

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 15, 2024

Company name: Meiji Shipping Group Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9115
 URL: <https://www.meiji-group.com/>
 Representative: Takaya Uchida, President, CEO
 Contact: Toshiro Mizuno, Managing Director
 Phone: +81-3-3792-0811
 Scheduled date of Annual General Meeting of Shareholders: June 27, 2024
 Scheduled date of commencing dividend payments: June 28, 2024
 Scheduled date of filing annual securities report: June 27, 2024
 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, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024 | 65,018 | 12.0 | 11,398 | 30.1 | 5,836 | (9.4) | 5,189 | (19.4) |
| March 31, 2023 | 58,061 | 26.7 | 8,764 | 99.1 | 6,443 | 48.3 | 6,439 | 96.4 |

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥15,497 million [(26.5)%]

Fiscal year ended March 31, 2023: ¥21,092 million [133.3%]

| | 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, 2024 | 153.53 | – | 13.3 | 2.1 | 17.5 |
| March 31, 2023 | 190.17 | – | 21.7 | 2.5 | 15.1 |

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2024: ¥1,089 million

Fiscal year ended March 31, 2023: ¥1,748 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 276,457 | 81,413 | 15.5 | 1,266.98 |
| As of March 31, 2023 | 274,947 | 68,433 | 12.9 | 1,038.96 |

(Reference) Equity: As of March 31, 2024: ¥42,774 million

As of March 31, 2023: ¥35,332 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, 2024 | 27,946 | 8,493 | (24,603) | 37,688 |
| March 31, 2023 | 26,378 | (18,415) | (5,456) | 26,971 |

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, 2023 | – | – | – | 5.00 | 5.00 | 179 | 2.6 | 0.6 |
| March 31, 2024 | – | – | – | 5.00 | 5.00 | 179 | 3.3 | 0.4 |
| Fiscal year ending March 31, 2025 (Forecast) | – | – | – | – | – | | – | |

(Note) Dividend forecast for the fiscal year ending March 31, 2025 is not available at this point.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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 | 30,400 | (5.9) | 4,400 | (27.2) | 3,200 | 33.0 | 1,600 | (15.3) | 47.39 |
| Full year | 61,400 | (5.6) | 9,700 | (14.9) | 8,000 | 37.1 | 3,800 | (26.8) | 112.56 |

* Notes:

- (1) Changes in significant subsidiaries during the period under review: 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: 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, 2024: 36,000,000 shares
 - March 31, 2023: 36,000,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - March 31, 2024: 2,239,201 shares
 - March 31, 2023: 1,992,307 shares
 - 3) Average number of shares during the period:
 - Fiscal Year ended March 31, 2024: 33,799,592 shares
 - Fiscal Year ended March 31, 2023: 33,860,368 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024 | 2,908 | 4.0 | 735 | (0.3) | 2,481 | 57.9 | 1,787 | 63.6 |
| March 31, 2023 | 2,798 | 14.9 | 737 | 52.2 | 1,571 | 23.8 | 1,092 | 11.2 |

| Fiscal year ended | Basic earnings per share | | Diluted earnings per share | |
|-------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| March 31, 2024 | 49.67 | | — | |
| March 31, 2023 | 30.36 | | — | |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2024 | 27,303 | 11,473 | 42.0 | 318.82 |
| As of March 31, 2023 | 24,903 | 9,151 | 36.7 | 254.28 |

(Reference) Equity: As of March 31, 2024: ¥11,473 million
As of March 31, 2023: ¥9,151 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.

