

# Mitsui O.S.K. Lines, Ltd.



## Financial Highlights: The Second Quarter Ended September 30, 2022

### 1. Consolidated Financial Highlights ( from April 1, 2022 to September 30, 2022 )

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

#### (1) Operating Results

	(¥Million)	
	Q2/FY2022	Q2/FY2021
<b>Revenues</b>	821,337	597,087
<b>Operating profit</b>	56,087	20,392
<b>Ordinary profit</b>	599,795	271,843
<b>Profit attributable to owners of parent</b>	601,523	274,848
	( ¥ )	
<b>Net income per share</b>	1,666.39	764.98
<b>Diluted net income per share</b>	1,659.94	761.85

\* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022.

Accordingly, net income per share and diluted net income per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2022.

#### (2) Financial Position

	(¥Million)	
	Q2/FY2022	FY2021
<b>Total assets</b>	3,588,441	2,686,701
<b>Total net assets</b>	1,879,559	1,334,866
<b>Shareholders' equity / Total assets</b>	51.8%	47.4%

#### 2. Dividends

	( ¥ )				
	Dividend per share				
	Q1	Q2	Q3	Year -end	Total
<b>FY2021</b>	—	300.00	—	900.00	1,200.00
<b>FY2022</b>	—	300.00	—	—	—
<b>FY2022 (Forecast)</b>	—	—	—	250.00	550.00

\* The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2022.

Accordingly, the dividends per share for the fiscal year ended March 31, 2022 represent the actual amount of dividends before the stock split.

**3. Forecast for the Fiscal Year Ending March 31, 2023**

	(¥Million)
	FY2022
<b>Revenues</b>	1,600,000
<b>Operating profit</b>	86,000
<b>Ordinary profit</b>	800,000
<b>Profit attributable to owners of parent</b>	790,000
	( ¥ )
<b>Net income per share</b>	2,187.69

## 4. Business Performance

### (1) Analysis of Operating Results

(¥ Billion)

	Six months		Year-on-year comparison / Variance
	From April 1, 2021 to September 30, 2021	From April 1, 2022 to September 30, 2022	
Revenue	597.0	821.3	224.2 / 37.6%
Operating profit	20.3	56.0	35.6 / 175.0%
Ordinary profit	271.8	599.7	327.9 / 120.6%
Profit attributable to owners of parent	274.8	601.5	326.6 / 118.9%
Exchange rate	¥109.41/US\$	¥130.98/US\$	¥21.57/US\$
Bunker price*	US\$514/MT	US\$859/MT	US\$345/MT

\*Average price for all the major fuel grades

We recorded revenue of ¥ 821.3 billion, an operating profit of ¥56.0 billion, an ordinary profit of ¥599.7 billion and profit attributable to owners of parent of ¥601.5 billion. We recorded ¥519.1 billion of equity in net earnings of affiliated companies in non-operating income, mainly due to a significant increase in earnings at OCEAN NETWORK EXPRESS PTE. LTD. (ONE), an equity method affiliate. The amount of equity in net earnings of affiliated companies we recorded which was attributable to ONE was ¥494.6 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, 2021 to September 30, 2021	From April 1, 2022 to September 30, 2022	
Dry Bulk Business	168.7	235.5	66.8 / 39.6%
	14.3	34.5	20.2 / 141.1%
Energy Business	142.6	189.1	46.4 / 32.6%
	10.9	22.1	11.2 / 103.2%
Product Transport Business	238.2	340.2	101.9 / 42.8%
	241.3	537.7	296.4 / 122.9%
Containerships	28.8	26.5	(2.2) / (7.9%)
	233.5	494.7	261.2 / 111.9%
Real Property Business	19.3	19.7	0.3 / 1.9%
	6.0	4.7	(1.2) / (20.6%)
Associated Businesses	20.7	28.1	7.4 / 36.0%
	(1.6)	(0.2)	1.4 / -%
Others	7.3	8.5	1.1 / 15.4%
	1.8	0.1	(1.7) / (92.0%)

Note: Revenue shows sales to external customers

**(A) Dry Bulk Business**

The weakened sentiment due to the global economic slowdown and improved vessel capacity utilization as a result of the relaxation or removal of COVID-19 quarantine restrictions worldwide have caused the vessel supply-demand balance to become less tight, negatively impacting the dry bulk market. After peaking in mid-May, Capesize bulker rates dropped sharply until the end of August, and although the market tightened temporarily in September due to typhoons and associated bad weather, the recovery remained limited. For Panamax bulkers, from April onwards, the continued steady flow of coal and grain shipments sustained the market despite the impact of the Shanghai lockdown on cargo movements; however, from July, with the world economy slowing and vessel supply and demand becoming less tight as mentioned earlier, the market generally remained somewhat weak.

