

# FINANCIAL STATEMENTS

## (FY2023)

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# CONSOLIDATED BALANCE SHEETS

Mitsui O.S.K. Lines, Ltd. March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 3 and 18)	¥ 117,919	¥ 93,961	\$ 778,805
Trade receivables (Notes 3 and 13)	137,790	124,134	910,045
Contract assets (Note 13)	10,827	8,329	71,507
Marketable securities (Note 4)	—	500	—
Inventories (Note 5)	56,117	50,787	370,629
Deferred and prepaid expenses	27,082	26,820	178,865
Other current assets (Notes 3 and 6)	117,543	135,669	776,322
Allowance for doubtful accounts (Note 3)	(1,484)	(1,662)	(9,801)
Total current assets	465,796	438,541	3,076,388
<b>Vessels, property and equipment, net of accumulated depreciation</b> (Notes 7 and 12):			
Vessels (Note 10)	831,120	708,682	5,489,201
Buildings and structures	146,595	132,943	968,198
Machinery, equipment and vehicles	13,432	25,227	88,712
Furniture and fixtures	7,031	5,585	46,436
Land	354,904	299,710	2,343,993
Vessels and other property under construction	292,660	162,234	1,932,897
Others	8,776	7,856	57,961
Net vessels, property and equipment	1,654,521	1,342,240	10,927,422
<b>Investments, intangibles and other assets:</b>			
Intangible assets	69,200	36,739	457,037
Investment securities (Notes 3, 4 and 7)	1,669,605	1,430,873	11,027,045
Long-term loans receivable (Note 3)	101,274	116,893	668,872
Long-term prepaid expenses	7,642	8,550	50,472
Retirement benefit assets (Note 16)	37,268	20,987	246,139
Deferred tax assets (Note 15)	2,435	2,058	16,082
Other non-current assets (Note 6)	118,159	191,173	780,390
Allowance for doubtful accounts (Note 3)	(5,353)	(23,811)	(35,354)
Total investments, intangibles and other assets	2,000,234	1,783,465	13,210,712
Total assets	¥4,120,552	¥3,564,247	\$27,214,530

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Trade payables (Note 3)	¥ 112,497	¥ 99,872	\$ 742,995
Bonds due within one year (Notes 3 and 7)	44,600	30,000	294,564
Short-term bank loans (Notes 3 and 7)	249,519	339,354	1,647,969
Commercial paper (Notes 3 and 7)	80,000	80,000	528,366
Accrued income taxes (Note 15)	33,627	6,979	222,092
Advances received	3,000	2,493	19,813
Contract liabilities (Note 13)	35,639	31,006	235,380
Provision for bonuses	9,466	11,660	62,518
Provision for directors' bonuses	264	829	1,743
Provision for share-based payments	324	113	2,139
Provision for contract loss	761	4,700	5,026
Other current liabilities (Note 6)	77,639	62,165	512,773
Total current liabilities	647,342	669,176	4,275,424
<b>Non-current liabilities:</b>			
Bonds due after one year (Notes 3 and 7)	156,600	159,500	1,034,277
Long-term bank loans (Notes 3 and 7)	706,077	524,801	4,663,344
Lease obligations	53,961	17,509	356,389
Deferred tax liabilities (Note 15)	95,662	84,870	631,807
Retirement benefit liabilities (Note 16)	10,060	9,188	66,442
Provision for share-based payments	848	605	5,600
Provision for periodic drydocking	22,411	19,078	148,015
Provision for loss on guarantees	1,741	1,535	11,498
Provision for contract loss	6,694	7,057	44,211
Other non-current liabilities (Note 6)	49,470	133,302	326,728
Total non-current liabilities	1,103,527	957,449	7,288,336
Total liabilities	1,750,869	1,626,626	11,563,760
<b>Commitments and contingent liabilities (Note 8)</b>			
<b>Net assets (Note 9):</b>			
<b>Owners' equity</b>			
Common stock at March 31, 2024; Authorized — 946,200,000 shares Issued — 362,386,058 shares	66,001	65,589	435,909
Capital surplus	117,132	—	773,608
Retained earnings	1,685,143	1,571,582	11,129,667
Treasury stock, at cost	(88)	(558)	(581)
Total owners' equity	1,868,189	1,636,614	12,338,610
<b>Accumulated other comprehensive income</b>			
Unrealized holding gains on available-for-sale securities, net of tax	76,888	32,472	507,813
Unrealized gains on hedging derivatives, net of tax	84,890	77,590	560,663
Foreign currency translation adjustments	306,990	171,647	2,027,541
Remeasurements of defined benefit plans, net of tax	16,902	7,021	111,630
Total accumulated other comprehensive income	485,670	288,732	3,207,648
<b>Share option</b>	315	550	2,080
<b>Non-controlling interests</b>	15,506	11,724	102,410
Total net assets	2,369,682	1,937,621	15,650,762
Total liabilities and net assets	¥4,120,552	¥3,564,247	\$27,214,530

# CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(Consolidated Statements of Income)</b>			
<b>Shipping and other revenues (Notes 13 and 14)</b>	<b>¥1,627,912</b>	<b>¥1,611,984</b>	<b>\$10,751,680</b>
<b>Shipping and other expenses</b>	<b>1,378,965</b>	<b>1,376,504</b>	<b>9,107,489</b>
<b>Gross operating income</b>	<b>248,947</b>	<b>235,479</b>	<b>1,644,191</b>
<b>Selling, general and administrative expenses</b>	<b>145,814</b>	<b>126,770</b>	<b>963,040</b>
<b>Operating income</b>	<b>103,132</b>	<b>108,709</b>	<b>681,143</b>
<b>Non-operating income:</b>			
Interest income	19,601	14,473	129,456
Dividend income	13,174	7,824	87,008
Equity in earnings of affiliated companies, net	91,917	668,435	607,073
Foreign exchange gain, net	31,494	23,700	208,004
Reversal of allowance for doubtful accounts	17,019	3,317	112,403
Others	4,885	8,672	32,263
<b>Total non-operating income</b>	<b>178,092</b>	<b>726,423</b>	<b>1,176,223</b>
<b>Non-operating expenses:</b>			
Interest expense	18,308	17,268	120,916
Others	3,929	6,275	25,949
<b>Total non-operating expenses</b>	<b>22,238</b>	<b>23,543</b>	<b>146,872</b>
<b>Ordinary income</b>	<b>258,986</b>	<b>811,589</b>	<b>1,710,494</b>
<b>Other gains:</b>			
Gain on sales of vessels, property, equipment and others	12,019	9,884	79,380
Gain on sale of shares of subsidiaries and affiliated companies	13,590	34	89,756
Gain on liquidation of subsidiaries and affiliated companies	10,242	141	67,644
Others	5,815	15,954	38,405
<b>Total other gains</b>	<b>41,668</b>	<b>26,014</b>	<b>275,199</b>
<b>Other losses:</b>			
Loss on sales and disposals of vessels, property, equipment and others	320	225	2,113
Impairment losses (Note 10)	1,927	4,008	12,727
Settlement payments (Note 22)	—	5,300	—
Others	2,989	8,909	19,741
<b>Total other losses</b>	<b>5,237</b>	<b>18,444</b>	<b>34,588</b>
<b>Income before income taxes</b>	<b>295,417</b>	<b>819,160</b>	<b>1,951,106</b>
<b>Income taxes (Note 15):</b>			
Current	47,123	14,729	311,227
Deferred	(14,578)	6,187	(96,281)
<b>Net income</b>	<b>262,873</b>	<b>798,242</b>	<b>1,736,166</b>
Income attributable to non-controlling interests	1,221	2,182	8,064
<b>Income attributable to owners of parent</b>	<b>¥ 261,651</b>	<b>¥ 796,060</b>	<b>\$ 1,728,095</b>

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(Consolidated Statements of Comprehensive Income)</b>			
<b>Net income</b>	<b>¥262,873</b>	<b>¥798,242</b>	<b>\$1,736,166</b>
<b>Other comprehensive income (Note 19):</b>			
Unrealized holding gains (losses) on available-for-sale securities, net of tax	44,214	(1,548)	292,015
Unrealized gains on hedging derivatives, net of tax	6,488	7,487	42,850
Foreign currency translation adjustments	(3,495)	36,025	(23,083)
Remeasurements of defined benefit plans, net of tax	9,880	329	65,253
Share of other comprehensive income of affiliated companies accounted for using equity method	141,072	151,908	931,721
	<b>198,160</b>	<b>194,202</b>	<b>1,308,764</b>
<b>Comprehensive income</b>	<b>¥461,033</b>	<b>¥992,444</b>	<b>\$3,044,930</b>
<b>Comprehensive income</b>			
Comprehensive income attributable to owners of parent	¥458,589	¥987,697	\$3,028,789
Comprehensive income attributable to non-controlling interests	2,443	4,747	16,134

	Yen		U.S. dollars (Note 1)
	2024	2023	2024
<b>(Amounts per share of common stock)</b>			
Net income	¥722.85	¥2,204.04	\$4.77
Diluted net income (Note 2)	721.05	2,196.51	4.76
Cash dividends applicable to the year	220.00	560.00	1.45

See accompanying notes.

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2024 and 2023

	Millions of yen										
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Share option	Non-controlling interests	Total net assets
Balance at April 1, 2022	¥65,400	¥ 23,090	¥1,091,250	¥(2,267)	¥34,010	¥27,161	¥ 29,232	¥ 6,691	¥ 781	¥ 59,514	¥1,334,866
Issuance of new shares	189	189	—	—	—	—	—	—	—	—	378
Exercise of share options	—	—	—	225	—	—	—	—	(225)	—	—
Dividends paid	—	—	(216,639)	—	—	—	—	—	—	—	(216,639)
Income attributable to owners of parent	—	—	796,060	—	—	—	—	—	—	—	796,060
Due to changes in scope of consolidation and equity method	—	—	(341)	—	—	—	—	—	—	—	(341)
Purchases of treasury stock	—	—	—	(56)	—	—	—	—	—	—	(56)
Disposal of treasury stock	—	—	(686)	1,540	—	—	—	—	—	—	853
Purchases 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 owner's equity during the year	—	—	—	—	(1,537)	50,429	142,415	329	(5)	(47,790)	143,839
Balance at March 31 and April 1, 2023	¥65,589	—	¥1,571,582	¥ (558)	¥32,472	¥77,590	¥171,647	¥ 7,021	¥ 550	¥ 11,724	¥1,937,621
Issuance of new shares	167	167	—	—	—	—	—	—	—	—	335
Exercise of share options	244	244	—	114	—	—	—	—	(219)	—	383
Dividends paid	—	—	(133,879)	—	—	—	—	—	—	—	(133,879)
Income attributable to owners of parent	—	—	261,651	—	—	—	—	—	—	—	261,651
Due to changes in scope of consolidation and equity method	—	389	6,720	—	—	—	—	—	—	—	7,110
Purchases of treasury stock	—	—	—	(71)	—	—	—	—	—	—	(71)
Disposal of treasury stock	—	—	(22)	426	—	—	—	—	—	—	403
Sale of shares of consolidated subsidiaries	—	116,331	—	—	—	—	—	—	—	—	116,331
Changes in equity in subsidiaries of affiliated companies using equity method	—	—	(20,908)	—	—	—	—	—	—	—	(20,908)
Net changes of items other than owner's equity during the year	—	—	—	—	44,415	7,300	135,342	9,880	(14)	3,782	200,706
Balance at March 31, 2024	¥66,001	¥ 117,132	¥1,685,143	¥ (88)	¥76,888	¥84,890	¥306,990	¥16,902	¥ 315	¥ 15,506	¥2,369,682

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Share option	Non-controlling interests	Total net assets
Balance at April 1, 2023	\$433,188	—	\$10,379,644	\$(3,685)	\$214,464	\$512,449	\$1,133,656	\$ 46,370	\$ 3,632	\$ 77,432	\$12,797,179
Issuance of new shares	1,102	1,102	—	—	—	—	—	—	—	—	2,212
Exercise of share options	1,611	1,611	—	752	—	—	—	—	(1,446)	—	2,529
Dividends paid	—	—	(884,215)	—	—	—	—	—	—	—	(884,215)
Income attributable to owners of parent	—	—	1,728,095	—	—	—	—	—	—	—	1,728,095
Due to changes in scope of consolidation and equity method	—	2,569	44,382	—	—	—	—	—	—	—	46,958
Purchases of treasury stock	—	—	—	(468)	—	—	—	—	—	—	(468)
Disposal of treasury stock	—	—	(145)	2,813	—	—	—	—	—	—	2,661
Sale of shares of consolidated subsidiaries	—	768,317	—	—	—	—	—	—	—	—	768,317
Changes in equity in subsidiaries of affiliated companies using equity method	—	—	(138,088)	—	—	—	—	—	—	—	(138,088)
Net changes of items other than owner's equity during the year	—	—	—	—	293,342	48,213	893,877	65,253	(92)	24,978	1,325,579
Balance at March 31, 2024	\$435,909	\$773,608	\$11,129,667	\$(581)	\$507,813	\$560,663	\$2,027,541	\$111,630	\$ 2,080	\$102,410	\$15,650,762