Supplementary Materials: Table of Contents

| | |
|---|----|
| 1. Overview of Business Results, etc. | 2 |
| (1) Overview of Business Results for the Fiscal Year under Review | 2 |
| (2) Overview of Financial Position for the Fiscal Year under Review | 3 |
| (3) Overview of Cash Flows for the Fiscal Year under Review | 4 |
| (4) Future Outlook | 4 |
| 2. Basic Stance Concerning Choice of Accounting Standards | 5 |
| 3. Consolidated Financial Statements and Primary Notes | 6 |
| (1) Consolidated Balance Sheets | 6 |
| (2) Consolidated Statements of Income and Comprehensive Income | 8 |
| Consolidated Statements of Income..... | 8 |
| Consolidated Statements of Comprehensive Income..... | 9 |
| (3) Consolidated Statements of Changes in Net Assets | 10 |
| (4) Consolidated Statements of Cash Flows | 12 |
| (5) Notes to the Consolidated Financial Statements | 14 |
| (Notes on Going Concern Assumption) | 14 |
| (Segment Information, etc.) | 14 |
| (Per Share Information) | 16 |
| (Significant Subsequent Events) | 16 |

1. Overview of Business Results, etc.

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

<Business environment>

During the fiscal year ended March 31, 2024 (the “fiscal year under review”), the growth rate of the global economy slowed down to 3.2% due to Russia’s prolonged invasion of Ukraine, military conflict between Israel and Hamas, ongoing inflation and monetary tightening.

The U.S. economy, in contrast, expanded at a higher-than-expected rate due to a favorable household economic situation and an improved labor market, even with higher interest rates. On the other hand, high inflation and falling real wages kept the European economy from picking up steam throughout the year. The Chinese economy rebounded quickly once the COVID-19 was contained, but stagnated in April and beyond due to the bust of the real estate boom.

The Japanese economy, following its recovery from the COVID-19 pandemic, resumed a moderate trajectory. Nevertheless, despite the robust performance of the corporate sector in terms of business conditions and earnings, this was not entirely reflected in wages and investment. As a result, domestic demand lacked strength and the growth rate was only 1.9%.

During the fiscal year under review, the foreign exchange rate began at the 133 yen range against a backdrop of interest rate differentials between Japan and the U.S. The yen depreciated further after the U.S. policy rate was increased to 5.5% in July, reaching the 151 yen range in November. However, by December, anticipations that the Bank of Japan would intervene to restore monetary policy normalcy drove the yen to its end-of-the-year value of 141 yen. The yen depreciated once more in the aftermath of the new year, reaching 151 yen by the end of March, in part because of a revision to the forecast of early interest rate cut in the U.S.

<International shipping business>

The ongoing crisis in Ukraine and the deteriorating situation in the Middle East since October have caused significant turbulence on the large tanker chartering market, prompting numerous shipping companies to avoid voyages through the Suez Canal and the Red Sea. Despite this, the market remained generally strong throughout the year, thanks in part to a relatively limited supply of newly constructed vessels. The product tanker market also remained relatively stable due to an improved environment following the COVID-19 pandemic, including an increase in ton-miles resulting from alternative procurement of petroleum products from Russia and increased cargo movements of jet fuel, as well as an increase in ton-miles resulting from the avoidance of the Suez Canal and the Red Sea routes due to the deteriorating situation in the Middle East. The LPG/LNG chartering market remained largely firm throughout the period, driven by increased cargo demand caused by the Ukraine situation and widening regional price disparities. LPG carriers were particularly impacted by the drought restrictions on passage through the Panama Canal, causing charter rates to remain high, even temporarily reaching historic highs.

The bulker chartering market, in contrast to the charter tanker market, kept declining until February this year, especially for large vessels, mainly due to weak demand for raw materials due to the slowdown in the Chinese economy, but is finally showing signs of bottoming out. The small- and medium-sized vessels market remained largely stable 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 2023 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, but due to the deteriorating conditions in the Middle East, freight rates increased from December 2023 as a result of avoiding the Suez Canal, making market conditions remain favorable.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥55,744 million (an increase of 9.3% 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 a tanker in the fiscal year under review coupled with the effect of weak yen, despite a decrease in vessel utilization due to the sale of the vessels. Segment profit in the international shipping business amounted to ¥10,678 million (an increase of 20.4% year on year) partly because there was a decrease in marine transportation expenses, including a decrease in the number of vessels docked compared with the same period of the previous fiscal year. In addition, as extraordinary income, the Company recorded ¥7,191 million in gain on sales of five vessels held by the Company's consolidated subsidiaries.