Despite these market conditions, the dry bulk business posted year-on-year improvement in profit, thanks to efforts to reduce market exposure and steady shipments of cargos transported by wood chip carriers, open-hatch bulkers and twin-decker multipurpose vessels.

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

In the very large crude oil carrier (VLCC) market, conditions remained challenging due to the oversupply of vessels; however, in the last three months of the first half, charter rates improved with a recovery in the volume of cargo shipped from the Middle East and an increase in transport cargos due to the release from the U.S. strategic petroleum reserve. In the first three months of the first half, the product tanker market maintained historically high levels as a result of import restrictions imposed on Russian petroleum products due to Russia's invasion of Ukraine, triggering a shortage of petroleum products in Europe, mainly diesel, and causing a significant increase in tonnage miles owing to increased cargo exports from the United States, the Middle East and Asia. In principle, the product tanker market maintained a firm tone, although there were times when charter rates declined in certain regions due to a slowdown in shipments caused by rising oil prices and maintenance at refineries in Europe. In this market environment, by stably performing existing long-term contracts and endeavoring to reduce costs, the tanker business as a whole posted a year-on-year increase in profits.

**<Offshore>**

The FPSO business secured stable profit through existing long-term charter contracts and reported a year-on-year increase in profit partly thanks to the newly commenced project.

**<Liquefied gas>**

Whilst continuing to generate stable profit through existing long-term charter contracts, the LNG carrier business posted a year-on-year decline in profit partially due to the effect of the expiration of some long-term contracts. The FSRU business posted a year-on-year increase in profit, reflecting the additional operation brought by the conclusion of a new short-term contract for an existing vessel.

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

ONE, the Company's equity-method affiliate, saw a sharp fall in spot freight rates from mid-August; nonetheless, the average rate during the period was still considerably higher than the year-ago level. Also benefiting from long-term contract freight rates that were higher than those a year earlier, the Containerships business posted substantial year-on-year profit growth.

**<Car Carriers>**

Transportation volume of completed cars fell due to the global semiconductor shortage, automotive component shortages attributable to the COVID-19 pandemic and other factors; however, as a result of the optimization of vessel allocation plans and flexible and agile cargo collection activities, operating efficiency improved and we secured transportation volume mostly unchanged year on year, leading to higher profit than a year earlier.

**<Terminal and Logistics>**

Container volumes in the terminal business and air and marine cargo movements in the logistics business remained at high levels from the start of the fiscal year, resulting in an increase in profit year on year.

**<Ferries and Coastal RoRo Ships>**

The number of passengers increased year on year, reflecting the capturing of demand during long holidays. The cargo transportation business also remained on the recovery path, and although some services had to be cancelled due to COVID-19 infections among the crew, the ferries and coastal RoRo ships business overall achieved improvement in profit year on year.

**(D) Real Property Business**

The real property business secured stable profit, despite a year-on-year drop in profits associated with the reconstruction of some buildings held by DAIBIRU CORPORATION, the core company in the Group's real property business.

**(E) Associated Businesses**

The cruise ship business achieved improved profitability year on year due to an increase in operations. The tugboat business posted a year-on-year increase in profit due to a rise in the number of vessels requiring tugboat services entering/leaving port, though the situation varies depending on each company and port under this business segment.

**(F) Others**

Other businesses, which are mainly cost centers, include ship operations, ship management, ship chartering and financing. Ordinary profit in this segment decreased year on year.

**(2) Outlook for FY2022**

(For consolidated full fiscal year 2022)

(¥ Billion)

	Previous outlook (As of announcement of Q1 financial results)	Current outlook (As of announcement of Q2 financial results)	Comparison / Variance
Revenue	1,470.0	1,600.0	130.0 / 8.8%
Operating profit	70.0	86.0	16.0 / 22.9%
Ordinary profit	710.0	800.0	90.0 / 12.7%
Profit attributable to owners of parent	700.0	790.0	90.0 / 12.9%

Exchange rate	¥125.00/US\$	¥135.00/US\$	¥10.00/US\$
Bunker price *1	US\$560/MT	US\$420/MT	US\$(140)/MT
Compliant fuel price *2	US\$940/MT	US\$710/MT	US\$(230)/MT
	(Assumptions for the 2nd half)	(Assumptions for the 2nd half)	

\*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 firm due to solid shipments of iron ore from Australia and Brazil. However, with supply becoming less tight as COVID-19 quarantine restrictions around the world are relaxed or removed and vessel capacity utilization improves, the kind of high charter rates seen last fiscal year are unlikely. On the Panamax bulker market, some degree of growth in coal and grain shipments towards the end of the year is expected to bolster charter rates; however, the impact of the emerging global slowdown on shipments, especially decreased demand for shipments bound for China, still gives cause for concern and rates are likely to be weaker. On the other hand, it is also conceivable that, depending on the content of the Chinese Government's stimulus package, charters rates for both Capesize and Panamax bulkers could be better than anticipated. Under such conditions, it is difficult to forecast market trend but since we have been working to reduce our market exposure for some time, we anticipate improvement in profit year on year.