See accompanying notes.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 295,417	¥ 819,160	\$ 1,951,106
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities			
Depreciation and amortization	102,473	94,660	676,791
Impairment losses	1,927	4,008	12,727
Settlement payments	—	5,300	—
Equity in losses (earnings) of affiliated companies, net	(91,917)	(668,435)	(607,073)
Increase (decrease) in provisions	(23,601)	(5,729)	(155,874)
Interest and dividend income	(32,776)	(22,297)	(216,471)
Interest expense	18,308	17,268	120,916
Loss (gain) on sales and disposals of vessels, property, equipment and others	(11,421)	(9,008)	(75,430)
Loss (gain) on sale of shares of subsidiaries and affiliated companies	(13,180)	(31)	(87,048)
Loss (gain) on liquidation of subsidiaries and affiliated companies	(10,044)	1,308	(66,336)
Foreign exchange loss (gain), net	(15,188)	(16,720)	(100,310)
Changes in operating assets and liabilities:			
Trade receivables	(4,369)	(7,774)	(28,855)
Contract assets	(2,340)	7,612	(15,454)
Inventories	(3,124)	(3,896)	(20,632)
Trade payables	8,488	318	56,059
Others, net	(24,548)	(21,888)	(162,129)
Sub total	194,102	193,855	1,281,962
Interest and dividend income received	161,920	393,108	1,069,414
Interest expenses paid	(16,709)	(17,608)	(110,355)
Income taxes paid	(25,111)	(19,430)	(165,847)
Net cash provided by (used in) operating activities	314,202	549,925	2,075,173
<b>Cash flows from investing activities:</b>			
Purchase of investment securities	(114,506)	(28,568)	(756,264)
Proceeds from sale and redemption of investment securities	22,990	19,961	151,839
Purchase of vessels and other non-current assets	(335,241)	(266,531)	(2,214,127)
Proceeds from sale of vessels and other non-current assets	46,030	36,050	304,008
Disbursements for long-term loans receivables	(9,664)	(27,433)	(63,826)
Collections of long-term loans receivables	54,390	8,526	359,223
Purchase of shares of subsidiaries, and ets, resulting in change in scope of consolidation (Note 18)	(66,698)	(990)	(440,512)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation (Note 18)	24,741	—	163,404
Others, net	22,718	(23,010)	150,042
Net cash provided by (used in) investing activities	(355,239)	(281,995)	(2,346,205)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term bank loans	(123,097)	129,297	(813,004)
Net increase (decrease) in commercial paper	—	72,000	—
Proceeds from long-term bank loans	251,727	76,397	1,662,552
Repayments of long-term bank loans	(93,345)	(151,985)	(616,504)
Proceeds from issuance of bonds	41,000	—	270,787
Redemption of bonds	(30,000)	(23,700)	(198,137)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(166,094)	—
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	138,457	—	914,450
Cash dividends paid by the company	(133,674)	(216,094)	(882,861)
Cash dividends paid to non-controlling interests	(270)	(2,465)	(1,783)
Others, net	(1,071)	936	(7,073)
Net cash provided by (used in) financing activities	49,725	(281,709)	328,412
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	7,460	7,655	49,270
<b>Net increase (decrease) in cash and cash equivalents</b>	16,149	(6,124)	106,657
<b>Cash and cash equivalents at the beginning of the year</b>	91,047	97,135	601,327
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	5,952	37	39,310
<b>Cash and cash equivalents at the end of the year (Note 18)</b>	¥ 113,148	¥ 91,047	\$ 747,295

See accompanying notes.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2024 and 2023

## 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (together "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are made revisions according to ASBJ PITF No.18.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui O.S.K. Lines, Ltd. (hereinafter referred to as the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory

Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Translations of millions of Japanese yen into thousands of U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024, which was ¥151.41 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data. And, therefore, the totals shown in tables do not necessarily agree with the sums of the individual amounts.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and 422 subsidiaries for the year ended March 31, 2024 (385 subsidiaries for the year ended March 31, 2023). Since the fiscal year ended March 31, 2024, 54 companies have been newly included in the scope of consolidation due to the increase in materiality, share acquisition and other reasons. 19 companies have been excluded from the scope of consolidation due to liquidation, share transfer and other reasons. 2 companies have been changed from affiliated companies accounted for using the equity method to consolidated subsidiaries due to additional acquisition of shares. The 54 newly consolidated subsidiaries include 32 subsidiaries whose materiality in the MOL Group's business management has increased from this fiscal year based on the review of management accounting segments. All significant inter-company balances, transactions and all material unrealized profit within the consolidated group have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliated companies are accounted for by the equity method. Companies accounted for using the equity method include 2 unconsolidated subsidiaries and 121 affiliated companies for the year ended March 31, 2024 (2 unconsolidated subsidiaries and 122 affiliated companies for the year ended March 31, 2023). Since the year ended March 31, 2024, 4 companies have been newly included in the scope of companies accounted for using the equity method due to the increase in materiality. 3 companies have been excluded from the scope of companies accounted for using equity method due to liquidation and other reasons. 2 companies have been changed from affiliated companies accounted for using the equity method to consolidated subsidiaries due to additional acquisition of shares.

Investments in other subsidiaries and affiliated companies were stated at cost since total revenues, total assets, the Company's equity in net income and retained earnings and others in such companies were not material.

The difference between acquisition cost and net assets

acquired is treated as goodwill and amortized by the straight-line method over the estimated period of its effect.

Amortized amount is included in "Selling, general and administrative expenses" of the consolidated statements of income.

### (2) TRANSLATION OF FOREIGN CURRENCY

Revenues earned and expenses incurred in currencies other than Japanese yen of the Company and its subsidiaries keeping their books in Japanese yen are translated into Japanese yen either at a monthly exchange rate or at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into yen at the exchange rate prevailing at the balance sheet date.

Subsidiaries keeping their books in a currency other than Japanese yen translate the revenues and expenses and assets and liabilities in foreign currencies into the currency used for financial reporting in accordance with accounting principles generally accepted in their respective countries.

All the items in financial statements of subsidiaries, which are stated in currencies other than Japanese yen, were translated into Japanese yen at the year-end exchange rate, except for owners' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as foreign currency translation adjustments in the net assets section of the consolidated balance sheets.

### (3) CASH AND CASH EQUIVALENTS

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

### (4) FREIGHT REVENUES AND RELATED EXPENSES

The Company and its consolidated subsidiaries (hereinafter referred to as 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 a voyage as the number of days spent on the voyage elapses, the Company measures progress as the number of days until the end of the fiscal year relative to the estimated total number of days expected for each voyage (including the duration of ballast voyages related to performance of transport services, excluding the 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 adjustment of fuel costs, surcharges for demurrage/dispatch, and etc., in transaction prices because it is highly unlikely that any significant reversals in the cumulative amount of revenue recognized will 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 transport services over the duration of a contract, revenue is recognized at the amount that the Company is entitled to charge customers for the services rendered in accordance with Paragraph 19 of the "Implementation Guidance on Accounting Standard for Revenue Recognition."

While the Company may receive consideration for certain maritime cargo transport and charter-related transactions immediately upon the satisfaction of a performance obligations, the Company mainly receives consideration in advance for amounts prescribed in the relevant contract. This transaction price does not include any significant financing components.

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

## (5) SECURITIES

Securities are classified into (a) securities held for trading purposes (hereafter referred to as "trading securities"), (b) debt securities intended to be held to maturity (hereafter referred to as "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) for all other securities that are not classified in any of the above categories (hereafter referred to as "available-for-sale securities").

Trading securities are stated at fair market value. Unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost, net of the amount considered not collectible. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities (shares and etc.) that are ones other than without market value are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as separate component of net assets.

Available-for-sale securities (shares and etc.) without market value are mainly stated at moving-average cost. Contributions in the investment limited partnership (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are 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.

## (6) INVENTORIES

Inventories are stated principally at cost determined by first-in first-out method (with regard to the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets).

## (7) DEPRECIATION AND AMORTIZATION

Depreciation of vessels and buildings is computed mainly by the straight-line method. Depreciation of other property and equipment is computed mainly by the declining-balance method. Amortization of intangible assets is computed by the straight-line method. Computer software is amortized by the straight-line method based principally on the length of period it can be used internally (five years).

Depreciation of finance lease that transfer ownership to lessees is computed mainly by the identical to depreciation method applied to self-owned non-current assets. Depreciation of finance lease that do not transfer ownership to lessees is computed mainly by straight-line method on the assumption that the lease term is the useful life and an estimated residual is zero.

## (8) AMORTIZATION OF BOND ISSUE EXPENSES AND STOCK ISSUE EXPENSES

Bond issue expenses and stock issue expenses are charged to expenses as incurred.

## (9) INTEREST CAPITALIZATION

In cases where a vessel's construction period is long and the amount of interest accruing during this period is significant, such interest expenses are capitalized as a part of the acquisition cost which amounted to ¥7,533 million (\$49,752 thousand) for the year ended March 31, 2024 (¥1,168 million for the year ended March 31, 2023).

## (10) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of the Company's collection losses.

## (11) PROVISION FOR BONUSES

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

## (12) PROVISION FOR DIRECTORS' BONUSES

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



### (13) PROVISION FOR SHARE-BASED PAYMENTS

The Company records provision for granting Company stock, etc. to eligible directors and executive officers under the performance based stock compensation plan based on the estimated number of shares, etc. granted at the end of the fiscal year.

### (14) PROVISION FOR LOSS ON GUARANTEES

The Company recognizes provision for loss on guarantees based on consideration of the financial conditions of guaranteed parties to prepare for loss on guarantees.

### (15) PROVISION FOR CONTRACT LOSS

The Company recognizes provision for contract loss to cover potential losses with higher probability for the future performance of contract due to a decision made over contract, etc.

### (16) PROVISION FOR PERIODIC DRYDOCKING

Provision for periodic drydocking is based on the estimated amount of expenditures for periodic drydocking in the future.

### (17) EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Group recognized retirement benefit assets and retirement benefit liabilities for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the end of the year. Projected benefit obligations are attributed to each period by the straight-line method.

Actuarial gains and losses are recognized in the statements of income using the straight-line method over the average of the employees' estimated remaining service lives of mainly 10 years commencing with the following period. Past service costs are chiefly accounted for as expenses in lump-sum at the time of occurrence.

### (18) INCOME TAXES

The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach are used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

### (19) AMOUNTS PER SHARE OF COMMON STOCK

Net income per share of common stock is computed based upon the weighted-average number of shares outstanding during the year.

Fully diluted net income per share of common stock assumes exercise of the outstanding stock options at the beginning of the year or at the date of issuance.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

### (20) DERIVATIVES AND HEDGE ACCOUNTING

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedging instruments and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed ("special treatment").

If foreign exchange forward contracts are used as hedging instruments and meet certain hedging criteria, hedged foreign currency assets and liabilities are translated at the rate of these contracts ("allocation method").

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments:	Hedged items:
Loans payable in foreign currencies	Foreign currency future transactions
Forward foreign exchange contracts	Foreign currency future transactions
Currency swap contracts	Charterage and foreign currency loans payable
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

The derivative transactions are executed and managed by the Company in accordance with the established policies in order to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and foreign currency exchange rate risk.

The Company evaluates hedge effectiveness 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.

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

## (21) SIGNIFICANT ACCOUNTING ESTIMATES

(Provision for Contract Loss Related to Long-term Charter Agreements)

### 1. Carrying amounts in the current year's financial statements

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Provision for contract loss	¥7,456	¥10,894	\$49,243

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

Recognition of Provision for contract loss is estimated from the future charter fees and vessel procurement cost related to long-term charter contracts. The estimate of charter fees is influenced by market trend in charter hire, while the estimate of procurement cost is influenced by trends in vessel expenses, such as interest on funding for capital investment in vessels and crew personnel expenses. As a result, these factors may have significant impacts on the amounts of Provision for contract loss in the consolidated financial statements for the following fiscal year.

## (22) STANDARDS AND GUIDANCE NOT YET ADOPTED

The following standard and guidance were issued but not yet adopted.

"Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)

"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)

"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

### I. Overview

Transfer of JICPA's practical guidelines on tax effect accounting to ASBJ was completed with the issuance of standards and guidance including ASBJ Statement No.28, Partial Amendments to Accounting Standard for Tax Effect Accounting (hereinafter collectively referred to as "ASBJ Statement No.28, etc.") in February 2018. During their deliberations, it had been determined that the following two issues would be further discussed subsequent to the issuance of ASBJ Statement No. 28, etc. The above standards and guidance were issued as a result of the discussions on the two issues below:

- Categories in which income tax expense should be recorded (taxes on other comprehensive income)
- Tax effects associated with sales of shares of subsidiaries, etc. (i.e., shares of subsidiaries or affiliates) when the group taxation regime is applied

### II. Effective date

The Company will apply these standards and guidance effective from the beginning of the consolidated fiscal year ending March 31, 2025.

### III. Effects of the application of the standards

The Company and its consolidated subsidiaries are currently in the process of determining the effects of these new standards and guidance on the consolidated financial statements.

"the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (ASBJ The Practical Solution No.46, March 22, 2024)

"the Supplementary Document on the Estimation of Current Taxes Related to the Global Minimum Tax Rules" (March 22, 2024)

### I. Overview

In October 2021, OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting agreed on global minimum tax rules for each member country of the framework. Since Corporate Tax Law is scheduled to be revised over the next several years to introduce a global minimum tax system in Japan, the Accounting Standards Board of Japan (ASBJ) issued the above standards and documents to clarify the accounting treatment and disclosure requirements for corporate and local corporate taxes under the global minimum tax system.

