Business Overview

Business Segment Breakdown

■ Mitsui O.S.K. Lines, Ltd. ■ Consolidated subsidiary ■ Equity-method affiliate

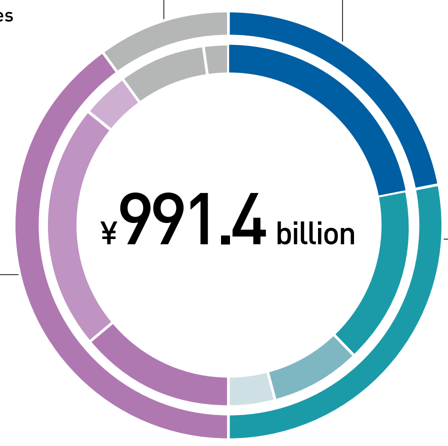
Business segment	Vessel type, etc.	Main business entity	Approximate breakdown of contract periods*1
Dry Bulk Business Unit ➔ P24	Iron ore and coal carriers	Mitsui O.S.K. Lines, MOL Cape (Singapore)	Short term / Long term
	Small- and medium-sized bulkers	MOL Drybulk	*2
	Wood chip carriers	MOL Drybulk	
	Short sea ships and multipurpose cargo ships	MOL Drybulk	
	Open-hatch carriers	Gearbulk Holding (Switzerland)	
Energy and Offshore Business Unit ➔ P26	Tankers: Crude oil tankers	Mitsui O.S.K. Lines, Phoenix Tankers (Singapore)	
	Tankers: LPG tankers	Phoenix Tankers (Singapore)	
	Tankers: Methanol tankers	Mitsui O.S.K. Lines	
	Tankers: Product tankers	Mitsui O.S.K. Lines, Phoenix Tankers (Singapore)	
	Tankers: Chemical tankers	MOL Chemical Tankers (Singapore)	
	LNG carriers	Mitsui O.S.K. Lines, Joint ventures	
	Offshore businesses	Mitsui O.S.K. Lines, Joint ventures	
	Steaming coal carriers	Mitsui O.S.K. Lines	
Product Transport Business Unit ➔ P28	Car carriers	Mitsui O.S.K. Lines, Nissan Motor Car Carrier, Euro Marine Logistics (Belgium)	
	Containerships	Ocean Network Express (Singapore)	
	Terminals and logistics	Utoc, MOL Logistics	
	Ferries and coastal RoRo ships	MOL Ferry, Ferry Sunflower	
Associated Businesses and Others ➔ P30	Real estate	Daibiru	
	Maritime affairs	Mitsui O.S.K. Passenger Lines, M.O. Tourist, tugboat companies, MOL Techno-Trade	

*1 Contracts with periods of two years or more are classified as "long term." However, contracts in which freight rates are linked to short-term market conditions are not classified as "long term." Other contracts are classified as "short term."
*2 Since cargo contracts for small- and medium-sized bulkers are mainly short term, we strategically curtail the effect of market conditions by also procuring vessels with short-term charter periods in line with the cargo contracts.

Highlights

- Began operations in April 2021 following integration of the Group's dry bulk resources; improving customer services and expanding business opportunities through one-stop services
- Providing services through the G2 Ocean operating fleet pool, which enjoys the advantage of having the world's largest open-hatch carrier fleet and network
- Diverse lineup of tankers; also focusing on transport of clean alternative energy fuels, such as methanol and ammonia
- The world's largest LNG carrier fleet; currently expanding LNG-related offshore businesses based on our expertise and experience
- Integration of the containership businesses of three Japanese shipping companies, began operations in fiscal 2018; got on a stable trajectory in the third year of operations, and currently growing profits
- A stable source of profits that complements the highly volatile marine transport business

Fiscal 2020 Revenues by Business Segment



Associated Businesses, Others 10%
- Associated Businesses 8%
- Others 2%

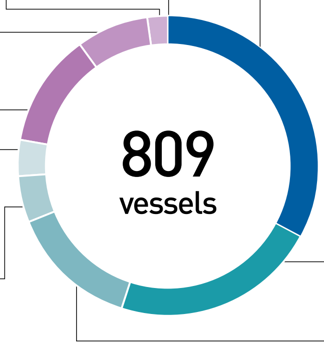
Dry Bulk Business Unit 22%
- Dry bulkers 22%

Energy and Offshore Business Unit 28%
- Tankers 16%
- LNG carriers and offshore businesses*4 8%
- Steaming coal carriers 4%

Product Transport Business Unit 40%
- Car carriers 14%
- Containerships*3*4 22%
- Ferries and coastal RoRo ships 4%

*3 Includes terminals and logistics businesses
*4 ONE, which is responsible for containership businesses, and joint ventures, which are the principal entities engaged in LNG carriers and offshore businesses, are equity-method affiliates and therefore have not been included in the consolidated revenues above.