<Hotel-related business>

For the hotel-related business, travel demand from both domestic and overseas customers recovered rapidly after the COVID-19 pandemic was reclassified as Class 5 in May under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Disease. As a result, net sales of the segment stood at ¥8,722 million (an increase of 33.7% year on year) with a segment profit of ¥415 million (compared with a segment loss of ¥400 million in the previous fiscal year), returning to profitability for the first time in four years.

<Real estate leasing business>

Net sales in the real estate leasing business were ¥551 million (an increase of 3.6% year on year) with a segment profit of ¥304 million (an increase of 2.9% year on year).

As a result, for the fiscal year under review, net sales were ¥65,018 million (an increase of 12.0% year on year) and operating profit was ¥11,398 million (an increase of 30.1% year on year), partly due to the aforementioned decrease in shipping expenses and the recovery from losses to profits in the hotel-related business. Ordinary profit was 5,836 million yen (a decrease of 9.4% year on year) due to the recording of interest expenses of 4,443 million yen and foreign exchange losses of 3,170 million yen in non-operating expenses. The bottom line profit attributable to owners of parent came in at 5,189 million yen (a decrease of 19.4% 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 ¥1,510 million from the end of the previous fiscal year to ¥276,457 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 investment securities.

Liabilities decreased by ¥11,469 million from the end of the previous fiscal year to ¥195,044 million. This is mainly attributable to a decrease in borrowings in conjunction with the sale of vessels. Furthermore, net assets increased by ¥12,979 million from the end of the previous fiscal year to ¥81,413 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 ¥10,717 million from the end of the previous fiscal year to ¥37,688 million. The conditions of each cash flow for the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year under review increased by ¥1,568 million from the previous fiscal year to ¥27,946 million. This is mainly attributable to the recording of profit before income taxes of ¥13,222 million and depreciation of ¥17,284 million.

(Cash flows from investing activities)

Net cash provided by investing activities for the fiscal year under review was ¥8,493 million compared with ¥18,415 used for the previous fiscal year. This is primarily attributable to proceeds from sale of vessels and other items of property, plant and equipment of 19,399 million yen and purchase of property, plant and equipment of 9,814 million yen.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year under review increased by ¥19,147 million from the previous fiscal year to ¥24,603 million. This is mainly attributable to repayments of long-term borrowings of ¥31,800 million, partially offset by proceeds from long-term borrowings of ¥12,357 million.

(4) Future Outlook

The growth rate of the global economy in 2024 is projected to be 3.2% with the inflation rate falling faster than expected amid continued monetary tightening. Downside risks include geopolitical shocks, such as armed conflict between Israel and Hamas, and prolonged monetary tightening due to underlying inflation.

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 additional vessels scheduled for acquisition in the next fiscal year are scheduled to go into operation, net sales are expected to be ¥50,800 million (a decrease of 8.9% year on year) under our scenario of a decrease in utilization of vessels corresponding to those sold during the fiscal year under review and yen appreciation. In terms of expenses, vessel costs such as crew expenses and others are expected to rise while the number of vessels docked is expected to decrease compared to the fiscal year under review, thereby segment profit in the business is projected to be ¥8,900 million (a decrease of 16.7% year on year).

From the next fiscal year onward, the Company will work to unerringly address changes in shipping market 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, despite the recovery from the COVID-19 pandemic, rising labor costs in response to the labor shortage and soaring energy and foodstuff costs are still concerns for the future, and the promotion of sales measures to increase sales per customer and the use of IT to save labor is regarded as important issues. For the next fiscal year, net sales of ¥10,000 million (an increase of 14.6% year on year) and a profit of ¥500 million (an increase of 20.3% year on year) are projected in the segment.

