable to owners of parent

2. Depreciation and Amortization

(¥ Millions)

	Three months ended Jun.30, 2022	Three months ended Jun.30, 2023	Increase / Decrease	FY2022
Vessels	16,436	17,546	1,110	68,311
Others	6,334	6,033	△ 301	26,349
Total	22,770	23,579	809	94,660

3. Interest-bearing Debt

(¥ Millions)

	As of Mar.31, 2023	As of Jun.30, 2023	Increase / Decrease	As of Jun.30, 2022
Bank loans	864,155	929,062	64,907	887,010
Bonds	189,500	189,500	0	208,200
Commercial paper	80,000	80,000	0	54,000
Others	19,793	19,745	△ 47	12,444
Total	1,153,448	1,218,308	64,859	1,161,655

4. Fleet Capacity

(No. of ships*1 and deadweight ton)

	Dry bulkers*2		Tankers		Liquefied Gas carriers*3		Car carriers		Containerships	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	48	5,514	64	8,238	22	1,363	50	889	20	1,594
Chartered	271	24,523	87	4,195	21	1,397	46	761	18	2,251
Others	-	-	1	35	4	351	-	-	-	-
As of Jun.30, 2023	319	30,038	152	12,468	47	3,111	96	1,649	38	3,845
As of Mar.31, 2023	310	28,798	154	12,822	47	3,142	96	1,652	40	4,025

	Ferries & Coastal RoRo ships		Cruise ships		Others*4		Total	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	11	69	2	8	7	47	224	17,721
Chartered	4	25	-	-	23	68	470	33,220
Others	-	-	-	-	1	1	6	387
As of Jun.30, 2023	15	93	2	8	31	115	700	51,328
As of Mar.31, 2023	16	97	2	8	32	121	697	50,666

*1 The aggregation scope includes our consolidated subsidiaries. / Including spot-chartered ships. / Partial ownership of a ship is counted as one ship.

*2 Including Steaming coal carriers.

*3 Including LNGC, VLEC, LNG bunkering ships, FSRU, and LPG/Ammonia ships.

*4 Coastal ships (excluding RoRo ships) and Cable-laying ships.

5. Exchange Rates

	Three months ended Jun.30, 2022	Three months ended Jun.30, 2023	Change		FY2022	
Average rates	¥125.29	¥134.86	¥9.57	[7.6%]	JPY Depreciated	¥134.67
Term-end rates	¥136.68	¥144.99	¥8.31	[6.1%]	JPY Depreciated	¥133.53

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

<Overseas subsidiaries>

	As of Mar.31, 2022	As of Mar.31, 2023	Change		As of Dec.31, 2022	
Term-end rates	¥122.39	¥133.53	¥11.14	[9.1%]	JPY Depreciated	¥132.70

6. Average Bunker Prices

	Three months ended Jun.30, 2022	Three months ended Jun.30, 2023	Increase / Decrease
Purchase Prices	US\$914/MT	US\$575/MT	US\$(339)/MT