Fiscal 2020 Fleet Breakdown by Vessel Type



- Ferries and coastal RoRo ships 2% (15 vessels)
- Cruise ships, others 0% (3 vessels)
- Dry bulkers 33% (268 vessels)
- Containerships 8% (60 vessels)
- Car carriers 12% (95 vessels)
- Tankers 22% (180 vessels)
- Others 4% (33 vessels)
- Steaming coal carriers 5% (44 vessels)
- LNG carriers and offshore businesses 14% (111 vessels)

Divisions Supporting Business Advancement

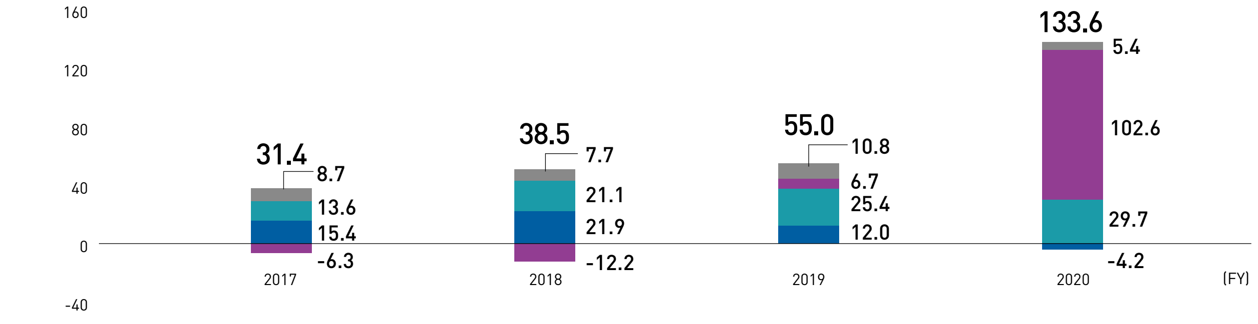
Safety Operations Headquarters
4 ZEROES
➔ P40

Environment & Sustainability Strategy Division


➔ P44

Technology Innovation Unit
ISHIN NEXT MOL SMART SHIP PROJECT
FOCUS Fleet Optimal Control Unified System
➔ P48

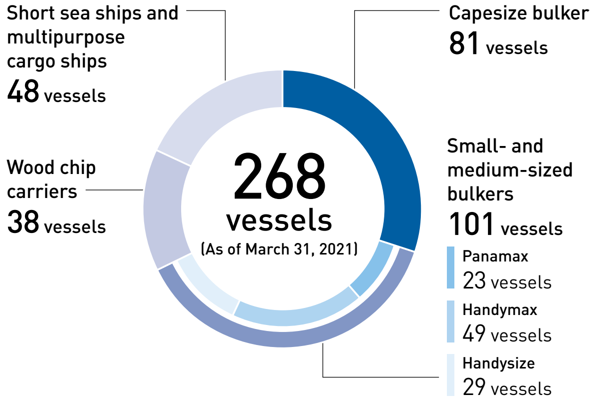
Ordinary Profit (Loss) by Business Segment



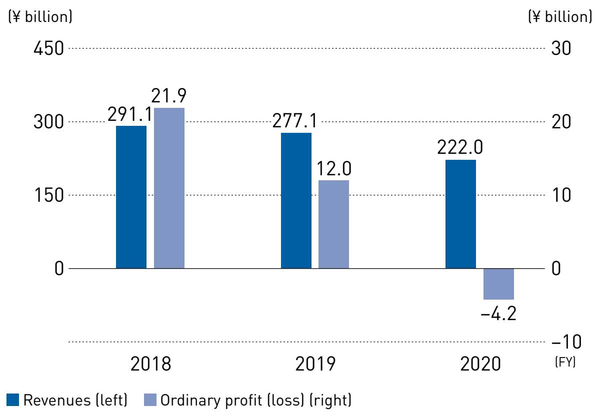
Toshiaki Tanaka
Director, Senior Managing Executive Officer
Director General of Dry Bulk Business Unit

Dry Bulk Business Unit

Fleet Breakdown by Vessel Type



Revenues and Ordinary Profit (Loss)



With the completion of structural reforms and the establishment of MOL Drybulk, we are now ready for a turnaround.

For the Dry Bulk Business Unit, fiscal 2020 was the bottom year of a medium-term growth cycle. The impact of the COVID-19 pandemic was significant in the fields of iron ore and coal carriers and specialized bulkers (open-hatch carrier business which is handled by equity-method affiliate Gearbulk Holding AG, and wood chip carriers), which saw short-term decreases in transport demand. Particularly in the first half of the fiscal year, these vessel types struggled amid slumping market conditions. However, thanks to a pickup in demand centered on China, since the beginning of 2021, market conditions have recovered significantly to surpass the break-even points of both vessel types. In addition, small- and medium-sized bulkers—in relation to which we have been reducing market exposure for some time—were largely unaffected by the pandemic. This stability demonstrates the benefits of the strategy we have been implementing to increase the market resilience of this vessel type.