### II. Effective date

The Company will apply these standards and documents effective from the beginning of the consolidated fiscal year ending March 31, 2025.

### III. Effects of the application of the standards

The Company and its consolidated subsidiaries are currently in the process of determining the effects of these new standards and documents on the consolidated financial statements.

## (23) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2024 presentation.

## (24) CHANGES IN ACCOUNTING ESTIMATES

(Change in Useful Life)

The Group changed the useful life of ferries from 15 years to 20 years effective from the fiscal year ended March 31, 2024. 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, Shipping and other expenses for the fiscal year decreased by ¥1,712 million (\$11,307 thousand), and operating profit, ordinary profit, and income before income taxes for the fiscal year each increased by the same amount, compared to the previous method.

### 3. FINANCIAL INSTRUMENTS

#### (1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

##### *I. Policies for using financial instruments*

We raise capital investment funds to acquire vessels and other fixed assets primarily through bank loans and corporate bonds. In addition, we secure short-term operating funds primarily through bank loans. Furthermore, we have established commitment line with Japanese banks to maintain a sufficient amount of working capital and prepare supplementary liquidity for emergency situations.

Derivatives are utilized to hedge risks as discussed below and are executed within the scope of real requirements.

Our policy is not to use derivatives for speculative purposes.

##### *II. Details of financial instruments / Risk and its management*

Trade receivables are exposed to the credit risks of customers. We strive to mitigate such risks in accordance with internal regulations. Besides, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risk. We avoid the risk mainly by, in principle, utilizing forward exchange contracts which cover the net position (The difference between trade receivables and trade payables dominated in foreign currencies).

Short-term loans receivable and long-term loans receivable are mainly for group companies and exposed to the credit risks of borrowers.

In relation to these risks, the Group periodically monitors collectability of loans including financial condition of borrowers for early detection and reduction of default risks.

Investment securities are mainly stocks of companies with which we have business relationships. These investment securities are exposed to the price fluctuation risk. We identify the market value of listed stocks on a quarterly basis.

Trade payables are due within a year.

Short-term bank loans and commercial papers are primarily used for raising short-term operating funds, while long-term bank loans, bonds and lease obligations are mainly for capital investments. Although several items with variable interest rates are exposed to the interest rate risk, a certain portion of such variable interest rates is fixed with the use of interest rate swaps or interest rate caps.

Our major derivative transactions and hedged risks are as follows.

- \* Forward foreign exchange contracts/ Currency swap contracts  
: To cover exchange volatility of foreign-currency-denominated trade receivables, trade payables, long-term bank loans, and corporate bonds.
- \* Interest rate swap contracts/ Interest rate cap contracts  
: To avoid interest rate risk arising out of interest payment of long-term bank loans and corporate bonds.
- \* Fuel oil swap contracts  
: To hedge fluctuation of fuel oil price.

With regard to the detail of hedge accounting (hedging instruments, hedged items, the way of evaluating hedge effectiveness), see Note 2 (20) to the consolidated financial statements.

Derivative transactions are executed and managed in accordance with our internal regulations and dealt only with highly rated financial institutions to mitigate credit risks.

On the other hand, as trade payables, bank loan payables, bonds, lease obligations and commercial papers are exposed to the risk of financing for repayment, we manage the risk by planning cash management program monthly, having established commitment lines with several financial institutions, and adjusting funding period (balancing short-term/long-term combination), in consideration of market circumstances.

##### *III. Supplemental information on fair value*

Fair value of financial instruments that are actively traded in organized financial markets is determined by market value.

For those where there are no active markets, it is determined by reasonable estimation. Reasonably estimated value might vary depending on condition of calculation as several variation factors are included in the calculation. On the other hand, derivative transactions mentioned in following (2) do not indicate the market risk of such derivatives.

## (2) FAIR VALUES OF FINANCIAL INSTRUMENTS

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2024 were the following;

	Millions of yen		
	Book Value	Fair Value	Difference
<b>Assets</b>			
Investment securities <sup>(*)2/(*3)</sup>			
Investments in unconsolidated subsidiaries and affiliated companies	¥ 7,253	¥ 7,420	¥ 166
Available-for-sale securities	158,445	158,496	51
Long-term loans receivable <sup>(*)4</sup>	104,997		
Allowance for doubtful accounts <sup>(*)5</sup>	(3,966)		
	101,030	101,865	834
<b>Total</b>	<b>¥ 266,729</b>	<b>¥ 267,782</b>	<b>¥ 1,053</b>
<b>Liabilities</b>			
Bonds <sup>(*)6</sup>	201,200	198,670	(2,529)
Long-term bank loans <sup>(*)7</sup>	819,078	815,115	(3,963)
Lease obligations <sup>(*)8</sup>	67,903	68,397	493
<b>Total</b>	<b>¥1,088,182</b>	<b>¥1,082,183</b>	<b>¥ (5,999)</b>
Derivative financial instruments <sup>(*)9</sup>	¥ 86,990	¥ 86,990	¥ —

	Thousands of U.S. dollars (Note 1)		
	Book Value	Fair Value	Difference
<b>Assets</b>			
Investment securities <sup>(*)2/(*3)</sup>			
Investments in unconsolidated subsidiaries and affiliated companies	\$ 47,903	\$ 49,006	\$ 1,096
Available-for-sale securities	1,046,463	1,046,800	336
Long-term loans receivable <sup>(*)4</sup>	693,461		
Allowance for doubtful accounts <sup>(*)5</sup>	(26,193)		
	667,261	672,775	5,508
<b>Total</b>	<b>\$1,761,633</b>	<b>\$1,768,588</b>	<b>\$ 6,954</b>
<b>Liabilities</b>			
Bonds <sup>(*)6</sup>	1,328,842	1,312,132	(16,702)
Long-term bank loans <sup>(*)7</sup>	5,409,669	5,383,495	(26,173)
Lease obligations <sup>(*)8</sup>	448,471	451,733	3,256
<b>Total</b>	<b>\$7,186,988</b>	<b>\$7,147,368</b>	<b>\$(39,620)</b>
Derivative financial instruments <sup>(*)9</sup>	\$ 574,532	\$ 574,532	\$ —

\*1 "Cash" is omitted, and financial instruments settled within a short period are also omitted because their fair value is almost equivalent to book value.

\*2 Unlisted stocks are not included in the amount presented under the line "Investments securities" in the table summarizing fair value of financial instruments. The book value of these financial instruments is the following;

	Thousands of U.S. dollars (Note 1)	
	Millions of yen	Book Value
	2024	2024
Unlisted stocks	¥1,494,890	\$9,873,125

\*3 Investments in partnerships and other similar entities, in which the amount equivalent to equity interest is recorded on the consolidated balance sheet at a net amount are not included in "Investments securities". The amount reported on the consolidated balance sheet for the financial instruments are ¥9,016 million (\$59,546 thousand).

\*4 The book value of long-term loans receivable includes current portion amounting to ¥3,722 million (\$24,582 thousand).

\*5 An individual listing of allowance for doubtful accounts on long-term loans receivable is omitted.

\*6 The book value of bonds includes current portion amounting to ¥44,600 million (\$294,564 thousand).

\*7 The book value of long-term bank loans includes current portion amounting to ¥113,001million (\$746,324 thousand).

\*8 The book value of lease obligations includes current portion amounting to ¥13,942million (\$92,081 thousand).

\*9 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with ( ) means that the net amount is liability.

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2023 were the following;

	Millions of yen		
	Book Value	Fair Value	Difference
<b>Assets</b>			
Investment securities <sup>(*)2)(*)3)</sup>			
Investments in unconsolidated subsidiaries and affiliated companies	¥ 3,650	¥ 3,505	¥ (145)
Available-for-sale securities	81,561	81,606	45
Long-term loans receivable <sup>(*)4)</sup>	138,683		
Allowance for doubtful accounts <sup>(*)5)</sup>	(19,059)		
	119,624	121,541	1,916
Total	¥204,836	¥206,653	¥ 1,817
<b>Liabilities</b>			
Bonds <sup>(*)6)</sup>	189,500	188,503	(996)
Long-term bank loans <sup>(*)7)</sup>	612,139	610,701	(1,437)
Lease obligations <sup>(*)8)</sup>	19,793	20,847	1,054
Total	¥821,432	¥820,051	¥(1,379)
Derivative financial instruments <sup>(*)9)</sup>	¥ 72,691	¥ 72,691	¥ —

\*1 "Cash" is omitted, and financial instruments settled within a short period are also omitted because their fair value is almost equivalent to book value.

\*2 Unlisted stocks are not included in the amount presented under the line "Investments securities" in the table summarizing fair value of financial instruments. The book value of these financial instruments is the following;

	Millions of yen
	Book Value
	2023
Unlisted stocks	¥1,342,167

\*3 Equity investments in cooperatives, etc., whose equity equivalents are recorded on the consolidated balance sheet at a net amount are not included in "Investments securities". The amount reported on the consolidated balance sheet for the financial instruments are ¥3,494 million.

\*4 The book value of long-term loans receivable includes current portion amounting to ¥21,790 million.

\*5 An individual listing of allowance for doubtful accounts on long-term loans receivable is omitted.

\*6 The book value of bonds includes current portion amounting to ¥30,000 million.

\*7 The book value of long-term bank loans includes current portion amounting to ¥87,337 million.

\*8 The book value of lease obligations includes current portion amounting to ¥2,283 million.

\*9 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with ( ) means that the net amount is liability.

At March 31, 2024, the aggregate annual maturity of monetary claims and securities was as follows;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and deposit	¥117,919	¥ —	¥ —	¥ —
Trade receivables	137,790	—	—	—
Short-term loans receivable	9,476	—	—	—
Marketable securities and investments securities				
Available-for-sale securities with maturities (Other)	—	—	—	—
Long-term loans receivable <sup>(*)</sup>	3,722	14,126	28,744	54,437
Total	¥268,909	¥14,126	¥28,744	¥54,437

	Thousands of U.S. dollars (Note 1)			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and deposit	\$ 778,805	\$ —	\$ —	\$ —
Trade receivables	910,045	—	—	—
Short-term loans receivable	62,585	—	—	—
Marketable securities and investments securities				
Available-for-sale securities with maturities (Other)	—	—	—	—
Long-term loans receivable <sup>(*)</sup>	24,582	93,296	189,842	359,533
Total	\$1,776,031	\$93,296	\$189,842	\$359,533

\* Long-term loans receivable does not include those amounting to ¥3,966 million (\$26,193 thousand), for which the planned redemption amount cannot be expected.

At March 31, 2023, the aggregate annual maturity of monetary claims and securities was as follows;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and deposit	¥ 93,961	¥ —	¥ —	¥ —
Trade receivables	124,134	—	—	—
Short-term loans receivable	32,391	—	—	—
Marketable securities and investments securities				
Available-for-sale securities with maturities (Other)	500	—	—	—
Long-term loans receivable <sup>(*)</sup>	21,790	18,747	22,742	56,343
Total	¥272,778	¥18,747	¥22,742	¥56,343

\* Long-term loans receivable does not include those amounting to ¥19,059 million, for which the planned redemption amount cannot be expected.

#### Fair value information of financial instruments by level of inputs

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: the fair value measured by quoted prices of identical assets or liabilities in active markets.

Level 2 fair values: the fair value measured using observable inputs other than Level 1.

Level 3 fair values: the fair values measured using unobservable 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

At March 31, 2024, Financial assets and financial liabilities measured at fair value were as follows;

Category	Millions of yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	¥158,336	¥ —	¥ —	¥158,336
Derivative financial instruments				
Currency-related	—	92,494	—	92,494
Interest-related	—	3,666	—	3,666
Others	—	245	—	245
Total assets	¥158,336	¥96,406	¥ —	¥254,743
Derivative financial instruments				
Currency-related	—	3,461	—	3,461
Interest-related	—	5,914	—	5,914
Others	—	39	—	39
Total liabilities	¥ —	¥ 9,415	¥ —	¥ 9,415

Category	Thousands of U.S. dollars (Note 1)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	\$1,045,743	\$ —	\$ —	\$1,045,743
Derivative financial instruments				
Currency-related	—	610,884	—	610,884
Interest-related	—	24,212	—	24,212
Others	—	1,618	—	1,618
Total assets	\$1,045,743	\$636,721	\$ —	\$1,682,471
Derivative financial instruments				
Currency-related	—	22,858	—	22,858
Interest-related	—	39,059	—	39,059
Others	—	257	—	257
Total liabilities	\$ —	\$ 62,182	\$ —	\$ 62,182

At March 31, 2023, Financial assets and financial liabilities measured at fair value were as follows;

Category	Millions of yen			
	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

At March 31, 2024, Financial assets and financial liabilities of which book value is not measured at fair value were as follows;

Category	Millions of yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Equity securities issued by subsidiaries and affiliated companies	¥7,420	¥ —	¥ —	¥ 7,420
Available-for-sale securities	—	160	—	160
Long-term loans receivable	—	101,865	—	101,865
Total assets	¥7,420	¥ 102,025	¥ —	¥ 109,445
Bonds	—	198,670	—	198,670
Long-term bank loans	—	815,115	—	815,115
Lease obligations	—	68,397	—	68,397
Total liabilities	¥ —	¥1,082,183	¥ —	¥1,082,183

Category	Thousands of U.S. dollars (Note 1)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Equity securities issued by subsidiaries and affiliated companies	\$49,006	\$ —	\$ —	\$ 49,006
Available-for-sale securities	—	1,056	—	1,056
Long-term loans receivable	—	672,775	—	672,775
Total assets	\$49,006	\$ 673,832	\$ —	\$ 722,838
Bonds	—	1,312,132	—	1,312,132
Long-term bank loans	—	5,383,495	—	5,383,495
Lease obligations	—	451,733	—	451,733
Total liabilities	\$ —	\$7,147,368	\$ —	\$7,147,368

At March 31, 2023, Financial assets and financial liabilities of which book value is not measured at fair value were as follows;

Category	Millions of yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Equity securities issued by subsidiaries and affiliated companies	¥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
Lease obligations	—	20,847	—	20,847
Total liabilities	¥ —	¥820,052	¥ —	¥820,052

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.