**(B) Energy Business**

On the very large crude oil carrier (VLCC), although there are negative factors such as the OPEC+ oil output cuts for October and the slump in oil demand caused by fears of a global recession, we expect the market to remain strong due to the arrival of the winter demand season, the release of more oil from the U.S. reserve, and more oil product exports from China. Similarly, on the product tanker market, the global slowdown could potentially lead to a decrease in shipments; however, with the increase in tonnage miles due to alternative procurement of oil products from Russia, the Chinese government increasing oil product export quotas for state-owned oil companies, and demand for diesel also expected to grow due to rising gas prices in Europe and the U.S., charter rates are expected to remain firm.

The offshore business is expected to continue generating stable profit, with the delivery of another newly built FPSO vessel expected during FY2022.

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 as a result of the expiry of an existing long-term contract. We expect the FSRU business to report a higher profit as a result of the acquisition of a short-term additional contract for an existing vessel and its entry into operation.

**(C) Product Transport Business**

In the containerships business, shipments are expected to remain in a downward trend in the second half, under the impact of the economic instability caused by rising inflation. Whilst freight rates are also likely to continue falling as supply becomes less tight with the easing of port congestion, on a full-year basis we expect profit to be mostly unchanged year on year.

In the car carrier business, as economic activity returns to normal, the transportation volume of completed cars is also expected to remain firm. We will continue flexible initiatives in line with cargo movements while monitoring the impact of global inflation and other factors on sales of completed cars.

In the terminal and logistics business, from mid-August, supply has not been as tight as during the supply chain disruptions and profit is expected to fall mainly due to decreased container volumes.

In the business of ferries and coastal RoRo ships, Japan's first LNG-fueled ferry Sunflower Kurenai will enter service on the Osaka-Beppu route in next January, capturing travel demand, and we plan to increase revenue in the logistic business by improving truck loading capacity. Overall, passenger and freight transportation demand are expected to remain on a recovery path and the ferries and coastal RoRo ships business is expected to return to profitability.

**(D) Real Property Business**

The real property business is expected to report a decline in rental income as a result of the reconstruction of a building owned but will continue to post solid profits due mainly to the rising occupancy rates of overseas properties.

**(E) Associated Businesses**

The cruise ship business anticipates a recovery in demand as the restrictions on activity to prevent the spread of COVID-19 are lifted, and profit and loss is expected to improve.

**5. Financial Position**

Total assets as of September 30, 2022 increased by ¥ 901.7 billion compared to the balance as of the end of the previous fiscal year, to ¥ 3,588.4 billion. This was primarily due to the increase in investment securities.

Total liabilities as of September 30, 2022 increased by ¥ 357.0 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,708.8 billion. This was primarily due to the increase in short-term bank loans.

Total net assets as of September 30, 2022 increased by ¥ 544.6 billion compared to the balance as of the end of the previous fiscal year, to ¥ 1,879.5 billion. This was primarily due to the increase in retained earnings.

As a result, shareholders' equity ratio increased by 4.4% compared to the ratio as of the end of the previous fiscal year, to 51.8%.

## 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, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	99,878	106,043
Trade receivables	109,891	151,196
Contract assets	15,601	8,587
Marketable securities	1,000	500
Inventories	46,085	58,844
Deferred and prepaid expenses	21,545	29,252
Other current assets	58,748	96,238
Allowance for doubtful accounts	(1,298)	(1,496)
Total current assets	351,452	449,165
Fixed assets		
Tangible fixed assets		
Vessels	632,105	664,711
Buildings and structures	127,954	126,997
Equipment and others	25,290	27,539
Furniture and fixtures	5,529	5,761
Land	254,594	254,481
Construction in progress	59,988	124,661
Other tangible fixed assets	5,688	8,205
Total tangible fixed assets	1,111,152	1,212,358
Intangible fixed assets	36,624	35,930
Investments and other assets		
Investment securities	978,848	1,542,309
Long-term loans receivable	110,104	130,250
Long-term prepaid expenses	8,562	9,189
Net defined benefit assets	18,957	19,006
Deferred tax assets	1,217	1,334
Other investments and other assets	93,343	216,400
Allowance for doubtful accounts	(23,562)	(27,505)
Total investments and other assets	1,187,472	1,890,986
Total fixed assets	2,335,249	3,139,275
<b>Total assets</b>	<b>2,686,701</b>	<b>3,588,441</b>

