



MOL REPORT 2021 FINANCIAL SECTION

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Consolidated Balance Sheets

Mitsui O.S.K. Lines, Ltd. March 31, 2021 and 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current assets:			
Cash and cash equivalents (Note 3)	¥ 83,436	¥ 102,283	\$ 753,644
Trade receivables (Note 3)	86,828	81,362	784,283
Inventories (Note 5)	29,615	33,520	267,500
Deferred and prepaid expenses	49,866	61,028	450,420
Other current assets (Notes 3 and 6)	77,806	56,951	702,791
Allowance for doubtful accounts	(553)	(258)	(4,995)
Total current assets	327,000	334,887	2,953,662
Vessels, property and equipment, net of accumulated depreciation (Notes 7 and 13):			
Vessels	625,896	711,498	5,653,473
Buildings and structures	145,171	146,582	1,311,272
Machinery, equipment and vehicles	26,861	29,205	242,624
Furniture and fixtures	5,477	4,174	49,471
Land	252,794	241,162	2,283,389
Vessels and other property under construction	40,704	66,363	367,663
Others	2,551	2,713	23,042
Net vessels, property and equipment	1,099,458	1,201,698	9,930,972
Investments, intangibles and other assets:			
Intangible assets	31,364	28,810	283,298
Investment securities (Notes 3, 4 and 7)	459,357	346,890	4,149,191
Long-term loans receivable (Note 3)	83,258	85,261	752,036
Long-term prepaid expenses	9,926	8,490	89,657
Net defined benefit assets (Note 16)	24,172	16,121	218,336
Deferred tax assets (Note 15)	2,369	3,228	21,398
Other non-current assets (Note 6)	79,184	85,911	715,238
Allowance for doubtful accounts	(20,533)	(12,584)	(185,466)
Total investments, intangibles and other assets	669,101	562,131	6,043,726
Total assets	¥2,095,559	¥2,098,717	\$18,928,362

See accompanying notes.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current liabilities:			
Trade payables (Note 3)	¥ 73,019	¥ 69,189	\$ 659,551
Bonds due within one year (Notes 3 and 7)	17,800	36,766	160,780
Short-term bank loans (Notes 3 and 7)	166,879	180,351	1,507,352
Commercial paper (Notes 3 and 7)	40,000	25,000	361,304
Accrued income taxes (Note 15)	4,119	5,336	37,205
Advances received	31,762	34,348	286,893
Allowance for bonuses	4,962	4,706	44,819
Allowance for directors' bonuses	211	179	1,905
Provision for contract loss	13,709	17,644	123,828
Provision for loss related to business restructuring	12,173	-	109,953
Allowance for loss on sales and disposals of vessels, property, equipment and others	6,217	-	56,155
Provision for environmental measures	-	622	-
Other current liabilities (Note 6)	46,718	48,020	421,985
Total current liabilities	417,574	422,164	3,771,782
Non-current liabilities:			
Bonds due after one year (Notes 3 and 7)	163,200	181,000	1,474,121
Long-term bank loans (Notes 3 and 7)	623,006	655,117	5,627,368
Lease obligations	14,059	16,091	126,989
Deferred tax liabilities (Note 15)	65,172	58,480	588,673
Net defined benefit liabilities (Note 16)	9,245	9,524	83,506
Directors' and corporate auditors' retirement benefits	1,645	1,565	14,858
Reserve for periodic drydocking	15,219	18,441	137,467
Provision for contract loss	21,229	26,639	191,753
Other non-current liabilities (Note 6)	66,056	68,457	596,657
Total non-current liabilities	978,834	1,035,316	8,841,423
Total liabilities	1,396,409	1,457,481	12,613,214
Commitments and contingent liabilities (Note 8)			
Net assets (Note 9):			
Owners' equity			
Common stock as of March 31, 2021;			
Authorized — 315,400,000 shares			
Issued — 120,628,611 shares	65,400	65,400	590,732
Capital surplus	45,351	45,007	409,637
Retained earnings	435,589	351,636	3,934,504
Treasury stock, at cost	(6,515)	(6,722)	(58,847)
Total owners' equity	539,825	455,320	4,876,027
Accumulated other comprehensive income			
Unrealized holding gains on available-for-sale securities, net of tax	29,917	16,306	270,228
Unrealized gains on hedging derivatives, net of tax	5,150	28,170	46,517
Foreign currency translation adjustments	(4,653)	10,889	(42,028)
Remeasurements of defined benefit plans, net of tax	7,541	2,648	68,114
Total accumulated other comprehensive income	37,956	58,014	342,841
Share subscription rights	1,347	1,646	12,166
Non-controlling interests	120,020	126,253	1,084,093
Total net assets	699,150	641,235	6,315,147
Total liabilities and net assets	¥2,095,559	¥2,098,717	\$18,928,362

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2021 and 2020

[Consolidated Statements of Income]	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Shipping and other revenues (Note 14)	¥991,426	¥1,155,404	\$8,955,162
Shipping and other expenses	911,055	1,035,771	8,229,202
Gross operating income	80,370	119,632	725,950
Selling, general and administrative expenses	85,674	95,852	773,859
Operating income (loss)	(5,303)	23,779	(47,899)
Non-operating income:			
Interest income	6,036	8,028	54,520
Dividend income	6,795	6,127	61,376
Equity in earnings of affiliated companies	132,912	15,949	1,200,541
Foreign exchange gain	12,412	17,058	112,112
Others	3,239	2,800	29,256
Total non-operating income	161,397	49,965	1,457,835
Non-operating expenses:			
Interest expense	12,518	16,549	113,070
Provision of allowance for doubtful accounts	8,187	26	73,949
Others	1,784	2,077	16,114
Total non-operating expenses	22,489	18,654	203,134
Ordinary income	133,604	55,090	1,206,792
Other gains:			
Gain on sales of vessels, property, equipment and others	10,758	8,295	97,172
Gain on sales of investment securities	1,924	3,266	17,378
Others	4,213	4,542	38,054
Total other gains	16,897	16,104	152,623
Other losses:			
Loss on sales and disposals of vessels, property, equipment and others	5,501	449	49,688
Provision of allowance for loss on sales and disposals of vessels, property, equipment and others	6,217	-	56,155
Impairment losses (Note 10)	10,298	982	93,017
Loss related to business restructuring (Note 11)	18,480	8,243	166,922
Provision of allowance for doubtful accounts	-	7,784	-
Others	9,689	6,605	87,516
Total other losses	50,187	24,064	453,319
Income before income taxes	100,313	47,130	906,087
Income taxes (Note 15):			
Current	6,810	8,970	61,512
Deferred	303	(30)	2,736
Net income	93,199	38,190	841,830
Income attributable to non-controlling interests	3,147	5,566	28,425
Income attributable to owners of parent	¥ 90,052	¥ 32,623	\$ 813,404

[Consolidated Statements of Comprehensive Income]	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net income	¥ 93,199	¥ 38,190	\$ 841,830
Other comprehensive income (Note 18):			
Unrealized holding gains on available-for-sale securities, net of tax	16,329	(11,567)	147,493
Unrealized gains on hedging derivatives, net of tax	(14,799)	(5,535)	(133,673)
Foreign currency translation adjustments	(10,249)	(2,108)	(92,575)
Remeasurements of defined benefit plans, net of tax	4,866	(1,071)	43,952
Share of other comprehensive income (loss) of associates accounted for using equity method	(14,015)	(15,294)	(126,591)
	(17,867)	(35,577)	(161,385)
Comprehensive income	¥ 75,332	¥ 2,612	\$ 680,444
Comprehensive income attributable to owners of parent	¥ 69,994	¥ (1,218)	\$ 632,228
Comprehensive income attributable to non-controlling interests	5,337	3,831	48,207

