

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

Company name: Meiji Shipping Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 9115  
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 Scheduled date of Annual General Meeting of Shareholders: June 29, 2022  
 Scheduled date of commencing dividend payments: June 30, 2022  
 Scheduled date of filing annual securities report: June 29, 2022  
 Availability of supplementary briefing material on annual financial results: No  
 Schedule of annual financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	45,815	14.1	4,401	111.4	4,346	65.7	3,277	163.0
March 31, 2021	40,153	(8.5)	2,081	(61.8)	2,623	(38.4)	1,246	(27.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥9,039 million [530.4%]

Fiscal year ended March 31, 2021: ¥1,433 million [(35.3)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2022	97.82	—	15.2	2.0	9.6
March 31, 2021	37.95	—	6.8	1.4	5.2

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2022: ¥939 million

Fiscal year ended March 31, 2021: ¥517 million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	237,569	47,382	10.1	715.44
As of March 31, 2021	205,099	38,739	9.3	569.20

(Reference) Equity: As of March 31, 2022: ¥23,972 million

As of March 31, 2021: ¥19,072 million

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2022	19,896	(31,478)	12,028	23,137
March 31, 2021	13,144	(40,569)	29,474	21,029

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	—	—	—	7.00	7.00	251	18.4	1.3
March 31, 2022	—	—	—	5.00	5.00	179	5.1	0.8
Fiscal year ending March 31, 2023 (Forecast)	—	—	—	—	—		—	

(Note) Dividend forecast for the fiscal year ending March 31, 2023 is not available at this point.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	23,800	17.1	800	(38.5)	600	(43.3)	2,400	287.1	71.62
Full year	50,600	10.4	4,400	(0.0)	3,200	(26.4)	3,500	6.8	104.45

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - March 31, 2022: 36,000,000 shares
    - March 31, 2021: 36,000,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - March 31, 2022: 2,492,283 shares
    - March 31, 2021: 2,491,635 shares
  - 3) Average number of shares during the period:
    - Fiscal Year ended March 31, 2022: 33,508,260 shares
    - Fiscal Year ended March 31, 2021: 32,847,831 shares

(Reference) Summary of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	2,434	—	484	—	1,269	—	982	—
March 31, 2021	11,093	(1.6)	381	(38.2)	1,002	17.2	687	18.5

Fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2022	27.31		—	
March 31, 2021	19.10		—	

(Note) The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the reporting period. The amounts for the fiscal year ended March 31, 2022 after the said accounting standards have been applied, and percent changes from the previous corresponding period are not presented

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	23,708	8,061	34.0	224.01
As of March 31, 2021	24,529	7,367	30.0	204.71

(Reference) Equity: As of March 31, 2022: ¥8,061 million

As of March 31, 2021: ¥7,367 million

(Note) The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the reporting period. The amounts for the fiscal year ended March 31, 2022 after the said accounting standards have been applied.

\* These consolidated financial results are outside the scope of audit by certified public accountants and audit corporations.

\* Explanation of the proper use of financial results forecast and other notes

1. The earnings forecasts and other forward-looking statements herein are based on the information available at the time of preparation of this report and certain assumptions believed to be reasonable, and the Company does not assure the achievement of any of these. Actual results may differ significantly from the forecast due to a wide range of factors. Please refer to “Future Outlook” on page 3 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecast, as well as explanatory and other notes regarding the use of financial results forecast.
2. The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the reporting period. The accounting changes in revenue from the previous fiscal year are partially different, however since the impact is immaterial, the percentage change from the previous corresponding period is presented.

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## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Fiscal Year under Review

#### <Business environment>

During the fiscal year under review, the global economy generally recovered from the decline caused by the novel coronavirus (COVID-19) crisis and recorded a growth rate of 6.1%, with variations among countries and regions.

The U.S., European, and Chinese economies followed the path of recovery with the effects of vaccination, fiscal actions, and continued monetary easing, despite downward pressure from the resurgence of COVID-19 since the summer.

The Japanese economy emerged from negative growth but grew just by 1.6%, due to sluggish consumption of services amid repeated state-of-emergency declarations, as well as the weak yen and high resource prices.