(¥Million)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Trade payables	96,034	123,563
Short-term bonds	23,700	25,000
Short-term bank loans	192,170	380,418
Commercial papers	8,000	71,500
Accrued income taxes	8,624	12,928
Advances received	2,188	2,484
Contract liabilities	23,125	27,248
Provision for bonuses	9,433	8,791
Other current liabilities	50,726	78,858
Total current liabilities	414,002	730,793
Fixed liabilities		
Bonds	189,500	174,500
Long-term bank loans	575,101	541,041
Lease liabilities	10,803	11,164
Deferred tax liabilities	74,516	80,072
Net defined benefit liabilities	9,355	9,543
Provision for directors' and corporate auditors' retirement benefits	1,485	978
Provision for periodic drydocking	15,836	18,072
Other fixed liabilities	61,233	142,714
Total fixed liabilities	937,832	978,088
Total liabilities	1,351,835	1,708,882
Net assets		
Owners' equity		
Common stock	65,400	65,589
Capital surplus	23,090	—
Retained earnings	1,091,250	1,485,436
Treasury stock	(2,267)	(1,565)
Total owners' equity	1,177,474	1,549,461
Accumulated other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	34,010	26,109
Unrealized gains on hedging derivatives, net of tax	27,161	77,860
Foreign currency translation adjustments	29,232	199,625
Remeasurements of defined benefit plans, net of tax	6,691	6,182
Total accumulated other comprehensive income	97,095	309,777
Share option	781	701
Non-controlling interests	59,514	19,618
Total net assets	1,334,866	1,879,559
Total liabilities and net assets	2,686,701	3,588,441

**(2) Consolidated Statements of Income**

(¥Million)

	FY2021 (Apr. 1, 2021 - Sep. 30, 2021)	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)
Shipping and other revenues	597,087	821,337
Shipping and other expenses	532,668	698,645
Gross operating income	64,418	122,691
Selling, general and administrative expenses	44,025	66,604
Operating profit	20,392	56,087
Non-operating income		
Interest income	3,223	5,811
Dividend income	4,208	4,269
Equity in earnings of affiliated companies	243,638	519,166
Foreign exchange gains	8,797	17,463
Others	874	5,379
Total non-operating income	260,742	552,089
Non-operating expenses		
Interest expenses	5,986	7,019
Others	3,305	1,362
Total non-operating expenses	9,292	8,381
Ordinary profit	271,843	599,795
Extraordinary income		
Gain on sale of fixed assets	4,067	9,566
Others	6,998	13,736
Total extraordinary income	11,065	23,303
Extraordinary losses		
Loss on sale of fixed assets	699	28
Others	2,135	2,633
Total extraordinary losses	2,834	2,662
Income before income taxes and non-controlling interests	280,073	620,436
Income taxes	1,998	16,790
Net income	278,075	603,645
Profit attributable to non-controlling interests	3,227	2,122
Profit attributable to owners of parent	274,848	601,523

**(3) Consolidated Statements of Comprehensive Income**

(¥Million)

	FY2021 (Apr. 1, 2021 - Sep. 30, 2021)	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)
Net income	278,075	603,645
Other comprehensive income		
Unrealized holding gains on available-for-sale securities, net of tax	1,045	(7,869)
Unrealized gains on hedging derivatives, net of tax	2,739	23,767
Foreign currency translation adjustments	14,866	37,547
Remeasurements of defined benefit plans, net of tax	(2,216)	(509)
Share of other comprehensive income of associates accounted for using equity method	19,426	162,852
Total other comprehensive income	35,862	215,789
Comprehensive income	313,937	819,434
(Breakdown)		
Comprehensive income attributable to owners of parent	308,517	814,205
Comprehensive income attributable to non-controlling interests	5,419	5,229

**(4) Consolidated Statements of Cash flows**

(¥Million)

	FY2021 (Apr. 1, 2021 - Sep. 30, 2021)	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	280,073	620,436
Depreciation and amortization	42,796	47,715
Equity in losses (earnings) of affiliated companies	(243,638)	(519,166)
Various provisions (reversals)	(9,167)	(1,472)
Interest and dividend income	(7,432)	(10,080)
Interest expense	5,986	7,019
Loss (gain) on sale and retirement of non-current assets	(3,260)	(9,008)
Foreign exchange loss (gain), net	(8,059)	(8,225)
Decrease (Increase) in trade receivables	(11,884)	(33,449)
Decrease (Increase) in contract assets	(13,137)	7,375
Decrease (Increase) in inventories	(3,663)	(11,761)
Increase (Decrease) in trade payables	7,444	22,252
Others, net	14,661	(40,444)
<b>Sub total</b>	<b>50,719</b>	<b>71,189</b>
Interest and dividend income received	18,321	121,051
Interest expenses paid	(6,246)	(6,731)
Income taxes paid	(2,497)	(13,910)
<b>Net cash provided by (used in) operating activities</b>	<b>60,296</b>	<b>171,599</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(3,853)	(13,232)
Proceeds from sale and redemption of investment securities	7,536	16,445
Purchase of non-current assets	(36,232)	(78,487)
Proceeds from sale of non-current assets	31,444	29,711
Disbursements for long-term loans receivables	(386)	(2,286)
Collection of long-term loans receivables	510	2,890
Others, net	(2,603)	(12,081)
<b>Net cash provided by (used in) investing activities</b>	<b>(3,583)</b>	<b>(57,041)</b>