[Amounts per share of common stock]	Yen		U.S. dollars (Note 1)
	2021	2020	2021
Net income	¥752.98	¥272.79	\$6.80
Diluted net income (Note 2)	750.66	263.55	6.78
Cash dividends applicable to the year	150.00	65.00	1.35

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2021 and 2020

	Millions of yen										
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Share subscription rights	Non-controlling interests	Total net assets
Balance at April 1, 2019	¥65,400	¥45,385	¥329,888	¥(6,764)	¥ 26,840	¥ 44,391	¥ 16,197	¥ 3,725	¥1,803	¥124,739	¥651,607
Cumulative effects of changes in accounting policies	-	-	(1,812)	-	-	-	-	-	-	-	(1,812)
Restated balance	¥65,400	¥45,385	¥328,075	¥(6,764)	¥ 26,840	¥ 44,391	¥ 16,197	¥ 3,725	¥1,803	¥124,739	¥649,794
Issuance of new shares—exercise of subscription rights to shares	-	-	-	5	-	-	-	-	(5)	-	-
Dividends paid	-	-	(6,577)	-	-	-	-	-	-	-	(6,577)
Net income attributable to owners of parent	-	-	32,623	-	-	-	-	-	-	-	32,623
Due to change in consolidated subsidiaries	-	-	(2,446)	-	-	-	-	-	-	-	(2,446)
Purchases of treasury stock	-	-	-	(28)	-	-	-	-	-	-	(28)
Disposal of treasury stock	-	-	(38)	65	-	-	-	-	-	-	26
Purchases of shares of consolidated subsidiaries	-	(377)	-	-	-	-	-	-	-	-	(377)
Net changes of items other than owner's equity during the year	-	-	-	-	(10,533)	(16,221)	(5,308)	(1,076)	(151)	1,514	(31,777)
Balance at March 31 and April 1, 2020	¥65,400	¥45,007	¥351,636	¥(6,722)	¥ 16,306	¥ 28,170	¥ 10,889	¥ 2,648	¥1,646	¥126,253	¥641,235
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Restated balance	¥65,400	¥45,007	¥351,636	¥(6,722)	¥ 16,306	¥ 28,170	¥ 10,889	¥ 2,648	¥1,646	¥126,253	¥641,235
Issuance of new shares—exercise of subscription rights to shares	-	-	-	21	-	-	-	-	(21)	-	-
Dividends paid	-	-	(5,979)	-	-	-	-	-	-	-	(5,979)
Net income attributable to owners of parent	-	-	90,052	-	-	-	-	-	-	-	90,052
Due to change in consolidated subsidiaries	-	-	(0)	-	-	-	-	-	-	-	(0)
Purchases of treasury stock	-	-	-	(25)	-	-	-	-	-	-	(25)
Disposal of treasury stock	-	-	(118)	211	-	-	-	-	-	-	92
Purchases of shares of consolidated subsidiaries	-	344	-	-	-	-	-	-	-	-	344
Net changes of items other than owner's equity during the year	-	-	-	-	13,610	(23,019)	(15,542)	4,893	(277)	(6,233)	(26,568)
Balance at March 31, 2021	¥65,400	¥45,351	¥435,589	¥(6,515)	¥ 29,917	¥ 5,150	¥ (4,653)	¥ 7,541	¥1,347	¥120,020	¥699,150

	Thousands of U.S. dollars (Note 1)										
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized holding gains on available-for-sale securities, net of tax	Unrealized gains on hedging derivatives, net of tax	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of tax	Share subscription rights	Non-controlling interests	Total net assets
Balance at April 1, 2020	\$590,732	\$406,530	\$3,176,190	\$(60,717)	\$147,285	\$ 254,448	\$ 98,356	\$23,918	\$14,867	\$1,140,393	\$5,792,024
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Restated balance	\$590,732	\$406,530	\$3,176,190	\$(60,717)	\$147,285	\$ 254,448	\$ 98,356	\$23,918	\$14,867	\$1,140,393	\$5,792,024
Issuance of new shares—exercise of subscription rights to shares	-	-	-	189	-	-	-	-	(189)	-	-
Dividends paid	-	-	(54,005)	-	-	-	-	-	-	-	(54,005)
Net income attributable to owners of parent	-	-	813,404	-	-	-	-	-	-	-	813,404
Due to change in consolidated subsidiaries	-	-	(6)	-	-	-	-	-	-	-	(6)
Purchases of treasury stock	-	-	-	(225)	-	-	-	-	-	-	(225)
Disposal of treasury stock	-	-	(1,065)	1,905	-	-	-	-	-	-	830
Purchases of shares of consolidated subsidiaries	-	3,107	-	-	-	-	-	-	-	-	3,107
Net changes of items other than owner's equity during the year	-	-	-	-	122,933	(207,921)	(140,384)	44,196	(2,502)	(56,300)	(239,978)
Balance at March 31, 2021	\$590,732	\$409,637	\$3,934,504	\$(58,847)	\$270,228	\$ 46,517	\$ (42,028)	\$68,114	\$12,166	\$1,084,093	\$6,315,147

See accompanying notes.

Consolidated Statements of Cash Flows

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes	¥ 100,313	¥ 47,130	\$ 906,087
Adjustments to reconcile income before income taxes to net cash provided by operating activities			
Depreciation and amortization	85,798	87,765	774,979
Provision of allowance for loss on sales and disposals of vessels, property, equipment and others	6,217	-	56,155
Impairment losses	10,298	982	93,017
Loss related to business restructuring	18,480	8,243	166,922
Equity in losses (earnings) of affiliated companies, net	(132,912)	(15,949)	(1,200,541)
Various provisions (reversals)	(4,937)	(6,241)	(44,593)
Interest and dividend income	(12,832)	(14,156)	(115,906)
Interest expense	12,518	16,549	113,070
Loss (gain) on sales of investment securities	(1,778)	(2,403)	(16,059)
Loss (Gain) on sales and disposals of vessels, property and equipment and intangible assets, net	(4,977)	(7,546)	(44,955)
Foreign exchange loss (gain)	(13,152)	(15,984)	(118,796)
Changes in operating assets and liabilities:			
Trade receivables	(7,262)	10,292	(65,594)
Inventories	3,693	2,835	33,357
Trade payables	4,517	(11,261)	40,800
Others, net	13,553	3,607	122,418
Sub total	77,538	103,863	700,370
Interest and dividend income received	43,426	21,803	392,250
Interest expenses paid	(12,883)	(16,988)	(116,367)
Income taxes paid	(9,183)	(7,955)	(82,946)
Net cash provided by (used in) operating activities	98,898	100,723	893,306
Cash flows from investing activities:			
Purchase of investment securities	(5,109)	(16,898)	(46,147)
Proceeds from sales and redemption of investment securities	7,765	13,446	70,138
Purchase of vessels, property and equipment and intangible assets	(104,419)	(155,104)	(943,175)
Proceeds from sales of vessels, property and equipment and intangible assets	59,691	44,642	539,165
Disbursements for long-term loans receivables	(28,992)	(6,680)	(261,873)
Collections of long-term loans receivables	19,261	13,840	173,977
Others, net	(2,857)	(497)	(25,806)
Net cash provided by (used in) investing activities	(54,660)	(107,250)	(493,722)
Cash flows from financing activities:			
Net increase (decrease) in short-term bank loans	(15,233)	(9,102)	(137,593)
Net increase (decrease) in commercial paper	15,000	(15,000)	135,489
Proceeds from long-term bank loans	111,589	117,491	1,007,939
Repayments of long-term bank loans	(117,270)	(104,756)	(1,059,253)
Proceeds from issuance of bonds	-	50,000	-
Redemption of bonds	(36,766)	(28,500)	(332,092)
Cash dividends paid by the Company	(5,969)	(6,570)	(53,915)
Cash dividends paid to non-controlling interests	(8,747)	(2,937)	(79,008)
Others, net	(4,308)	(1,352)	(38,912)
Net cash provided by (used in) financing activities	(61,705)	(728)	(557,357)
Effect of foreign exchange rate changes on cash and cash equivalents	(142)	(1,625)	(1,282)
Net increase (decrease) in cash and cash equivalents	(17,610)	(8,881)	(159,064)
Cash and cash equivalents at beginning of year	102,283	119,155	923,882
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	(1,236)	(7,991)	(11,164)
Cash and cash equivalents at end of year	¥ 83,436	¥ 102,283	\$ 753,644

