

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

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, 2023
 Scheduled date of commencing dividend payments: June 30, 2023
 Scheduled date of filing annual securities report: June 29, 2023
 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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	58,061	26.7	8,764	99.1	6,443	48.3	6,439	96.4
March 31, 2022	45,815	14.1	4,401	111.4	4,346	65.7	3,277	163.0

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥21,092 million [133.3%]

Fiscal year ended March 31, 2022: ¥9,039 million [530.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	190.17	–	21.7	2.5	15.1
March 31, 2022	97.82	–	15.2	2.0	9.6

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2023: ¥1,748 million

Fiscal year ended March 31, 2022: ¥939 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	274,947	68,433	12.9	1,038.96
As of March 31, 2022	237,569	47,382	10.1	715.44

(Reference) Equity: As of March 31, 2023: ¥35,332 million

As of March 31, 2022: ¥23,972 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	26,378	(18,415)	(5,456)	26,971
March 31, 2022	19,896	(31,478)	12,028	23,137

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, 2022	–	–	–	5.00	5.00	179	5.1	0.8
March 31, 2023	–	–	–	5.00	5.00	179	2.6	0.6
Fiscal year ending March 31, 2024 (Forecast)	–	–	–	–	–		–	

(Note) Dividend forecast for the fiscal year ending March 31, 2024 is not available at this point.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	30,000	13.9	4,000	55.3	1,500	242.7	800	(80.1)	23.52
Full year	60,000	3.3	7,500	(14.4)	3,200	(50.3)	2,100	(67.4)	61.75

* Notes:

(1) Changes in significant subsidiaries during the period under review: Yes

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Excluded: 1 company (PRIMATE SHIPPING S.A.)

ESTEEM MARITIME S.A. merged two companies by an absorption-type merger including PRIMATE SHIPPING S.A. effective January 1, 2022. Accordingly, PRIMATE SHIPPING S.A. has been excluded from the scope of consolidation since the first quarter of the fiscal year under review.

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

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, 2023: 36,000,000 shares

March 31, 2022: 36,000,000 shares

2) Total number of treasury shares at the end of the period:

March 31, 2023: 1,992,307 shares

March 31, 2022: 2,492,283 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2023: 33,860,368 shares

Fiscal Year ended March 31, 2022: 33,508,260 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	2,798	14.9	737	52.2	1,571	23.8	1,092	11.2
March 31, 2022	2,434	—	484	—	1,269	—	982	—

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2023	30.36		—	
March 31, 2022	27.31		—	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	24,903	9,151	36.7	254.28
As of March 31, 2022	23,708	8,061	34.0	224.01

(Reference) Equity: As of March 31, 2023: ¥9,151 million

As of March 31, 2022: ¥8,061 million

* 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

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 4 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.

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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 followed a recover path from the coronavirus (COVID-19) crisis, however, inflation, monetary tightening and Russia's invasion of Ukraine weighed on the economy, resulting in a global growth rate of 3.4%.

The U.S and European economies staged a modest recovery amid expectations that inflation will peak out after monetary tightening. The Chinese economy was stagnant in the second half of 2022 due to multiple major outbreaks of the COVID-19 and a shrink in real estate investment.

The Japanese economy grew at a rate of 1.1%, partly due to shift to living with COVID-19 toward the end of the year, although the recovery in consumer spending was delayed because of semi-emergency COVID-19 measures applied to prevent the spread of the Omicron strain along with soaring prices caused by the sanctions against Russia.

In the fiscal year under review, the foreign exchange rate began at the ¥122 level amid the ending of the zero-interest rate policy, subsequent and rapid acceleration of inflation and corresponding substantial rate hikes in the United States. In Japan, on the other hand, the interest rate gap between our country and the United States widened under our continuous monetary-easing policy, which made the yen hit the ¥151 level in October. From November onward, the dollar's appreciation against yen slowed thanks to the scaling back of the U.S. interest rate hikes, leading the yen to hover at the ¥132 level at the end of December and ¥133 level at the end of March.

<International shipping business>

The large tanker chartering market remained generally firm from July onward. While the impact of the decreased cargo movements due to easing of global crude oil supply and demand owing to the COVID-19 pandemic continued from the previous year, the increase in shipping demand due to changes in trade patterns brought by the situation in Ukraine significantly exceeded the negative factors of the pandemic. In the product tanker chartering market, there were concerns that the COVID-19 pandemic crisis would slow down cargo movements in the early part of 2022 due to sluggish shipments of jet fuel and other petroleum products. However, the growth in ton-miles due to alternative procurement of petroleum products from Russia offset these concerns, keeping the market relatively steady throughout the year. Besides, the LPG/LNG chartering market remained generally strong throughout the fiscal year, with cargo movements augmenting amid its increasing demand along with the widening regional differences in cargo prices stemmed from Ukrainian situation. The demand for LNG carriers, in particular, stayed at a historically high level under the influence of the Russian invasion of Ukraine, with a rapid demand increase for vessel capacity in Europe.