(¥Million)

	FY2021 (Apr. 1, 2021 - Sep. 30, 2021)	FY2022 (Apr. 1, 2022 - Sep. 30, 2022)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term bank loans	(10,610)	187,603
Net increase (decrease) in commercial paper	25,000	63,500
Proceeds from long-term bank loans	41,927	35,567
Repayments of long-term bank loans	(54,204)	(115,067)
Proceeds from issuance of bonds	50,000	—
Redemption of bonds	(17,800)	(13,700)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(166,094)
Cash dividends paid by the company	(16,094)	(107,947)
Cash dividends paid to non-controlling interests	(742)	(2,327)
Others, net	(200)	(579)
Net cash provided by (used in) financing activities	17,273	(119,046)
Effect of foreign exchange rate changes on cash and cash equivalents	2,484	10,641
Net increase (decrease) in cash and cash equivalents	76,470	6,153
Cash and cash equivalents at beginning of year	83,436	97,135
Cash and cash equivalents at end of quarter	159,907	103,288

**[NOTE]****(Notes in the Event of Significant Changes in Shareholders' Capital)**

Since the balance of capital surplus turned negative at the end of the second Quarter of the fiscal year due to additional purchase of the shares of consolidated subsidiaries, capital surplus was reduced to nil whereby the negative balance was deducted from retained earnings in accordance with "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013.).

**(Changes in Accounting Standards)**

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has adopted "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021.) from the beginning of the first Quarter of the fiscal year ending March 31, 2023, and in accordance with the transitional treatment prescribed in Paragraph 27-2 of "Implementation Guidance on Accounting Standard for Fair Value Measurement", the new accounting policy prescribed by "Implementation Guidance on Accounting Standard for Fair Value Measurement" will be adopted prospectively. There is no impact on the quarterly consolidated financial statements.

(Adoption of ASC 842, Lease Accounting)

Some of consolidated foreign subsidiaries of the Company adopting Generally Accepted Accounting Principles in the U.S. have adopted ASC 842, Lease Accounting, effective from the beginning of the first Quarter of the fiscal year ending March 31, 2023. In accordance with the adoption of the standard, the Company decided to record leasing transactions of the lessee of the subsidiaries, for all leases in principle, in assets and liabilities on the quarterly Balance Sheet. In the adoption of the standard, the subsidiaries have adopted a method that recognizes the cumulative effect on the date of initial application, which is permitted as a transitional treatment.

As a result, "Other investments and other assets" in investments and other assets increased by ¥ 82,761 million, "Other current liabilities" in current liabilities increased by ¥ 6,987 million, and "Other fixed liabilities" in fixed liabilities increased by ¥ 75,774 million at the beginning of the fiscal year. There is no impact on the quarterly consolidated statements of income in the second Quarter of the fiscal year ending March 31, 2023.

(Changes in Method of Evaluating Inventories)

The MOL Group has mainly adopted the cost method based on the moving average method for evaluating raw materials and supplies included in inventories. However, the Company and some of its consolidated subsidiaries changed to the cost method based on first-in first-out method effective from the first Quarter of the fiscal year ending March 31, 2023.

This change in the evaluation method resulted from our judgment that by taking the opportunity to change the core system, the Company can more appropriately evaluate inventories and calculate periodic profit or loss with inventory valuation by using the first-in first-out method.

However, because it is impossible in practice to calculate inventories by the first-in first-out method due to the difference in the recording method of inventory recipient and payment data for past fiscal years from the new core system and difficult to calculate the cumulative effect in case it is adopted retrospectively, the Company has adopted the cost method based on the first-in first-out method effective from the beginning of the fiscal year to the future, recognizing book value at the end of the previous consolidated fiscal year as the beginning balance of the first Quarter of the fiscal year.

As a result, inventories for the second Quarter of the fiscal year decreased by ¥ 1,387 million, and shipping and other expenses for the second Quarter of the fiscal year increased by the same amount. Consequently, operating profit, ordinary profit, and income before income taxes and non-controlling interests for the second Quarter of the fiscal year each decreased by the same amount. In the consolidated statements of cash flows for the second Quarter of the fiscal year, income before income taxes and non-controlling interests decreased by ¥ 1,387 million and decrease (increase) in inventories increased ¥ 1,387 million.