See accompanying notes.

Notes to Consolidated Financial Statements

Mitsui O.S.K. Lines, Ltd. Years ended March 31, 2021 and 2020

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (together "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are made revisions according to ASBJ PITF No.18.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of Mitsui O.S.K. Lines, Ltd. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information

included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Translations of millions of Japanese yen into thousands of U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2021, which was ¥110.71 to U.S. \$1.00. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. U.S. dollar figures less than a thousand dollars are rounded down to the nearest thousand dollars, except for per share data. And, therefore, the totals shown in tables do not necessarily agree with the sums of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and 363 subsidiaries for the year ended March 31, 2021 (368 subsidiaries for the year ended March 31, 2020). Since the fiscal year ended March 31, 2021, 15 companies have been newly included in the scope of consolidation due to new establishment, the increase in materiality and other reasons. 18 companies have been excluded from the scope of consolidation due to liquidation and other reasons, and 2 companies have been changed from consolidated subsidiaries to affiliated companies due to sales of its shares. All significant inter-company balances, transactions and all material unrealized profit within the consolidated group have been eliminated in consolidation.

Investments in unconsolidated subsidiaries and affiliated companies are accounted for by the equity method. Companies accounted for using the equity method include 110 affiliated companies for the year ended March 31, 2021 (103 affiliated companies for the year ended March 31, 2020). Since the year ended March 31, 2021, 6 companies have been newly included in the scope of companies accounted for using the equity method due to new establishment, the increase in materiality and other reasons. 1 company has been excluded from the scope of companies accounted for using the equity method due to sales of its shares. 2 companies have been changed from consolidated subsidiaries to affiliated companies due to sales of its shares. Investments in other subsidiaries and affiliated companies were stated at cost since total revenues, total assets, the Company's equity in net income and retained earnings and others in such companies were not material.

The difference between acquisition cost and net assets acquired is treated as goodwill and amortized by the straight-line method over the estimated period of its effect.

Amortized amount is included in "Selling, general and administrative expenses" of the consolidated statements of income.

(2) TRANSLATION OF FOREIGN CURRENCY

Revenues earned and expenses incurred in currencies other than Japanese yen of the Company and its subsidiaries keeping their books in Japanese yen are translated into Japanese yen either at a

monthly exchange rate or at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than Japanese yen are translated into yen at the exchange rate prevailing at the balance sheet date.

Subsidiaries keeping their books in a currency other than Japanese yen translate the revenues and expenses and assets and liabilities in foreign currencies into the currency used for financial reporting in accordance with accounting principles generally accepted in their respective countries.

All the items in financial statements of subsidiaries, which are stated in currencies other than Japanese yen, were translated into Japanese yen at the year-end exchange rate, except for owners' equity which is translated at historical rates. Translation differences arising from the application of more than one exchange rate are presented as foreign currency translation adjustments in the net assets section of the consolidated balance sheets.

(3) CASH AND CASH EQUIVALENTS

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) FREIGHT REVENUES AND RELATED EXPENSES

Freight revenues and the related voyage expenses are recognized mainly by the completed-voyage method.

(5) SECURITIES

Securities are classified into (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, or (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

Trading securities are stated at fair market value. Unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost, net of the amount

considered not collectible. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with fair market values are stated at fair market values, and the corresponding unrealized holding gains or losses, net of applicable income taxes, are reported as separate component of net assets. Available-for-sale securities of which fair value is not readily determinable are stated at moving-average cost.

(6) INVENTORIES

Inventories are stated principally at cost determined by the moving-average method (with regard to the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets).

(7) DEPRECIATION AND AMORTIZATION

Depreciation of vessels and buildings is computed mainly by the straight-line method. Depreciation of other property and equipment is computed mainly by the declining-balance method. Amortization of intangible assets is computed by the straight-line method. Computer software is amortized by the straight-line method based principally on the length of period it can be used internally (five years).

Depreciation of finance lease that transfer ownership to lessees is computed mainly by the identical to depreciation method applied to self-owned non-current assets. Depreciation of finance lease that do not transfer ownership to lessees is computed mainly by straight-line method on the assumption that the lease term is the useful life and an estimated residual is zero.

(8) AMORTIZATION OF BOND ISSUE EXPENSE AND STOCK ISSUE EXPENSE

Bond issue expense and stock issue expense are charged to income as incurred.

(9) INTEREST CAPITALIZATION

In cases where a vessel's construction period is long and the amount of interest accruing during this period is significant, such interest expenses are capitalized as a part of the acquisition cost which amounted to ¥415 million (\$3,748 thousand) for the year ended March 31, 2021.

(10) ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual percentage of the Company's collection losses.

(11) ALLOWANCE FOR BONUSES

Allowance for bonuses to employees is based on the estimated amount of future payments attributed to the fiscal year.

(12) ALLOWANCE FOR DIRECTORS' BONUSES

The Company and several domestic consolidated subsidiaries record allowance for bonuses to directors based on the estimated amount of future payments.

(13) PROVISION FOR CONTRACT LOSS

The Company recognizes provision for contract loss to cover

potential losses with higher probability for the future performance of contract due to a decision made over contract, etc.

(14) PROVISION FOR LOSS RELATED TO BUSINESS RESTRUCTURING

Provision for loss related to business restructuring is recorded for estimated losses arising from business restructurings to be carried out.

(15) ALLOWANCE FOR LOSS ON SALES AND DISPOSALS OF VESSELS, PROPERTY, EQUIPMENT AND OTHERS

Allowance for loss on sales and disposals of vessels, property, equipment and others is based on the estimated amounts of loss to be incurred due to a decision of sales and disposals of vessels, property, equipment and others, which is defined as the difference between the estimated amount of sales consideration and book value.

For this allowance, amounts deemed unrecoverable with respect to loss on sales and disposals arising from transactions between consolidated companies are recorded as the estimated amounts of loss. Therefore, the amounts provided for this allowance do not correspond to an impairment loss.

(16) DIRECTORS' AND CORPORATE AUDITORS' RETIREMENT BENEFITS

Some domestic subsidiaries of the company recognize liabilities for retirement benefits for directors and corporate auditors at an amount required in accordance with the internal regulations.

(17) RESERVE FOR PERIODIC DRYDOCKING

Reserve for periodic drydocking is based on the estimated amount of expenditures for periodic drydocking in the future.