In the fiscal year under review, the foreign exchange rate began at the ¥110 level, and then remained stable until late September, but from October onward, the yen was sold against the backdrop of growing expectations for a U.S. interest rate hike. The yen went on weakening reaching the 115-yen level in November for the first time in four years, and then the 122-yen level in March 2022 as the United States ended the zero interest rate policy.

#### <International shipping business>

The large tanker market remained sluggish at a level well below the general break-even point throughout the year, as decreased cargo movements due to decreased global demand for crude oil under the COVID-19 pandemic, coupled with tonnage overcapacity resulting from stagnation of ship scrapping, exacerbated the market slump. The product tanker market also remained sluggish, as did the large tanker market, which was significantly affected by low refinery utilization rates due to a sharp decrease in demand for petroleum products such as jet fuel. Meanwhile, the LPG/LNG tanker market was generally firm throughout the period as cargo movements became brisk due to factors such as increased demand and widening regional differences in cargo prices. In March 2022, the market conditions for these tankers and LPG/LNG tanker improved rapidly, with the effect of rising crude oil prices due to Russia's invasion of Ukraine and other factors.

The bulk carrier market conditions improved significantly from the middle of 2021 due to a combination of several positive factors, such as a decline in the fleet utilization rate due to the COVID-2019 pandemic and an overall increase in dry bulk cargo movements due to recovery in global crude steel production, in addition to a medium- to long-term trend for the improvement of supply-demand balance. Meanwhile, the market conditions for large vessels worsened from the beginning of 2022 to a level well below the standard break-even point due to a decline apparently attributable to seasonal factors, but later got back on a recovery track. The small and medium-sized vessels market was apparently less influenced by market turbulence than the large vessels market under the effect of the soaring containership market, generally remaining firm after growing from the middle of 2021.

The car carrier market was expected to recover in 2021 from the slump in cargo movements due to halts to sales and production of automobiles under the COVID-19 pandemic, but problems in parts supply stemming from the shortage of semiconductors and the spread of infection in Southeast Asia induced automakers to reduce production, which somewhat dampened the trend of increase in cargo movements. However, the impact was minimal as the supply of shipping capacity had been reduced with accelerated scrapping of vessels by Japanese and European operators following the COVID-19 pandemic. The containership market remained at a high level, with the rapid recovery from the middle of 2020 still ongoing against a backdrop of port congestion and container shortages in some regions.

Furthermore, as mentioned above, the impact of Russia's invasion of Ukraine has been notable on the markets for tankers and LPG/LNG tankers and needs further monitoring.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥41,924 million (an increase of 21.5% year on year). This is mainly attributable to an increase in the operation of vessels delivered or acquired in the previous fiscal year, in addition to the new operation of one tanker, two LNG tankers, and two wood chip carriers in the fiscal year under review. Segment profit in the international shipping business amounted to ¥6,178 million (an increase of 74.5% year on year) due also to a decrease in docking expenses. In addition, as extraordinary gains, the Company recorded ¥2,616 million in gain on sales of three vessels held by the Company's consolidated subsidiaries.

#### <Hotel-related business>

For the hotel-related business, the environment remained very difficult throughout the year under the prolonged impact of the COVID-19 pandemic, as the number of domestic hotel guests once began to increase in summer, but was back on a declining path in October. As a result, net sales in the business stood at ¥3,382 million (a decrease of 34.2% year on year), and segment loss in the hotel-related business was ¥2,068 million (a loss of ¥1,753 million in the hotel-related business in the previous fiscal year). Subsidies for employment adjustment of ¥1,129 million (¥778 million in the previous fiscal year) are stated under non-operating income.

#### <Real estate leasing business>

Net sales in the real estate leasing business were ¥508 million (an increase of 0.6% year on year). Segment profit in the real estate leasing business was ¥292 million (a decrease of 0.7% year on year).

As a result, for the fiscal year under review, net sales were ¥45,815 million (an increase of 14.1% year on year), operating income was ¥4,401 million (an increase of 111.4% year on year), ordinary income, due to the posting of the subsidies for employment adjustment mentioned above and loss on valuation of derivatives of ¥479 million under non-operating expenses, was ¥4,346 million (an increase of 65.7% year on year), and profit attributable to owners of parent, with the posting of the extraordinary gains mentioned above and income taxes – deferred of ¥458 million according to change in profit before income taxes, amounted to ¥3,277 million (an increase of 163.0% year on year).