**(5) Segment Information**

Business segment information:

(¥Million)

Q2/ FY2021 (Apr. 1 - Sep. 30, 2021)	Reportable Segment							Others *1	Total	Adjust- ment *2	Consoli- dated *4
	Dry Bulk Business	Energy Business	Product Transport Business		Real Property Business	Associated Businesses	Sub Total				
			Container ships	Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo ships							
Revenues											
1.Revenues from external customers	168,707	142,620	28,825	209,431	19,385	20,736	589,708	7,379	597,087	—	597,087
2.Inter-segment revenues	117	4,268	142	1,890	1,581	10,950	18,951	4,302	23,253	(23,253)	—
Total Revenues	168,825	146,888	28,968	211,322	20,967	31,686	608,659	11,681	620,340	(23,253)	597,087
Segment profit (loss)	14,329	10,904	233,538	7,783	6,014	(1,646)	270,923	1,875	272,799	(956)	271,843

(¥Million)

Q2/ FY2022 (Apr. 1 - Sep. 30, 2022)	Reportable Segment							Others *1	Total	Adjust- ment *3	Consoli- dated *4
	Dry Bulk Business	Energy Business	Product Transport Business		Real Property Business	Associated Businesses	Sub Total				
			Container ships	Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo ships							
Revenues											
1.Revenues from external customers	235,559	189,109	26,559	313,641	19,755	28,199	812,825	8,511	821,337	—	821,337
2.Inter-segment revenues	99	6,996	135	1,808	1,487	11,698	22,224	7,090	29,315	(29,315)	—
Total Revenues	235,658	196,105	26,694	315,450	21,242	39,898	835,049	15,602	850,652	(29,315)	821,337
Segment profit (loss)	34,552	22,156	494,768	43,026	4,775	(217)	599,062	150	599,213	582	599,795

\* 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 ¥ -956 million include the following:  
¥ -3,992 million of corporate profit which is not allocated to segments, ¥ 2,825 million of adjustment for management accounting and ¥ 211 million of inter-segment transaction elimination.

\* 3. 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.

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

\* 5. Notes to changes in reportable segments etc:

(i) "Terminal and Logistics Business," which was conventionally presented in "Containerships Business," has been included in the conventional "Car Carriers, Ferries and Coastal RoRo Ships Businesses," in order to clearly disclose the information related to "Containerships Business," which has a big impact on the MOL Group's operating results.

As a result, the name of the conventional segment "Car Carriers, Ferries and Coastal RoRo Ships Businesses," was changed to the "Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo Ships Businesses."

(ii) "Real Property Business," which was conventionally presented in "Associated Businesses," has been disclosed independently as a reportable segment, because the significance of "Real Property Business" increased as DAIBIRU CORPORATION became a wholly owned subsidiary of the Company.

(iii) The name of "Energy and Offshore Business" has been changed to "Energy Business." This change has no impact on segment information.

In addition, 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 (Changes in Method of Evaluating Inventories), the MOL Group has mainly adopted the cost method based on the moving average method for evaluating raw materials and supplies included in inventories.

However, the Company and some of its consolidated subsidiaries changed to the cost method based on the first-in first-out method effective from the first Quarter of the fiscal year ending March 31, 2023.

Since it is impossible in practice to calculate the cumulative effect in case it is adopted retrospectively, the Company has adopted the cost method based on the first-in first-out method effective from the beginning of the fiscal year to the future, recognizing book value at the end of the previous consolidated fiscal year as the beginning balance of the first Quarter of the fiscal year.

Due to the change, compared with the previous method, Segment profit (loss) for the second Quarter under review decreased ¥ 1,011 million in the Dry Bulk Business, ¥ 129 million in the Energy Business, ¥ 0 million in the Containerships Business, ¥ 243 million in the Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo Ships Businesses, and ¥ 2 million in Others. There is no impact on Segment profit (loss) in the Real Property Business and the Associated Businesses.

- \* 7. We have changed the allocation of general and administrative expenses to company-wide profit and loss to appropriately reflect expenses in each segment. This new method of allocating general and administrative expenses has been used from the first Quarter of the fiscal year ending March 31, 2023.
- In comparison with the results based on the previous method, Segment profit (loss) for the second Quarter under review decreased ¥ 1,392 million in the Dry Bulk Business, increased ¥ 73 million in the Energy Business, ¥ 1,497 million in the Containerships Business, ¥ 616 million in the Car Carriers, Terminal and Logistics, Ferries and Coastal RoRo Ships Businesses, decreased ¥ 485 million in the Real Property Business, ¥ 555 million in the Associated Businesses, and increased ¥ 16 million in Others, ¥ 230 million in Adjustment in Segment profit (loss).