(18) PROVISION FOR ENVIRONMENTAL MEASURES

Provision for environmental measures is based on the estimated amounts of future obligations associated with polychlorinated biphenyl (PCB) waste.

(19) EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Company and its consolidated subsidiaries (the "Group") recognized net defined benefit assets and net defined benefit liabilities for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at end of the year. Projected benefit obligations are attributed to each period by the straight-line method.

Actuarial gains and losses are recognized in the statements of income using the straight-line method over the average of the estimated remaining service lives of mainly 10 years commencing with the following period. Past service costs are chiefly accounted for as expenses in lump-sum at the time of occurrence.

(20) INCOME TAXES

The Group recognizes tax effects of temporary differences between the financial statement basis and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(21) AMOUNTS PER SHARE OF COMMON STOCK

Net income per share of common stock is computed based upon the weighted-average number of shares outstanding during the year.

Fully diluted net income per share of common stock assumes exercise of the outstanding stock options at the beginning of the year or at the date of issuance.

Cash dividends per share have been presented on an accrual basis and include dividends to be approved after the balance sheet date, but applicable to the year then ended.

(22) DERIVATIVES AND HEDGE ACCOUNTING

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedging instruments and meet certain hedging criteria, the Group defers recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

If interest rate swap contracts are used as hedging instruments and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed ("special treatment").

If foreign exchange forward contracts are used as hedging instruments and meet certain hedging criteria, hedged foreign currency assets and liabilities are translated at the rate of these contracts ("allocation method").

The following summarizes hedging derivative financial instruments used by the Group and items hedged:

Hedging instruments:	Hedged items:
Loans payable in foreign currencies	Foreign currency future transactions
Forward foreign exchange contracts	Foreign currency future transactions
Currency option contracts	Foreign currency future transactions
Currency swap contracts	Charterage and foreign currency loans payable
Interest rate swap contracts	Interest on loans and bonds payable
Interest rate cap contracts	Interest on loans
Fuel oil swap contracts	Fuel oil
Freight futures	Freight

The derivative transactions are executed and managed by the Company in accordance with the established policies in order to hedge the Group's exposure to interest rate increases, fuel oil increases, freight decreases, and foreign currency exchange rate risk.

The Company evaluates hedge effectiveness by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the cumulative changes in cash flows from or the changes in fair value of hedging instruments.

(23) SIGNIFICANT ACCOUNTING ESTIMATES

1. Carrying amounts in the current year's financial statements
Provision for contract loss ¥34,939 million

2. Information on the nature of significant accounting estimates for identified items

Recognition of Provision for contract loss is estimated from the future charter fees and vessel procurement cost related to long-term charter contracts. The estimate of the charter fees is influenced by the market trend in charter hire, while the estimate of procurement cost is influenced by trends in vessel expenses, such as interest on funding for capital investment in vessels and crew personnel expenses. As a result, these factors may have significant impacts on the amounts of Provision for contract loss in the consolidated financial statements for the following fiscal year.

(24) OTHER SIGNIFICANT MATTERS IN PREPARATION OF THE CONSOLIDATE FINANCIAL STATEMENTS

(Application of the Consolidated Taxation System)
The Consolidated Taxation System is applied.

(Application of tax effect accounting for the transition from the consolidated tax payment system to the group taxation system)
Having regard to paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39, March 31, 2020), the Company and its domestic consolidated subsidiaries did not follow paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28, February 16, 2018) but applied provisions of pre-amended tax laws when calculating the amounts of deferred tax assets and liabilities that relate to transitioning to the group taxation system and related amendments of tax laws for transitioning to the single tax payment system.

(25) STANDARDS AND GUIDANCE NOT YET ADOPTED

The following standard and guidance were issued but not yet adopted.
(Revenue Recognition)
"Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020)
"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 26, 2021)
"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)"

I. Overview

The above standard and guidance provide comprehensive principles for revenue recognition. As a basic policy in developing the above standard, ASBJ adopted the basic principle of IFRS 15 from the viewpoint of comparability between financial statements, which is one of the benefits of convergence with IFRS 15.

II. Effective date

The Company will apply this standard and guidance from the beginning of the fiscal year ending March 31, 2022.

III. Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(Fair Value Measurement)

"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019)

"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019)

"Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 4, 2019)

"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019)

"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

I. Overview

In order to enhance comparability with internationally recognized accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (together, hereinafter

referred to as "Fair Value Accounting Standards") were developed and guidance on methods measuring fair value was issued. Fair Value Accounting Standards are applicable to the fair value measurement of the following items:

- Financial instruments in "Accounting Standard for Financial Instruments"; and

- Inventories held for trading purposes in "Accounting Standard for Measurement of Inventories."

II. Effective date

The Company will apply this standard and guidance from the beginning of the consolidated fiscal year ending March 31, 2022.

III. Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

(26) RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the 2021 presentation.

Short-term bank loans and commercial papers are primarily used for raising short-term operating funds, while long-term bank loans and bonds are mainly for capital investments. Although several items with variable interest rates are exposed to the interest rate risk, a certain portion of such variable interest rates is fixed with the use of interest rate swaps or interest rate caps.

Long-term bank loans and bonds denominated in foreign currencies are exposed to the foreign currency exchange rate risk, a part of which is avoided by using currency swaps.

Our major derivative transactions and hedged risks are as follows.

* Forward foreign exchange contracts / Currency swap contracts

: To cover exchange volatility of foreign-currency-denominated trade receivables, trade payables, long-term bank loans, and corporate bonds.

* Interest rate swap contracts/ Interest rate cap contracts

: To avoid interest rate risk arising out of interest payment of long-term bank loans and corporate bonds.

* Fuel oil swap contracts

: To hedge fluctuation of fuel oil price.

With regard to the detail of hedge accounting (hedging instruments, hedged items, the way of evaluating hedge effectiveness), see Note 2 [22] to the consolidated financial statements.

Derivative transactions are executed and managed in accordance with our internal regulations and dealt only with highly rated financial institutions to mitigate credit risks.

On the other hand, as trade payables, bank loan payables, bonds, and commercial papers are exposed to the risk of financing for repayment, we manage the risk by planning cash management program monthly, having established commitment lines with several financial institutions, and adjusting funding period (balancing short-term/long-term combination), in consideration of market circumstances.

3. FINANCIAL INSTRUMENTS

(1) QUALITATIVE INFORMATION ON FINANCIAL INSTRUMENTS

I. Policies for using financial instruments

We raise capital investment funds to acquire vessels and other fixed assets primarily through bank loans and corporate bonds. In addition, we secure short-term operating funds primarily through bank loans. Furthermore, we have established commitment line with Japanese banks to maintain a sufficient amount of working capital and prepare supplementary liquidity for emergency situations.

Derivatives are utilized to hedge risks as discussed below and are executed within the scope of real requirements.

Our policy is not to use derivatives for speculative purposes.

II. Details of financial instruments / Risk and its management

Trade receivables are exposed to the credit risks of customers. We strive to mitigate such risks in accordance with internal regulations. Besides, trade receivables denominated in foreign currencies are exposed to the foreign currency exchange rate risk. We avoid the risk mainly by, in principle, utilizing forward exchange contracts which cover the net position (The difference between trade receivables and trade payables dominated in foreign currencies).

Short-term loans receivable and long-term loans receivable are mainly for group companies and exposed to the credit risks of borrowers.

In relation to these risks, the Group periodically monitors collectability of loans including financial condition of borrowers for early detection and reduction of default risks.