The bulker chartering market, in contrast to the charter tanker market, kept declining until March, especially for large vessels, mainly due to weak demand for raw materials due to the slowdown in the Chinese economy since mid of 2022, but finally and temporarily showed signs of bottoming out in March. The small and medium-sized vessels market remained generally sluggish throughout the year, although the decline in the market was moderate compared to that of large vessels.

The car carrier chartering market remained historically high. This is due to growth in automobile production and cargo movement since the second half of 2021 under post-pandemic recovery, and the market conditions that obviously reflected the slashed shipping capacity among Japanese and European operators, in particular, that promoted vessel scrapping when cargo movement declined in 2020.

The containership chartering market peaked in early 2022 due to an increase in demand for shipping capacity in the wake of port congestion and container shortages in some areas caused by the COVID-19 pandemic since mid-2020. The market then plummeted as the situation calmed, it returned to pre-pandemic levels and remained flat from November onward.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥51,007 million (an increase of 21.7% 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 two tankers and three bulk carriers in the fiscal year under review coupled with the effect of weak yen. Segment profit in the international shipping business amounted to ¥8,868 million (an increase of 43.5% year on year). In addition, as extraordinary income, the Company recorded ¥7,466 million in gain on sales of three vessels held by the Company's consolidated subsidiaries.

<Hotel-related business>

For the hotel-related business, despite the impact of the spread of the COVID-19 pandemic, demand rebounded since October on account of the easing in immigration restrictions and the expansion of the national travel subsidy program. As a result, net sales in the business stood at ¥6,522 million (an increase of 92.8% year on year), and segment loss in the hotel-related business was ¥400 million (a loss of ¥2,068 million in the business in the previous fiscal year). Subsidies for employment adjustment of ¥356 million (¥1,129 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 ¥531 million (an increase of 4.6% year on year). Segment profit in the business was ¥296 million (an increase of 1.3% year on year).

As a result, for the fiscal year under review, net sales were ¥58,061 million (an increase of 26.7% year on year) and operating profit was ¥8,764 million (an increase of 99.1% year on year). Although ¥1,748 million of share of profit of entities accounted for using equity method is recorded in non-operating income, which was outweighed by ¥2,843 million of interest expenses and ¥1,782 of foreign exchange losses, ordinary profit was ¥6,443 million (an increase of 48.3% year on year). Profit attributable to owners of parent, with the gain on sales of vessel mentioned above and income taxes – deferred of ¥1,176 million according to a change in profit before income taxes, amounted to ¥6,439 million (an increase of 96.4% 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 ¥37,377 million from the end of the previous fiscal year to ¥274,947 million. This is mainly attributable to an increase in cash and deposits, the effect of foreign currency translation of our overseas subsidiaries, and an increase in the number of vessels resulting from new shipbuilding.

Liabilities increased by ¥16,326 million from the end of the previous fiscal year to ¥206,513 million. This is mainly attributable to an increase in borrowings for the acquisition of vessels and the effect of foreign currency translation of our overseas subsidiaries. Furthermore, net assets increased by ¥21,051 million from the end of the previous fiscal year to ¥68,433 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 ¥3,833 million from the end of the previous fiscal year to ¥26,971 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 ¥6,481 million from the previous fiscal year to ¥26,378 million. This is mainly attributable to ¥13,879 million of profit before income taxes and ¥16,631 million of depreciation and amortization.

(Cash flows from investing activities)

Net cash used in investing activities as of the end of the fiscal year under review decreased by ¥13,063 million from the previous fiscal year to ¥18,415 million. This is mainly attributable to purchase of property, plant and equipment of ¥28,393 million including the costs for new shipbuilding and proceeds from sales of property, plant and equipment of ¥11,213 million.

(Cash flows from financing activities)

Net cash used in financing activities as of the end of the fiscal year under review was ¥5,456 million, compared to ¥12,028 million provided as of the end of the previous fiscal year. This is mainly attributable to proceeds from long-term borrowings of ¥20,022 million, and repayments of long-term borrowings of ¥25,681 million.

