

Mitsui O.S.K. Lines, Ltd.



Financial Highlights: The Second Quarter Ended September 30, 2023

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

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

(1) Operating Results

	(¥Million)	
	Q2/FY2023	Q2/FY2022
Revenues	790,102	821,337
Operating profit	49,300	56,087
Ordinary profit	154,531	599,795
Profit attributable to owners of parent	150,792	601,523
	(¥)	
Net income per share	416.74	1,666.39
Diluted net income per share	415.66	1,659.94

(2) Financial Position

	(¥Million)	
	Q2/FY2023	FY2022
Total assets	3,954,754	3,564,247
Total net assets	2,174,320	1,937,621
Shareholders' equity / Total assets	54.6%	54.0%

* Shareholders' Equity is defined as follows.

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

2. Dividends

	Dividend per share				
	Q1	Q2	Q3	Year -end	Total
FY2022	—	300.00	—	260.00	560.00
FY2023	—	110.00	—	—	—
FY2023 (Forecast)	—	—	—	80.00	190.00

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

(¥Million)

	FY2023
Revenues	1,590,000
Operating profit	90,000
Ordinary profit	220,000
Profit attributable to owners of parent	220,000
	(¥)
Net income per share	607.88

4. Business Performance

(1) Analysis of Operating Results

(¥ Billion)

	Six months		Year-on-year comparison / Variance
	From April 1, 2022 to September 30, 2022	From April 1, 2023 to September 30, 2023	
Revenue	821.3	790.1	(31.2) / (3.8%)
Operating profit	56.0	49.3	(6.7) / (12.1%)
Ordinary profit	599.7	154.5	(445.2) / (74.2%)
Profit attributable to owners of parent	601.5	150.7	(450.7) / (74.9%)
Exchange rate	¥130.98/US\$	¥138.71/US\$	¥7.73/US\$
Bunker price*	US\$859/MT	US\$610/MT	US\$(249)/MT

*Average price for all the major fuel grades

The average exchange rate against the dollar for the first half of the current fiscal year decreased by ¥7.73/US\$ to ¥138.71/US\$ from the same period of the previous fiscal year. The average bunker price for the first half of the current fiscal year decreased by US\$249/MT to US\$610/MT from the same period of the previous fiscal year

We recorded revenue of ¥790.1 billion, an operating profit of ¥49.3 billion, an ordinary profit of ¥154.5 billion and profit attributable to owners of parent of ¥150.7 billion.

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

Upper: Segment Revenue, Lower: Segment Ordinary Profit

(¥ Billion)

	Six months		Year-on-year comparison / Variance
	From April 1, 2022 to September 30, 2022	From April 1, 2023 to September 30, 2023	
Dry Bulk Business	235.5	189.8	(45.6) / (19.4%)
	34.5	32.1	(2.3) / (6.9%)
Energy Business	189.1	214.9	25.8 / 13.7%
	22.1	37.6	15.5 / 70.0%
Product Transport Business	313.2	299.2	(13.9) / (4.5%)
	536.7	71.6	(465.1) / (86.7%)
Containerships	26.5	28.0	1.5 / 5.7%
	494.7	33.3	(461.3) / (93.2%)
Wellbeing & Lifestyle Business	50.9	52.2	1.2 / 2.4%
	4.1	4.9	0.8 / 20.1%
Real property Business	19.7	19.9	0.1 / 1.0%
	4.7	4.5	(0.2) / (4.2%)
Associated Businesses	23.8	23.3	(0.5) / (2.2%)
	1.5	1.2	(0.3) / (21.5%)
Others	8.6	10.5	1.8 / 21.9%
	0.1	2.6	2.5 / 2,311.8%

(A) Dry Bulk Business

The Capesize bulker market rates remained steady on strong Australian and Brazilian iron ore shipments. The market rates fell temporarily at the end of August but then rebounded with the end of the rainy season and demand for coal shipments to India and China. Meanwhile, the market rates for Panamax, Handymax, and smaller vessels temporarily recovered from August due to a slight improvement in vessel supply and demand with relatively firm coal and grain shipments; however, pessimism over China's economic recovery dampened confidence and the market rates lacked buoyancy.