Investment securities are mainly stocks of companies with which we have business relationships. These investment securities are exposed to the price fluctuation risk. We identify the market value of listed stocks on a quarterly basis.

Trade payables are due within a year.

III. Supplemental information on fair value

Fair value of financial instruments that are actively traded in organized financial markets is determined by market value.

For those where there are no active markets, it is determined by reasonable estimation. Reasonably estimated value might vary

depending on condition of calculation as several variation factors are included in the calculation. On the other hand, derivative transactions mentioned in following (2) do not indicate the market risk of such derivatives.

(2) FAIR VALUES OF FINANCIAL INSTRUMENTS

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2021 were the following;

	Millions of yen		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	¥ 83,436	¥ 83,436	¥ -
Time deposits with a maturity of more than three months	3,301	3,301	-
Trade receivables	86,828	86,828	-
Short-term loans receivable	7,810	7,810	-
Investment securities			
Available-for-sale securities	86,290	86,290	-
Investments in unconsolidated subsidiaries and affiliated companies	3,082	3,700	618
Long-term loans receivable ⁽¹⁾	103,333		
Allowance for doubtful accounts ⁽²⁾	(15,007)		
Total	¥ 359,076	¥ 363,724	¥4,648
Liabilities			
Trade payables	¥ 73,019	¥ 73,019	¥ -
Short-term bank loans	64,588	64,588	-
Commercial paper	40,000	40,000	-
Bonds ⁽³⁾	181,000	180,763	(236)
Long-term bank loans ⁽⁴⁾	725,297	726,940	1,643
Total	¥1,083,904	¥1,085,312	¥1,407
Derivative financial instruments ⁽⁵⁾	¥ 40,342	¥ 40,260	¥ (82)

	Thousands of U.S. dollars (Note 1)		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	\$ 753,644	\$ 753,644	\$ -
Time deposits with a maturity of more than three months	29,816	29,816	-
Trade receivables	784,283	784,283	-
Short-term loans receivable	70,544	70,544	-
Investment securities			
Available-for-sale securities	779,423	779,423	-
Investments in unconsolidated subsidiaries and affiliated companies	27,838	33,420	5,582
Long-term loans receivable ⁽¹⁾	933,366		
Allowance for doubtful accounts ⁽²⁾	(135,552)		
Total	\$3,243,392	\$3,285,376	\$41,983
Liabilities			
Trade payables	\$ 659,551	\$ 659,551	\$ -
Short-term bank loans	583,398	583,398	-
Commercial paper	361,304	361,304	-
Bonds ⁽³⁾	1,634,901	1,632,761	(2,131)
Long-term bank loans ⁽⁴⁾	6,551,323	6,566,163	14,840
Total	\$9,790,479	\$9,803,197	\$12,708
Derivative financial instruments ⁽⁵⁾	\$ 364,393	\$ 363,652	\$ (740)

⁽¹⁾ The book value of long-term loans receivable includes current portion amounting to ¥20,074 million (\$181,320 thousand).

⁽²⁾ An individual listing of allowance for doubtful accounts on long-term loans receivable is omitted.

⁽³⁾ The book value of bonds includes current portion amounting to ¥17,800 million (\$160,780 thousand).

⁽⁴⁾ The book value of long-term bank loans includes current portion amounting to ¥102,291 million (\$923,954 thousand).

⁽⁵⁾ Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with () means that the net amount is liability.

Book values and fair values of the financial instruments on the consolidated balance sheet at March 31, 2020 were the following;

	Millions of yen		
	Book Value	Fair Value	Difference
Assets			
Cash and cash equivalents	¥ 102,283	¥ 102,283	¥ -
Time deposits with a maturity of more than three months	4,001	4,001	-
Trade receivables	81,362	81,362	-
Short-term loans receivable	4,454	4,454	-
Investment securities			
Available-for-sale securities	67,344	67,344	-
Investments in unconsolidated subsidiaries and affiliated companies	3,078	2,841	(236)
Long-term loans receivable ^{(*)1}	86,208		
Allowance for doubtful accounts ^{(*)2}	(7,784)		
	78,424	82,086	3,661
Total	¥ 340,949	¥ 344,374	¥ 3,424
Liabilities			
Trade payables	¥ 69,189	¥ 69,189	¥ -
Short-term bank loans	100,063	100,063	-
Commercial paper	25,000	25,000	-
Bonds ^{(*)3}	217,766	217,503	(262)
Long-term bank loans ^{(*)4}	735,404	738,681	3,276
Total	¥1,147,423	¥1,150,438	¥ 3,014
Derivative financial instruments ^{(*)5}	¥ 41,437	¥ 41,324	¥ (112)

*1 The book value of long-term loans receivable includes current portion amounting to ¥946 million.

*2 An individual listing of allowance for doubtful accounts on long-term loans receivable is omitted.

*3 The book value of bonds includes current portion amounting to ¥36,766 million.

*4 The book value of long-term bank loans includes current portion amounting to ¥80,287 million.

*5 Amounts of derivative financial instruments are net of asset and liability. Negative amount stated with () means that the net amount is liability.

The following is a description of the valuation methodologies used for the assets and liabilities measured at the fair value.

Cash and cash equivalents, Time deposits with a maturity of more than three months, Trade receivables and Short-term loans receivable

The fair value of above assets is evaluated at the book value because they are settled within a short term period and the fair value is almost equal to book value.

Investment securities

The fair value of stocks is evaluated at market prices at stock exchange as at the end of the years and the fair value of bonds is evaluated at market prices at the stock exchange or at the value provided by financial institutions as at the end of the years.

Long-term loans receivable

The fair value of long-term loans receivable with variable interest rates is evaluated at the book value because the interest rate reflects the market rate in a short term and the fair value is almost equal to the book value, unless the creditworthiness of the borrower has changed significantly because the loan was made. The fair value of long-term loans receivable with fixed interest rates, for each category of loans based on the type of loans, and maturity length, is evaluated by discounting the total amount of principal and interest using the rate which would apply if similar loans were newly made.

The following table summarizes financial instruments whose fair value is extremely difficult to estimate.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Book Value	Book Value	Book Value
	2021	2020	2021
Unlisted stocks	¥ 8,505	¥ 8,688	\$ 76,822
Investments in unconsolidated subsidiaries and affiliated companies	361,473	267,767	3,265,043
Others	5	11	45
Total	¥369,985	¥276,468	\$3,341,929

The above items are not included in the amount presented under the line "Investments securities" in the table summarizing fair value of financial instruments, because the fair value is extremely difficult to estimate as they have no quoted market price and the future cash flow cannot be estimated.

At March 31, 2021, the aggregate annual maturity of monetary claims and securities was as follows;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥ 83,436	¥ -	¥ -	¥ -
Time deposits with a maturity of more than three months	3,301	-	-	-
Trade receivables	86,828	-	-	-
Short-term loans receivable	7,810	-	-	-
Marketable securities and investments securities				
Available-for-sale securities (Governmental/municipal bonds)	-	-	-	-
Available-for-sale securities (Corporate bonds)	-	-	-	-
Long-term loans receivable ^{(*)1}	20,074	9,094	15,924	43,231
Total	¥201,452	¥9,094	¥15,924	¥43,231

Thousands of U.S. dollars (Note 1)

	Thousands of U.S. dollars (Note 1)			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	\$ 753,644	\$ -	\$ -	\$ -
Time deposits with a maturity of more than three months	29,816	-	-	-
Trade receivables	784,283	-	-	-
Short-term loans receivable	70,544	-	-	-
Marketable securities and investments securities				
Available-for-sale securities (Governmental/municipal bonds)	-	-	-	-
Available-for-sale securities (Corporate bonds)	-	-	-	-
Long-term loans receivable ^{(*)1}	181,320	82,142	143,835	390,488
Total	\$1,819,636	\$82,142	\$143,835	\$390,488

* Long-term loans receivable does not include those amounting to ¥15,007 million (\$135,552 thousand), for which the planned redemption amount cannot be expected.