As I mentioned, we faced difficulties during a certain period of fiscal 2020, but we were also able to take forward-looking measures. One notable example was establishing MOL Drybulk Ltd. In fiscal 2020, we decided to launch the company, which commenced operations in April 2021. MOL Drybulk integrated the wood chip carrier business (previously managed by the former Wood Chip Carrier Division), the small- and medium-sized bulk carrier business (previously managed by the former Bulk Carrier Division), and the short sea ships and multipurpose cargo ships business (previously managed by the former Mitsui O.S.K. Kinkai, Ltd). By bringing together various large and small dry bulk carriers and highly specialized human resources, the Company aims to further improve customer service and transport quality, thereby enhancing the competitiveness of the dry bulk business.

In addition, with regard to the open-hatch carrier business, for which an allowance for doubtful accounts was recorded at the end of fiscal 2020, we have completed structural reforms focused on streamlining vessel costs, and have been able to take a step forward toward the establishment of a business constitution that will allow stable operations to continue.

Admittedly, compared with other business segments, the Dry Bulk Business Unit was in some respects trending toward balanced contraction due to multiple structural reforms. However, given the business foundations we have established and the market's ongoing recovery from the downturn caused by the pandemic, I believe that we are now ready for a turnaround. Each of the businesses that the business unit is engaged in still has significant growth potential. As the global economy develops and the population grows, the size of the market is expected to continue growing in tandem with GDP growth. We can achieve competitive advantages through continuous investment in fuel-efficient vessels and the practical applications of technologies that reduce environmental impact, such as Wind Challenger and LNG-fueled vessels, ahead of other companies.

Based on the aforementioned view of the market environment, the Dry Bulk Business Unit will make a concerted effort to get back on a growth trajectory by taking advantage of the benefits of the structural reforms implemented up until fiscal 2020. From a longer-term perspective, we will place particular emphasis on expanding our overseas customer base by conducting aggressive sales efforts that are backed by appropriate portfolio strategies. At the same time, we will develop an asset-light business model to steadily accumulate cash flows. Through dry bulk transport—essential for the development of the global economy—the Dry Bulk Business Unit will contribute to society and increase the MOL Group's corporate value.

Market Environment Analysis

■ Opportunity ■ Risk

Opportunity	Risk
Increase in cargo movement over the medium to long term due to global economic growth and an increasing population	Stagnation of the global economy and cargo movements due to the reemergence of COVID-19 or rising trade protectionism
Growth in customer demand for environmental impact reduction	A decline in transport demand due to changes in the domestic industrial structure
Expansion of business opportunities in emerging countries, such as India, Southeast Asian countries, and South American countries	A decrease in demand for certain dry bulk cargoes due to growing environmental awareness

Business Unit Strategy

- Consolidate resources and strengthen competitiveness through the newly established MOL Drybulk
- Expand the overseas customer base with a focus on Asia
- Advance environmental strategies, such as increasing biomass fuel transport and introducing LNG-fueled vessels
- Improve customer convenience through digitalization
- Strengthen sales capabilities by developing high-value-added vessels and training specialists

Fiscal 2020 Initiatives

Fiscal 2020 business results: A stable contribution to profits from the medium- to long-term contracts of the iron ore and coal carrier business did not fully absorb the impact of a lackluster spot market as a whole, which was due to the pandemic, and the recognition of an allowance for doubtful accounts of approximately ¥6.0 billion in relation to loans to equity-method affiliate Gearbulk Holding. As a result, the business unit recorded an ordinary loss of ¥4.2 billion, a decrease of ¥16.3 billion from the ordinary profit of the previous fiscal year.

Iron ore and coal carrier business: We devised and proposed environmental solutions, including LNG-fueled vessels and wind-powered vessels.

Bulk carrier and wood chip carrier business: It was decided to integrate the Group's bulk carrier (small- and medium-sized bulkers) and wood chip carrier business and short sea ship and multipurpose cargo ship business to establish MOL Drybulk as a provider of one-stop services (began operations on April 1, 2021).

Open-hatch carrier business: We established the basis for further progress in streamlining the vessel costs of equity-method affiliate Gearbulk Holding.

Fiscal 2021 Priority Measures

Iron ore and coal carrier business:

- Enhancement of environmental strategies and transport quality—By introducing LNG-fueled ships, the Company will promote the reduction of CO_2 emissions in Scope 1. At the same time, we will incorporate into our service menu the knowledge gained from such in-house initiatives, and propose solutions to our customers that help lower their Scope 3 CO_2 emissions.
- We will acquire short- to medium-term contracts in overseas growth markets (as an addition to medium- to long-term contracts that are mainly with Japanese companies).