In the real estate leasing business, net sales are expected to be ¥600 million (an increase of 8.9% year on year) while segment profit in the business is anticipated to be ¥300 million (a decrease of 1.5% 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.

Based on the above outlook, the Company expects full-year consolidated net sales of ¥61,400 million (a decrease of 5.6% compared with the fiscal year under review), and consolidated operating profit of ¥9,700 million (a decrease of 14.9% compared with the fiscal year under review). Ordinary profit is expected to be ¥8,000 million yen (an increase of 37.1% compared with the fiscal year under review,) and the bottom line profit attributable to owners of parent is expected to be ¥3,800 million yen (a decrease of 26.8% compared with the fiscal year under review). The year-on-year decrease in profit attributable to owners of the parent company can be explained by the absence of a gain on sale of vessels recorded as extraordinary gains in the fiscal year under review. The Company assumes the foreign exchange rate for the next fiscal year to be at ¥135 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, 2023 | As of March 31, 2024 |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,572,231 | 38,313,224 |
| Accounts receivable - trade | 706,560 | 731,162 |
| Merchandise and finished goods | 23,341 | 26,508 |
| Raw materials and supplies | 1,135,464 | 1,161,530 |
| Other | 4,624,826 | 5,680,057 |
| Total current assets | 34,062,424 | 45,912,483 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Vessels, net | 183,586,204 | 171,011,665 |
| Buildings and structures, net | 11,625,588 | 11,157,554 |
| Land | 9,679,620 | 9,956,617 |
| Construction in progress | 14,526,040 | 14,865,014 |
| Other, net | 350,916 | 365,128 |
| Total property, plant and equipment | 219,768,369 | 207,355,980 |
| Intangible assets | | |
| Other | 84,034 | 92,909 |
| Total intangible assets | 84,034 | 92,909 |
| Investments and other assets | | |
| Investment securities | 11,472,623 | 15,023,011 |
| Long-term loans receivable | 1,290,401 | 1,617,565 |
| Deferred tax assets | 991,685 | 616,751 |
| Other | 7,277,558 | 5,838,773 |
| Total investments and other assets | 21,032,268 | 23,096,101 |
| Total non-current assets | 240,884,672 | 230,544,991 |
| Total assets | 274,947,097 | 276,457,475 |

(Thousand yen)

| | As of March 31, 2023 | As of March 31, 2024 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - shipping | 2,708,906 | 3,344,901 |
| Current portion of bonds payable | 240,000 | 133,000 |
| Short-term borrowings | 34,762,821 | 30,821,205 |
| Accounts payable - other | 841,010 | 1,012,831 |
| Income taxes payable | 395,354 | 767,434 |
| Provision for bonuses | 67,566 | 81,513 |
| Other | 8,713,877 | 7,482,455 |
| Total current liabilities | 47,729,536 | 43,643,342 |
| Non-current liabilities | | |
| Bonds payable | 178,000 | 45,000 |
| Long-term borrowings | 146,006,946 | 136,379,122 |
| Deferred tax liabilities | 2,950,131 | 2,152,157 |
| Deferred tax liabilities for land revaluation | 1,083,122 | 1,080,467 |
| Provisions | | |
| Provision for retirement benefits for directors (and other officers) | 205,531 | 141,817 |
| Provision for special repairs | 2,835,203 | 3,261,040 |
| Total provisions | 3,040,735 | 3,402,858 |
| Retirement benefit liability | 367,392 | 371,974 |
| Liabilities from application of equity method | 207,870 | 265,816 |
| Other | 4,949,570 | 7,703,342 |
| Total non-current liabilities | 158,783,768 | 151,400,739 |
| Total liabilities | 206,513,305 | 195,044,081 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,800,000 | 1,800,000 |
| Capital surplus | 733,608 | 733,608 |
| Retained earnings | 24,472,827 | 29,513,608 |
| Treasury shares | (420,655) | (559,112) |
| Total shareholders' equity | 26,585,779 | 31,488,103 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 656,702 | 1,750,217 |
| Deferred gains or losses on hedges | 2,598,797 | 2,119,489 |
| Revaluation reserve for land | 1,891,582 | 1,885,556 |
| Foreign currency translation adjustment | 3,599,761 | 5,530,726 |
| Total accumulated other comprehensive income | 8,746,844 | 11,285,989 |
| Non-controlling interests | 33,101,168 | 38,639,300 |
| Total net assets | 68,433,792 | 81,413,394 |
| Total liabilities and net assets | 274,947,097 | 276,457,475 |