At March 31, 2020, the aggregate annual maturity of monetary claims and securities was as follows;

	Millions of yen			
	Within a year	After one year through five years	After five years through ten years	After ten years
Cash and cash equivalents	¥102,283	¥ -	¥ -	¥ -
Time deposits with a maturity of more than three months	4,001	-	-	-
Trade receivables	81,362	-	-	-
Short-term loans receivable	4,454	-	-	-
Marketable securities and investments securities				
Available-for-sale securities (Governmental/municipal bonds)	-	-	-	-
Available-for-sale securities (Corporate bonds)	-	-	-	-
Long-term loans receivable ^{(*)1}	946	16,976	12,790	47,710
Total	¥193,048	¥16,976	¥12,790	¥47,710

* Long-term loans receivable does not include those amounting to ¥7,784 million, for which the planned redemption amount cannot be expected.

4. SECURITIES

A. The following tables summarize acquisition costs, book values and fair values of securities with available fair values at March 31, 2021 and 2020.

Available-for-sale securities:

Securities with book values exceeding acquisition costs at March 31, 2021

Type	Millions of yen		
	Acquisition cost	Book value	Difference
Equity securities	¥25,180	¥77,334	¥52,154
Total	¥25,180	¥77,334	¥52,154

Type	Thousands of U.S. dollars (Note 1)		
	Acquisition cost	Book value	Difference
Equity securities	\$227,441	\$698,527	\$471,086
Total	\$227,441	\$698,527	\$471,086

II. HEDGE ACCOUNTING APPLIED

The following tables summarize the outstanding contract amounts and fair values of financial derivatives of the Group at March 31, 2021 and 2020, for which hedge accounting has been applied.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
[1] Deferral hedge accounting			
a. Forward currency exchange contracts to hedge the risk for the foreign currency transactions			
Sell (U.S. dollar):			
Contracts outstanding	¥ 11,071	¥ 87,106	\$ 100,000
Fair values	(457)	128	(4,127)
Buy (U.S. dollar):			
Contracts outstanding	¥ 31,193	¥ 74,240	\$ 281,754
Fair values	2,807	2,665	25,354
Buy (Euro):			
Contracts outstanding	¥ -	¥ 472	\$ -
Fair values	-	(21)	-
Buy (Australian dollar):			
Contracts outstanding	¥ -	¥ 5,948	\$ -
Fair values	-	(729)	-
Buy (Others):			
Contracts outstanding	¥ 2,056	¥ -	\$ 18,571
Fair values	28	-	252
b. Currency swaps contracts to hedge the risk for charterages			
Buy (U.S. dollar):			
Contracts outstanding	¥229,235	¥249,908	\$2,070,589
Fair values	49,236	57,646	444,729
c. Interest rate swaps to hedge the risk for the long-term bank loans and charterages			
Receive floating, pay fixed			
Contracts outstanding	¥119,451	¥152,245	\$1,078,954
Fair values	(10,945)	(14,857)	(98,861)
d. Fuel oil swaps to hedge the risk for the fuel oil			
Receive floating, pay fixed			
Contracts outstanding	¥ 5,089	¥ 5,954	\$ 45,966
Fair values	404	(1,484)	3,649
e. Freight futures to hedge the risk for the freight			
Contracts outstanding	¥ -	¥ 81	\$ -
Fair values	-	(28)	-
			Thousands of U.S. dollars (Note 1)
	Millions of yen		2021
[2] Special treatment			
Interest rate swaps to hedge the risk for the long-term bank loans			
Receive floating, pay fixed			
Contracts outstanding	¥19,285	¥19,345	\$174,193
Fair values	-	-	-
			Thousands of U.S. dollars (Note 1)
	Millions of yen		2021
[3] Allocation method			
Currency swaps to hedge the risk for the foreign bonds and long-term bank loans			
Contracts outstanding	¥1,017	¥1,539	\$9,186
Fair values	-	-	-

Notes: 1. Fair values are measured based on forward exchange rates prevailing at the end of the year and information provided by financial institutions, etc.
 2. Interest rate swaps which special treatment are applied to are recorded as the combined amount of such interest rate swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.
 3. Currency swaps which allocation method are applied to are recorded as the combined amount of such currency swaps and their hedge items. Therefore, their fair values are included in fair values of such hedge items.

7. SHORT-TERM DEBT AND LONG-TERM DEBT

(1) SHORT-TERM DEBT

Short-term debt at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Short-term bank loans	¥ 64,588	¥100,063	\$583,398
Commercial paper	40,000	25,000	361,304
Total	¥104,588	¥125,063	\$944,702

Average interest rates on short-term bank loans at March 31, 2021 and 2020 were 0.62% and 1.64%, respectively.

Average interest rates on commercial paper at March 31, 2021 and 2020 were -0.00% and 0.00%, respectively.

(2) LONG-TERM DEBT

Long-term debt at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Bonds:			
0.000% U.S. dollars bonds due April 24, 2020 ⁽¹⁾	¥ -	¥ 21,766	\$ -
1.398% yen bonds due May 28, 2020	-	15,000	-
1.361% yen bonds due June 21, 2021	17,800	17,800	160,780
1.652% yen bonds due May 27, 2022	5,000	5,000	45,163
1.139% yen bonds due July 12, 2022	8,700	8,700	78,583
1.071% yen bonds due January 23, 2023	10,000	10,000	90,326
0.320% yen bonds due July 19, 2023	5,000	5,000	45,163
0.420% yen bonds due August 30, 2023	5,000	5,000	45,163
0.420% yen bonds due September 8, 2023	5,000	5,000	45,163
0.845% yen bonds due March 4, 2024	15,000	15,000	135,489
0.970% yen bonds due June 19, 2024	29,500	29,500	266,461
0.803% yen bonds due March 3, 2025	15,000	15,000	135,489
0.490% yen bonds due July 18, 2025	5,000	5,000	45,163
0.490% yen bonds due July 29, 2025	10,000	10,000	90,326
0.564% yen bonds due October 25, 2028	10,000	10,000	90,326
0.340% yen bonds due Mar 5, 2030	10,000	10,000	90,326
0.850% yen bonds due December 15, 2031	10,000	10,000	90,326
0.780% yen bonds due July 19, 2034	10,000	10,000	90,326
0.960% yen bonds due July 19, 2039	10,000	10,000	90,326
Long-term bank loans due within one year:			
Long-term bank loans due within one year at average interest rate of 0.82% and 1.24% at March 31, 2021 and 2020, respectively.	102,291	80,287	923,954
Long-term bank loans due after one year:			
Long-term bank loans due through 2076 at average interest rate of 0.98% and 1.34% at March 31, 2021 and 2020, respectively.	623,006	655,117	5,627,368
	906,297	953,170	8,186,225
Amount due within one year	120,091	117,053	1,084,734
	¥786,206	¥836,117	\$7,101,490

* Zero coupon convertible bonds, details are as follows.