(4) Future Outlook

The growth rate of the global economy in 2023 is projected to be 2.8% with constantly elevated inflation despite its moderate growth, persisting geopolitical tensions brought by Russia's invasion of Ukraine, and recent concerns over the financial sector turmoil originated by the collapse in some U.S. regional banks.

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, although the vessels delivered in the fiscal year under review will go into full operation, and the two vessels scheduled for acquisition in the next fiscal year are predicted to go into operation, net sales are expected to be ¥50,600 million (a decrease of 0.8% year on year) under our scenario of yen appreciation. In terms of expenses, vessel costs such as crew expenses and others are expected to rise, thereby segment profit in the business is projected to be ¥7,000 million (a decrease of 21.1% year on year). 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, with domestic guests representing post-pandemic recovery and overseas guests, likewise, expected to return gradually, net sales of ¥8,900 million (an increase of 36.4% year on year) and a profit of ¥200 million (a loss of ¥400 million in the fiscal year under review) are projected in the segment. Meanwhile, under the undeniable labor shortage happening in the industry, the Company will endeavor to improve profitability by constantly reinforcing recruitment and taking various measures to retain employees.

In the real estate leasing business, net sales are expected to be ¥500 million (a decrease of 6.0% year on year) while segment profit in the business is anticipated to be ¥300 million (an increase of 1.3% year on year). 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.

As a result of the above, the Company expects full-year consolidated net sales of ¥60,000 million (an increase

of 3.3% compared with the fiscal year under review), and consolidated operating profit of ¥7,500 million (a decrease of 14.4% compared with the fiscal year under review). Ordinary profit is expected to be ¥3,200 million yen (a decrease of 50.3% compared with the fiscal year under review) on the assumption of a decrease in share of profit of entities accounted for using equity method due to a decline in earnings from dollar-denominated subsidiaries resulting from the aforementioned increases in vessel costs and other factors in the non-operating profit (loss). In addition to the sale of the vessel described in the Significant Subsequent Events section, the Company anticipates the sale of another vessel and expects to record a combined gain of ¥3,400 million yen in extraordinary income. Accordingly, final profit attributable to owners of parent is expected to be ¥2,100 million yen (a decrease of 67.4% 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 ¥125 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	23,662,305	27,572,231
Accounts receivable - trade	467,657	706,560
Merchandise and finished goods	22,378	23,341
Raw materials and supplies	901,699	1,135,464
Other	3,102,522	4,624,826
Total current assets	28,156,563	34,062,424
Non-current assets		
Property, plant and equipment		
Vessels, net	166,894,357	183,586,204
Buildings and structures, net	11,875,010	11,625,588
Land	8,682,793	9,679,620
Construction in progress	8,498,538	14,526,040
Other, net	437,785	350,916
Total property, plant and equipment	196,388,487	219,768,369
Intangible assets		
Other	107,271	84,034
Total intangible assets	107,271	84,034
Investments and other assets		
Investment securities	8,975,879	11,472,623
Long-term loans receivable	1,058,039	1,290,401
Deferred tax assets	1,169,606	991,685
Other	1,713,416	7,277,558
Total investments and other assets	12,916,941	21,032,268
Total non-current assets	209,412,700	240,884,672
Total assets	237,569,264	274,947,097

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - shipping	2,159,168	2,708,906
Current portion of bonds payable	482,000	240,000
Short-term borrowings	28,705,212	34,762,821
Lease liabilities	2,098	–
Accounts payable - other	539,145	841,010
Income taxes payable	714,392	395,354
Provision for bonuses	46,482	67,566
Other	4,845,052	8,713,877
Total current liabilities	37,493,552	47,729,536
Non-current liabilities		
Bonds payable	418,000	178,000
Long-term borrowings	144,120,567	146,006,946
Lease liabilities	708	–
Deferred tax liabilities	1,001,427	2,950,131
Deferred tax liabilities for land revaluation	1,043,086	1,083,122
Provisions		
Provision for retirement benefits for directors (and other officers)	205,531	205,531
Provision for special repairs	2,265,696	2,835,203
Total provisions	2,471,228	3,040,735
Retirement benefit liability	373,309	367,392
Liabilities from application of equity method	341,466	207,870
Other	2,923,599	4,949,570
Total non-current liabilities	152,693,394	158,783,768
Total liabilities	190,186,946	206,513,305
Net assets		
Shareholders' equity		
Share capital	1,800,000	1,800,000
Capital surplus	525,490	733,608
Retained earnings	18,275,856	24,472,827
Treasury shares	(581,058)	(420,655)
Total shareholders' equity	20,020,289	26,585,779
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	410,414	656,702
Deferred gains or losses on hedges	38,498	2,598,797
Revaluation reserve for land	1,906,276	1,891,582
Foreign currency translation adjustment	1,597,202	3,599,761
Total accumulated other comprehensive income	3,952,392	8,746,844
Non-controlling interests	23,409,636	33,101,168
Total net assets	47,382,318	68,433,792
Total liabilities and net assets	237,569,264	274,947,097