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 borrowings 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.

f) Lease obligations

The fair value of lease obligations is evaluated by discounting the total amount of principal and interest using the rate that would be applicable to a similar new lease transaction, and is classified as Level 2.

## 4. SECURITIES

A. The following tables summarize acquisition costs and book values of securities at March 31, 2024 and 2023.

### Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2024

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥36,493	¥149,881	¥113,388
Others	2,901	3,148	247
Total	¥39,394	¥153,029	¥113,635

Type	Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Book value	Difference
Equity securities	\$241,021	\$ 989,901	\$748,880
Others	19,159	20,791	1,631
Total	\$260,180	\$1,010,692	\$750,511

Securities with book values exceeding acquisition costs at March 31, 2023

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥25,689	¥79,540	¥53,851
Total	¥25,689	¥79,540	¥53,851

Securities with book values not exceeding acquisition costs at March 31, 2024

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥7,601	¥5,415	¥(2,185)
Others	—	—	—
Total	¥7,601	¥5,415	¥(2,185)

Type	Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Book value	Difference
Equity securities	\$50,201	\$35,763	\$(14,431)
Others	—	—	—
Total	\$50,201	\$35,763	\$(14,431)

Securities with book values not exceeding acquisition costs at March 31, 2023

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥3,111	¥2,020	¥(1,090)
Others	500	500	—
Total	¥3,611	¥2,520	¥(1,090)

Unlisted stocks (¥10,564 million (\$69,770 thousand)) are not included in the above “Available-for-sale securities” because they are unquoted stock. Investments (¥5,960 million (\$39,363 thousand)) in partnerships and other similar entities, in which the amount equivalent to equity interest is recorded on the consolidated balance sheet at a net amount are not included in “Available-for-sale securities” at March 31, 2024.

Unlisted stocks (¥8,162 million) are not included in the above “Available-for-sale securities”, because they are unquoted stock. Equity investments (¥3,494 million) in cooperatives, etc., whose equity equivalents are recorded on the consolidated balance sheet at a net amount are not included in “Available-for-sale securities” at March 31, 2023.

B. Total sales of available-for-sale securities sold in the years ended March 31, 2024 and 2023 and the related gains and losses were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Proceeds from sales	¥1,936	¥19,350	\$12,786
Gross realized gains	1,760	13,968	11,624
Gross realized losses	40	491	264

#### C. Impairment losses of securities

For the year ended March 31, 2024, the Company reduced the book value on the securities and booked the reductions as impairment losses of ¥259 million (\$1,710 thousand).

For the year ended March 31, 2023, the Company reduced the book value on the securities and booked the reductions as impairment losses of ¥82 million.

With regard to the impairment losses, the Company principally reduces the book value on the securities to the amount which is considered the recoverability, etc. in the event the fair market value declines more than 50% in comparison with the acquisition cost.

## 5. INVENTORIES

Inventories at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Fuel and supplies	¥54,283	¥49,422	\$358,516
Others	1,834	1,365	12,112
Total	¥56,117	¥50,787	\$370,629

## 6. DERIVATIVE TRANSACTIONS

The Group enters into derivative transactions to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and currency exchange fluctuations, in accordance with the guidance determined by the management of the Company.

#### I. Hedge accounting not applied

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2024 and 2023, for which hedge accounting has not been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(1) Currency related:</b>			
Forward currency exchange contracts			
Sell (U.S. dollar):			
Contracts outstanding	¥166,551	¥66,789	\$1,100,000
Fair values	(25)	0	(165)
Buy (U.S. dollar):			
Contracts outstanding	¥ —	¥ —	\$ —
Fair values	—	—	—
Buy (Others):			
Contracts outstanding	¥ 74	¥ 258	\$ 488
Fair values	0	(2)	0

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(2) Others</b>			
a. Fuel oil swaps			
Receive floating, pay fixed			
Contracts outstanding	¥ 455	¥886	\$3,005
Fair values	24	13	158
b. Freight futures			
Contracts outstanding	¥ —	¥676	\$ —
Fair values	—	(24)	—

## II. Hedge accounting applied

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2024 and 2023, for which hedge accounting has been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(1) Deferral hedge accounting</b>			
a. Forward currency exchange contracts to hedge the risk for the foreign currency transactions			
Sell (U.S. dollar):			
Contracts outstanding	¥ 14,452	¥ 11,723	\$ 95,449
Fair values	(511)	(250)	(3,374)
Buy (U.S. dollar):			
Contracts outstanding	¥133,903	¥ 47,423	\$ 884,373
Fair values	3,698	7,586	\$ 24,423
Buy (others):			
Contracts outstanding	¥ —	¥ 7,847	\$ —
Fair values	—	163	—
b. Currency swaps contracts to hedge the risk for charterages			
Sell (U.S. dollar):			
Contracts outstanding	¥ 1,235	¥ 3,383	\$ 8,156
Fair values	(202)	(38)	(1,334)
Buy (U.S. dollar):			
Contracts outstanding	¥185,665	¥195,868	\$1,226,240
Fair values	86,073	63,501	568,476
c. interest rate swaps to hedge the risk for the long-term bank loans			
Receive floating, pay fixed			
Contracts outstanding	¥336,771	¥116,758	\$2,224,232
Fair values	(2,248)	1,971	(14,847)
d. Fuel oil swaps to hedge the risk for the fuel oil			
Receive floating, pay fixed			
Contracts outstanding	¥ 5,383	¥ 4,859	\$ 35,552
Fair values	181	(229)	1,195

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(2) Special treatment</b>			
Interest rate swaps to hedge the risk for the long-term bank loans and bonds			
Receive floating, pay fixed			
Contracts outstanding	¥4,000	¥19,000	\$26,418
Fair values	*1	*1	*1

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>(3) Allocation method</b>			
Currency swaps to hedge the risk for trade payables			
Contracts outstanding	¥ —	¥ 695	\$ —
Fair values	*2	*2	*2

\*1 Interest rate swaps which special treatment is applied to are recorded as the combined amount of such interest rate swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.

\*2 Currency swaps which allocation method is applied to are recorded as the combined amount of such currency swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.

## 7. SHORT-TERM DEBT AND LONG-TERM DEBT

### (1) SHORT-TERM DEBT

Short-term debt at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Short-term bank loans	¥136,518	¥252,016	\$ 901,644
Commercial paper	80,000	80,000	528,366
Total	¥216,518	¥332,016	\$1,430,011

Average interest rates on short-term bank loans at March 31, 2024 and 2023 were 2.53% and 3.92%, respectively.

Average interest rates on commercial paper at March 31, 2024 and 2023 were 0.04% and 0.00%, respectively.

## (2) LONG-TERM DEBT

Long-term debt at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Bonds:</b>			
0.320% yen bonds due July 19, 2023	¥ —	¥ 5,000	\$ —
0.420% yen bonds due August 30, 2023	—	5,000	—
0.420% yen bonds due September 8, 2023	—	5,000	—
0.970% yen bonds due June 19, 2024	29,500	29,500	194,835
0.490% yen bonds due July 18, 2025	5,000	5,000	33,022
0.490% yen bonds due July 29, 2025	10,000	10,000	66,045
0.360% yen bonds due November 30, 2026	200	—	1,320
0.425% yen bonds due July 10, 2028	9,000	—	59,441
0.639% yen bonds due January 25, 2029	20,000	—	132,091
1.600% yen bonds due April 27, 2056	50,000	50,000	330,229
0.070%~0.960% yen bonds of the Company's subsidiary company	77,500	80,000	511,855
<b>Long-term bank loans due within one year:</b>			
Long-term bank loans due within one year at average interest rate of 3.59% and 2.11% at March 31, 2024 and 2023, respectively.	113,001	87,337	746,324
<b>Long-term bank loans due after one year:</b>			
Long-term bank loans due through 2048 at average interest rate of 1.85% and 1.70% at March 31, 2024 and 2023, respectively.	706,077	524,801	4,663,344
	1,020,278	801,638	6,738,511
Amount due within one year	157,601	117,337	1,040,888
	¥ 862,677	¥684,301	\$5,697,622

At March 31, 2024, the aggregate annual maturity of long-term debt was as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2025	¥ 157,601	\$1,040,888
2026	100,642	664,698
2027	110,051	726,841
2028	95,586	631,305
2029	134,191	886,275
2030 and thereafter	422,207	2,788,501
Total	¥1,020,278	\$6,738,511

## (3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2024 and 2023, the following assets were pledged as collateral for short-term debt and long-term debt.

Assets pledged	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Vessels	¥268,545	¥181,509	\$1,773,627
Buildings and structures	1,046	—	6,908
Land	701	—	4,629
Investment securities	226,143	163,575	1,493,580
Others	958	1,019	6,327
Total	¥497,396	¥346,105	\$3,285,093

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Secured debt			
Long-term bank loans due within one year	¥ 37,797	¥ 17,389	\$ 249,633
Long-term bank loans due after one year	190,794	159,889	1,260,114
Bonds	200	—	1,320
Total	¥228,791	¥177,279	\$1,511,069

With regard to Investment securities at March 31, 2024, ¥225,396 million (\$1,488,646 thousand) were pledged as collateral for Long-term loans by subsidiaries and affiliated companies and future charter hire fees payments, and ¥747 million (\$4,933 thousand) were pledged as collateral for Long-term loans regarding Offshore business projects.

With regard to Investment securities at March 31, 2023, ¥162,914 million were pledged as collateral for Long-term loans by subsidiaries and affiliated companies and future charter hire fees payments, and ¥661 million were pledged as collateral for Long-term loans regarding Offshore business projects.

## 8. COMMITMENTS AND CONTINGENT LIABILITIES

### (A) COMMITMENT

At March 31, 2024 and 2023, certain subsidiaries had loan commitment agreements. The nonexercised portion of loan commitments was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Total loan limits	¥ —	¥19,361	\$ —
Loan executions	—	16,023	—
The nonexercised portion of loan commitments	¥ —	¥ 3,338	\$ —

### (B) CONTINGENT LIABILITIES

At March 31, 2024 and 2023, the Company and its consolidated subsidiaries were contingently liable mainly as guarantors or co-guarantors of indebtedness of related and other companies in the aggregate amount of ¥121,570 million (\$802,919 thousand) and ¥222,375 million, respectively.

U.S. dollars-denominated liabilities were included in the above amount, which were \$755,929 thousand and \$1,626,739 thousand respectively.

## 9. NET ASSETS

Net assets comprises four sections, which are the owners' equity, accumulated other comprehensive income, share option and non-controlling interests.

Under the Japanese Companies Act (hereinafter referred to as "the Act") and regulations, the entire amount paid for new shares is required to be designated as common stock.

However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

Under the Act, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Act, appropriations (legal earnings reserve and additional paid-in-capital could be used to eliminate or reduce a deficit or could be capitalized) generally require a resolution of the shareholders' meeting.

### (A) SHARES ISSUED AND OUTSTANDING

Changes in number of shares issued and outstanding during the years ended March 31, 2024 and 2023 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at April 1, 2022	120,628	351
Increase during the year	241,382	720
Decrease during the year	—	(808)
Balance at March 31 and April 1, 2023	362,010	263
Increase during the year	375	16
Decrease during the year	—	(238)
Balance at March 31, 2024	362,386	41

### (B) SHARE OPTION

Share option at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Stock options	¥315	¥550	\$2,080
Total	¥315	¥550	\$2,080

### (C) DIVIDENDS

(1) Dividends paid for the year ended March 31, 2024 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 20, 2023	¥ 94,056	\$621,205
Approved at the board of directors held on October 31, 2023	39,822	263,011
Total	¥133,879	\$884,215

(2) Dividend included in the retained earnings at March 31, 2024 and to be paid in subsequent periods was as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Approved at the shareholders' meeting held on June 25, 2024	¥39,858	\$263,245
Total	¥39,858	\$263,245



## 10. IMPAIRMENT LOSSES

For the year ended March 31, 2024, the Group recorded an impairment loss on the following asset group.

Location	Application	Type	Millions of yen	Thousands of U.S. dollars (Note 1)
Asia	Operating assets	Vessels	¥1,927	\$12,727

In principle, the Company and its consolidated subsidiaries grouped operating assets based on management accounting categories, and also grouped assets to be disposed and idle assets by asset unit.

For the year ended March 31, 2024, considering significant deterioration of profitability of operating assets of certain subsidiary related to LNG Bunkering vessel in Energy Business segment, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment loss under Other losses on the Consolidated Statements of Income.

The recoverable amount of Vessels are based on value in use, and calculated by discounting future cash flows at 8.14% mainly.

For the year ended March 31, 2023, the Group recorded an impairment loss on the following asset group.