MOL Drybulk:

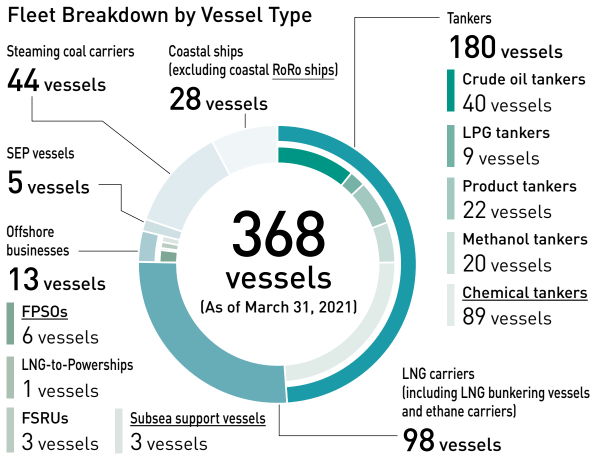
- We will promote marketing strategies aimed at supporting the decarbonization efforts of customers, including expansion of biomass fuel transport.
- We will advance sales activities for Panamax bulkers across divisions and improve profitability; increase overseas sales activities for multipurpose cargo ships, with a focus on Southeast Asia; and expand wood chip carrier-related sales activities targeting China's market.
- In India, which is seeing significant growth in demand for dry bulk transport, we will increase sales efforts and strengthen cost competitiveness. As for Europe and the United States, we will provide high-value-added services that meet the needs of highly environment-conscious customers.

Kenta Matsuzaka

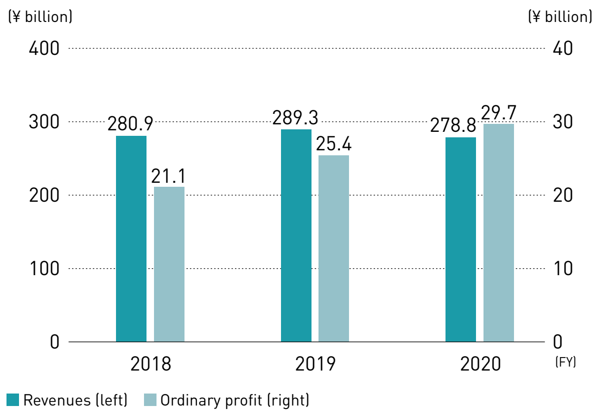
Director, Senior Managing Executive Officer
Director General of Energy and Offshore Business Unit

Energy and Offshore Business Unit

Fleet Breakdown by Vessel Type



Revenues*1 and Ordinary Profit



*1 Joint ventures, which are the principal entities engaged in LNG carriers and offshore businesses, are equity-method affiliates and therefore have not been included in the consolidated revenues above.

Ahead of the global shift in energy use, the business unit will lead a "Green Ocean Shift" of MOL.

In fiscal 2020, the Energy and Offshore Business Unit performed well, growing profits year on year despite the complex business environment that arose as the COVID-19 pandemic increased market volatility and significantly affected crew member rotation and docking arrangements. In the first half of the fiscal year, the Tanker Division saw the market rise steeply due to higher demand for offshore storage that accompanied a drop in crude oil prices. Amid a favorable market, through the acquisition of comparatively long contracts with periods of about a year, the division ensured the profitability of vessels without cargo contracts matching their respective procurement periods and was able to curb the impact of a subsequent deterioration in the market. Also, vessels such as LNG carriers, which are primarily engaged in long-term, stable businesses, performed steadily and produced results in line with projections at the beginning of the fiscal year.

Meanwhile, the energy transport business is approaching a period of major change. Accordingly, in fiscal 2020 we outlined global scenarios that extend through to 2050 and to 2070, decided how the Group should respond to society's ever-increasing expectations in relation to carbon reduction and decarbonization, and prepared a concrete plan of action. Going forward, the use of fossil fuels is likely to decrease worldwide, and we will probably transport different types of energy resources. Further, new business opportunities that are not limited to transport will arise, such as offshore wind power farm projects and various offshore-related businesses. Therefore, I strongly feel that we must respond with agility to major changes in the external environment. In light of this situation, in April 2021 we changed our name from the Energy Transport Business Unit to the Energy and Offshore Business Unit.

As we have long been keenly aware of the need to break away from a simple marine transport-centered business model that makes it difficult to differentiate ourselves from other companies, we have been actively expanding our business fields into upstream and downstream areas of the LNG value chain. For example, we have established business in such areas as FSRUs, LNG-to-Powerships, and LNG bunkering vessels. In the International Energy Agency's scenario for sustainable development, which is aligned with the well below 2°C scenario set out in the Paris Agreement, demand for most fossil fuels declines, but demand for LNG rises. In the process of decarbonization, LNG will be an important fuel during the period of transition to new forms of energy. In particular, without LNG it will not be possible to meet demand for low-carbon energy in emerging countries, where robust economic growth is expected. From a global perspective, we believe that LNG-related businesses still have substantial scope for further growth in the short to medium term.

In addition, the achievements and experience we have garnered through pioneering initiatives in the LNG field have been well received by many customers and are leading to new businesses related to the transport and handling of clean alternative fuels, such as a project for the development of hydrogen supply infrastructure for the data centers of Keppel Data Centres Holdings Pte Ltd in Singapore and an ammonia bunkering business. Concentrating on such fields as offshore wind power, ammonia, hydrogen, and the transport of liquefied CO_2, the MOL Group aims at a "Green Ocean Shift" by contributing to clean energy supply chains from upstream through to downstream areas. Over the coming five to 10 years, the Group is set to change dramatically. As the driver of this transformation, the Energy and Offshore Business Unit will continue taking on ambitious initiatives.