7. Market Information

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

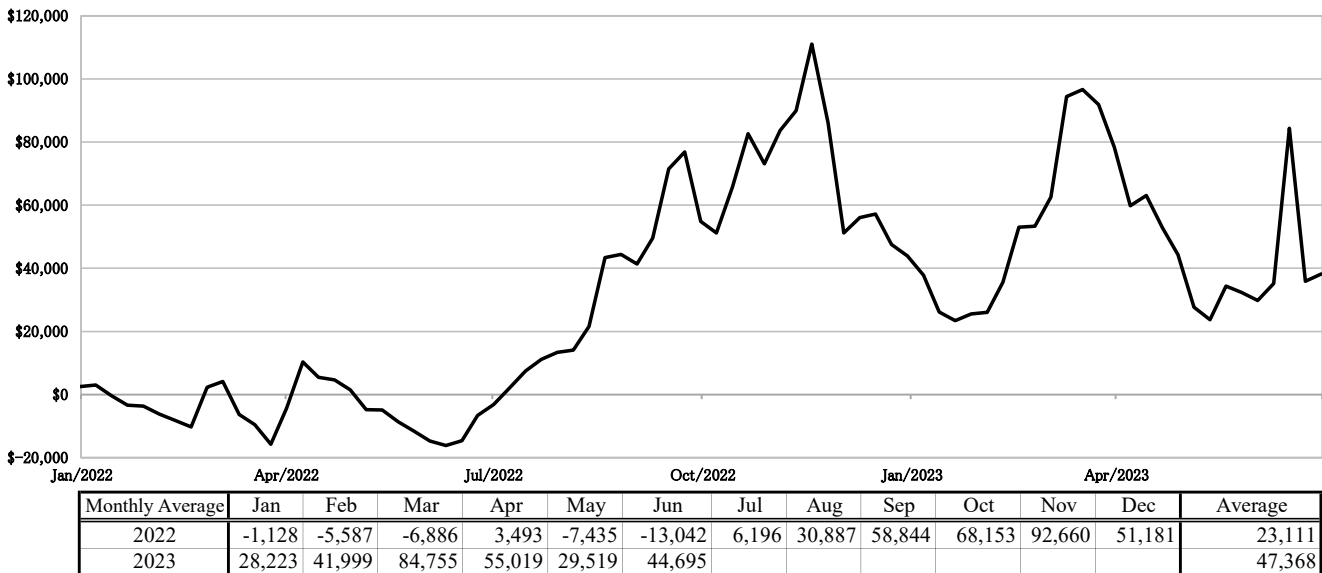
Source : Clarksons Research



Remark) The Graph and the table have different fluctuation ranges as the graph reflects daily figures while the table shows monthly averages.

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

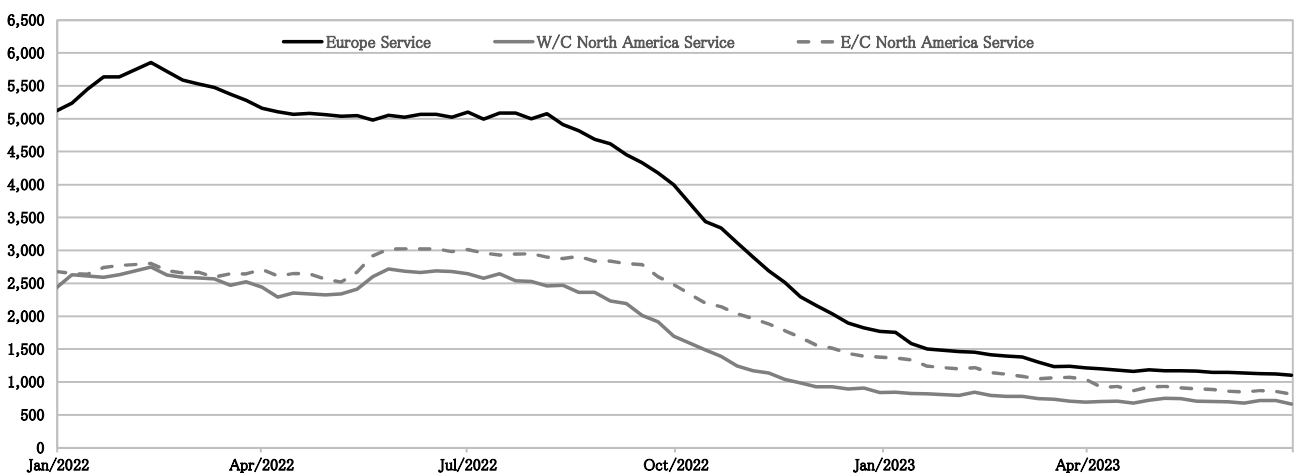
Source : Clarksons Research



Remark) The Graph and the table have different fluctuation ranges as the graph reflects weekly figures while the table shows monthly averages.

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

Source : Clarksons Research



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