Location	Application	Type	Millions of yen
Asia	Operating assets	Vessels	¥3,204
Japan	Operating assets	land	¥ 192
Japan	Assets to be disposed	Software	¥ 612

In principle, the Company and its consolidated subsidiaries grouped operating assets based on management accounting categories, and also grouped assets to be disposed and idle assets by asset unit.

For the year ended March 31, 2023, considering significant deterioration of profitability of operating assets of the Company and its consolidated subsidiaries related to Energy Business segment such as LNG Bunkering vessel, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment loss. the recoverable amount of vessels are based on value in use, and calculated by discounting future cash flows at 7.7% mainly. the recoverable amount of land is based on the asset's net selling price, and evaluated by valuation reasonably calculated by a third party.

With regard to the Assets to be disposed, according to decision making on disposal, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment loss for items which recoverable amount is less than the book value.

And with regard to Software, the recoverable amount is based on the asset's net selling price, which disposal value was calculated as nil.

## 11. LEASES

AS LESSEE:

Future Lease Payments Under Operating Leases For Only Non-Cancelable Contracts  
At March 31, 2024 And 2023:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Amount due within one year	¥ 21,226	¥ 20,269	\$140,188
Amount due after one year	122,905	116,871	811,736
Total	¥144,131	¥137,141	\$951,925

AS LESSOR:

Future Lease Income Under Operating Leases For Only Non-Cancelable Contracts  
At March 31, 2024 And 2023:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Amount due within one year	¥12,110	¥12,894	\$ 79,981
Amount due after one year	20,821	14,746	137,514
Total	¥32,931	¥27,640	\$217,495

## 12. RENTAL PROPERTIES

The Company and some of its consolidated subsidiaries own real estate for office lease (including lands) in Tokyo, Osaka and other areas. Information about the book value and the fair value of such rental properties was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
For the year ended March 31	2024	2023	2024
Book value			
Balance at the beginning of the year	¥377,634	¥330,518	\$2,494,115
Changes during the year	81,074	47,116	535,460
Balance at the end of the year	458,709	377,634	3,029,581
Fair value at the end of the year	¥717,108	¥644,921	4,736,199

Notes: 1. Book value is the acquisition cost, net of accumulated depreciation.

2. Of changes during the year ended March 31, 2023, the primary increase was mainly due to the acquisition of two buildings named "Otemachi Tower·ENEOS Building" and "Otemachi first square" (¥48,988 million), while the primary decrease was mainly due to the depreciation of existing properties (¥7,662 million).

Of changes during the year ended March 31, 2024, the primary increase was mainly due to the acquisition of two buildings named "Toranomom Daibiru-East Building" and "Otemachi first square" (¥54,716 million (\$361,376 thousand)), while the primary decrease was mainly due to the depreciation of existing properties (¥7,638 million (\$50,445 thousand)).

3. Fair value is mainly based on the amount appraised by outside independent real estate appraisers.

In addition, information for rental revenue and expense from rental properties was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Rental revenue	¥33,875	¥32,380	\$223,730
Rental expense	20,251	19,737	133,749
Difference	13,623	12,642	89,974
Other profit (loss)	¥ (828)	¥ 1,013	\$ (5,468)

Note: Rental revenue is mainly recorded as "shipping and other revenues" and rental expense (depreciation expense, repairs and maintenance fee, utilities, personnel cost, tax and public charge, etc.) is mainly recorded as "shipping and other expenses".

Other profits (losses) for the year ended March 31, 2023 were gain on sales of vessels, property, equipment and others (recorded in Other gains) and Loss on building reconstruction, Loss on disposals of vessels, property, equipment and others, and Impairment losses (recorded in Other losses).

Other losses for the year ended March 31, 2024 were Loss on exchange of vessels, property, equipment and others, Loss on building reconstruction, and Loss on disposals of vessels, property, equipment and others (recorded in Other losses).

## 13. REVENUE RECOGNITION

### 1. Information on disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is as presented in "Significant Matters for Basis of Preparation of Consolidated Financial Statements, 14. Segment and Related Information."

### 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 2. Summary of Significant Accounting Policies, (4) Freight Revenues and Related Expenses."

### 3. Information for understanding revenue recognition for the current consolidated fiscal year and the following year

(1) Contract asset and contract liability balances

	Millions of yen		
	Beginning balance of Fiscal year ended March 31, 2023	Closing balance of Fiscal year ended March 31, 2023	Closing balance of Fiscal year ended March 31, 2024
Trade receivables	¥ 1,174	¥ 1,006	¥ 698
Account receivables	108,716	123,128	137,092
Receivables from contracts with customers	109,891	124,134	137,790
Contract assets	15,601	8,329	10,827
Contract liabilities	23,125	31,006	35,639

	Thousands of U.S. dollars (Note 1)		
	Beginning balance of Fiscal year ended March 31, 2023	Closing balance of Fiscal year ended March 31, 2023	Closing balance of Fiscal year ended March 31, 2024
Trade receivables	\$ 8,792	\$ 7,533	\$ 4,609
Account receivables	814,169	922,099	905,435
Receivables from contracts with customers	822,968	929,633	910,045
Contract assets	116,835	62,375	71,507
Contract liabilities	173,182	232,202	235,380

The balance of contract liabilities at the beginning of the previous fiscal year and at the end of the previous fiscal year under review is generally recognized as revenue in the previous fiscal year and in the current fiscal year respectively.

Changes in the balance of contract liabilities during the previous fiscal year and the current 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.

(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' cargoes is considered contracts and performance obligations, 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.

## 14. SEGMENT AND RELATED INFORMATION

### (A) SEGMENT INFORMATION:

	Millions of yen											
	Reportable segment										Adjustment and elimination	Consolidated
	Product Transport Business				Wellbeing & Lifestyle Business							
	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total		
For the year ended March 31, 2024:												
1. Revenues:												
(1) Revenues from customers	¥395,577	¥ 437,839	¥ 56,376	¥562,417	¥ 40,827	¥ 63,872	¥49,182	¥1,606,093	¥ 21,818	¥1,627,912	¥ —	¥1,627,912
(2) Inter-segment revenues	1,026	13,445	316	4,395	3,548	339	35,276	58,347	14,979	73,326	(73,326)	—
Total revenues	¥396,604	¥ 451,284	¥ 56,692	¥566,813	¥ 44,375	¥ 64,211	¥84,459	¥1,664,440	¥ 36,797	¥1,701,238	¥ (73,326)	¥1,627,912
Segment income (loss)	¥ 37,235	¥ 66,909	¥ 51,513	¥ 74,028	¥ 8,659	¥ 397	¥ 2,944	¥ 241,687	¥ 4,358	¥ 246,046	¥ 12,940	¥ 258,986
Segment assets	¥357,224	¥1,593,331	¥1,061,536	¥339,515	¥579,407	¥133,606	¥63,391	¥4,128,014	¥509,294	¥4,637,308	¥(516,755)	¥4,120,552
2. Others												
Depreciation and amortization	¥ 12,994	¥ 43,230	¥ 6,983	¥ 18,195	¥ 8,068	¥ 6,144	¥ 1,354	¥ 96,973	¥ 1,114	¥ 98,087	¥ 4,386	¥ 102,473
Amortization of goodwill	—	505	—	—	319	—	—	824	—	824	—	824
Interest income	1,520	15,702	326	923	281	86	16	18,858	11,743	30,602	(11,000)	19,601
Interest expense	4,442	23,008	2,210	813	1,856	279	24	32,634	9,704	42,339	(24,030)	18,308
Equity in earnings (losses) of affiliated companies, net	4,698	40,361	45,024	1,078	—	565	187	91,917	—	91,917	—	91,917
Investment in affiliates	34,418	333,461	997,233	16,572	6	4,655	2,468	1,388,816	40	1,388,857	(6,102)	1,382,754
Increase in vessels, property and equipment and intangible assets	13,742	165,562	15,190	37,961	84,506	4,411	2,826	324,201	5,677	329,878	6,417	336,299

Thousands of U.S. dollars (Note 1)

For the year ended March 31, 2024:	Reportable segment											
	Product Transport Business						Wellbeing & Lifestyle Business					
	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
<b>1. Revenues:</b>												
(1) Revenues from customers	\$2,612,621	\$2,891,744	\$372,340	\$3,714,530	\$269,645	\$421,847	\$324,826	\$10,607,575	\$144,098	\$10,751,680	\$—	\$10,751,680
(2) Inter-segment revenues	6,776	88,798	2,087	29,027	23,433	2,238	232,983	385,357	98,930	484,287	(484,287)	—
Total revenues	\$2,619,404	\$2,980,542	\$374,427	\$3,743,563	\$293,078	\$424,086	\$557,816	\$10,992,933	\$243,028	\$11,235,968	\$(484,287)	\$10,751,680
Segment income (loss)	\$245,921	\$441,906	\$340,221	\$488,924	\$57,189	\$2,622	\$19,443	\$1,596,241	\$28,782	\$1,625,031	\$85,463	\$1,710,494
Segment assets	\$2,359,315	\$10,523,287	\$7,011,003	\$2,242,355	\$3,826,741	\$882,411	\$418,671	\$27,263,813	\$3,363,674	\$30,627,488	\$(3,412,951)	\$27,214,530
<b>2. Others</b>												
Depreciation and amortization	\$85,819	\$285,516	\$46,119	\$120,170	\$53,285	\$40,578	\$8,942	\$640,466	\$7,357	\$647,823	\$28,967	\$676,791
Amortization of goodwill	—	3,335	—	—	2,106	—	—	5,442	—	5,442	—	5,442
Interest income	10,038	103,705	2,153	6,096	1,855	567	105	124,549	77,557	202,113	(72,650)	129,456
Interest expense	29,337	151,958	14,596	5,369	12,258	1,842	158	215,533	64,090	279,631	(158,708)	120,916
Equity in earnings (losses) of affiliated companies, net	31,028	266,567	297,364	7,119	—	3,731	1,235	607,073	—	607,073	—	607,073
Investment in affiliates	227,316	2,202,371	6,586,308	109,451	39	30,744	16,300	9,172,551	264	9,172,822	(40,301)	9,132,514
Increase in vessels, property and equipment and intangible assets	90,760	1,093,468	100,323	250,716	558,126	29,132	18,664	2,141,212	37,494	2,178,706	42,381	2,221,095

Millions of yen

For the year ended March 31, 2023:	Reportable segment											
	Product Transport Business						Wellbeing & Lifestyle Business					
	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
<b>1. Revenues:</b>												
(1) Revenues from customers	¥429,602	¥388,709	¥53,060	¥573,546	¥39,582	¥59,913	¥47,760	¥1,592,176	¥19,808	¥1,611,984	¥—	¥1,611,984
(2) Inter-segment revenues	1,242	13,165	299	4,507	3,109	284	25,934	48,543	14,368	62,911	(62,911)	—
Total revenues	¥430,844	¥401,874	¥53,360	¥578,053	¥42,691	¥60,198	¥73,695	¥1,640,719	¥34,176	¥1,674,896	¥(62,911)	¥1,611,984
Segment income (loss)	¥57,668	¥39,597	¥620,173	¥83,430	¥8,131	¥(1,402)	¥2,619	¥810,218	¥1,805	¥812,024	¥(435)	¥811,589
Segment assets	¥359,210	¥1,223,633	¥999,130	¥429,998	¥479,283	¥134,945	¥56,719	¥3,682,921	¥366,256	¥4,049,177	¥(484,930)	¥3,564,247
<b>2. Others</b>												
Depreciation and amortization	¥11,610	¥38,563	¥5,123	¥19,914	¥7,989	¥5,401	¥1,221	¥89,924	¥849	¥90,674	¥3,985	¥94,660
Amortization of goodwill	—	175	—	—	212	—	—	387	—	387	—	387
Interest income	1,606	10,963	124	299	136	40	25	13,195	5,937	19,133	(4,660)	14,473
Interest expense	2,736	13,414	1,150	578	1,588	234	37	19,740	4,919	24,659	(7,391)	17,268
Equity in earnings (losses) of affiliated companies, net	19,001	26,471	620,755	1,345	—	675	184	668,435	—	668,435	—	668,435
Investment in affiliates	30,980	270,593	949,005	20,188	6	4,305	2,289	1,277,370	40	1,277,410	—	1,277,410
Increase in vessels, property and equipment and intangible assets	20,003	118,886	5,191	16,230	59,794	44,254	1,722	266,084	3,233	269,318	2,774	272,092

\* 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. For the year ended March 31, 2024

(1) Adjustment in Segment income (loss) of ¥12,940 million (\$85,463 thousand) include the following:

¥1,010 million (\$6,670 thousand) of corporate profit which is not allocated to segments, ¥11,633 million (\$76,831 thousand) of adjustment for management accounting and ¥296 million (\$1,954 thousand) of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -¥516,755 million (-\$3,412,951 thousand) include the following:

¥21,534 million (\$142,223 thousand) of assets which are not allocated to segments and -¥538,290 million (-\$3,555,181 thousand) of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of ¥4,386 million (\$28,967 thousand) include the following:

¥4,386 million (\$28,967 thousand) of depreciation of assets which are not allocated to segments.

(4) Adjustment in Interest income of -¥11,000 million (-\$72,650 thousand) include the following:

¥12,595 million (\$83,184 thousand) of interest income which is not allocated to segments and -¥23,596 million (-\$155,841 thousand) of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -¥24,030 million (-\$158,708 thousand) include the following:

¥11,168 million (\$73,759 thousand) of interest expenses which are not allocated to segments, -¥11,633 million (-\$76,831 thousand) of adjustment for management accounting and -¥23,565 million (-\$155,637 thousand) of inter-segment transaction elimination.