### (2) Overview of Financial Position for the Fiscal Year under Review

Assets as of the end of the fiscal year under review increased by ¥32,469 million from the end of the previous fiscal year to ¥237,569 million. This is mainly attributable to an increase in vessels due to the acquisition of used vessels and completion of new vessels.

Liabilities increased by ¥23,827 million from the end of the previous fiscal year to ¥190,186 million. This is mainly attributable to an increase in loans payable for the acquisition of vessels. Furthermore, net assets increased by ¥8,642 million from the end of the previous fiscal year to ¥47,382 million. This is mainly attributable to increases in retained earnings and non-controlling interests.

### (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents as of the end of the fiscal year under review increased by ¥2,108 million from the end of the previous fiscal year to ¥23,137 million. The conditions of each cash flow as of the end of the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities as of the end of the fiscal year under review increased by ¥6,752 million from the previous fiscal year to ¥19,896 million. This is mainly attributable to ¥7,132 million of profit before income taxes which was adjusted with ¥15,066 million of depreciation and amortization, etc.

(Cash flows from investing activities)

Net cash used in investing activities as of the end of the fiscal year under review decreased by ¥9,090 million from the previous fiscal year to ¥31,478 million. This is mainly attributable to the payment of ¥37,769 million in expenses for new shipbuilding, and proceeds from sales of property, plant and equipment of ¥6,937 million.

(Cash flows from financing activities)

Net cash provided by financing activities as of the end of the fiscal year under review decreased by ¥17,446 million from the previous fiscal year to ¥12,028 million. This is mainly attributable to proceeds from long-term loans payable of ¥38,490 million, and repayments of long-term loans payable of ¥26,412 million.

#### (4) Future Outlook

The growth rate of the global economy in 2022 is projected to be 4.4%, but in addition to the repeated appearances of new coronavirus variants, soaring food and energy prices following Russia's invasion of Ukraine and Western countries' sanctions against Russia are making the scenario of slowdown in growth a reality.

In these economic conditions, there shall be no change to the Group's management policy, and the Company will endeavor to further enhance its management foundations based on safety, security and stability.

In the international shipping business, the vessels delivered in the fiscal year under review will go into full operation, and as the five vessels scheduled for acquisition in the next fiscal year are predicted to go into operation, net sales are expected to be ¥42,600 million. In terms of expenses, the vessel costs are expected to increase with the significant increase in the number of docked vessels from the fiscal year under review. As a result, segment profit in the business is projected to be ¥4,500 million. From the next fiscal year onward, the Company will work to unerringly address changes in conditions, maintaining and enhancing its fleet, and at the same time securing a safe structure for operations. In this way the Company will strive steadily to maintain and enhance its business foundation based primarily on the medium-to long-term time charter.

In the hotel-related business, although the environment is still difficult with the impact of the COVID-19, based on the assumption that the demand will gradually recover from April onward with the lifting of priority measures to prevent the spread of COVID-19, net sales of ¥7,500 million and a loss of ¥400 million are projected in the hotel-related business segment. Given these projections, the Company will endeavor to improve profitability by continuing to use demand forecasts as a basis for proper staffing control and optimizing cost levels.

In the real estate leasing business, the Company will continue to aim to secure stable earnings in the future by maintaining and enhancing the quality of the Company's real estate properties. Net sales in the real estate leasing business are expected to be ¥500 million while segment profit in the business is anticipated to be ¥300 million.

As a result of the above, the Company expects full-year consolidated net sales of ¥50,600 million (an increase of 10.4% compared with the fiscal year under review), and consolidated operating income of ¥4,400 million (a decrease of 0.04% compared with the fiscal year under review). In addition, with gain on sale of three vessels held by consolidated subsidiaries (with a fiscal year end date of December 31) of ¥6,200 million to be recorded under extraordinary income, the Company projects final profit attributable to owners of parent of ¥3,500 million (an increase of 6.8% compared with the fiscal year under review). The Company assumes the foreign exchange rate for the next fiscal year to be at the level of ¥110 to the U.S. dollar.