Market Environment Analysis

Opportunity / Risk

Opportunity	Risk
Growth in demand for LNG as a clean energy during the transition to a low-carbon or decarbonized society	Contraction of energy demand in Japan due to energy saving, a declining birthrate, and an aging population
A rise in demand for clean energy in emerging countries	A long-term decline in fossil fuel demand due to factors such as decarbonization and the introduction of carbon taxes
An increase in the transport of ammonia, hydrogen, and other clean alternative fuels and related business opportunities	Geopolitical risks related to resource-producing and consumer countries

Business Unit Strategy

- Increase value added and earn premiums by pursuing highly challenging projects, including transport in polar regions, and initiatives in peripheral areas beyond conventional transport, such as FPSOs, FSRUs, Powerships, bunkering vessels, etc.
- Strengthen low-carbon and decarbonization businesses with a focus on fossil fuel demand countries and regions, such as Japan and Asia, and supply countries and regions, such as Russia, the Middle East, and Australia
- Develop new businesses that tap into the expansion of the renewable energy industry in such areas as wind power generation
- Strengthen businesses in India, China, and other countries where energy demand is expected to increase

Fiscal 2020 Initiatives

Fiscal 2020 business results: The business unit's ordinary profit increased ¥4.3 billion year on year, to ¥29.7 billion. The Tanker Division earned highly stable profits from the medium- to long-term contracts of crude oil tankers and methanol tankers while benefiting from a sharp rise in the market for spot-chartered crude oil tankers and product tankers. Also, five newly completed LNG carriers contributed to profits.

Expansion of highly challenging projects: We concluded charter contracts for three new ice-breaking LNG carriers for the Arctic LNG 2 Project in Russia. Following on from the Yamal LNG Project in the same country, this latest project increases our Northern Sea Route-related business, which has a high entry barrier.

Expansion of the LNG business field beyond transport: In addition to the beginning of operations by our first LNG bunkering vessel, the GAS AGILITY, KARMOL's first FSRU was completed and will contribute to the Senegal LNG-to-Powership Project.

Development of new energy-related businesses: We concluded a charter contract and shipbuilding contract for Asia's first service operation vessel (SOV) project.*2 Also, we concluded a transport contract with Tohoku Electric Power Co., Inc., in relation to a steaming coal carrier equipped with Wind Challenger (see page 51).

Advancement of strategies for liquefied chemical total logistics: MOL Chemical Tankers Pte. Ltd. integrated vessel operations and sales with the former MOL Nordic Tankers A/S and began operating under the MOL Chemical Tankers brand.

Fiscal 2021 Priority Measures

Environmental strategy:

- In the energy sector, we will acquire new business opportunities beyond the transport field by continuing to leverage strengths, namely, a track record and knowledge that other companies cannot match. While readying for the introduction of carbon-free fuels, such as ammonia and hydrogen, we will prepare to meet the demand for the transport of these new energy fuels.
- We will foster future earnings mainstays by concentrating on the expansion of low-carbon and decarbonized businesses. For example, we will advance business in areas related to wind power generation, such as self-elevating platform (SEP) vessels*3 and SOVs,*2 which we have been developing for some time.
- In preparation for the delivery of the first Wind Challenger-equipped vessel in 2022, which will be partly propelled by wind power, we will establish a "wind brand" and submit proposals to customers.

Regional strategy:

- In Japan, we will focus on capturing the business opportunities that emerge with the development of a low-carbon or decarbonized society. In India, China, and other countries where energy demand is expected to continue rising, we will sustain and deepen multilayered sales activities in coordination with the Group's chief country / regional representatives. Also, in resource-rich countries and regions that are trying to break away from fossil fuel-dependent economies, such as Russia, the Middle East, and Australia, we will develop new businesses in the low-carbon and decarbonization fields.

*2 SOVs have accommodation for maintenance technicians working on the multiple wind turbines that make up an offshore wind farm, allowing technicians to stay on-site for extended periods.
*3 SEP vessels are special vessels that extend four legs to the seabed to enable the conduct of installation work for wind power generation equipment in stable conditions.