(6) Adjustment in Investment in affiliates of -¥6,102 million (-\$40,301 thousand) include the following:

-¥6,102 million (-\$40,301 thousand) of inter-segment transaction elimination.

(7) Adjustment in Increase in vessels, property and equipment and intangible assets of ¥6,417 million (\$42,381 thousand) include the following:

¥6,417 million (\$42,381 thousand) of Increase in vessels, property and equipment and intangible assets which are not allocated to segments.

3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.

4. Segment income (loss) corresponds to Ordinary income in the consolidated statements of income.

5. Revenues from contracts with customers and other revenues are not stated separately because revenues other than those from contracts with customers are immaterial.

6. Notes to changes in reportable segments etc:

"Ferries and 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 and Coastal RoRo Ships, Cruise" due to restructure a part of organization. As a result, segment information for the previous fiscal year was reclassified or adjusted to conform to the 2024 presentation.

7. As stated in (Change in Useful Life), the Group changed the useful life of ferries from 15 years to 20 years effective from the fiscal year.

Due to the change, Depreciation and amortization for the fiscal year decreased ¥1,712 million in the Ferries and Coastal RoRo Ships, Cruise Business, and Segment profit (loss) increased by the same amount, compared to the previous method.

## 8. For the year ended March 31, 2023

(1) Adjustment in Segment income (loss) of -¥435 million include the following:

-¥9,268 million of corporate profit which is not allocated to segments, ¥7,026 million of adjustment for management accounting and ¥1,806 million of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -¥484,930 million include the following:

¥31,220 million of assets which are not allocated to segments and -¥516,150 million of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of ¥3,985 million include the following:

¥3,985 million of depreciation of assets which are not allocated to segments.

(4) Adjustment in Interest income of -¥4,660 million include the following:

¥4,181 million of interest income which is not allocated to segments and -¥8,841 million of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -¥7,391 million include the following:

¥8,482 million of interest expenses which are not allocated to segments, -¥7,026 million of adjustment for management accounting and -¥8,846 million of inter-segment transaction elimination.

(6) Adjustment in Increase in vessels, property and equipment and intangible assets of ¥2,774 million include the following:

¥13,657 million of Increase of tangible / intangible fixed assets which are not allocated to segments and -¥10,883 million of inter-segment elimination.

## (B) RELATED INFORMATION:

## (1) Information about geographic areas:

In our core marine transportation business, the areas which services are provided are not necessarily consistent with the location of our customers.

Therefore, revenues by geographic areas are revenues by geographic areas of each company's registration.

Millions of yen							
	Japan	North America	Europe	Asia		Others	Consolidated
For the year ended March 31, 2024:					Singapore		
Revenues	¥1,254,302	¥49,011	¥47,399	¥276,328	¥219,080	¥ 870	¥1,627,912
Vessels, property and equipment	¥1,266,133	¥ 197	¥28,756	¥326,275	¥250,469	¥33,158	¥1,654,521

Thousands of U.S. dollars (Note 1)							
	Japan	North America	Europe	Asia		Others	Consolidated
For the year ended March 31, 2024:					Singapore		
Revenues	\$8,284,142	\$323,697	\$313,050	\$1,825,031	\$1,446,932	\$ 5,745	\$10,751,680
Vessels, property and equipment	\$8,362,281	\$ 1,301	\$189,921	\$2,154,910	\$1,654,243	\$218,994	\$10,927,422

Millions of yen							
	Japan	North America	Europe	Asia		Others	Consolidated
For the year ended March 31, 2023:					Singapore		
Revenues	¥1,255,986	¥81,016	¥38,747	¥235,738	¥176,331	¥ 496	¥1,611,984
Vessels, property and equipment	¥1,054,595	¥21,880	¥27,605	¥218,796	¥148,592	¥19,363	¥1,342,240

## (2) Information about impairment loss by reportable segment:

Millions of yen												
Reportable segment												
Product Transport Business Wellbeing & Lifestyle Business												
For the year ended March 31, 2024:	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
Impairment loss	¥ —	¥1,927	¥ —	¥ —	¥ —	¥ —	¥ —	¥1,927	¥ —	¥1,927	¥ —	¥1,927

Thousands of U.S. dollars (Note 1)												
Reportable segment												
Product Transport Business Wellbeing & Lifestyle Business												
For the year ended March 31, 2024:	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
Impairment loss	\$ —	\$12,727	\$ —	\$ —	\$ —	\$ —	\$ —	\$12,727	\$ —	\$12,727	\$ —	\$12,727

Millions of yen												
Reportable segment												
Product Transport Business Wellbeing & Lifestyle Business												
For the year ended March 31, 2023:	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
Impairment loss	¥ —	¥3,204	¥ —	¥ —	¥192	¥ —	¥ —	¥3,396	¥ —	¥3,396	¥612	¥4,008

**(3) Information about goodwill by reportable segment:**

Millions of yen											
	Reportable segment										
	Product Transport Business				Wellbeing & Lifestyle Business						
	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination
For the year ended March 31, 2024:											
Goodwill at the end of current year	¥ —	¥33,925	¥ —	¥ —	¥2,339	¥ —	¥ —	¥36,264	¥ —	¥36,264	¥ —

Thousands of U.S. dollars (Note 1)											
	Reportable segment										
	Product Transport Business				Wellbeing & Lifestyle Business						
	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination
For the year ended March 31, 2024:											
Goodwill at the end of current year	\$ —	\$224,060	\$ —	\$ —	\$15,448	\$ —	\$ —	\$239,508	\$ —	\$239,508	\$ —

Millions of yen											
	Reportable segment										
	Product Transport Business				Wellbeing & Lifestyle Business						
	Dry Bulk Business	Energy Business	Container Ships	Car Carriers, Terminal and Logistics	Real Property	Ferries and Coastal RoRo ships, Cruise	Associated Businesses	Sub Total	Others	Total	Adjustment and elimination
For the year ended March 31, 2023:											
Goodwill at the end of current year	¥ —	¥3,212	¥ —	¥ —	¥1,597	¥ —	¥ —	¥4,810	¥ —	¥4,810	¥ —

## 15. INCOME TAXES

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 28.7% for the year ended March 31, 2024 and 28.7% for the year ended March 31, 2023.

### (A) SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES AT MARCH 31, 2024 AND 2023 WERE AS FOLLOWS:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Deferred tax assets:</b>			
Operating loss carried forward <sup>(*)</sup>	¥ 48,649	¥ 67,850	\$ 321,306
Write-down of securities and other investments	3,478	4,510	22,970
Provision for bonuses	2,549	3,193	16,835
Impairment loss	8,287	9,781	54,732
Excess bad debt expenses	1,900	7,255	12,548
Retirement benefit liabilities	2,842	2,705	18,770
Unrealized gain on sale of fixed assets	8,948	1,194	59,097
Provision for contract loss	2,201	3,427	14,536
Deemed dividends	11,877	12,278	78,442
Unrealized losses on hedging derivatives	2,764	3,716	18,255
Others	16,343	15,285	107,938
Total deferred tax assets	109,846	131,199	725,487
Valuation allowance for carryforward tax loss <sup>(*)</sup>	(48,506)	(67,627)	(320,361)
Valuation allowance for deductible temporary differences	(39,306)	(55,880)	(259,599)
Valuation allowance total	(87,812)	(123,508)	(579,961)
Net deferred tax assets	22,033	7,690	145,518
<b>Deferred tax liabilities:</b>			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	(2,702)	(2,735)	(17,845)
Reserve deductible for tax purposes when appropriated for special depreciation	(462)	(752)	(3,051)
Unrealized holding gains on available-for-sale securities	(35,522)	(17,792)	(234,608)
Revaluation reserve	(29,055)	(26,013)	(191,896)
Retained earnings of consolidated subsidiaries etc	(11,865)	(14,958)	(78,363)
Unrealized gains on hedging derivatives	(25,622)	(20,862)	(169,222)
Others	(10,029)	(7,387)	(66,237)
Total deferred tax liabilities	(115,260)	(90,502)	(761,244)
Net deferred tax liabilities	¥ (93,227)	¥ (82,811)	\$(615,725)

\*1 Carryforward tax loss and its deferred tax assets by expiration periods

For the year ended March 31, 2024:	Millions of yen						
	2025	2026	2027	2028	2029	2030 and beyond	Total
Carryforward tax loss <sup>(*)</sup>	¥10,483	¥5,660	¥5,555	¥6,378	¥8,339	¥12,232	¥48,649
Valuation allowance	10,482	5,660	5,525	6,378	8,339	12,120	48,506
Net deferred tax assets	¥ 0	¥ —	¥ 30	¥ —	¥ —	¥ 111	¥ 142

For the year ended March 31, 2024:	Thousands of U.S. dollars (Note 1)						
	2025	2026	2027	2028	2029	2030 and beyond	Total
Carryforward tax loss <sup>(*)</sup>	\$69,235	\$37,381	\$36,688	\$42,124	\$55,075	\$80,787	\$321,306
Valuation allowance	69,229	37,381	36,490	42,124	55,075	80,047	320,361
Net deferred tax assets	\$ 0	\$ —	\$ 198	\$ —	\$ —	\$ 733	\$ 937

	Millions of yen						
For the year ended March 31, 2023:	2024	2025	2026	2027	2028	2029 and beyond	Total
Carryforward tax loss <sup>(*)2</sup>	¥12,640	¥9,727	¥5,377	¥5,301	¥6,990	¥27,813	¥67,850
Valuation allowance	12,630	9,725	5,372	5,255	6,980	27,663	67,627
Net deferred tax assets	¥ 10	¥ 2	¥ 5	¥ 45	¥ 9	¥ 145	¥ 223

\*2 Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

## (B) RECONCILIATION OF THE STATUTORY TAX RATE TO THE EFFECTIVE TAX RATE:

	2024	2023
Statutory tax rate	28.7 %	28.7 %
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	0.9 %	0.1 %
Permanently not taxable incomes for tax purposes, such as dividend income	(0.4)%	(0.2)%
Effect of tonnage tax system	(3.1)%	(1.4)%
Changes in valuation allowance	(11.8)%	(0.0)%
Equity in earnings of affiliated companies	(8.9)%	(23.4)%
Effect of difference of effective tax rate for consolidated subsidiaries	(1.9)%	(1.5)%
Foreign subsidiaries and affiliated companies unitary tax	3.7 %	0.3 %
Others	3.8 %	0.0 %
Effective tax rate	11.0 %	2.6 %

\*1 Changes in valuation allowance of effect of net loss carried forward for foreign subsidiaries are included in Effect of difference of effective tax rate for consolidated subsidiaries.

## (C) ACCOUNTING TREATMENT OF CORPORATION TAX AND LOCAL CORPORATION TAX AND ACCOUNTING TREATMENT OF RELATED TAX EFFECT ACCOUNTING

The Company and some of its domestic consolidated subsidiaries have adopted the group tax sharing system from the fiscal year ended March 31, 2023.

In addition, corporation tax and local corporation tax, as well as their tax effects, are accounted for and disclosed under Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (PITF No.42, August 12, 2021).

# 16. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

## (A) OUTLINE OF EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Group has funded and un-funded defined benefit pension plans and defined contribution pension plans.

The defined benefit corporate pension plans provide for a lump-sum payment or annuity payment determined by reference to the current rate of pay and the length of service.

The Company has a retirement benefit trust.

The retirement lump-sum plans provide for a lump-sum payment, as employee retirement benefits, determined by reference to the current rate of pay and the length of service.

Certain consolidated subsidiaries calculate liabilities for retirement benefit and retirement benefit expenses, for the defined benefit corporate pension plans and the retirement lump-sum plans based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily (the "simplified method").