**(Material Subsequent Events)**

Please refer to the timely disclosure "Notice of Change to Consolidated Subsidiary Company (Share Transfer) and Recording of Extraordinary Profit and Loss" dated October 31, 2022.

[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****<FY2022>**

	Q1	Q2	Q3	Q4
	Apr-Jun, 2022	Jul-Sep, 2022	Oct-Dec, 2022	Jan-Mar, 2023
Revenues [ ¥ Millions]	374,783	446,554		
Operating profit (loss)	23,597	32,490		
Ordinary profit (loss)	284,191	315,604		
Income (Loss) before income taxes	288,824	331,612		
Profit (Loss) attributable to owners of parent	285,779	315,744		
Net income (loss)* per share [ ¥]	791.96	874.46		
Total Assets [ ¥ Millions]	3,134,568	3,588,441		
Total Net Assets	1,465,448	1,879,559		

\*Profit (Loss) attributable to owners of parent

**<FY2021>**

	Q1	Q2	Q3	Q4
	Apr-Jun, 2021	Jul-Sep, 2021	Oct-Dec, 2021	Jan-Mar, 2022
Revenues [ ¥ Millions]	288,874	308,213	331,413	340,810
Operating profit (loss)	8,042	12,350	22,020	12,593
Ordinary profit (loss)	104,268	167,575	215,848	234,088
Income (Loss) before income taxes	106,423	173,650	219,919	233,001
Profit (Loss) attributable to owners of parent	104,147	170,701	212,339	221,632
Net income (loss)* per share [ ¥]	290.07	474.79	589.73	614.82
Total Assets [ ¥ Millions]	2,217,926	2,415,856	2,556,362	2,686,701
Total Net Assets	827,605	997,357	1,185,367	1,334,866

\*Profit (Loss) attributable to owners of parent

Note: The Company split its common stock on the basis of three (3) shares per share effective April 1, 2022. Accordingly, net income per share is calculated on the assumption that the split of shares was conducted at the beginning of the previous fiscal year ended March 31, 2022.

**2. Depreciation and Amortization**

(¥ Millions)

	Six months ended Sep.30, 2021	Six months ended Sep.30, 2022	Increase / Decrease	FY2021
Vessels	31,133	34,614	3,480	62,902
Others	11,662	13,100	1,438	23,496
<b>Total</b>	<b>42,796</b>	<b>47,715</b>	<b>4,918</b>	<b>86,399</b>

**3. Interest-bearing Debt**

(¥ Millions)

	As of Mar.31, 2022	As of Sep.30, 2022	Increase / Decrease	As of Sep.30, 2021
Bank loans	767,271	921,460	154,189	774,983
Bonds	213,200	199,500	(13,700)	213,200
Commercial paper	8,000	71,500	63,500	65,000
Others	12,226	12,644	418	20,044
<b>Total</b>	<b>1,000,697</b>	<b>1,205,104</b>	<b>204,407</b>	<b>1,073,227</b>

**4. Fleet Capacity (MOL and consolidated subsidiaries)**

(No. of ships and deadweight ton)

	Dry bulkers		Tankers		LNG carriers*1		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	44	4,780	66	8,666	22	1,440	49	875	16	1,290
Chartered	270	23,856	78	3,980	20	1,300	44	732	28	3,196
Others	-	-	1	35	-	-	-	-	-	-
<b>As of Sep.30, 2022</b>	<b>314</b>	<b>28,637</b>	<b>145</b>	<b>12,681</b>	<b>42</b>	<b>2,739</b>	<b>93</b>	<b>1,607</b>	<b>44</b>	<b>4,486</b>
As of Mar.31, 2022	319	28,800	162	13,413	29	2,106	93	1,614	47	4,698

	Ferries & Coastal RoRo ships		Passenger ships		Others*2		Total	
	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT	No. of ships	1,000MT
Owned	10	54	1	4	7	47	215	17,156
Chartered	5	31	-	-	24	74	469	33,168
Others	-	-	-	-	1	1	2	36
<b>As of Sep.30, 2022</b>	<b>15</b>	<b>85</b>	<b>1</b>	<b>4</b>	<b>32</b>	<b>121</b>	<b>686</b>	<b>50,360</b>
As of Mar.31, 2022	15	85	1	4	32	121	698	50,842

\*1 In addition to LNGC, VLEC, LNG bunkering ships, including LPG/Ammonia ships FSRU from FY2022 1st quarter, which were classified as tankers in the previous fiscal year.

