

MOL INTERIM REPORT 2023 Special Feature

A new structure for the ferries and cruise businesses

Implementing a “second founding” to strengthen the non-shipping business

The MOL Group corporate management plan “BLUE ACTION 2035” seeks to strengthen our non-shipping businesses including ferries, cruises and real property as operations that are not prone to being affected by shipping market conditions. In order to build a structure to achieve these goals, the MOL Group recently launched a ferry company MOL Sunflower Ltd. and a cruise company MOL Cruises, Ltd., and is working on new initiatives informed by the drive to implement a “second founding” of the business.

■ “MITSUI OCEAN CRUISES”: the new cruise business brand

In November 2022, the MOL Group made a decision to build two new ships while its cruise business currently consists of a single vessel, Nippon Maru (22,472 gross tons, completed in 1990). These ships in the 35,000 gross ton-class will be operated under the Japanese flag, with the first of the two being planned for completion in 2027.

Ahead of the new-build ships, in March 2023 the Group purchased a cruise ship (32,000 gross ton class, completed in 2009) from a US shipping company. This is a luxury class cruise ship with all rooms configured as suites with at least 28 m² of space. It will begin service in December 2024 after renovations and so on. Together with Nippon Maru, this will result in a two-ship fleet that will enable the cruise business to begin its expansion ahead of schedule without waiting for the new-build ships.

In October 2023 MOL Cruises announced that it had selected “MITSUI OCEAN CRUISES” as its new cruise brand name, and that the name chosen for the cruise ship that will come into service in December 2024 is “MITSUI OCEAN FUJI.” The company plans to use the new ship for a round-the-world cruise beginning in April 2025 and lasting for 100 days.

The new cruise brand name expresses the pride of Mitsui as a leader in the history of Japan’s shipping industry, and incorporates our aspirations for a future that begins with the blue sea. MITSUI OCEAN CRUISES values the essence of Japan, which is rooted in the beauty of its nature and its cultural traditions. Our goal is to ensure that time spent aboard is suffused with peace and relaxation for all our customers, achieved through high-quality spaces and the warmth of our hospitality.

In addition to being named under the new cruise brand, “MITSUI OCEAN FUJI” inherits the name of the Fuji Maru that came into the service of the MOL Group in 1989, which is considered to be the year that marked the beginning of the cruise industry in Japan. With its associations of Mount Fuji, one of the symbols of Japan, we believe that this name will be easy to understand and to remember both for our existing customers and for customers from Japan and overseas who have newly become interested

in our services.

Passengers on board can experience the combination of Japanese high quality “Omotenashi” service and hospitality with Western luxury hardware on this ship. Through the partial renovation of this ship, which has provided high-quality services to customers in Western countries, we will add even more luxurious facilities to enable a service with quintessentially Japanese attention to detail. By offering a diverse range of choices aligned with changes in consumer values since the COVID-19 pandemic, we provide a satisfying experience for each and every customer. In this way we seek to realize wellbeing originating in Japan.

*To be inserted close to the part about the cruise business (diagrammatic data)

[Outline of MITSUI OCEAN FUJI]

Gross tonnage: 32,477 GMT

LOA: 198.15 M

Breadth: 25.6 M

Passenger Suits: 229

Capacity: 458 pax

No. of restaurants: 4

■ Japan’s largest ferry and RoRo ship company launch

In the ferry and coastal RoRo* ship business, which has been the core operations of the MOL Group in Japan for many years, a business integration took place between MOL Ferry Co., Ltd., which is mainly engaged in routes beginning and ending in the Tokyo Metropolitan region, and Ferry Sunflower Limited, which was responsible for routes linking Kansai and Kyushu. This resulted in MOL Sunflower Ltd. being established on October 1, 2023, to provide an integrated nationwide service. This name was chosen both with the intent of enhancing brand power and fostering a sense of unity through the use of the “MOL” prefix, in addition to which it continues the “Sunflower” brand that has supported logistics in Japan for half a century, and consistently contributed to the richness of people’s lives through sea voyages.

