

**Major Questions & Answers
at the Q2 FY 2021 Financial Results Briefing (Online)**

Q1) Please tell me about the negotiation status of the next long-term containership contracts at ONE. Could you also advise on the possibility of multi-year contract and the percentage of spot and long-term contracts?

A1) Long-term contracts for containerships start in May for the Asia-North America routes and in January for many other routes. Negotiations for some of the annual contracts starting next January have just begun, and in general, a rate increase from the previous year is expected. However, as negotiations have only just started, we cannot provide detailed information at this time on how much the increase would be.

As for the possibility of a multi-year contract, I have not been reported about such request from customers so far.

The percentage of spot and long-term contracts for ONE is generally the same as the industry average. Long-term contracts (three months or longer) are approximately just above 60% for Asia-North America routes and approximately 50% for other routes.

Q2) I hear that the freight rates for long-term contracts starting next January for Asia-North America routes have been increasing for overseas shipping companies. How about ONE?

A2) (Asia-North America contracts starting from January are not common for ONE, but for Asia-Europe routes) I heard that the negotiation for the contracts from January next year has started and the rates are expected to go up, but again, I do not have any information about how much specifically the increase will be.

Q3) Could you tell me your thoughts on the containership freight index for the second half of the fiscal year? Also, what is the estimated freight level from October to December?

A3) From the beginning of this year until the end of September, the freights had been rising steadily, with many routes reaching new highs every week, but from the end of September, it has been flattened. In the past two weeks, the freight index has fallen by about 2%. However, since the source data in calculation of actual freight index includes the freights provided by some forwarders, it can be assumed that the index incorporates forwarders'

activities of selling out space in back of a temporary surplus of space due to China's National Day.

So far, as the supply chain continues to be clogged, the space shortage is expected to last for some time. Cargo volumes usually start dropping in the latter half of November when shipments for Christmas ends, but this year some containers are stuck at ports because they cannot be loaded onto ships due to lack of space. Therefore, we expect the current freight level to continue through December.

Q4) Could you tell us why the ordinary profit of the dry bulk business fell short of the previous forecast in the second quarter? Does it mean that the profit contribution of the market rise in the second quarter will be reflected in the third quarter?

In addition, what are your current market exposures for dry bulkers?

A4) In the dry bulk business, FFA (Forward Freight Agreement)s are partly used as a means of hedging, and some of them are affected by the market upturn. Specifically, as a result of mark-to-market valuation at the end of the second quarter, a valuation loss was incurred on some contracts, which became a downside factor. This will contribute to profits if market conditions calm down in the third quarter onwards.

Market exposure is approximately 30% for capesize bulkers, and only few for small- and medium-sized bulkers and wood chip carriers.

Q5) What is the latest status of ONE's medium-term management plan and your company's dividend policy?

A5) ONE's medium-term management plan is currently under development. As ONE is making such a profit, we believe it is necessary for them to pay adequate amount of dividends to the three parent companies correspondingly. On the other hand, ONE has to make new investments to renew its fleet, respond to environmental requirements, and upgrade its systems, so there are many issues to be discussed in determining ONE's future capital plans. We are in the process of discussing how much will be allocated to dividends, how much will be retained internally and what kind of long-term investments will be made. From the end of the year to the beginning of the new year, the three parent companies and ONE will work out a final plan, which we hope to implement starting next fiscal year. For the current fiscal year, MOL's financial plan is made based on the assumptions that the results of ONE will reach the high profit level as expected, and that our company will receive dividends from ONE that are commensurate with this profit level.

As for MOL's capital policy and shareholder return policy, for the time being, the company will focus primarily on repairing B/Ss that have been damaged over the past few years.

However, by the end of this fiscal year, the company is likely to almost achieve its financial targets. We would like to think anew about what kind of shareholder return and dividend policy we will adopt from fiscal 2022.

Q6) The medium-term plan is rolled out every year, but what is your future policy? Also, please advise whether you have any management indicators that you would like to focus on going forward.

A6) We've been rolling out our management plan annually for the past few years, and we've just started working on Rolling Plan 2022 to continue such practice for one more time. Based on the situation so far, I have a view that it will probably be the last rolling plan. In the past, we had considered fiscal 2027 as one of our long-term targets, but we expect to achieve our financial targets from fiscal 2021 to fiscal 2022. After the next rolling plan, we will look further ahead and consider what we will achieve by fiscal 2030 in our next medium- to long-term management plan.

When considering such medium- to long-term plans, I believe that ROE is the key management indicator that should be emphasized. At present, the Company's equity capital has reached approximately 800 billion yen, but going forward, when the Company is in a position to maintain its equity capital of approximately 1 trillion yen, I would like to conduct management with an emphasis on how to use that capital to stably secure profits every year. Despite the volatility in the shipping industry, the Company aims to build a business portfolio that can maintain a certain ROE under any circumstances. We will retain some market exposure, so if market conditions are favorable, business performance may go up significantly. However, we will manage our business in a balanced manner so that our business performance will not deteriorate severely even in bad market conditions.

Q7) In terms of the sensitivity of ordinary income, the impact of fuel costs is zero. Do you mean that the increase in fuel prices is passed on to freights in each segment?

A7) The situation is different for each segment, but we also hedge bunker prices for some of the portion that have not been passed on to freights, making the total sensitivity in the second half to zero.

Q8) Could you give us a breakdown of the ordinary profit plan for the second half of the year, which is about 210 billion yen, separately for the third quarter and fourth quarter?

A8) Based on the forecast of market conditions for dry bulkers and containerships, etc., we expect higher profit in the third quarter.

Q9) Regarding dry bulk businesses, if the current level of favorable market condition continues, can we expect profit levels that the Company achieved around 2006 in the next fiscal year? The situation may be different because the cost of vessel is higher than it was in 2006 and the market exposure ratio has changed, but could you tell me how you view the next fiscal year based on the current freight market for dry bulk?

A9) Dry bulk business has undergone structural reform several times, and our fleet structure has changed since then. The number of ships has been reduced, and the cargo contract is more focused on medium- to long-term than spot. As a result, profits and losses will improve if the market picks up, but the sensitivity will be very different from that of 2006. The dry bulk business's ordinary income forecast of about 40 billion yen in fiscal 2021 is a good figure. At present, our fleet structure is not tilted to an extreme position, such as in 2006 or 2007, in which profits far exceed 100 billion yen if market conditions are favorable. On the contrary, I hope you understand that there is also downward rigidity.

Q10) I was wondering if you could tell me about the current situation regarding the congestion and operation of Mitsui O.S.K. Lines's Trapac Terminal in the Port of Long Beach.

A10) The Port of Los Angeles and Port of Long Beach is extremely congested, and the current number of vessels waiting is close to 80, an increase from last week. There may be fluctuations on number of vessels waiting, but since around June of this year, the congestion in ports has been going on for a long time. The reasons for this are a complex combination of the customer's warehouse situation, the lack of drivers to transport the cargo to the warehouse, and congestion at ports and railway yards. As for the Trapac Terminal, we have taken measures such as automation of cranes, and the shortage of workers has started to improve. I think the congestion of the port will continue, but we will make efforts to improve the situation by making the port operation as efficient as possible.

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