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

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	45,815,168	58,061,579
Cost of sales	37,341,720	44,899,639
Gross profit	8,473,447	13,161,939
Selling, general and administrative expenses	4,071,676	4,397,148
Operating profit	4,401,770	8,764,791
Non-operating income		
Interest income	47,035	236,674
Dividend income	89,125	112,055
Foreign exchange gains	192,666	–
Share of profit of entities accounted for using equity method	939,256	1,748,876
Subsidies for employment adjustment	1,129,287	356,361
Other	394,494	606,300
Total non-operating income	2,791,865	3,060,269
Non-operating expenses		
Interest expenses	2,060,418	2,843,434
Foreign exchange losses	–	1,782,781
Loss on valuation of derivatives	479,103	541,606
Other	307,947	213,633
Total non-operating expenses	2,847,469	5,381,455
Ordinary profit	4,346,166	6,443,604
Extraordinary income		
Gain on sales of vessel	2,616,772	7,466,533
Gain on sale of investment securities	169,829	–
Total extraordinary income	2,786,601	7,466,533
Extraordinary losses		
Loss on retirement of property, plant and equipment	–	30,853
Total extraordinary losses	–	30,853
Profit before income taxes	7,132,768	13,879,285
Income taxes - current	1,002,070	815,398
Income taxes - deferred	458,682	1,176,944
Total income taxes	1,460,753	1,992,342
Profit	5,672,014	11,886,942
Profit attributable to non-controlling interests	2,394,083	5,447,571
Profit attributable to owners of parent	3,277,930	6,439,371

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	5,672,014	11,886,942
Other comprehensive income		
Valuation difference on available-for-sale securities	(29,090)	247,041
Deferred gains or losses on hedges	979,752	5,090,948
Revaluation reserve for land	—	(40,036)
Foreign currency translation adjustment	1,896,364	3,105,828
Share of other comprehensive income of entities accounted for using equity method	520,428	801,802
Total other comprehensive income	3,367,455	9,205,584
Comprehensive income	9,039,470	21,092,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,128,616	11,233,823
Comprehensive income attributable to non-controlling interests	3,910,853	9,858,703

(3) Consolidated Statements of Changes in Net Assets
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)
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)
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

For the fiscal year ended March 31, 2023

(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	18,275,856	(581,058)	20,020,289
Changes during period					
Dividends of surplus			(179,940)		(179,940)
Decrease by corporate division			(67,406)		(67,406)
Increase by merger			1,665		1,665
Change in scope of equity method			3,280		3,280
Profit attributable to owners of parent			6,439,371		6,439,371
Purchase of treasury shares				(40)	(40)
Disposal of treasury shares		208,117		160,442	368,560
Net changes in items other than shareholders' equity					
Total changes during period	–	208,117	6,196,970	160,402	6,565,490
Balance at end of period	1,800,000	733,608	24,472,827	(420,655)	26,585,779

	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	410,414	38,498	1,906,276	1,597,202	3,952,392	23,409,636	47,382,318
Changes during period							
Dividends of surplus							(179,940)
Decrease by corporate division							(67,406)
Increase by merger							1,665
Change in scope of equity method							3,280
Profit attributable to owners of parent							6,439,371
Purchase of treasury shares							(40)
Disposal of treasury shares							368,560
Net changes in items other than shareholders' equity	246,287	2,560,298	(14,693)	2,002,558	4,794,452	9,691,531	14,485,983
Total changes during period	246,287	2,560,298	(14,693)	2,002,558	4,794,452	9,691,531	21,051,474
Balance at end of period	656,702	2,598,797	1,891,582	3,599,761	8,746,844	33,101,168	68,433,792