Under these market conditions, the dry bulk business posted a year-on-year decline in profit, falling short of the high market conditions of the previous year, despite the effect of the reversal of an allowance for doubtful accounts recorded in the past at one of our consolidated subsidiaries, in relation to a loan to GEARBULK HOLDING AG, an equity-method affiliate, as a result of improvement in this company's financial standing.

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

The very large crude carrier (VLCC) market rates remained in a downward trend, reflecting China's faltering economic recovery and its drawing down of crude oil inventories, in addition to the slackening supply and demand becoming the norm due to the lackluster shipments caused by OPEC plus oil output cuts. Meanwhile, product tanker market rates remained at a high level on the back of firm demand for petroleum products, although there were times when shipments weakened due to scheduled maintenance at oil refineries in the Far East. Chemical tankers also performed strongly, with market rates remaining at a high level.

In this market environment, profit increased year-on-year as a result of stable fulfilment of existing long-term contracts and cost reductions.

<Offshore>

The FPSO business, which has been securing stable profit through existing long-term charter contracts, reported a year-on-year increase in profit, thanks to the start of a new charter contract.

<Liquefied gas>

The LNG carrier business generated stable profit through existing long-term charter contracts. Although some long-term contracts expired, there were acquisitions of new contracts, and profit was unchanged year-on-year. In the FSRU business, profit fell year-on-year mainly due to the occurrence of one-time expenses, despite the generation of stable revenue with the start of a new project.

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

At OCEAN NETWORK EXPRESS PTE. LTD. (ONE), the Company's equity-method affiliate, spot freight rates declined, reflecting overcapacity caused by an increase in new vessel deliveries. Term contract freight rates were also revised to this fiscal year's rates, which reflect the market after the COVID-19 pandemic, and ONE reported a sharp drop in profit year-on-year under the impact of these rates.

<Car Carriers>

With the normalization of economic activity and improvement in the supply of semiconductor and other automotive components, the production of completed cars recovered, pushing up shipping demand and resulting in a year-on-year increase in profit. Although port congestion in some regions led to delays in discharging operations, we achieved a year-on-year increase in transportation volume by flexibly revising vessel allocation plans.

<Other Product Transport>

Container handling volumes in the terminal business decreased due mainly to delays at terminals on the West Coast of North America in the overseas terminal business, despite a solid performance in the domestic terminals business. The logistics business was less profitable, affected by weak air and sea freight rates and, as a result, the terminal and logistics business posted lower profits than a year earlier.

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

The real property business maintained around the same level of profit year-on-year thanks to higher property occupancy rates, despite the increased costs associated with new property acquisitions by DAIBIRU, the core company in the Group's real property business.

<Ferries and Coastal RoRo Ships>

The passenger business reported a sharp year-on-year increase in profit mainly thanks to the entry into service of new LNG-fueled ferries and the boost from the National Travel Assistance Program. The cargo transportation business also achieved higher profit from a year earlier despite weak shipments for some cargoes.

<Cruise Business>

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

(E) Associated Businesses

In the tugboat business, operation frequency tended to be down year-on-year, but the business posted a year-on-year increase in profit with the effects of a tugboat service fee revision.

(F) Others

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

(2) Outlook for FY2023

(For consolidated full fiscal year 2023)

(¥ Billion)

	Previous outlook (As announced on July 31, 2023)	Current outlook (As of announcement of Q2 financial results)	Year-on-year Comparison / Variance
Revenue	1,530.0	1,590.0	60.0 / 3.9%
Operating profit	100.0	90.0	(10.0) / (10.0) %
Ordinary profit	220.0	220.0	- / -%
Profit attributable to owners of parent	215.0	220.0	5.0 / 2.3%

	(Assumptions for the 2nd half FY2023)	(Assumptions for the 2nd half FY2023)	
Exchange rate	¥130.00/US\$	¥141.31/US\$	¥11.31/US\$
Bunker price *1	US\$520/MT	US\$560/MT	US\$40/MT
Compliant fuel price *2	US\$640/MT	US\$660/MT	US\$20/MT