By integrating two companies, each with a long history, the new company has begun operations on up to six regular routes with a complement of 15 vessels in service as the largest ferry and coastal RoRo ship company in Japan (chart). This integration will enable the concentration of group company management resources, and the promotion of digital transformation (DX) and a decarbonized society, which are matters of urgency, as well as establishment of a more efficient service to deal with the so-called 2024 logistics problem caused by a shortage of truck drivers. In this way we aim to respond flexibly to the changing logistics needs of customers, further enhancing our transportation services in

terms of both quality and volume.

Based on changes in demand caused by the diversification of consumer lifestyles and values, the passenger services will accelerate the “Casual Cruise Concept,” which makes it easy to enjoy high-quality ferry voyages, by improving customer service and strengthening marketing in the digital domain. We hope to contribute to improving the well-being of its customers by offering a comfortable cruise where passengers can feel “bonding,” “peace of mind,” and “confidence” with their families, friends, pets, colleagues, and acquaintances.

One of the sustainability issues identified by the MOL Group is “Human & Community Contributing to the growth and development of people and communities,” whereby we aim to achieve successful coexistence among everyone involved in MOL Group businesses, and the sustainable growth and development of communities through its business activities. The newly launched company will further strengthen its ties with local governments and communities in ferry departure and arrival areas, and contribute to regional revitalization and local economies.

*RoRo is an abbreviation for “roll-on roll-off,” indicating that vehicles board and leave the vessel under their own power. In this approach vehicles are loaded by driving over a ramp lowered onto the quay, as opposed to loading methods that require cargo to be lifted and lowered by crane. For ships that use this approach, those that transport passengers and cargo are generally referred to as ferries, and those dedicated to cargo transportation are referred to as RoRo vessels.

■ Environmentally friendly voyages that make decarbonization possible

Responding to environmental matters is one of the urgent issues faced by both the ferry and cruise businesses of the MOL Group.

For the ferry business, we have ordered a total of four ferries fueled by LNG (Liquefied Natural Gas), which will reduce carbon dioxide (CO₂), nitrogen oxide (NO_x), and sulfur oxide (SO_x) emissions for the two pre-integration companies by around 25%, 85%, and 100% respectively compared to the fuel oil previously used. The first of the ships, the “SUNFLOWER KURENAI,” was completed in December 2022, and the second “SUNFLOWER MURASAKI” in April 2023, and they entered service to replace the existing ships “SUNFLOWER IVORY” (completed in 1997) and “SUNFLOWER COBALT” (completed in 1998) on the Osaka-Beppu route in January 2023 and April 2023 respectively. The third and fourth ships are scheduled to be completed in 2025 to replace vessels on the Oarai-Tomakomai route, and these should be commemorated as the first new vessels to built by the new company. Not only do LNG-fueled ferries contribute to significant mitigation of environmental impacts through the use of cutting-edge technology and judicious design but they also result in considerable reductions in on-board noise.

In the MOL Group Environmental Vision 2.2 announced in April 2023, we set out specific actions to

achieve the target of net zero emissions by 2050. The key measure from among those actions, which is the switch to low and decarbonized marine fuels, will be implemented for ferries first.

With the future introduction of new ships, the cruise business will accelerate the full-fledged environmental initiatives it began with Nippon Maru. For new ships, we are considering the use of the tri-fuel diesel electric propulsion* which can also use gas that is cleaner than heavy oil as fuel, and the installation of equipment that allows ships to receive a supply of electricity from onshore sources, enabling them to cut CO₂ emissions by shutting down their generators while at anchor in port. In terms of the MITSUI OCEAN FUJI, which will come into service before the new ships, we will ensure that it is able to receive a supply of electricity from onshore sources when in port, in addition to installing energy saving electric propulsion to enable it to reduce energy consumption and cut CO₂ emissions. Through these various initiatives, we will provide more environmentally friendly and comfortable voyages.

*Tri-fuel diesel electric propulsion refers to a system in which three types of fuel (heavy oil, low sulfur fuel oil, and gas) are used to generate electricity within the ship that is used to drive the propellers and other propulsion equipment.