Hirotoshi Ushioku

Managing Executive Officer
Director General of Product Transport Business Unit

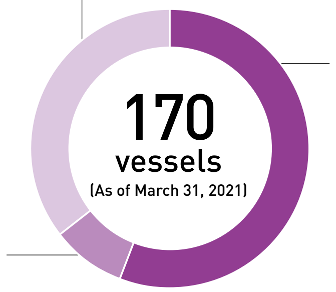
Product Transport Business Unit

Fleet Breakdown by Vessel Type

Containerships*1
60 vessels

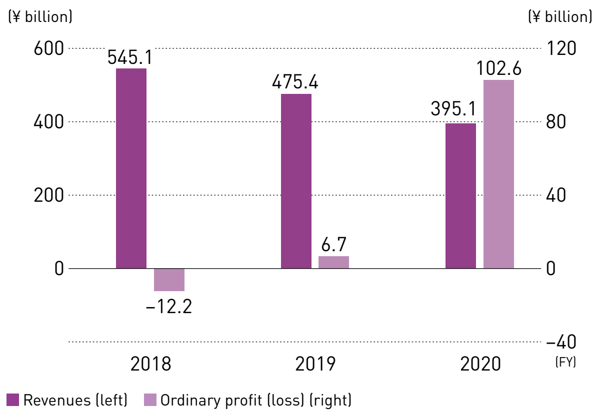
Car carriers
95 vessels

Ferries and coastal RoRo ships
15 vessels



*1 All containerships are chartered to and operated by ONE.

Revenues*2 and Ordinary Profit (Loss)



*2 ONE, which is responsible for containership businesses, is an equity-method affiliate and therefore has not been included in the consolidated revenues above.

Always keeping abreast of the latest information and trends in an array of fields, we are preparing for growth in the post-COVID-19 era.

At the beginning of fiscal 2020, we expected that movements of most of the cargoes handled by the Product Transport Business Unit would decrease, with the exception of daily necessities. However, huge "stay-at-home demand" centered on North America caused a surge in the cargo volume being handled by logistics infrastructure, utilization of which had been declining due to the COVID-19 pandemic. This led to a tightening of supply and demand for transport space, producing a hike in container freight rates. Consequently, Ocean Network Express Pte. Ltd. (ONE), which is engaged in the liner business, posted favorable business results that significantly surpassed initial forecasts at the beginning of the fiscal year. Although these extraordinary business conditions have continued into fiscal 2021, we believe that both the demand and supply sides will settle down eventually, and the situation will gradually subside.

On the other hand, the car carrier business and ferry business were severely impacted by the pandemic. In the car carrier business, demand for completed car transport declined significantly due to a sudden drop in production and exports by car manufacturers. As emergency measures, MOL reduced the car carrier fleet by 12 vessels and implemented organizational structural reforms centered on integrating the management and operations of subsidiary Nissan Motor Car Carrier Co., Ltd. As a result, we were able to achieve a significant improvement in the vessel supply–demand balance as well as various improvements in operational efficiency. As for the ferry business, the freight transport operations showed signs of trending toward recovery from the second half, but the passenger operations continued to face challenging conditions. In partnership with a wide range of stakeholders, such as municipal authorities and the operators of hotels, inns, and various transport systems, the latter division is anticipating the post-pandemic era and steadily conducting sales activities aimed at creating passenger demand by marketing so-called "casual" cruises.*3

Fiscal 2020 was also a year that made me keenly aware of the increase in environmental awareness globally as well as the stepped-up pace at which we are expected to take measures in response. In realizing stress-free services for customers, we must not only provide safe, high-quality transport services in accordance with our existing policies but also contribute to the reduction of GHG emissions in the entire logistics field by following the concept of life cycle assessment, without being limited to marine transport. In our ferry business, Japan's first two LNG-fueled ferries are scheduled for launching in December 2022 and March 2023. Meanwhile, the car carrier business will also replace its existing fleet with LNG-fueled vessels and consider developing next-generation car carriers with a view to realizing zero emissions vessels.

The sales divisions of the Product Transport Business Unit have the characteristics of network-type business. In the logistics field, the business unit has many branch offices around the world, mainly operated by Group companies, and has approximately 2,500 employees. We must use these sites and human resources as our values for pursuing synergies with the domestic and overseas networks of our port and ferry businesses and car carrier business. Moreover, broadening our perspective and making business proposals aimed at capturing the new demands for product transport of our existing customers related to dry bulk and the energy industry is important.

While the pandemic remains unpredictable, industries around the world are preparing for the post-COVID-19 era. As it is strongly correlated with global economic development, the product transport business still has enough room for further growth. With a strong sense of our mission to support the businesses of customers and the lives of people around the world by connecting production and consumption regions, we will meet customer needs by utilizing a "data-centric" approach that always keeps us abreast of the latest information and trends in an array of fields and by demonstrating flexible creativity.

*3 Elegant, comfortable MOL Group cruises that do not have a formal dress code
https://www.mol.co.jp/casualcruise-sunflower/ (only available in Japanese)

Market Environment Analysis

■ Opportunity ■ Risk

Opportunity	Risk
An increase in logistics activity resulting from an economic recovery following containment of the pandemic	A slowdown in consumption due to the reemergence of COVID-19
An increasing need to reduce environmental impact in customers' supply chains	A rise in trade protectionism that suppresses demand for marine transport
Wide adoption of IT and digital technologies that help improve customer services	Changes in the structure of trade and a decline in transport demand for completed cars due to stricter environmental regulations or technological innovations, such as the widespread introduction of electric vehicles (EVs)

Business Unit Strategy

- Accelerate the reduction of the environmental impact of transport through such measures as the steady replacement of the existing fleet with LNG-fueled vessels
- Establish a fleet and organization that can flexibly adjust to changes in completed car shipments
- Capture product transport demand of the Dry Bulk and the Energy and Offshore business units' existing customers
- Improve customer services and the efficiency of vessel operations through DX

Fiscal 2020 Initiatives

Fiscal 2020 business results: Overall, the business unit posted a year-on-year increase of ¥95.9 billion in ordinary profit, to ¥102.6 billion. This growth was attributable to a rise of ¥112.9 billion in profits from the containership business, which more than compensated for pandemic-related decreases in profits from the car carrier and ferry businesses.