*1 HSFO (High Sulfur Fuel Oil) average price

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

(A) Dry Bulk Business

The Capesize bulker market is expected to remain stable for the rest of 2023, underpinned by steady bauxite shipments from West Africa in addition to shipments from Australia and Brazil. However, from the beginning of 2024 onwards, market rates are likely to fall due to the decline in Brazilian shipments as is seen every year during the rainy season. Despite some fluctuation, the market rates for Panamax, Handymax, and smaller vessels are expected to remain comparatively firm for the remainder of 2023, bolstered by seasonal factors, especially grain shipments from North America. However, rates are likely to lack buoyancy and are expected to weaken once again from the beginning of 2024.

The dry bulk business as a whole will likely be impacted by these rate fluctuations and is expected to post lower profit.

(B) Energy Business

The very large crude oil carrier (VLCC) market rate is expected to recover due to increased cargo movements with the start of the winter demand season, despite various causes for concern such as the continued OPEC plus oil output cuts and falling demand for crude oil due to global recession. Similarly, on the product tanker market, the global slowdown could potentially lead to a decrease in cargo movements; however, the market rate is expected to remain steady on expectation of increased cargo movements for winter in the Northern hemisphere, increased ton-miles due to alternative procurement of oil products from Russia, and increased cargo movements as a result of the Chinese government's issuance of more oil product export quotas to state-owned oil companies

The offshore business is projected to continue generating stable profit, with the start of an additional FPSO charter contract in FY2023.

In the liquefied gas business, the LNG carrier business will continue to maintain stable profit even though profitability is expected to decrease year-on-year due to the expiry of some existing contracts. The FSRU business is expected to post lower profit mainly due to the impact of the assignment of an existing vessel to a new project.

(C) Product Transport Business

In the containerships business, we expect to secure a certain level of freight rates despite market overcapacity and the delayed recovery of consumption, mainly in Europe, and the impact of falling spot freight rates caused by seasonal and other factors.

In the car carrier business, we assume that, despite the global political and economic uncertainty, completed car production and sales, which impact the shipping market, will remain firm, and transportation volume is expected to increase year-on-year.

In the terminal business, we plan to gradually proceed with the transfer of the container terminal business overseas, such as terminals on the West Coast of North America. Meanwhile, we anticipate steady handling volumes at domestic terminals will continue.

In the logistics business, air and sea freight rates are expected to be lower than the levels a year earlier.

(D) Wellbeing & Lifestyle Business

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

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

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

(E) Associated Businesses

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

5. Financial Position

Total assets as of September 30, 2023 increased by ¥ 390.5 billion compared to the balance as of the end of the previous fiscal year, to ¥ 3,954.7 billion. This was primarily due to the increase in Investment securities.

Total liabilities as of September 30, 2023 increased by ¥ 153.8 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,780.4 billion. This was primarily due to the increase in Long-term bank loans.

Total net assets as of September 30, 2023 increased by ¥ 236.6 billion compared to the balance as of the end of the previous fiscal year, to ¥ 2,174.3 billion. This was primarily due to the increase in Foreign currency translation adjustments.

As a result, shareholders' equity ratio increased by 0.6% compared to the ratio as of the end of the previous fiscal year, to 54.6%.