\*2 Coastal ships (excluding RoRo ships) and Cable-laying Ships

**5. Exchange Rates**

	Six months ended Sep.30, 2021	Six months ended Sep.30, 2022	Change			FY2021
Average rates	¥109.41	¥130.98	¥21.57	[19.7%]	JPY Depreciated	¥111.52
Term-end rates	¥111.92	¥144.81	¥32.89	[29.4%]	JPY Depreciated	¥122.39

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, 2021	As of Jun.30, 2022	Change			As of Dec.31, 2021
Term-end rates	¥110.58	¥136.68	¥26.10	[23.6%]	JPY Depreciated	¥115.02

**6. Average Bunker Prices**

	Six months ended Sep.30, 2021	Six months ended Sep.30, 2022	Increase / Decrease
Purchase Prices	US\$514/MT	US\$859/MT	US\$345/MT

## 7. Market Information

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

Source : Clarkson Research

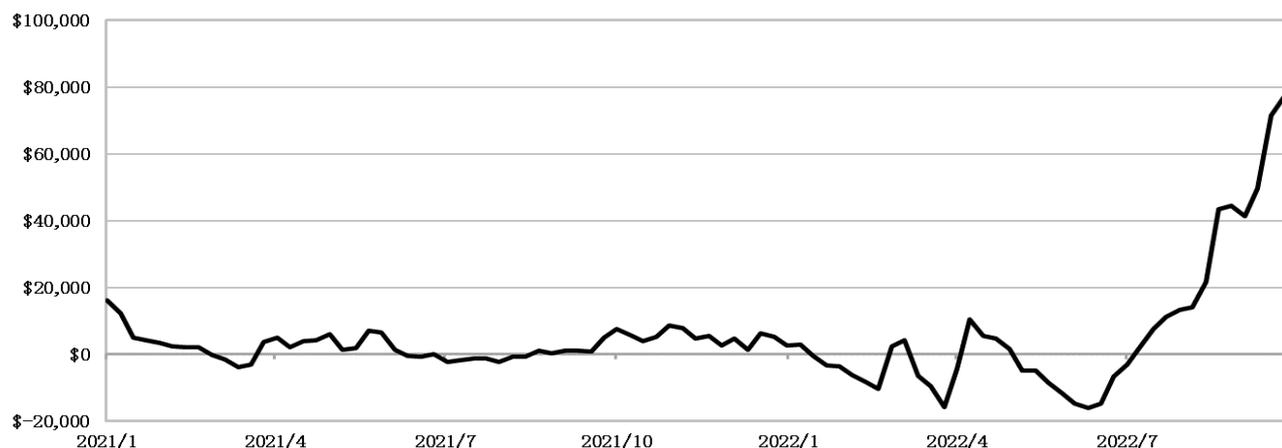


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2021	1,658	1,500	2,018	2,475	2,965	2,932	3,188	3,720	4,288	4,820	2,780	2,832	2,931
2022	1,761	1,835	2,464	2,220	2,943	2,389	2,077	1,412	1,487				2,065

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 : Clarkson Research

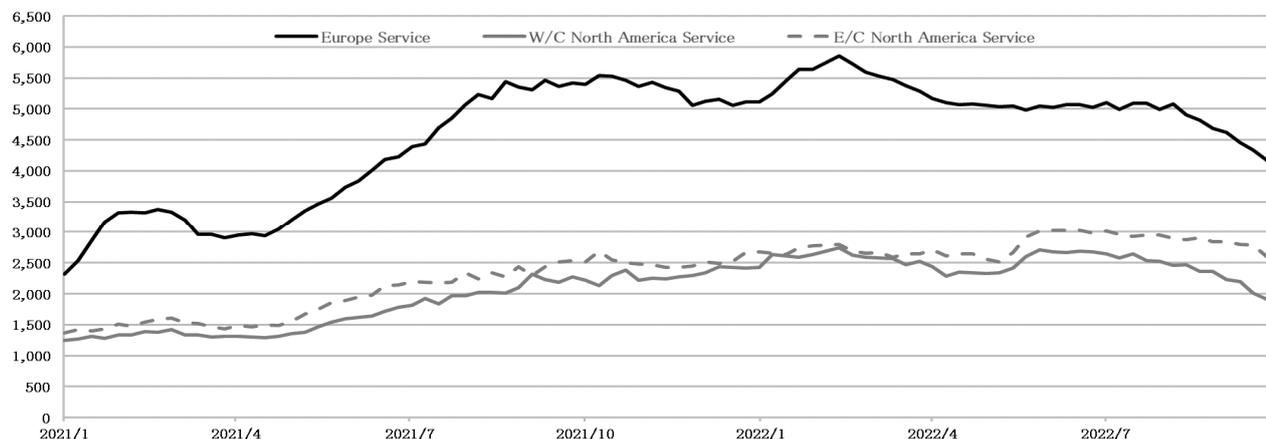


Monthly Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
2021	8,221	1,639	-1,229	4,243	4,131	92	-1,800	-26	1,952	6,201	5,259	4,024	2,726
2022	-1,128	-5,587	-6,886	3,493	-7,435	-13,042	6,196	30,887	58,844				7,260

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 : Clarkson 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.