## (B) DEFINED BENEFIT PLANS

### (1) Movements In Retirement Benefit Obligations Except Plan Applied Simplified Method

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Balance at the beginning of the year	¥44,435	¥44,610	\$293,474
Service cost	1,722	1,711	11,373
Interest cost	394	389	2,602
Actuarial loss (gain)	(1,755)	(550)	(11,591)
Benefits paid	(2,005)	(1,725)	(13,242)
Balance at the end of the year	¥42,790	¥44,435	\$282,610



**(2) Movements in Plan Assets Except Plan Applied Simplified Method**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Balance at the beginning of the year	¥62,328	¥60,082	\$411,650
Expected return on plan assets	1,236	1,203	8,163
Actuarial loss (gain)	13,689	1,571	90,410
Contributions paid by the employer	1,021	970	6,743
Benefits paid	(1,768)	(1,500)	(11,676)
Balance at the end of the year	¥76,507	¥62,328	\$505,296

**(3) Movements in Net Liability For Retirement Benefits Based On The Simplified Method**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Balance at the beginning of the year	¥6,093	¥5,850	\$40,241
Retirement benefit costs	890	1,657	5,878
Benefits paid	(753)	(953)	(4,973)
Contributions paid by the employer	(556)	(460)	(3,672)
Increase resulting from change in scope of consolidation	834	—	5,508
Balance at the end of the year	¥6,508	¥6,093	\$42,982

**(4) Reconciliation From Retirement Benefit Obligations And Plan Assets To Liability (Asset)  
For Retirement Benefits Including Plan Applied Simplified Method**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Funded retirement benefit obligations	¥ 51,212	¥ 52,003	\$ 338,233
Plan assets	(87,772)	(72,904)	(579,697)
	(36,559)	(20,900)	(241,456)
Unfunded retirement benefit obligations	9,351	9,101	61,759
Total net liability (asset) for retirement benefits at the end of the year	(27,208)	(11,799)	(179,697)
Retirement benefit liabilities	10,060	9,188	66,442
Retirement benefit assets	(37,268)	(20,987)	(246,139)
Total net liability (asset) for retirement benefits at the end of the year	¥(27,208)	¥(11,799)	\$ (179,697)

**(5) Retirement Benefit Costs**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Service cost	¥ 1,722	¥ 1,711	\$ 11,373
Interest cost	394	389	2,602
Expected return on plan assets	(1,236)	(1,203)	(8,163)
Net actuarial loss amortization	(1,565)	(1,658)	(10,336)
Retirement benefit costs calculated by the simplified method	890	1,657	5,878
Total retirement benefit costs for the fiscal year	¥ 204	¥ 896	\$ 1,347

### (6) Remeasurements Of Defined Benefit Plans

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Actuarial loss (gain)	¥13,878	¥463	\$91,658

### (7) Accumulated Remeasurements Of Defined Benefit Plans

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Unrecognized actuarial differences	¥23,711	¥9,851	\$156,601

### (8) Plan Assets

1. Plan assets comprise:

	2024	2023
Equity securities	42%	31%
Bonds	14%	18%
Jointly invested assets	37%	42%
Cash and cash equivalents	5%	6%
Other	2%	3%
Total	100%	100%
Retirement benefit trust	37%	28%

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

### (9) Actuarial Assumptions

The discount rates were mainly 0.6%–1.4% for the year ended March 31, 2024 and 0.5%–1.1% for the year ended March 31, 2023.

The rates of expected return on plan assets were mainly 2.0% for the years ended March 31, 2024 and 2023.

The expected rates of salary increase were mainly 0.5%–6.5% for the year ended March 31, 2024 and 2023.

### (C) DEFINED CONTRIBUTION PLANS

The amounts of contributions to defined contribution plans were ¥1,157 million (\$7,641 thousand) at March 31, 2024 and ¥1,041 million at March 31, 2023.

## 17. STOCK OPTIONS

### (A) AMOUNT OF STOCK OPTIONS EXPENSES

Not applicable.

### (B) AMOUNT OF PROFIT BY NON-EXERCISE OF STOCK ACQUISITION RIGHTS

Profit by non-exercise of stock acquisition rights which were accounted for as other income for the fiscal years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Other income	¥14	¥5	\$92

### (C) TERMS AND CONDITIONS

The following table summarizes terms and conditions of stock options for the years when they were granted:

	2013	2014	2015	2016	2017
Number of grantees	Directors: 9 Executive officers: 18 Employees: 38 Presidents of the Company's consolidated subsidiaries: 33	Directors: 9 Executive officers: 19 Employees: 33 Presidents of the Company's consolidated subsidiaries: 32	Directors: 8 Executive officers: 18 Employees: 37 Presidents of the Company's consolidated subsidiaries: 32	Directors: 9 Executive officers: 18 Employees: 32 Presidents of the Company's subsidiaries: 37	Directors: 9 Executive officers: 18 Employees: 33 Presidents of the Company's subsidiaries: 35
Number of stock options (Notes)	Common stock 480,000	Common stock 444,000	Common stock 465,000	Common stock 474,000	Common stock 471,000
Grant date	August 16, 2013	August 18, 2014	August 17, 2015	August 15, 2016	August 15, 2017
Vesting conditions	No provisions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions	No provisions
Exercise period	From August 2, 2015 to June 20, 2023	From August 2, 2016 to June 23, 2024	From August 1, 2017 to June 20, 2025	From August 1, 2018 to June 19, 2026	From August 1, 2019 to June 25, 2027

  

	2018	2019	2020	2021
Number of grantees	Directors: 9 Executive officers: 18 Employees: 44 Presidents of the Company's subsidiaries: 31	Directors: 8 Executive officers: 18 Employees: 51 Presidents of the Company's subsidiaries: 29	Directors: 8 Executive officers: 19 Employees: 54 Presidents of the Company's subsidiaries: 31	Employees: 70 Presidents of the Company's subsidiaries: 26
Number of stock options (Notes)	Common stock 492,000	Common stock 477,000	Common stock 498,000	Common stock 288,000
Grant date	August 15, 2018	August 15, 2019	August 17, 2020	August 16, 2021
Vesting conditions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions
Exercise period	From August 1, 2020 to June 23, 2028	From August 1, 2021 to June 22, 2029	From August 1, 2022 to June 21, 2030	From August 1, 2023 to June 20, 2031

Notes:

\*1 The number of stock options is converted to the number of shares.

\*2 The Company consolidated its common stocks basis of ten (10) shares into one (1) share effective October 1, 2017. The figures have been converted to the number after the consolidation.

\*3 The Company split its common stock on the basis of one (1) share into three (3) shares effective April 1, 2022. The figures have been converted to the number after the split.

### (D) CHANGES IN NUMBER AND UNIT PRICES

The following tables summarize changes in number and unit prices of stock options for the years when they were granted:

#### (1) Changes in number of stock options

Non-vested stock options	2013	2014	2015	2016	2017	2018	2019	2020	2021
Balance at March 31, 2023	—	—	—	—	—	—	—	—	288,000
Options granted during the year	—	—	—	—	—	—	—	—	—
Options expired during the year	—	—	—	—	—	—	—	—	—
Options vested during the year	—	—	—	—	—	—	—	—	288,000
Balance at March 31, 2024	—	—	—	—	—	—	—	—	—

  

Vested stock options	2013	2014	2015	2016	2017	2018	2019	2020	2021
Balance at March 31, 2023	35,400	121,500	230,400	60,000	225,900	115,800	235,200	181,200	—
Options vested during the year	—	—	—	—	—	—	—	—	288,000
Options exercised during the year	9,600	111,600	80,100	15,000	32,100	39,000	51,900	34,200	134,700
Options expired during the year	25,800	—	—	—	—	—	—	—	—
Balance at March 31, 2024	—	9,900	150,300	45,000	193,800	76,800	183,300	147,000	153,300

#### (2) Unit prices of stock options exercised during the year

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Exercise price	¥1,490	¥1,374	¥1,424	¥ 807	¥1,260	¥ 981	¥ 988	¥ 702	¥2,450
Average market price of share at exercise	¥3,218	¥5,054	¥4,988	¥4,762	¥4,774	¥4,706	¥4,707	¥4,585	¥4,444
Fair value per stock option at grant date	¥ 574	¥ 440	¥ 314	¥ 187	¥ 364	¥ 321	¥ 165	¥ 133	¥ 741

Notes:

\*1 The Company consolidated its common stocks basis of ten (10) shares into one (1) share effective October 1, 2017. The figures have been converted to the number after the consolidation.

\*2 The Company split its common stock on the basis of one (1) share into three (3) shares effective April 1, 2022. The figures have been converted to the number after the split.

## 18. SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalent in the accompanying consolidated statement of cash flows for the years ended March 31, 2024 and 2023, are reconciled to cash and deposits reflected in the accompanying consolidated balance sheets at March 31, 2024 and 2023, as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Cash and deposits	¥117,919	¥93,961	\$778,805
Time deposits with maturities of more than three months	(4,770)	(3,414)	(31,503)
Short-term investments with maturities of three months or less (Securities)	—	500	—
Cash and Cash equivalents	¥113,148	¥91,047	\$747,295

The Company has included Fairfield Chemical Carriers Pte. Ltd. (hereinafter referred to as "FCC") in the scope of consolidation due to share acquisition.

The relationship between the acquisition price of the shares and the assets and liabilities on the date of the business combination is as follows.

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 8,353	\$ 55,168
Non-current assets	98,283	649,118
Goodwill	24,904	164,480
Current liabilities	(22,625)	(149,428)
Non-current liabilities	(77,308)	(510,587)
Acquisition cost	31,606	208,744
Acquisition of monetary claims due from FCC	24,407	161,198
Cash and cash equivalents of FCC	(267)	(1,763)
Net: Expenditure for the acquisition of FCC	55,746	368,179

The Company has excluded INTERNATIONALTRANSPORTATION INC. (hereinafter referred to as "ITI") and TraPac, LLC (hereinafter referred to as "TraPac"), which is 100% subsidiary of ITI, from the scope of consolidation due to share transfer.

The relationship between the sale price of the shares and the assets and liabilities on the date of the transfer stocks is as follows.

	Millions of yen	Thousands of U.S. dollars (Note 1)
ITI		
Current assets	¥ 9	\$ 59
Non-current assets	—	—
Current liabilities	(0)	(0)
Non-current liabilities	—	—
TraPac		
Current assets	12,476	82,398
Non-current assets	131,986	871,712
Current liabilities	(12,597)	(83,197)
Non-current liabilities	(104,411)	(689,591)
Non-controlling interests	(21,679)	(143,180)
Unrealized gains	4,940	32,626
Gain on sale of shares of subsidiaries	10,997	72,630
Sale price of ITI and TraPac	21,721	143,458
Accounts payable	7,087	46,806
Cash and cash equivalents of ITI and TraPac	(4,067)	(26,860)
Net: Income for the sale of ITI and TraPac	24,741	163,404

## 19. COMPREHENSIVE INCOME

For the years ended March 31, 2024 and 2023, the amounts reclassified to net income (loss) that were recognized in other comprehensive income and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
<b>Unrealized holding gains on available-for-sale securities, net of tax:</b>			
Increase (Decrease) during the year	¥ 63,180	¥ 11,281	\$ 417,277
Reclassification adjustments	(1,665)	(13,469)	(10,996)
Sub-total, before tax	61,514	(2,187)	406,274
Tax effect	(17,299)	639	(114,252)
	44,214	(1,548)	292,015
<b>Unrealized gains on hedging derivatives, net of tax:</b>			
Increase (Decrease) during the year	38,252	29,801	252,638
Reclassification adjustments	(20,505)	(18,809)	(135,426)
Adjustments of acquisition cost	(6,591)	(1,075)	(43,530)
Sub-total, before tax	11,154	9,916	73,667
Tax effect	(4,666)	(2,429)	(30,816)
	6,488	7,487	42,850
<b>Foreign currency translation adjustments:</b>			
Increase (Decrease) during the year	8,592	35,914	56,746
Reclassification adjustments	(12,088)	1,462	(79,836)
Sub-total, before tax	(3,495)	37,376	(23,083)
Tax effect	—	(1,351)	—
	(3,495)	36,025	(23,083)
<b>Remeasurements of defined benefit plans:</b>			
Increase (Decrease) during the year	15,444	2,122	102,001
Reclassification adjustments	(1,565)	(1,658)	(10,336)
Sub-total, before tax	13,878	463	91,658
Tax effect	(3,997)	(133)	(26,398)
	9,880	329	65,253
<b>Share of other comprehensive income (loss) of affiliated companies accounted for using equity method:</b>			
Increase (Decrease) during the year	144,342	146,280	953,318
Reclassification adjustments	(3,269)	5,627	(21,590)
	141,072	151,908	931,721
<b>Total other comprehensive income (loss)</b>	<b>¥198,160</b>	<b>¥194,202</b>	<b>\$1,308,764</b>

## 20. RELATED PARTY TRANSACTIONS

### (A) RELATED PARTY TRANSACTIONS

For the year ended March 31, 2024

No significant transactions to report.

For the year ended March 31, 2023

#### (1) The transactions between the Company and the related party.

Category	Name of company	Address	Paid-in capital	Business description	Ratio of the Group's voting rights	Relation with related party	Millions of yen			
							Transactions during the year ended March 31, 2023		Balance at March 31, 2023	
							Description of transaction <sup>(*)</sup>	Transacted amount	Account	Amount
Affiliated company	BUZIOS5 MV32 B.V.	NETHERLANDS	US\$100,000	Energy Business	20.00%	Interlocking directorate Debt guarantee	Debt guarantee	¥48,690	—	—
Affiliated company	AREA1 MEXICO MV34 B.V.	NETHERLANDS	US\$100,000	Energy Business	30.00%	Interlocking directorate Debt guarantee	Debt guarantee	¥45,032	—	—
Affiliated company	MARLIM1 MV33 B.V.	NETHERLANDS	US\$100,000	Energy Business	20.00%	Interlocking directorate Debt guarantee	Debt guarantee	¥37,700	—	—

Note: <sup>\*</sup>1. The Company conducted bank loan guarantees for affiliated companies above and guarantee fees were determined by considering the form of guarantees and other conditions.

#### (2) The transactions between the subsidiaries and the related party.

The Company recorded allowance for doubtful accounts on subordinated long-term loans to its affiliated company, which amounted to ¥15,924 million.

The Company recorded reversal of allowance for doubtful accounts on subordinated long-term loans to its affiliated company, which amounted to ¥3,317 million.