	the 2020 Bonds
(1) Exercise period	From May 8, 2014 to April 9, 2020
(2) Conversion price	U.S.\$47.80 per share

At March 31, 2021, the aggregate annual maturity of long-term debt was as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2022	¥120,091	\$1,084,734
2023	100,457	907,388
2024	116,507	1,052,362
2025	114,360	1,032,969
2026	73,694	665,648
2027 and thereafter	381,188	3,443,121
Total	¥906,297	\$8,186,225

(3) ASSETS PLEDGED AND SECURED DEBT

At March 31, 2021 and 2020, the following assets were pledged as collateral for short-term debt and long-term debt.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Assets pledged			
Vessels	¥158,794	¥192,171	\$1,434,323
Buildings and structures	159	-	1,436
Land	183	-	1,652
Vessels and other property under construction	968	130	8,743
Investment securities	73,706	83,522	665,757
Others	1,208	-	10,911
Total	¥235,019	¥275,824	\$2,122,834

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Secured debt			
Long-term bank loans due within one year	¥ 13,509	¥ 11,960	\$ 122,021
Long-term bank loans due after one year	138,060	157,027	1,247,041
Total	¥151,570	¥168,987	\$1,369,072

8. COMMITMENTS AND CONTINGENT LIABILITIES**(A) COMMITMENT**

At March 31, 2021 and 2020, certain subsidiaries had loan commitment agreements. The nonexercised portion of loan commitments was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Total loan limits	¥16,052	¥15,780	\$144,991
Loan executions	16,052	15,780	144,991
The nonexercised portion of loan commitments	¥ -	¥ -	\$ -

(B) CONTINGENT LIABILITIES

At March 31, 2021 and 2020, the Company and its consolidated subsidiaries were contingently liable mainly as guarantors or co-guarantors of indebtedness of related and other companies in the

aggregate amount of ¥213,000 million (\$1,923,945 thousand) and ¥186,208 million, respectively. U.S. dollars -denominated liabilities were included in the above amount, which were \$1,806,848 thousand and \$1,554,251 thousand respectively.

9. NET ASSETS

Net assets comprises four sections, which are the owners' equity, accumulated other comprehensive income, share subscription rights and non-controlling interests.

Under the Japanese Companies Act ("the Act") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in-capital, which is included in capital surplus.

Under the Act, in cases where a dividend distribution of

surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Act, appropriations (legal earnings reserve and additional paid-in-capital could be used to eliminate or reduce a deficit or could be capitalized) generally require a resolution of the shareholders' meeting.

(A) SHARES ISSUED AND OUTSTANDING

Changes in number of shares issued and outstanding during the years ended March 31, 2021 and 2020 were as follows:

	Shares of common stock (Thousands)	Shares of treasury stock (Thousands)
Balance at April 1, 2019	120,628	1,034
Increase during the year	-	10
Decrease during the year	-	(10)
Balance at March 31 and April 1, 2020	120,628	1,034
Increase during the year	-	9
Decrease during the year	-	(35)
Balance at March 31, 2021	120,628	1,008

(B) SHARE SUBSCRIPTION RIGHTS

Share subscription rights at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Stock options	¥1,347	¥1,646	\$12,166
Total	¥1,347	¥1,646	\$12,166

(C) DIVIDENDS

(1) Dividends paid for the year ended March 31, 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Approved at the shareholders' meeting held on June 23, 2020	¥4,185		\$37,801
Approved at the board of directors held on October 30, 2020	¥1,793		\$16,195
Total	¥5,979		\$54,005

(2) Dividend included in the retained earnings at March 31, 2021 and to be paid in subsequent periods was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Approved at the shareholders' meeting held on June 22, 2021	¥16,149		\$145,867
Total	¥16,149		\$145,867

10. IMPAIRMENT LOSSES

For the year ended March 31, 2021, the Group recorded an impairment loss on the following asset group.

Application	Type	Millions of yen	Thousands of U.S. dollars (Note 1)
Operating assets	Vessels	¥8,241	\$74,437
Assets to be disposed of by sale	Vessels	¥2,057	\$18,580

The Group grouped operating assets based on management accounting categories, and also grouped assets to be disposed of by sale and idle assets by asset unit.

For the year ended March 31, 2021, Considering significant deterioration of profitability of operating assets related to Energy Transport Business segment such as FSRU, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment loss.

And with regard to the target price of assets to be disposed of by sale which fell below book value, the Group reduced the book value on these assets to recoverable amounts and booked the reductions as impairment loss.

The recoverable amount for these asset groups were evaluated based on the asset's net selling price.

And the asset's net selling price was appraised based on the target price of assets to be disposed of by sale.

11. LOSS RELATED TO BUSINESS RESTRUCTURING**<FY2019>**

For the year ended March 31, 2020, in relation to losses related to charter contracts recognized for the year ended March 31, 2018, the Company recorded additional losses which are expected to incur as a result of reflecting the latest trends of fleet charter fees and costs on the estimate.

<FY2020>

In its business restructuring targeting the car carrier business in the Product Transport Business and the product tanker business in the Energy Transport Business, etc., the Company conducted transfers of vessels and charter contracts between consolidated companies, and the amounts deemed to be unrecoverable within the losses arising from these transactions were recorded as loss related to business restructuring.

12. LEASES

AS LESSEE:

Future Lease Payments Under Operating Leases for Only Non-Cancelable Contracts

At March 31, 2021 and 2020:

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Amount due within one year	¥ 27,670	¥ 30,687	\$ 249,932
Amount due after one year	216,380	230,284	1,954,475
Total	¥244,051	¥260,971	\$2,204,416

AS LESSOR:

Future Lease Income Under Operating Leases for Only Non-Cancelable Contracts

At March 31, 2021 and 2020:

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Amount due within one year	¥14,662	¥16,901	\$132,436
Amount due after one year	23,799	28,128	214,967
Total	¥38,462	¥45,029	\$347,412

13. RENTAL PROPERTIES

The Company and some of its consolidated subsidiaries own real estate for office lease (including lands) in Tokyo, Osaka and other areas.

Information about the book value and the fair value of such rental properties was as follows:

For the year ended March 31	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Book value			
Balance at beginning of the year	¥327,585	¥307,274	\$2,958,946
Changes during the year	2,215	20,311	20,007
Balance at end of the year	329,801	327,585	2,978,963
Fair value at end of the year	563,243	549,820	5,087,553

Notes: 1. Book value is the acquisition cost, net of accumulated depreciation.

2. Of changes during the year ended March 31, 2020, the primary increase was mainly due to the acquisition of three buildings etc., in Sapporo named "DAIBIRU PIVOT" (¥14,467 million) and the new construction named "BITO AKIBA" (¥1,249 million), while the primary decrease was mainly due to the depreciation of existing properties (¥7,013 million).

Of changes during the year ended March 31, 2021, the primary increase was mainly due to the completion of "275 George Street" in Sydney, Australia (¥6,691 million [\$60,437 thousand]), while the primary decrease was mainly due to the depreciation of existing properties (¥7,047 million [\$63,652 thousand]).

3. Fair value is mainly based on the amount appraised by outside independent real estate appraisers.

In addition, information for rental revenue and expense from rental properties was as follows:

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Rental revenue	¥32,949	¥32,458	\$297,615
Rental expense	18,406	18,704	166,254
Difference	¥14,542	¥13,753	\$131,352

Note: Rental revenue is mainly recorded as "shipping and other revenues" and rental expense (depreciation expense, repairs and maintenance fee, utilities, personnel cost, tax and public charge, etc.) is mainly recorded as "shipping and other expenses".