6. Consolidated Financial Statements

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

(1) Consolidated Balance Sheets

	(¥Million)	
	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	93,961	116,046
Trade receivables	124,134	120,061
Contract assets	8,329	11,204
Marketable securities	500	—
Inventories	50,787	60,855
Deferred and prepaid expenses	26,820	30,836
Other current assets	135,669	161,357
Allowance for doubtful accounts	(1,662)	(1,936)
Total current assets	438,541	498,425
Fixed assets		
Tangible fixed assets		
Vessels	708,682	749,025
Buildings and structures	132,943	132,728
Equipment and others	25,227	25,037
Furniture and fixtures	5,585	5,721
Land	299,710	308,335
Construction in progress	162,234	257,488
Other tangible fixed assets	7,856	7,633
Total tangible fixed assets	1,342,240	1,485,971
Intangible fixed assets	36,739	36,604
Investments and other assets		
Investment securities	1,430,873	1,582,212
Long-term loans receivable	116,893	109,986
Long-term prepaid expenses	8,550	8,295
Net defined benefit assets	20,987	21,135
Deferred tax assets	2,058	3,189
Other investments and other assets	191,173	215,817
Allowance for doubtful accounts	(23,811)	(6,882)
Total investments and other assets	1,746,726	1,933,754
Total fixed assets	3,125,705	3,456,329
Total assets	3,564,247	3,954,754

(¥Million)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Trade payables	99,872	119,012
Short-term bonds	30,000	44,500
Short-term bank loans	339,354	391,004
Commercial papers	80,000	85,000
Accrued income taxes	6,979	18,528
Advances received	2,493	2,729
Contract liabilities	31,006	30,448
Provision for bonuses	11,660	10,165
Other current liabilities	67,808	62,895
Total current liabilities	669,176	764,284
Fixed liabilities		
Bonds	159,500	139,000
Long-term bank loans	524,801	583,607
Lease liabilities	17,509	18,304
Deferred tax liabilities	84,870	97,724
Net defined benefit liabilities	9,188	9,404
Provision for directors' and corporate auditors' retirement benefits	750	553
Provision for periodic drydocking	19,078	20,739
Other fixed liabilities	141,751	146,815
Total fixed liabilities	957,449	1,016,149
Total liabilities	1,626,626	1,780,433
Net assets		
Owners' equity		
Common stock	65,589	65,757
Capital surplus	—	175
Retained earnings	1,571,582	1,628,316
Treasury stock	(558)	(206)
Total owners' equity	1,636,614	1,694,043
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	32,472	50,354
Unrealized gains on hedging derivatives, net of tax	77,590	93,537
Foreign currency translation adjustments	171,647	316,050
Remeasurements of defined benefit plans, net of tax	7,021	6,342
Total accumulated other comprehensive income	288,732	466,286
Share option	550	449
Non-controlling interests	11,724	13,541
Total net assets	1,937,621	2,174,320
Total liabilities and net assets	3,564,247	3,954,754

(2) Consolidated Statements of Income

(¥Million)

	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)	FY2023 (Apr. 1, 2023 - Sep. 30, 2023)
Shipping and other revenues	821,337	790,102
Shipping and other expenses	698,645	668,104
Gross operating income	122,691	121,997
Selling, general and administrative expenses	66,604	72,696
Operating profit	56,087	49,300
Non-operating income		
Interest income	5,811	10,960
Dividend income	4,269	9,729
Equity in earnings of affiliated companies	519,166	56,091
Foreign exchange gains	17,463	20,949
Reversal of allowance for doubtful accounts	—	17,398
Others	5,379	3,278
Total non-operating income	552,089	118,408
Non-operating expenses		
Interest expenses	7,019	11,733
Others	1,362	1,443
Total non-operating expenses	8,381	13,177
Ordinary profit	599,795	154,531
Extraordinary income		
Gain on sales of fixed assets	9,566	9,609
Others	13,736	14,976
Total extraordinary income	23,303	24,586
Extraordinary losses		
Loss on sale of fixed assets	28	80
Loss on building reconstruction	258	326
Others	2,374	757
Total extraordinary losses	2,662	1,164
Income before income taxes and non-controlling interests	620,436	177,953
Income taxes	16,790	26,466
Net income	603,645	151,486
Profit attributable to non-controlling interests	2,122	694
Profit attributable to owners of parent	601,523	150,792

(3) Consolidated Statements of Comprehensive Income

(¥Million)