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

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Net sales | 58,061,579 | 65,018,086 |
| Cost of sales | 44,899,639 | 48,648,036 |
| Gross profit | 13,161,939 | 16,370,049 |
| Selling, general and administrative expenses | 4,397,148 | 4,971,319 |
| Operating profit | 8,764,791 | 11,398,729 |
| Non-operating income | | |
| Interest income | 236,674 | 619,982 |
| Dividend income | 112,055 | 124,428 |
| Share of profit of entities accounted for using equity method | 1,748,876 | 1,089,258 |
| Other | 962,661 | 690,157 |
| Total non-operating income | 3,060,269 | 2,523,826 |
| Non-operating expenses | | |
| Interest expenses | 2,843,434 | 4,443,573 |
| Foreign exchange losses | 1,782,781 | 3,170,480 |
| Loss on valuation of derivatives | 541,606 | 122,519 |
| Other | 213,633 | 349,222 |
| Total non-operating expenses | 5,381,455 | 8,085,797 |
| Ordinary profit | 6,443,604 | 5,836,759 |
| Extraordinary income | | |
| Gain on sales of vessel | 7,466,533 | 7,191,156 |
| Other | – | 195,083 |
| Total extraordinary income | 7,466,533 | 7,386,239 |
| Extraordinary losses | | |
| Loss on retirement of property, plant and equipment | 30,853 | – |
| Total extraordinary losses | 30,853 | – |
| Profit before income taxes | 13,879,285 | 13,222,999 |
| Income taxes - current | 815,398 | 1,227,185 |
| Income taxes - deferred | 1,176,944 | (747,470) |
| Total income taxes | 1,992,342 | 479,714 |
| Profit | 11,886,942 | 12,743,284 |
| Profit attributable to non-controlling interests | 5,447,571 | 7,553,891 |
| Profit attributable to owners of parent | 6,439,371 | 5,189,393 |

Consolidated Statements of Comprehensive Income

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Profit | 11,886,942 | 12,743,284 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 247,041 | 1,100,798 |
| Deferred gains or losses on hedges | 5,090,948 | (1,143,851) |
| Revaluation reserve for land | (40,036) | – |
| Foreign currency translation adjustment | 3,105,828 | 2,210,382 |
| Share of other comprehensive income of entities accounted for using equity method | 801,802 | 587,162 |
| Total other comprehensive income | 9,205,584 | 2,754,492 |
| Comprehensive income | 21,092,527 | 15,497,777 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 11,233,823 | 7,734,564 |
| Comprehensive income attributable to non-controlling interests | 9,858,703 | 7,763,212 |

(3) Consolidated Statements of Changes in Net Assets
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 |
| Reversal of revaluation reserve for land | | | | | |
| 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 |
| Reversal of revaluation reserve for land | | | | | | | |
| 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 |