### (B) NOTE ABOUT SIGNIFICANT RELATED PARTIES

A significant affiliated company to be disclosed for the year ended March 31, 2024 and 2023 was Ocean Network Express Pte. Ltd. and the summary of its financial statements were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2024	2023	2024
Total current assets	¥3,035,022	¥2,783,459	\$20,045,056
Total non-current assets	1,652,186	1,409,715	10,912,000
Total current liabilities	600,162	508,449	3,963,820
Total non-current liabilities	822,207	638,284	5,430,334
Total net assets	3,264,838	3,046,440	21,562,895
Shipping and other revenues	2,197,750	3,901,550	14,515,223
Income before income taxes	165,705	2,028,325	1,094,412
Net income	¥ 140,716	¥2,001,371	\$ 929,370

## 21. BUSINESS COMBINATION

The Company has reached a decision to transfer shares in its consolidated subsidiary INTERNATIONAL TRANSPORTATION INC. (hereinafter referred to as "ITI") through the resolution of the Board of Directors dated October 31, 2022 (hereinafter referred to as the "Share Transfer") to two recipients (out of the two recipients, Ocean Network Express Pte. Ltd. will be hereinafter referred to as "ONE" and the other recipient as "Recipient 1"). However, as a result of Recipient 1's analysis and consideration of the optimal ownership scheme, Recipient 1 requested a change in the scheme of the Share Transfer. After discussions with ONE and Recipient 1, the Company decided on June 20, 2023 to amend the contracts related to the Share Transfer, etc.

Based on this, the transfer of shares, etc. was completed on November 2, 2023.

(Transactions under common control)

(Partial transfer of shares in a consolidated subsidiary, etc.)

### 1. OVERVIEW OF THE TRANSACTION

#### (1) Purpose of the transaction

TraPac, LLC (hereinafter referred to as "TraPac"), which is 100% subsidiary of ITI, has been operating a container terminal business in California, USA. Since we transferred our container shipping business to ONE, which is an affiliate accounted for using the equity method, in 2018, we have been reviewing our business portfolio strategy of container terminal businesses, and transferred the shares and other interests of ITI, the holding company of TraPac, to Recipient 1.

#### (2) Name and business description of the subject companies

Name: ITI

Business description:

Holding company for operating container terminal business

Name: TraPac

Business description: Operation of container terminal business

#### (3) Date of business combination

November 1, 2023

#### (4) Legal form of business combination

Partial sale of shares in a subsidiary to non-controlling shareholders without changes in the scope of consolidation, etc.

#### (5) Name of the company after business combination

Not changed

### 2. OVERVIEW OF ACCOUNTING TREATMENT OF TRANSACTION

Out of transactions under common control, the transaction was accounted for as a transaction with a non-controlling interest holder 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 RELATED TO CHANGES IN THE COMPANY'S EQUITY FROM TRANSACTION WITH NON-CONTROLLING INTEREST HOLDER

#### (1) Main cause of change in capital surplus

Partial sale of shares in a subsidiary without changes in the scope of consolidation, etc.

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

¥115,988 million (\$766,052 thousand)

(Business divestitures)

(Transfer of shares in a consolidated subsidiary)

### 1. OVERVIEW OF THE BUSINESS COMBINATION CONDUCTED BY THE SUBSIDIARY

#### (1) Main reason for the business combination

TraPac, which is 100% subsidiary of ITI, has been operating a container terminal business in California, USA. Since we transferred our container shipping business to ONE, which is an affiliate accounted for using the equity method, in 2018, we have been reviewing our business portfolio strategy of container terminal businesses, and transferred the shares of ITI, the holding company of TraPac, to a wholly owned subsidiary of ONE.

#### (2) Names and business descriptions of the companies involved in the business combination

Combined company: ITI

Business description:

Holding company for operating container terminal business

Combining company: Wholly owned subsidiary of ONE

Business description: Container shipping business

#### (3) Date of business combination

November 2, 2023

#### (4) Overview of the transaction, including the legal form

Share transfer with consideration received solely in the form of cash and other assets

### 2. OVERVIEW OF ACCOUNTING TREATMENT OF TRANSACTION

The transaction was accounted for in accordance with the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

#### (1) Amount of gain or loss of transfer

Gain on sale of shares of subsidiaries and affiliated companies

¥10,997 million (\$72,630 thousand)

**(2) Book value of the assets and liabilities of the transferred subsidiaries and their main breakdown**

		Millions of yen	Thousands of U.S. dollars (Note 1)
ITI:	Current assets	¥ 9	\$ 59
	Non-current assets	—	—
	Total assets	¥ 9	\$ 59
	Current liabilities	¥ 0	\$ 0
	Non-current liabilities	—	—
	Total liabilities	¥ 0	\$ 0
TraPac:	Current assets	¥ 12,476	\$ 82,398
	Non-current assets	131,986	871,712
	Total assets	¥144,463	\$954,117
	Current liabilities	¥ 12,597	\$ 83,197
	Non-current liabilities	104,411	689,591
	Total liabilities	¥117,009	\$772,795

**3. REPORTABLE SEGMENT IN WHICH THE TRANSFERRED SUBSIDIARIES WERE INCLUDED CAR CARRIERS, TERMINAL AND LOGISTICS BUSINESS**

**4. APPROXIMATE AMOUNT OF PROFIT OR LOSS OF THE TRANSFERRED SUBSIDIARIES RECORDED IN THE CONSOLIDATED STATEMENTS OF INCOME FOR FY2023**

		Millions of yen	Thousands of U.S. dollars (Note 1)
ITI:	Shipping and other revenues	¥ —	\$ —
	Operating profit or loss (parentheses indicate operating loss)	(0)	(0)
TraPac:	Shipping and other revenues	¥40,380	\$266,693
	Operating profit or loss (parentheses indicate operating loss)	(7,303)	(48,233)

(Acquisition of shares by a consolidated subsidiary)  
MOL Chemical Tankers Pte. Ltd. (hereinafter referred to as "MOLCT"), a consolidated subsidiary of the Company, acquired all shares of Fairfield Chemical Carriers Pte. Ltd. (hereinafter referred to as "FCC") for approximately \$222,848 thousand (¥31,606 million) on March 1, 2024, based on the share transfer agreement concluded at the end of September 2023. As part of this transaction, MOLCT also acquired a monetary claim against the acquired company for \$172,087 thousand (¥24,407 million).

**1. OVERVIEW OF THE BUSINESS COMBINATION**

**(1) Name of the acquired company and its business description**

Acquired company: FCC

Business description:

Stainless steel multi-tank chemical tanker business

**(2) Main reason for the business combination**

In its management plan "BLUE ACTION 2035," the MOL Group positions the chemical tanker business as a business domain where market growth can be expected and, therefore, has a policy

of actively investing in this area. This acquisition was carried out as part of that policy.

Through this acquisition, MOLCT will integrate the fleets operated by FCC into its fleet of stainless steel multi-tank chemical tankers, making it one of the world's largest fleets. The Company will strengthen its highly specialized business using its strength in stainless multi-tank chemical tankers.

**(3) Date of business combination**

March 1, 2024

**(4) Legal form of business combination**

Share acquisition in exchange for cash

**(5) Name of the company after the combination**

Not changed

**(6) Percentage of voting rights acquired**

100%

**(7) Main basis for determining the acquiring company**

By acquiring the shares in exchange for cash

**2. PERIOD OF THE ACQUIRED COMPANY'S RESULTS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

As only the balance sheet of the acquired company is consolidated, the results of the acquired company are not included in the consolidated financial statements.

**3. BREAKDOWN OF THE ACQUISITION COST OF THE ACQUIRED COMPANY BY TYPE OF CONSIDERATION**

		Millions of yen	Thousands of U.S. dollars (Note 1)
Consideration for acquisition	Cash and deposits	¥31,606	\$208,744
Acquisition cost		¥31,606	\$208,744

The price adjustment after the share acquisition has not been completed, and the acquisition cost has not been finalized at this point.

**4. DETAILS AND AMOUNT OF MAJOR ACQUISITION-RELATED EXPENSES**

Compensation and fees for financial and legal due diligence  
¥15 million (\$99 thousand)

**5. AMOUNT OF GOODWILL RECOGNIZED, REASON FOR RECOGNITION, AMORTIZATION METHOD, AND AMORTIZATION PERIOD**

**(1) Amount of goodwill recognized**

¥24,904 million (\$164,480 thousand)

The amount of goodwill recognized is a provisionally calculated amount, as the allocation of the acquisition cost has not been completed as of March 31, 2024.

**(2) Reason for recognition**

The goodwill mainly represents the excess earning power expected from future business development.



### (3) Amortization method and amortization period

The goodwill is scheduled to be amortized over the period during which its effect is expected to occur, not exceeding 20 years. The period over which the effect is expected to occur is currently being calculated.

## 6. AMOUNTS AND MAIN COMPONENTS OF ASSETS ACQUIRED AND LIABILITIES ASSUMED ON THE DATE OF THE BUSINESS COMBINATION

	Millions of yen	Thousands of U.S. dollars (Note 1)
Current assets	¥ 8,353	\$ 55,168
Non-current assets	98,283	649,118
Total assets	106,636	704,286
Current liabilities	22,625	149,428
Non-current liabilities	77,308	510,587
Total liabilities	¥ 99,934	\$660,022

## 22. OTHERS

### (1) Settlement payments

For the year ended March, 2023

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

### 7. ALLOCATION OF ACQUISITION COST

As of the end of FY2023, the Company has not completed the identification of identifiable assets and liabilities as of the date of the business combination, the fair value measurement of these assets and liabilities, and the allocation of the acquisition cost. Therefore, the Company has applied a provisional accounting treatment based on reasonable information available at the time of the fiscal year-end.

### 8. APPROXIMATE AMOUNT OF IMPACT ON THE CONSOLIDATED STATEMENTS OF INCOME FOR FY2023, ASSUMING THE BUSINESS COMBINATION HAD BEEN COMPLETED AT THE BEGINNING OF FY2023, AND ITS CALCULATION METHOD

The approximate amount for FY2023 is not presented because it is difficult to calculate.

### (2) Others

Since 2012, the Company and its subsidiary have been 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.

# INDEPENDENT AUDITOR'S REPORT



## Independent auditor's report

**To the Board of Directors of Mitsui O.S.K. Lines, Ltd.:**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Mitsui O.S.K. Lines, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2024, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Reasonableness of transaction conditions including a transaction price for the transfer of shares in a subsidiary to a related party

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated statements of income for the fiscal year ended March 31, 2024, the Group recognized a gain on sale of shares of subsidiaries and affiliated companies of ¥13,590 million. Of this amount, ¥10,997 million was related to the transfer of shares in its consolidated subsidiary INTERNATIONAL TRANSPORTATION INC., the holding company of TraPac, LLC (a consolidated subsidiary) to a wholly owned subsidiary of Ocean Network Express Pte. Ltd., an affiliated company accounted for using the equity method that is a related party, as described in Note 18. “SUPPLEMENTARY INFORMATION ON CONSOLIDATED STATEMENT OF CASH FLOWS” and Note 21. “BUSINESS COMBINATION(Business divestures)” to the consolidated financial statements.</p> <p>The price of the share transfer was determined by referencing the price calculated by a third-party organization.</p> <p>Since the share transfer was a significant transaction with a related party, it was possible that the transaction conditions including the transaction price were not determined as reasonably as an arm’s length transaction and determination of assumptions, such as a discount rate, a perpetual growth rate and enterprise multiples, involved management judgment.</p> <p>We, therefore, determined that our assessment of the reasonableness of the transaction conditions including the transaction price for the share transfer was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>The primary procedures we performed to assess whether the transaction conditions including the transaction price for the transfer of shares in a subsidiary to a related party were reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to determination of transaction conditions for related-party transactions. In this assessment, we focused our testing on controls over a grant of authority and an approval for significant transactions with related parties and its transaction conditions.</p> <p>(2) Assessment of reasonableness of transaction conditions including a transaction price</p> <p>In order to assess reasonableness of the transaction conditions including the transaction price, we inspected the minutes of the Board of Directors’ meetings and inquired of management. In addition, we:</p> <ul style="list-style-type: none"> <li>● examined consistency of the transaction conditions under the share purchase agreement with the resolutions of the Board of Directors’ meetings;</li> <li>● assessed the appropriateness of the model and key assumptions (such as the discount rate, the perpetual growth rate and enterprise multiples) used to determine the transaction price by involving a valuation specialist within our domestic network firms; and</li> <li>● agreed the transaction price with the share purchase agreement and the shareholders’ agreement on the transfer price.</li> </ul>

## Other Information

The other information comprises the information included in the Appendix of the Financial Statements, but does not include the consolidated financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the

reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "Detail of audit fees" included in the Appendix of the Financial Statements.

## Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

### Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Iwao Hirano

Designated Engagement Partner

Certified Public Accountant

Taro Nakamura

Designated Engagement Partner

Certified Public Accountant

Katsunori Totani

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

June 25, 2024



**Mitsui O.S.K. Lines**

## APPENDIX. DETAIL OF AUDIT FEES

### a. Remuneration for services rendered by KPMG AZSA LLC

Category	2023		2024	
	Remuneration for audit services	Remuneration for non-audit services	Remuneration for audit services	Remuneration for non-audit services
	Millions of yen		Millions of yen	
Reporting company	117	13	148	14
Consolidated subsidiaries	80	6	82	3
Total	198	20	231	18

Non-audit services include comfort letter services.

### b. Remuneration for services rendered by KPMG Group (excluding a.)

Category	2023		2024	
	Remuneration for audit services	Remuneration for non-audit services	Remuneration for audit services	Remuneration for non-audit services
	Millions of yen		Millions of yen	
Reporting company	—	—	—	—
Consolidated subsidiaries	73	67	68	60
Total	73	67	68	60

Non-audit services include tax-related services for consolidated subsidiaries.