	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)	FY2023 (Apr. 1, 2023 - Sep. 30, 2023)
Net income	603,645	151,486
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	(7,869)	17,800
Unrealized gains on hedging derivatives, net of tax	23,767	11,527
Foreign currency translation adjustments	37,547	11,746
Remeasurements of defined benefit plans, net of tax	(509)	(679)
Share of other comprehensive income of associates accounted for using equity method	162,852	138,333
Total other comprehensive income	215,789	178,728
Comprehensive income	819,434	330,215
(Breakdown)		
Comprehensive income attributable to owners of parent	814,205	328,346
Comprehensive income attributable to non-controlling interests	5,229	1,868

(4) Consolidated Statements of Cash flows

(¥Million)

	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)	FY2023 (Apr. 1, 2023 - Sep. 30, 2023)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	620,436	177,953
Depreciation and amortization	47,715	49,866
Loss on building reconstruction	258	326
Equity in losses (earnings) of affiliated companies	(519,166)	(56,091)
Various provisions (reversals)	(1,472)	(20,666)
Interest and dividend income	(10,080)	(20,689)
Interest expense	7,019	11,733
Loss (gain) on sale and retirement of non-current assets	(9,008)	(9,373)
Foreign exchange loss (gain), net	(8,225)	(9,965)
Decrease (Increase) in trade receivables	(33,449)	8,623
Decrease (Increase) in contract assets	7,375	(2,703)
Decrease (Increase) in inventories	(11,761)	(9,416)
Increase (Decrease) in trade payables	22,252	16,631
Others, net	(40,703)	(26,607)
Sub total	71,189	109,620
Interest and dividend income received	121,051	122,487
Interest expenses paid	(6,731)	(12,478)
Income taxes paid	(13,910)	(15,695)
Net cash provided by (used in) operating activities	171,599	203,934
Cash flows from investing activities		
Purchase of investment securities	(13,232)	(42,340)
Proceeds from sale and redemption of investment securities	16,445	17,642
Purchase of non-current assets	(78,487)	(181,301)
Proceeds from sale of non-current assets	29,711	20,624
Disbursements for long-term loans receivables	(2,286)	(2,669)
Collection of long-term loans receivables	2,890	20,789
Others, net	(12,081)	(10,321)
Net cash provided by (used in) investing activities	(57,041)	(177,575)

(¥Million)

	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)	FY2023 (Apr. 1, 2023 - Sep. 30, 2023)
Cash flows from financing activities		
Net increase (decrease) in short-term bank loans	187,603	29,569
Net increase (decrease) in commercial paper	63,500	5,000
Proceeds from long-term bank loans	35,567	100,705
Repayments of long-term bank loans	(115,067)	(46,824)
Proceeds from issuance of bonds	—	9,000
Redemption of bonds	(13,700)	(15,000)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(166,094)	—
Cash dividends paid by the company	(107,947)	(93,839)
Cash dividends paid to non-controlling interests	(2,327)	(51)
Others, net	(579)	(508)
Net cash provided by (used in) financing activities	(119,046)	(11,948)
Effect of foreign exchange rate changes on cash and cash equivalents	10,641	7,675
Net increase (decrease) in cash and cash equivalents	6,153	22,084
Cash and cash equivalents at beginning of year	97,135	91,047
Cash and cash equivalents at end of quarter	103,288	113,132

[NOTE]**(Changes in Accounting Estimates)****(Change in Useful Life)**

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

As a result, operating profit, ordinary profit, and income before income taxes and non-controlling interests for the second Quarter of the fiscal year each increased by ¥ 856 million, compared to the previous method.

(Additional Information)**(Change to Consolidated Subsidiary Company (Share Transfer))**

With respect to Share Transfer of INTERNATIONAL TRANSPORTATION INC., which is our consolidated subsidiary company, reported as the Additional Information in Financial Highlights of the First Quarter Ended June 30, 2023, the Share Transfer schedule has been changed although the approvals of competent government authorities were obtained.

1. Overview of recipients

The recipients of Share Transfer are two companies (hereinafter, out of the recipients, Ocean Network Express, Pte, Ltd. shall be referred to as “ONE” and the other recipient shall be referred to as “Recipient 1”), and we have entered into share transfer agreements with ONE and Recipient 1 respectively (hereinafter, the Share Transfer to Recipient 1 shall be referred to as “Share Transfer 1” and the Share Transfer to ONE shall be referred to as “Share Transfer 2”).