## 2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group's policy is to prepare its consolidated financial statements using Japanese GAAP for the time being. With regard to application of International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes  
(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	21,117,267	23,662,305
Accounts receivable - trade	476,064	467,657
Merchandise and finished goods	23,774	22,378
Raw materials and supplies	694,109	901,699
Other	3,644,290	3,102,522
Total current assets	25,955,506	28,156,563
Non-current assets		
Property, plant and equipment		
Vessels, net	141,496,978	166,894,357
Buildings and structures, net	12,159,423	11,875,010
Land	8,672,333	8,682,793
Construction in progress	5,860,705	8,498,538
Other, net	493,880	437,785
Total property, plant and equipment	168,683,322	196,388,487
Intangible assets		
Other	71,486	107,271
Total intangible assets	71,486	107,271
Investments and other assets		
Investment securities	7,338,603	8,975,879
Long-term loans receivable	1,042,321	1,058,039
Deferred tax assets	921,103	1,169,606
Other	1,087,367	1,713,416
Total investments and other assets	10,389,395	12,916,941
Total noncurrent assets	179,144,204	209,412,700
<b>Total assets</b>	<b>205,099,710</b>	<b>237,569,264</b>

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - shipping	2,027,378	2,159,168
Current portion of bonds payable	758,000	482,000
Short-term borrowings	30,316,532	28,705,212
Lease liabilities	2,057	2,098
Accounts payable - other	851,711	539,145
Income taxes payable	338,332	714,392
Provision for bonuses	46,733	46,482
Other	4,043,514	4,845,052
Total current liabilities	38,384,260	37,493,552
Non-current liabilities		
Bonds payable	900,000	418,000
Long-term borrowings	121,313,626	144,120,567
Lease liabilities	2,807	708
Deferred tax liabilities	169,852	1,001,427
Deferred tax liabilities for land revaluation	1,043,086	1,043,086
Provisions		
Provision for retirements benefits for directors (and other officers)	216,222	205,531
Provision for special repairs	1,805,027	2,265,696
Total provisions	2,021,250	2,471,228
Retirement benefit liability	370,909	373,309
Liabilities from application of equity method	428,569	341,466
Other	1,725,349	2,923,599
Total non-current liabilities	127,975,452	152,693,394
Total liabilities	166,359,712	190,186,946
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,800,000	1,800,000
Capital surplus	525,490	525,490
Retained earnings	15,226,332	18,275,856
Treasury shares	(580,595)	(581,058)
Total shareholders' equity	16,971,228	20,020,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	441,660	410,414
Deferred gains or losses on hedges	(581,997)	38,498
Revaluation reserve for land	1,906,276	1,906,276
Foreign currency translation adjustment	335,767	1,597,202
Total accumulated other comprehensive income	2,101,706	3,952,392
Non-controlling interests	19,667,062	23,409,636
Total net assets	38,739,997	47,382,318
Total liabilities and net assets	205,099,710	237,569,264

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	40,153,086	45,815,168
Cost of sales	33,997,148	37,341,720
Gross profit	6,155,938	8,473,447
Selling, general and administrative expenses	4,074,127	4,071,676
Operating profit	2,081,810	4,401,770
Non-operating income		
Interest income	68,772	47,035
Dividend income	59,914	89,125
Foreign exchange gains	435,507	192,666
Share of profit of entities accounted for using equity method	517,241	939,256
Subsidies for employment adjustment	778,905	1,129,287
Other	794,488	394,494
Total non-operating income	2,654,831	2,791,865
Non-operating expenses		
Interest expenses	1,923,239	2,060,418
Loss on valuation of derivatives	—	479,103
Other	190,222	307,947
Total non-operating expenses	2,113,461	2,847,469
Ordinary profit	2,623,180	4,346,166
Extraordinary income		
Gain on sales of vessel	1,062,448	2,616,772
Gain on sale of investment securities	—	169,829
Gain on bargain purchase	582,552	—
Gain on forgiveness of debts	206,830	—
Total extraordinary income	1,851,832	2,786,601
Extraordinary losses		
Impairment losses	1,528,856	—
Loss on step acquisitions	455,097	—
Other	70,978	—
Total extraordinary losses	2,054,932	—
Profit before income taxes	2,420,080	7,132,768
Income taxes - current	498,919	1,002,070
Income taxes - deferred	(407,580)	458,682
Total income taxes	91,338	1,460,753
Profit	2,328,741	5,672,014
Profit attributable to non-controlling interests	1,082,164	2,394,083
Profit attributable to owners of parent	1,246,576	3,277,930