Car carrier business: In response to a dramatic slump in cargo movements, we flexibly took emergency measures, including reduction of the car carrier fleet by 12 vessels—equivalent to approximately one-tenth of the total fleet—and the implementation of organizational reforms.

Ferry business: Passenger operations rigorously implemented infection countermeasures. At the same time, the division collaborated with municipal authorities and the operators of hotels, inns, and various transport systems in the vicinity of points of departure and destinations to conduct marketing campaigns for new cruises that allow passengers to have an enjoyable excursion while avoiding crowds.

Containership business: In response to a sudden drop in demand for cargo movements at the beginning of the fiscal year due to the pandemic, ONE flexibly and swiftly adjusted the frequency of its services. After demand began recovering from the summer onward, ONE responded to a tightening supply–demand situation by introducing temporary services and securing new containers.

❯ For details on ONE's initiatives, please use the link below to view the company's disclosure documents.
https://www.mol.co.jp/en/ir/data/cfh/pdf/one2104_e.pdf

Fiscal 2021 Priority Measures

Car carrier business: Based on profit-making foundations strengthened by reduction of the car carrier fleet and organizational reform measures implemented in fiscal 2020, we will continue reducing costs further and utilizing information and communications technology (ICT) and DX to improve the efficiency of vessel operations and stowage planning.

Ferry business: We will capture demand resulting from modal shifts in freight transport while continuing to develop strategies for the passenger business with an eye on the post-pandemic era.

Logistics business: We will concentrate on distinctive fields where we can take advantage of our strengths. Specifically, we will expand the container transport of steel coils and chemical logistics including tank container transport.

Containership business: We will continue making every effort to achieve an early resolution of disruptions in logistics supply chains. At the same time, we will improve customer services through such measures as the promotion of e-commerce.

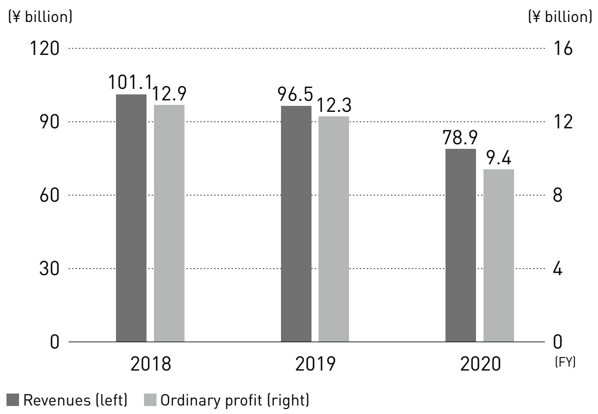
Associated Businesses

Business Fields

Real Estate	Leasing office buildings and other real estate primarily through Daibiru
Cruise Ship	Operating the cruise ship NIPPON MARU
Tugboat	Assisting large vessels' arrival at and departure from base ports in Japan and overseas and operating transport vessels to and from offshore wind power generation sites
Trading	Selling bunker, PBCF* and other equipment, and materials, etc.
Others	Conducting a travel agency business, which mainly arranges business travel, and an overseas personnel consulting business as well as developing new businesses, etc.

* Propeller Boss Cap Fins, which are energy-saving devices.
For details, please visit this website. https://www.pbcf.jp/

Revenues and Ordinary Profit



We will create value added in a broad range of fields by promoting collaborations that transcend existing organizational frameworks.

In fiscal 2020, while profits increased in the real estate and trading businesses, the cruise ship and travel agency businesses faced extremely tough conditions due to restrictions on the movement of people caused by the COVID-19 pandemic. However, some valuable insights were gained as the strengths of the MOL Group became apparent even in divisions where business results were lackluster. In the cruise ship business, for example, despite uncertainty caused by the pandemic, we were able to reconfirm the existence of a robust customer base and deep-rooted demand for the enjoyment of safe, reassuring cruises. Similarly, we gained a new appreciation of how solid demand is for the arrangement of visas for overseas assignments, which is one of the strengths of the travel agency business. In fiscal 2021, we will take swift measures to respond to the aforementioned demand as well as demand in other areas.