2. Schedule

Implementation date of Share Transfer 1	early November 2023 (scheduled date)
Implementation date of Share Transfer 2 (Date of change to consolidated subsidiary company)	early November 2023 (scheduled date)

(6) Segment Information

Business segment information:

(¥Million)

Q2/ FY2022 (Apr. 1 - Sep. 30, 2022)	Reportable Segment							Associated Businesses	Sub Total
	Dry Bulk Business	Energy Business	Product Transport Business		Wellbeing & Lifestyle Business				
			Container ships	Car Carriers, Terminal and Logistics	Real Property	Ferries & Coastal RoRo Ships, Cruise			
Revenues									
1.Revenues from external customers	235,559	189,109	26,559	286,660	19,755	31,236	23,836	812,717	
2.Inter-segment revenues	99	6,996	135	2,124	1,487	143	11,600	22,586	
Total Revenues	235,658	196,105	26,694	288,784	21,242	31,380	35,436	835,303	
Segment profit (loss)	34,552	22,156	494,768	41,943	4,775	(627)	1,532	599,102	

Q2/ FY2022 (Apr. 1 - Sep. 30, 2022)	Others *1	Total	Adjust- ment *2	Consoli- dated *4
Revenues				
1.Revenues from external customers	8,619	821,337	—	821,337
2.Inter-segment revenues	7,430	30,017	(30,017)	—
Total Revenues	16,050	851,354	(30,017)	821,337
Segment profit (loss)	110	599,212	582	599,795

(¥Million)

Q2/ FY2023 (Apr. 1 - Sep. 30, 2023)	Reportable Segment							Associated Businesses	Sub Total
	Dry Bulk Business	Energy Business	Product Transport Business		Wellbeing & Lifestyle Business				
			Container ships	Car Carriers, Terminal and Logistics	Real Property	Ferries & Coastal RoRo Ships, Cruise			
Revenues									
1.Revenues from external customers	189,894	214,940	28,082	271,143	19,946	32,272	23,311	779,592	
2.Inter-segment revenues	234	5,908	155	2,207	1,726	154	16,328	26,717	
Total Revenues	190,129	220,849	28,237	273,351	21,673	32,427	39,640	806,309	
Segment profit (loss)	32,155	37,669	33,397	38,213	4,574	410	1,202	147,623	

Q2/ FY2023 (Apr. 1 - Sep. 30, 2023)	Others *1	Total	Adjust- ment *3	Consoli- dated *4
Revenues				
1.Revenues from external customers	10,509	790,102	—	790,102
2.Inter-segment revenues	7,278	33,995	(33,995)	—
Total Revenues	17,788	824,097	(33,995)	790,102
Segment profit (loss)	2,673	150,296	4,235	154,531

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

* 2. Adjustment in Segment profit (loss) of ¥ 582 million include the following:
¥ -4,692 million of corporate profit which is not allocated to segments, ¥ 2,401 million of adjustment for management accounting and ¥ 2,873 million of inter-segment transaction elimination.

* 3. Adjustment in Segment profit (loss) of ¥ 4,235 million include the following:
¥ -2,014 million of corporate profit which is not allocated to segments, ¥ 5,688 million of adjustment for management accounting and ¥ 561 million of inter-segment transaction elimination.

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

* 5. Notes to changes in reportable segments etc:

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

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

Due to the change, Segment profit (loss) for the second Quarter increased ¥ 856 million in the Ferries & Coastal RoRo Ships, Cruise Business, compared to the previous method.