For the Fiscal Year Ended March 31, 2024

(Thousand yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 1,800,000 | 733,608 | 24,472,827 | (420,655) | 26,585,779 |
| Changes during period | | | | | |
| Dividends of surplus | | | (179,940) | | (179,940) |
| Decrease by corporate division | | | | | – |
| Increase by merger | | | | | – |
| Change in scope of equity method | | | 25,302 | | 25,302 |
| Profit attributable to owners of parent | | | 5,189,393 | | 5,189,393 |
| Purchase of treasury shares | | | | (138,457) | (138,457) |
| Disposal of treasury shares | | | | | – |
| Reversal of revaluation reserve for land | | | 6,026 | | 6,026 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | – | 5,040,781 | (138,457) | 4,902,324 |
| Balance at end of period | 1,800,000 | 733,608 | 29,513,608 | (559,112) | 31,488,103 |

| | 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 | 656,702 | 2,598,797 | 1,891,582 | 3,599,761 | 8,746,844 | 33,101,168 | 68,433,792 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (179,940) |
| Decrease by corporate division | | | | | | | – |
| Increase by merger | | | | | | | – |
| Change in scope of equity method | | | | | | | 25,302 |
| Profit attributable to owners of parent | | | | | | | 5,189,393 |
| Purchase of treasury shares | | | | | | | (138,457) |
| Disposal of treasury shares | | | | | | | – |
| Reversal of revaluation reserve for land | | | | | | | 6,026 |
| Net changes in items other than shareholders' equity | 1,093,515 | (479,308) | (6,026) | 1,930,964 | 2,539,144 | 5,538,132 | 8,077,277 |
| Total changes during period | 1,093,515 | (479,308) | (6,026) | 1,930,964 | 2,539,144 | 5,538,132 | 12,979,601 |
| Balance at end of period | 1,750,217 | 2,119,489 | 1,885,556 | 5,530,726 | 11,285,989 | 38,639,300 | 81,413,394 |

(4) Consolidated Statements of Cash Flows

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 13,879,285 | 13,222,999 |
| Depreciation | 16,631,189 | 17,284,684 |
| Loss (gain) on sale of investment securities | – | (169,177) |
| Interest and dividend income | (348,730) | (744,410) |
| Loss (gain) on sale and retirement of property, plant and equipment | (7,435,680) | (7,217,062) |
| Interest expenses | 2,843,434 | 4,443,573 |
| Foreign exchange losses (gains) | 1,845,540 | 3,273,797 |
| Loss (gain) on investments in silent partnerships | (95,082) | 17,968 |
| Loss (gain) on valuation of derivatives | 541,606 | 122,519 |
| Share of loss (profit) of entities accounted for using equity method | (1,748,876) | (1,089,258) |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | – | (63,714) |
| Increase (decrease) in retirement benefit liability | (5,916) | 4,582 |
| Increase (decrease) in provision for special repairs | 569,506 | 906,056 |
| Increase (decrease) in advances received | 843,060 | (462,151) |
| Decrease (increase) in inventories | (234,727) | (29,233) |
| Decrease (increase) in consumption taxes refund receivable | 190,634 | 10,621 |
| Increase (decrease) in accounts payable - shipping | 549,738 | 635,994 |
| Decrease (increase) in other current assets | (1,881,196) | (960,248) |
| Other, net | 2,112,858 | 2,475,882 |
| Subtotal | 28,256,643 | 31,663,423 |
| Interest and dividends received | 1,957,507 | 1,547,596 |
| Interest paid | (2,689,833) | (4,386,529) |
| Income taxes paid | (1,146,110) | (877,980) |
| Net cash provided by (used in) operating activities | 26,378,206 | 27,946,510 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (28,393,258) | (9,814,556) |
| Proceeds from sale of property, plant and equipment | 11,213,643 | 19,399,185 |
| Payments into time deposits | (601,046) | (624,758) |
| Proceeds from withdrawal of time deposits | 525,026 | 601,046 |
| Purchase of investment securities | (1,449,294) | (1,373,065) |
| Proceeds from sale and redemption of investment securities | 385,258 | 198,368 |
| Loan advances | (672,023) | (364,864) |
| Proceeds from collection of loans receivable | 701,701 | 76,275 |
| Other, net | (125,312) | 395,829 |
| Net cash provided by (used in) investing activities | (18,415,305) | 8,493,461 |