Associated Businesses demonstrate a competitive edge by combining the distinctive strengths of each business segment with the networks and knowledge of the Group. In the real estate business, Daibiru Corporation has solid business foundations in Japan and is leveraging the Group's resources to expand overseas. The company already owns two office buildings in Vietnam, a country with abundant growth potential, and made a foray into Australia in 2020. Daibiru preserves management autonomy as a listed company, has business characteristics and experiences market cycles that differ from those of marine transport, and contributes stable profits over the long term. Therefore, the company plays a role in mitigating the volatility of the Group's business results. In the tugboat business, the Group's tugboat companies are laterally sharing best practices to raise the overall level of services. In addition to established operations, we plan to expand the tugboat business in Japan and overseas and increase the scale of peripheral businesses related to offshore wind power generation sites—an area where we expect growth in the coming years. Known for providing fine dining and hospitality, the cruise ship business will restore its operations to offer regular cruises as soon as possible and once again fulfill its role as the face of the Group. Meanwhile, the travel agency business will extend its customer base through hybrid operations that combine painstaking services delivered conventionally by personnel with internet-enabled business travel management—an area where we are ahead of competitors. Further, in fiscal 2020 we established a consulting company for non-Japanese human resources in the Philippines targeting Japanese companies in collaboration with the Magsaysay Group, our longtime partner in seafarer training. Leveraging the Group's expertise, the new company is already tackling its first project. (For details, please see the bottom of this page.)

We feel that the pandemic has increased the pace of change in expectations with respect to the roles that the Group should fulfill. In the wide range of fields that they cover, Associated Businesses must now provide value that goes beyond the reliable implementation of operations. By removing boundaries between the MOL Head Office and Group companies and stepping up personnel and information exchanges that transcend existing organizational frameworks, the Group will make a concerted effort to accelerate the creation of value added and differentiation.

Fiscal 2020 Initiatives

Fiscal 2020 business results: Significantly affected by the pandemic, the cruise ship and travel agency businesses recognized lackluster business results, which outweighed solid performances by the real estate and trading businesses. Consequently, as a whole Associated Businesses recorded a ¥2.8 billion year-on-year decrease in ordinary profit, to ¥9.4 billion.

Real estate business: Daibiru opened its first property in Australia, 275 George Street.

Cruise ship business: Upon completion of refurbishment work, the NIPPON MARU resumed cruises.

Tugboat business: The LNG-fueled tugboat ISHIN, which is operated by Nihon Tug-Boat Co., Ltd., received the highest rating under Japan's energy conservation rating system for coastal ships. Moreover, in recognition both of its excellent environmental performance and outstanding performance as a tugboat, the ISHIN won a Ship of the Year 2019 award in the Work Ship/Special Purpose Ship category.

In addition, a tugboat owned and operated by Green Kaiji Kaisha, Ltd. completed successful trial operations using euglena biodiesel fuel, which has a low environmental impact.

Trading business: With external partners, MOL Techno-Trade, Ltd. has begun studying the establishment of a commercial business for the development of hydrogen-powered vessels (Setouchi Cradle Project) and the supply of hydrogen as a vessel fuel.

New business: With our local partner the Magsaysay Group, we jointly established a company engaged in the overseas personnel consulting business in the Philippines, MM Empower Corp.

Fiscal 2021 Priority Measures

Real estate business: Daibiru proceeded with the demolition and rebuilding of Midosuji Daibiru Building. The new building will present a model for addressing such social issues as energy saving, the effective use of renewable energy, and new work styles in the post-COVID-19 era.

Cruise ship business: In order to properly respond to the needs of customers who want to enjoy cruises even in the midst of the COVID-19 pandemic—needs that became apparent in fiscal 2020—we will work to ensure customers have a sense of security and rebuild our business.

Tugboat business: The Group's tugboat companies in each region will maximize stable profits by laterally sharing best practices for efficient vessel operations, advanced technologies, and seafarer recruitment.

In addition to promoting the adoption of new technologies for tugboats that contribute to the reduction of environmental impact, the business will take advantage of its long-cultivated domestic and overseas sales networks as well as the Group's expertise to develop businesses related to offshore wind power generation sites and other fields that are expected to grow.

Trading business: While maintaining existing businesses, we will follow on from PBCFs and accelerate the development of new businesses in the environmental field, such as hydrogen-related businesses.

The Inaugural Project of MM Empower, Our Overseas Personnel Consulting Company

Jointly established by MOL and the Magsaysay Group in August 2020, MM Empower Corp. has received an order for its first project, which entails helping establish a system that allows a subcontractor of Osaka Gas Co., Ltd. to hire pipe fitters from the Philippines for long-term assignments in Japan. At the beginning of 2021, the new company conducted online recruitment and has already begun providing Japanese-language training for the first 19 prospective employees. In addition, MM Empower plans to suggest optimal resident statuses for recruits, introduce training facilities, consider education for trainees before they come to Japan, provide local information, and support communication.

By fully leveraging the MOL Group's networks in the Philippines—the world's largest exporter of labor—and the extensive experience and knowledge accumulated by the Group during decades of seafarer development and training, the company will continue enabling cross-border connections between workers and employers, thereby contributing to the sustained growth and development of both countries and their societies.


Trainee orientation before the commencement of education in the Philippines