[REFERENCE PURPOSE ONLY]

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

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

[Supplement]

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

	Q1	Q2	Q3	Q4
	Apr-Jun, 2023	Jul-Sep, 2023	Oct-Dec, 2023	Jan-Mar, 2024
Revenues [¥ Millions]	385,183	404,919		
Operating profit (loss)	24,472	24,828		
Ordinary profit (loss)	90,369	64,162		
Income (Loss) before income taxes	109,629	68,324		
Profit (Loss) attributable to owners of parent	91,155	59,637		
Net income (loss)* per share [¥]	251.98	164.79		
Net income (loss)* per share (Diluted basis) [¥]	251.34	164.35		
Total Assets [¥ Millions]	3,737,672	3,954,754		
Total Net Assets	2,015,352	2,174,320		

*Profit (Loss) attributable to owners of parent

<FY2022>

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

*Profit (Loss) attributable to owners of parent

2. Depreciation and Amortization

	Six months ended Sep.30, 2022	Six months ended Sep.30, 2023	Increase / (Decrease)	FY2022
Vessels	34,614	37,271	2,656	68,311
Others	13,100	12,594	(505)	26,349
Total	47,715	49,866	2,151	94,660

(¥ Millions)

3. Interest-bearing Debt

	As of Mar.31, 2023	As of Sep.30, 2023	Increase / (Decrease)	As of Sep.30, 2022
Bank loans	864,155	974,611	110,456	921,460
Bonds	189,500	183,500	(6,000)	199,500
Commercial papers	80,000	85,000	5,000	71,500
Others	19,793	20,470	677	12,644
Total	1,153,448	1,263,582	110,134	1,205,104

(¥ Millions)

4. Fleet Capacity

(No. of ships*1 and deadweight ton)

	Dry bulkers*2		Tankers		Liquefied Gas carriers*3		Car carriers		Containerships	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	51	5,129	68	8,785	24	1,595	50	889	20	1,593
Chartered	280	24,311	82	3,518	23	1,512	46	760	16	2,011
Others	-	-	1	35	5	351	-	-	-	-
As of Sep.30, 2023	331	29,440	151	12,338	52	3,459	96	1,649	36	3,605
As of Mar.31, 2023	310	28,798	154	12,822	47	3,142	96	1,652	40	4,025

	Ferries & Coastal RoRo ships		Cruise ships		Others*4		Total	
	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT	No.of ships	1,000MT
Owned	11	69	2	8	7	47	233	18,115
Chartered	4	25	-	-	23	68	474	32,206
Others	-	-	-	-	1	1	7	387
As of Sep.30, 2023	15	93	2	8	31	115	714	50,707
As of Mar.31, 2023	16	97	2	8	32	121	697	50,666

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

*2 Including Steaming coal carriers.

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

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

5. Exchange Rates

	Six months ended Sep.30, 2022	Six months ended Sep.30, 2023	Change		FY2022
Average rates	¥130.98	¥138.71	¥7.73	[5.9%]	JPY Depreciated
Term-end rates	¥144.81	¥149.58	¥4.77	[3.3%]	JPY Depreciated

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

<Overseas subsidiaries>

	As of Jun.30, 2022	As of Jun.30, 2023	Change		As of Dec.31, 2022
Term-end rates	¥136.68	¥144.99	¥8.31	[6.1%]	JPY Depreciated

6. Average Bunker Prices

	Six months ended Sep.30, 2022	Six months ended Sep.30, 2023	Increase / (Decrease)
Purchase Prices	US\$859/MT	US\$610/MT	US\$(249)/MT