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	2,328,741	5,672,014
Other comprehensive income		
Valuation difference on available-for-sale securities	216,050	(29,090)
Deferred gains or losses on hedges	(277,564)	979,752
Foreign currency translation adjustment	(984,774)	1,896,364
Share of other comprehensive income of entities accounted for using equity method	151,457	520,428
Total other comprehensive income	(894,830)	3,367,455
Comprehensive income	1,433,910	9,039,470
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	997,831	5,128,616
Comprehensive income attributable to non-controlling interests	436,079	3,910,853

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2021

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,800,000	21,128	14,159,697	(675,520)	15,305,305
Changes during period					
Dividends of surplus			(179,941)		(179,941)
Change in scope of equity method			—		—
Profit attributable to owners of parent			1,246,576		1,246,576
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		139,530		94,935	234,465
Change in ownership interest of parent due to transactions with non-controlling interests		364,831			364,831
Net changes in items other than shareholders' equity					
Total changes during period	—	504,361	1,066,635	94,925	1,665,922
Balance at end of period	1,800,000	525,490	15,226,332	(580,595)	16,971,228

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	224,038	(613,649)	1,906,276	833,786	2,350,452	19,005,182	36,660,940
Changes during period							
Dividends of surplus							(179,941)
Change in scope of equity method							—
Profit attributable to owners of parent							1,246,576
Purchase of treasury shares							(9)
Disposal of treasury shares							234,465
Change in ownership interest of parent due to transactions with non-controlling interests							364,831
Net changes in items other than shareholders' equity	217,622	31,651	—	(498,019)	(248,745)	661,879	413,134
Total changes during period	217,622	31,651	—	(498,019)	(248,745)	661,879	2,079,056
Balance at end of period	441,660	(581,997)	1,906,276	335,767	2,101,706	19,667,062	38,739,997

For the fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,800,000	525,490	15,226,332	(580,595)	16,971,228
Changes during period					
Dividends of surplus			(251,917)		(251,917)
Change in scope of equity method			23,510		23,510
Profit attributable to owners of parent			3,277,930		3,277,930
Purchase of treasury shares				(462)	(462)
Disposal of treasury shares		—		—	—
Change in ownership interest of parent due to transactions with non-controlling interests		—			—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,049,523	(462)	3,049,060
Balance at end of period	1,800,000	525,490	18,275,856	(581,058)	20,020,289

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	441,660	(581,997)	1,906,276	335,767	2,101,706	19,667,062	38,739,997
Changes during period							
Dividends of surplus							(251,917)
Change in scope of equity method							23,510
Profit attributable to owners of parent							3,277,930
Purchase of treasury shares							(462)
Disposal of treasury shares							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes in items other than shareholders' equity	(31,245)	620,495	—	1,261,435	1,850,685	3,742,573	5,593,259
Total changes during period	(31,245)	620,495	—	1,261,435	1,850,685	3,742,573	8,642,320
Balance at end of period	410,414	38,498	1,906,276	1,597,202	3,952,392	23,409,636	47,382,318