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,132,768	13,879,285
Depreciation	15,066,432	16,631,189
Loss (gain) on sales of investment securities	(169,829)	–
Interest and dividend income	(136,160)	(348,730)
Loss (gain) on sales and retirement of property, plant and equipment	(2,596,997)	(7,435,680)
Interest expenses	2,060,418	2,843,434
Foreign exchange losses (gains)	(276,878)	1,845,540
Loss (gain) on investments in silent partnership	15,451	(95,082)
Loss (gain) on valuation of derivatives	479,103	541,606
Share of loss (profit) of entities accounted for using equity method	(939,256)	(1,748,876)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(10,691)	–
Increase (decrease) in retirement benefit liability	2,399	(5,916)
Increase (decrease) in provision for special repairs	643,157	569,506
Increase (decrease) in advances received	192,135	843,060
Decrease (increase) in inventories	(206,194)	(234,727)
Decrease (increase) in consumption taxes refund receivable	(499)	190,634
Increase (decrease) in accounts payable - shipping	131,790	549,738
Decrease (increase) in other current assets	313,981	(1,881,196)
Other, net	370,751	2,112,858
Subtotal	22,071,881	28,256,643
Interest and dividend received	484,613	1,957,507
Interest paid	(2,059,234)	(2,689,833)
Income taxes paid	(600,603)	(1,146,110)
Net cash provided by (used in) operating activities	19,896,657	26,378,206
Cash flows from investing activities		
Purchase of property, plant and equipment	(37,769,063)	(28,393,258)
Proceeds from sales of property, plant and equipment	6,937,078	11,213,643
Payments into time deposits	(525,026)	(601,046)
Proceeds from withdrawal of time deposits	88,100	525,026
Purchase of investment securities	(1,150,779)	(1,449,294)
Proceeds from sales and redemption of investment securities	666,938	385,258
Loan advances	(330,730)	(672,023)
Proceeds from collection of loans receivable	560,457	701,701
Other, net	44,092	(125,312)
Net cash provided by (used in) investing activities	(31,478,931)	(18,415,305)

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,511,070	1,365,360
Proceeds from long-term borrowings	38,490,160	20,022,263
Repayments of long-term borrowings	(26,412,841)	(25,681,295)
Redemption of bonds	(758,000)	(482,000)
Dividends paid	(251,323)	(179,745)
Dividends paid to non-controlling interests	(395,012)	(173,080)
Purchase of treasury shares	(66)	(40)
Repayments of lease liabilities	(2,057)	(2,807)
Other, net	(153,534)	(324,705)
Net cash provided by (used in) financing activities	12,028,396	(5,456,050)
Effect of exchange rate change on cash and cash equivalents	1,661,989	1,327,054
Net increase (decrease) in cash and cash equivalents	2,108,112	3,833,905
Cash and cash equivalents at beginning of period	21,029,167	23,137,279
Cash and cash equivalents at end of period	23,137,279	26,971,185

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(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 chartering 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 those employed in the preparation of the 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, 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	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 profit in the Consolidated Statements of Income.

For the fiscal year ended March 31, 2023

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	51,007,028	6,522,916	531,634	58,061,579	–	58,061,579
Inter-segment net sales or transfers	–	–	–	–	–	–
Total	51,007,028	6,522,916	531,634	58,061,579	–	58,061,579
Segment profit (loss)	8,868,740	(400,021)	296,071	8,764,791	–	8,764,791
Segment assets	247,442,420	18,320,830	9,183,846	274,947,097	–	274,947,097
Segment liabilities	191,115,894	12,604,834	2,792,576	206,513,305	–	206,513,305
Other items						
Depreciation and amortization	15,808,677	718,360	104,151	16,631,189	–	16,631,189
Increase in property, plant and equipment and intangible fixed assets	27,366,312	207,022	861,885	28,435,220	–	28,435,220

(Note) Segment profit (loss) is equivalent to operating profit 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

There is no relevant information.

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

For the fiscal year ended March 31, 2022

There is no relevant information.

For the fiscal year ended March 31, 2023

There is no relevant information.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2022

There is no relevant information.

For the fiscal year ended March 31, 2023

There is no relevant information.

(Per Share Information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥715.44	¥1,038.96
Basic earnings per share	¥97.82	¥190.17

(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, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	3,277,930	6,439,371
Amount not attributable to common shareholders (Thousand yen)	–	–
Profit attributable to owners of parent relating to common shares (Thousand yen)	3,277,930	6,439,371
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	33,508	33,860

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

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Total net assets (Thousand yen)	47,382,318	68,433,792
Deductible amount from total net assets (Thousand yen)	23,409,636	33,101,168
[Non-controlling interests (Thousand yen)]	(23,409,636)	(33,101,168)
Net assets relating to common shares at end of year (Thousand yen)	23,972,681	35,332,624
Number of common shares for calculation of net assets per share at end of year (Thousand shares)	33,507	34,007

(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 ¥500 million in profit attributable to owners of parent.