(Thousand yen)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 1,365,360 | (1,641,284) |
| Proceeds from long-term borrowings | 20,022,263 | 12,357,461 |
| Repayments of long-term borrowings | (25,681,295) | (31,800,655) |
| Redemption of bonds | (482,000) | (240,000) |
| Dividends paid | (179,745) | (177,621) |
| Dividends paid to non-controlling interests | (173,080) | (2,225,080) |
| Purchase of treasury shares | (40) | – |
| Repayments of lease liabilities | (2,807) | – |
| Other, net | (324,705) | (876,022) |
| Net cash provided by (used in) financing activities | (5,456,050) | (24,603,202) |
| Effect of exchange rate change on cash and cash equivalents | 1,327,054 | (1,119,489) |
| Net increase (decrease) in cash and cash equivalents | 3,833,905 | 10,717,281 |
| Cash and cash equivalents at beginning of period | 23,137,279 | 26,971,185 |
| Cash and cash equivalents at end of period | 26,971,185 | 37,688,466 |

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Segment Information, etc.)

[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, 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.

For the Fiscal Year Ended March 31, 2024

(Thousand yen)

| | Reportable segment | | | | Adjustment | Total |
|---|---------------------------------|------------------------|------------------------------|-------------|------------|-------------|
| | International shipping business | Hotel-related business | Real estate leasing business | Total | | |
| Net sales | | | | | | |
| Net sales to outside customers | 55,744,205 | 8,722,874 | 551,006 | 65,018,086 | – | 65,018,086 |
| Inter-segment net sales or transfers | – | – | – | – | – | – |
| Total | 55,744,205 | 8,722,874 | 551,006 | 65,018,086 | – | 65,018,086 |
| Segment profit | 10,678,422 | 415,619 | 304,687 | 11,398,729 | – | 11,398,729 |
| Segment assets | 248,648,321 | 18,237,758 | 9,571,395 | 276,457,475 | – | 276,457,475 |
| Segment liabilities | 180,442,077 | 11,937,079 | 2,664,924 | 195,044,081 | – | 195,044,081 |
| Other items | | | | | – | |
| Depreciation and amortization | 16,474,739 | 703,763 | 106,181 | 17,284,684 | – | 17,284,684 |
| Increase in property, plant and equipment and intangible fixed assets | 9,040,947 | 284,733 | 357,537 | 9,683,219 | – | 9,683,219 |

(Note) Segment profit 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, 2023

There is no relevant information.

For the fiscal year ended March 31, 2024

There is no relevant information.

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2023

There is no relevant information.

For the fiscal year ended March 31, 2024

There is no relevant information.

(Per Share Information)

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|--------------------------|---|---|
| Net assets per share | ¥1,038.96 | ¥1,266.98 |
| Basic earnings per share | ¥190.17 | ¥153.53 |

(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, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Thousand yen) | 6,439,371 | 5,189,393 |
| Amount not attributable to common shareholders (Thousand yen) | – | – |
| Profit attributable to owners of parent relating to common shares (Thousand yen) | 6,439,371 | 5,189,393 |
| Average number of common shares outstanding during the period (Thousand shares) | 33,860 | 33,799 |

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

| | For the fiscal year ended March 31, 2023 | For the fiscal year ended March 31, 2024 |
|---|---|---|
| Total net assets (Thousand yen) | 68,433,792 | 81,413,394 |
| Amount deducted from total net assets (Thousand yen) | 33,101,168 | 38,639,300 |
| [Of which non-controlling interests (Thousand yen)] | [33,101,168] | [38,639,300] |
| Net assets relating to common shares at the end of the period (Thousand yen) | 35,332,624 | 42,774,093 |
| Number of common shares for calculation of net assets per share at the end of the period (Thousand shares) | 34,007 | 33,760 |

(Significant Subsequent Events)

One of the Company's consolidated subsidiaries (based in the Netherlands, with a fiscal year end of December 31) decided after its fiscal year end that four vessels that it had originally planned to acquire would instead be acquired by two of the Company's equity-method affiliates (based in the Netherlands) that were established in 2024.