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,420,080	7,132,768
Depreciation	12,763,733	15,066,432
Impairment loss	1,528,856	—
Gain on bargain purchase	(582,552)	—
Loss (gain) on step acquisitions	455,097	—
Loss (gain) on sales of investment securities	62,578	(169,829)
Loss (gain) on valuation of investment securities	10,800	—
Interest and dividend income	(128,687)	(136,160)
Loss (gain) on sales and retirement of property, plant and equipment	(1,058,635)	(2,596,997)
Interest expenses	1,923,239	2,060,418
Foreign exchange losses (gains)	(427,004)	(276,878)
Loss (gain) on investments in silent partnership	(101,730)	15,451
Loss (gain) on valuation of derivatives	(91,129)	479,103
Gain on forgiveness of debts	(206,830)	—
Share of loss (profit) of entities accounted for using equity method	(517,241)	(939,256)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(19,271)	(10,691)
Increase (decrease) in retirement benefit liability	18,804	2,399
Increase (decrease) in provision for special repairs	(431,546)	643,157
Increase (decrease) in advances received	(216,470)	192,135
Decrease (increase) in inventories	(27,239)	(206,194)
Decrease (increase) in consumption taxes refund receivable	(85,596)	(499)
Increase (decrease) in accounts payable - shipping	259,207	131,790
Decrease (increase) in other current assets	(88,913)	313,981
Other, net	(752,771)	370,751
Subtotal	14,706,775	22,071,881
Interest and dividend received	932,509	484,613
Interest paid	(1,973,899)	(2,059,234)
Income taxes paid	(520,761)	(600,603)
Net cash provided by (used in) operating activities	13,144,624	19,896,657
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(49,943,396)	(37,769,063)
Proceeds from sales of property, plant and equipment	6,670,299	6,937,078
Payments into time deposits	(88,100)	(525,026)
Proceeds from withdrawal of time deposits	91,724	88,100
Purchase of investment securities	(22,992)	(1,150,779)
Proceeds from sales and redemption of investment securities	112,035	666,938
Loan advances	(205)	(330,730)
Proceeds from collection of loans receivable	58,731	560,457
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	2,526,394	—
Other, net	25,820	44,092
Net cash provided by (used in) investing activities	(40,569,686)	(31,478,931)



(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	300,364	1,511,070
Proceeds from long-term borrowings	56,858,890	38,490,160
Repayments of long-term borrowings	(23,466,077)	(26,412,841)
Redemption of bonds	(948,000)	(758,000)
Dividends paid	(179,376)	(251,323)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(348,192)	—
Dividends paid to non-controlling interests	(347,508)	(395,012)
Purchase of treasury shares	(9)	(66)
Repayments of lease liabilities	(2,309,750)	(2,057)
Other, net	(85,828)	(153,534)
Net cash provided by (used in) financing activities	29,474,511	12,028,396
Effect of exchange rate change on cash and cash equivalents	(520,759)	1,661,989
Net increase (decrease) in cash and cash equivalents	1,528,690	2,108,112
Cash and cash equivalents at beginning of period	19,500,477	21,029,167
Cash and cash equivalents at end of period	21,029,167	23,137,279

## (5) Notes to the Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Changes in Accounting Policies)

#### (1) Accounting Standard for Revenue Recognition and other standards

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the reporting period. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Accordingly, the Company has changed its method of accounting regarding the point program in the hotel-related business segment. The Company previously stated the cost of redemption of points expected to be required in future as accrued expenses, but now it defers the recognition of revenue by identifying it as a performance obligation, provided that the points provide customers with significant rights.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the reporting period, with the new accounting policies applied from the beginning balance.

As a result of this change, there is no material impact on net sales and selling, general and administrative expenses, and no impact on operating income, ordinary profit, and profit before income taxes. There is no impact either on the balance of retained earnings at the beginning of the reporting year.

#### (2) Accounting Standard for Fair Value Measurement

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the reporting period, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This does not affect the consolidated financial statements.

### (Segment Information)

#### [Segment Information]

#### 1. Description of reportable segments

Reportable segments of the Company are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are regularly examined by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The reportable segments of the Company are composed of three segments, which are international shipping business, hotel-related business, and real estate leasing business, and the Group companies of the Company conduct business activities in each of these segments.

In the international shipping business, the Company operates businesses relating to shipping, centered on a vessel leasing business, in addition to ship management operations. In the hotel-related business, the Company presently holds hotels and golf courses at various locations, and offers services related to these facilities. In the real estate leasing business, the Company conducts a rental space leasing business, centered on office buildings held by the Group.

#### 2. Method of measurement for the amounts of net sales, profit (loss), assets, liabilities and other items for each reportable segment

The accounting method used for reporting business segments is generally the same as stated in “Significant Matters for Basis of Preparation of Consolidated Financial Statements.”

