Notice on Recording Extraordinary Loss

TOKYO—Mitsui O.S.K. Lines, Ltd. (the "Company") hereby announces that it expects to record an extraordinary loss on its Consolidated Financial Statements for fiscal year (FY) 2019 (April 1, 2019 – March 31, 2020) as outlined below. The Company also expects to record an extraordinary loss on its Non-consolidated Financial Statements, also explained below.

1. Recording of extraordinary loss

(1) In relation to a loan to Gearbulk Holding AG, which owns and operates bulkers, the Company's equity-method affiliate, MOL Bridge Finance S.A., the Company's consolidated subsidiary, plans to record a provision of allowance for doubtful accounts of US\$ 71 million (¥ 7.7 billion *1) as an extraordinary loss, because the market is remaining sluggish for a longer period of time than anticipated due to the impact of the novel coronavirus (COVID-19), and other factors. Therefore, business performance of the aforementioned equity-method affiliate is expected to show a significant delay in recovery, which may cause difficulties in recouping part of the loan.

The Company also plans to record provision for loss on guarantees of US\$71 million (¥ 7.6 billion *2) as an extraordinary loss on its non-consolidated financial statements, because the joint guaranty is included in liabilities of the aforementioned consolidated subsidiary. However, the aforementioned provision for loss on guarantees will be eliminated from the Company's consolidated financial statements and will have no impact on the consolidated financial results.

(2) In relation to the charter-out contracts of containerships to Ocean Network Express Pte. Ltd. (ONE), the equity-method affiliate, the Company recorded the estimated future losses of that time as a loss related to business restructuring for FY2017 (ended in March 2018). However, it plans to record a loss related to business restructuring of US\$ 75 million (¥ 8.1 billion *2) as an extraordinary loss, because an additional loss is anticipated as a result of reflecting the latest trend of both charter rates and vessels' costs in our assumption.

2. FY2019 Consolidated Financial Results

The Company expects to make a downward revision in its forecast for the consolidated financial results ending in March 2020 due to the above-mentioned extraordinary losses (US\$ 146 million (¥ 15.9 billion) in total for both categories *1 *2), but is now examining, based on other situations, and plans to announce the results on April 30.

Meanwhile, forecast for the year-end dividend (¥35 per share), announced on January 31, 2020, is unchanged at this time.

*1 The US dollar amount has been translated into yen using the exchange rate at the end of December 2019, which was US\$ 1.00 to ¥ 109.56, because the aforementioned consolidated subsidiary closes its fiscal year in December.

*2 The US dollar amounts have been translated into yen using the assumed exchange rate, which is US\$ 1.00 to ¥ 108 solely for the convenience of readers. The impact on the Company's financial results may change according to the exchange rate.

[REFERENCE PURPOSE ONLY]

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