7. Market Information

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

Source : Clarksons Research

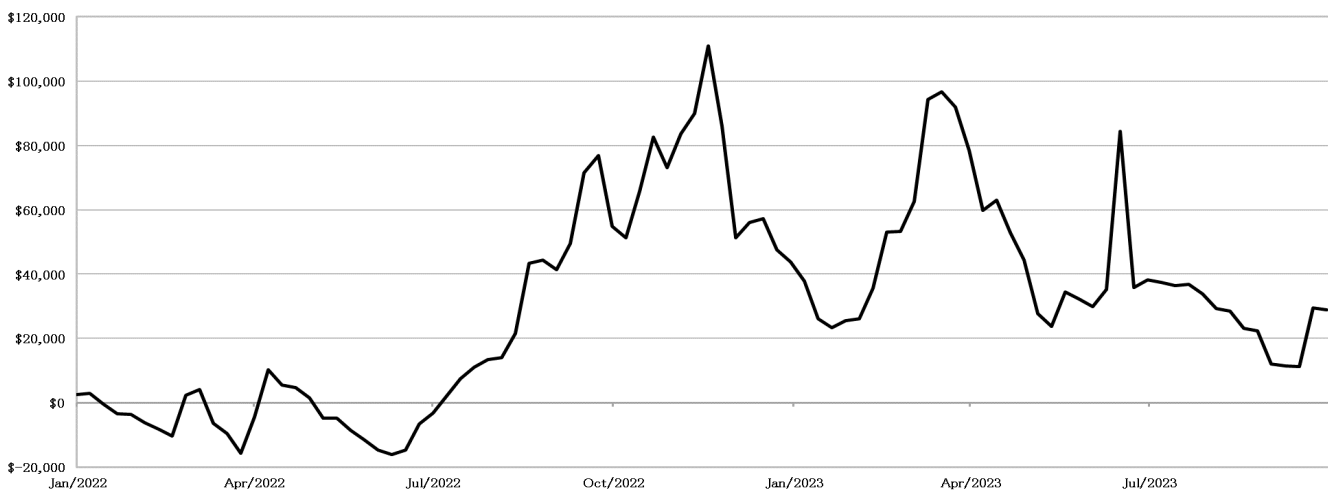


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2022	1,761	1,835	2,464	2,220	2,943	2,389	2,077	1,412	1,487	1,814	1,299	1,453	1,930
2023	909	658	1,410	1,480	1,416	1,082	1,040	1,150	1,393				1,171

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

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

Source : Clarksons Research

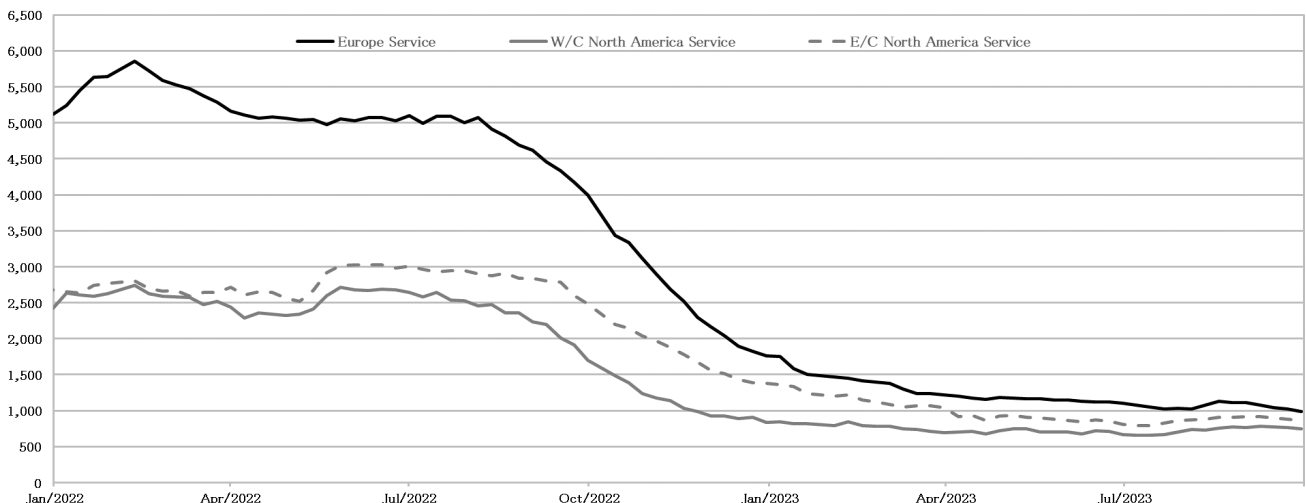


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2022	-1,128	-5,587	-6,886	3,493	-7,435	-13,042	6,196	30,887	58,844	68,153	92,660	51,181	23,111
2023	28,223	41,999	84,755	55,019	29,519	44,695	36,136	25,784	18,611				40,527

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

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

Source : Clarksons Research



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