#### 3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

For the fiscal year ended March 31, 2021 (Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	34,506,059	5,141,387	505,639	40,153,086	—	40,153,086
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	34,506,059	5,141,387	505,639	40,153,086	—	40,153,086
Segment profit	3,540,611	(1,753,111)	294,310	2,081,810	—	2,081,810
Segment assets	178,890,629	18,741,417	7,467,663	205,099,710	—	205,099,710
Segment liabilities	148,437,582	15,735,107	2,187,022	166,359,712	—	166,359,712
Other items						
Depreciation and amortization	11,902,547	768,003	93,182	12,763,733	—	12,763,733
Increase in property, plant and equipment and intangible fixed assets	56,259,826	594,528	46,404	56,900,760	—	56,900,760

(Note) Segment profit is equivalent to operating income in the Consolidated Statements of Income.

For the fiscal year ended March 31, 2022

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	41,924,072	3,382,656	508,438	45,815,168	—	45,815,168
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	41,924,072	3,382,656	508,438	45,815,168	—	45,815,168
Segment profit (loss)	6,178,342	(2,068,729)	292,157	4,401,770	—	4,401,770
Segment assets	210,876,934	19,142,103	7,550,226	237,569,264	—	237,569,264
Segment liabilities	174,307,325	13,830,032	2,049,588	190,186,946	—	190,186,946
Other items						
Depreciation and amortization	14,239,705	730,100	96,625	15,066,432	—	15,066,432
Increase in property, plant and equipment and intangible fixed assets	37,008,204	340,967	114,548	37,463,720	—	37,463,720

(Note) Segment profit (loss) is equivalent to operating income in the Consolidated Statements of Income.

4. Differences between amounts recognized in reporting segments and the corresponding amounts reported in the consolidated financial statements, and the primary items contributing to the difference

[Information concerning impairment loss on noncurrent assets by reportable segment]

For the fiscal year ended March 31, 2021

(Thousand yen)

	Reportable segment			Corporate and elimination	Total
	International shipping business	Hotel-related business	Real estate leasing business		
Impairment loss	1,528,856	—	—	—	1,528,856

For the fiscal year ended March 31, 2022

There is no relevant information.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2021

A gain on bargain purchase was recorded in the “international shipping business” segment due to the inclusion within the scope of consolidation of TRINITY BULK, S.A., which had been an equity method affiliate, owing to the acquisition of additional stock. Furthermore, the amounts of gain on bargain purchase recorded due to this event was ¥582,552 thousand.

For the fiscal year ended March 31, 2022

There is no relevant information.

(Per Share Information)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥569.20	¥715.44
Basic earnings per share	¥37.95	¥97.82

(Notes) 1. Diluted earnings per share is not disclosed since there are no potentially dilutive shares.

2. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,246,576	3,277,930
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,246,576	3,277,930
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	32,847	33,508

3. The basis for the calculation of net assets per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Total net assets (Thousand yen)	38,739,997	47,382,318
Deductible amount from total net assets (Thousand yen)	19,667,062	23,409,636
[Non-controlling interests (Thousand yen)]	[19,667,062]	[23,409,636]
Net assets relating to common shares at end of year (Thousand yen)	19,072,935	23,972,681
Number of common shares for calculation of net assets per share at end of year (Thousand shares)	33,508	33,507

(Significant Subsequent Events)

The Company has determined that it will sell a vessel held by one of its consolidated subsidiaries (based in The Netherlands, with a fiscal year end date of December 31), following the date of that company's fiscal year end. Given this, the Company will post extraordinary income in the following consolidated fiscal year, and projects an impact of approximately ¥200 million in profit attributable to owners of parent.

The Company has determined that it will sell a vessel held by one of its consolidated subsidiaries (based in Singapore, with a fiscal year end date of December 31), following the date of that company's fiscal year end. Given this, the Company will post extraordinary income in the following consolidated fiscal year, and projects an impact of approximately ¥1,100 million in profit attributable to owners of parent.

The Company has determined that it will sell a vessel held by one of its consolidated subsidiaries (based in Panama, with a fiscal year end date of December 31), following the date of that company's fiscal year end. Given this, the Company will post extraordinary income in the following consolidated fiscal year, and projects an impact of approximately ¥900 million in profit attributable to owners of parent.