14. SEGMENT AND RELATED INFORMATION

(A) SEGMENT INFORMATION:

For the year ended March 31, 2021:	Millions of yen									
	Reportable segment									
	Product Transport Business					Others				
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carriers, Ferries and Coastal RoRo ships	Associated businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
1. Revenues:										
(1) Revenues from customers	¥222,053	¥278,865	¥219,453	¥175,722	¥ 78,942	¥ 975,038	¥ 16,388	¥ 991,426	¥ -	¥ 991,426
(2) Inter-segment revenues	122	8,724	1,130	163	19,183	29,322	6,189	35,512	(35,512)	-
Total revenues	¥222,175	¥287,589	¥220,583	¥175,885	¥ 98,126	¥1,004,360	¥ 22,577	¥1,026,938	¥ (35,512)	¥ 991,426
Segment income (loss)	¥ (4,275)	¥ 29,764	¥117,113	¥ (14,468)	¥ 9,450	¥ 137,584	¥ 2,661	¥ 140,246	¥ (6,641)	¥ 133,604
Segment assets	¥265,123	¥804,032	¥419,813	¥186,595	¥492,670	¥2,168,235	¥198,883	¥2,367,119	¥(271,559)	¥2,095,559
2. Others										
Depreciation and amortization	¥ 10,279	¥ 35,381	¥ 11,502	¥ 17,435	¥ 9,615	¥ 84,214	¥ 415	¥ 84,629	¥ 1,168	¥ 85,798
Amortization of goodwill	-	30	-	-	146	176	-	176	-	176
Interest income	883	4,756	510	64	86	6,301	1,935	8,236	(2,199)	6,036
Interest expense	1,872	7,932	1,318	627	1,294	13,044	1,313	14,358	(1,840)	12,518
Equity in earnings (losses) of affiliated companies, net	(2,983)	15,553	120,042	88	212	132,912	-	132,912	-	132,912
Investment in affiliates	5,227	140,420	198,058	3,635	2,689	350,031	40	350,072	-	350,072
Increase in vessels, property and equipment and intangible assets	12,379	50,966	5,504	19,285	13,295	101,431	282	101,713	5,595	107,309

For the year ended March 31, 2021:	Thousands of U.S. dollars [Note 1]									
	Reportable segment									
	Product Transport Business					Others				
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carriers, Ferries and Coastal RoRo ships	Associated businesses	Sub Total	Others	Total	Adjustment and elimination	Consolidated
1. Revenues:										
(1) Revenues from customers	\$2,005,717	\$2,518,878	\$1,982,232	\$1,587,227	\$ 713,052	\$ 8,807,135	\$ 148,026	\$ 8,955,162	\$ -	\$ 8,955,162
(2) Inter-segment revenues	1,101	78,800	10,206	1,472	173,272	264,854	55,902	320,765	(320,765)	-
Total revenues	\$2,006,819	\$2,597,678	\$1,992,439	\$1,588,700	\$ 886,333	\$ 9,071,989	\$ 203,929	\$ 9,275,928	\$ (320,765)	\$ 8,955,162
Segment income (loss)	\$ (38,614)	\$ 268,846	\$1,057,835	\$ (130,683)	\$ 85,358	\$ 1,242,742	\$ 24,035	\$ 1,266,787	\$ (59,985)	\$ 1,206,792
Segment assets	\$2,394,752	\$7,262,505	\$3,792,006	\$1,685,439	\$4,450,094	\$19,584,816	\$1,796,432	\$21,381,257	\$(2,452,885)	\$18,928,362
2. Others										
Depreciation and amortization	\$ 92,846	\$ 319,582	\$ 103,893	\$ 157,483	\$ 86,848	\$ 760,672	\$ 3,748	\$ 764,420	\$ 10,550	\$ 774,979
Amortization of goodwill	-	270	-	-	1,318	1,589	-	1,589	-	1,589
Interest income	7,975	42,959	4,606	578	776	56,914	17,478	74,392	(19,862)	54,520
Interest expense	16,909	71,646	11,904	5,663	11,688	117,821	11,859	129,690	(16,619)	113,070
Equity in earnings (losses) of affiliated companies, net	(26,944)	140,484	1,084,292	794	1,914	1,200,541	-	1,200,541	-	1,200,541
Investment in affiliates	47,213	1,268,358	1,788,980	32,833	24,288	3,161,692	361	3,162,063	-	3,162,063
Increase in vessels, property and equipment and intangible assets	111,814	460,355	49,715	174,193	120,088	916,186	2,547	918,733	50,537	969,280

FINANCIAL SECTION

For the year ended March 31, 2020:	Millions of yen										
	Reportable segment						Sub Total	Others	Total	Adjustment and elimination	Consolidated
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carries, Ferries and Coastal RoRo ships	Associated businesses						
1. Revenues:											
(1) Revenues from customers	¥277,151	¥289,375	¥226,420	¥249,043	¥ 96,556	¥1,138,548	¥ 16,855	¥1,155,404	¥ -	¥1,155,404	
(2) Inter-segment revenues	0	8,864	1,202	211	25,501	35,780	5,924	41,704	(41,704)	-	
Total revenues	¥277,152	¥298,240	¥227,623	¥249,255	¥122,057	¥1,174,328	¥ 22,779	¥1,197,108	¥ (41,704)	¥1,155,404	
Segment income (loss)	¥ 12,044	¥ 25,428	¥ 4,114	¥ 2,621	¥ 12,346	¥ 56,555	¥ 3,458	¥ 60,014	¥ (4,923)	¥ 55,090	
Segment assets	¥307,016	¥866,610	¥335,723	¥221,839	¥451,027	¥2,182,216	¥239,092	¥2,421,308	¥(322,591)	¥2,098,717	
2. Others											
Depreciation and amortization	¥ 10,541	¥ 35,961	¥ 12,847	¥ 17,735	¥ 9,170	¥ 86,255	¥ 417	¥ 86,673	¥ 1,091	¥ 87,765	
Amortization of goodwill	-	54	-	-	118	172	-	172	-	172	
Interest income	1,392	5,668	1,320	73	91	8,546	4,359	12,906	(4,878)	8,028	
Interest expense	2,939	10,711	1,962	1,085	1,453	18,152	3,841	21,994	(5,444)	16,549	
Equity in earnings (losses) of affiliated companies, net	(1,973)	13,098	4,071	518	235	15,949	-	15,949	-	15,949	
Investment in affiliates	9,722	136,174	94,811	3,640	2,598	246,947	40	246,987	-	246,987	
Increase in vessels, property and equipment and intangible assets	7,815	101,288	10,207	11,877	26,105	157,294	1,022	158,316	2,302	160,618	

*1. "Others" primarily consists of business segments that are not included in reportable segments, such as the ship operations business, the ship management business, the ship chartering business and the financing business.

*2. (1) Adjustment in Segment income (loss) of -¥6,641 million [-\$59,985 thousand] include the following:
 -¥10,869 million [-\$98,175 thousand] of corporate profit which is not allocated to segments, ¥5,007 million [\$45,226 thousand] of adjustment for management accounting and -¥779 million [-\$7,036 thousand] of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -¥271,559 million [-\$2,452,885 thousand] include the following:
 ¥20,943 million [\$189,169 thousand] of assets which are not allocated to segments and -¥292,503 million [-\$2,642,064 thousand] of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of ¥1,168 million [\$10,550 thousand] include the following:
 ¥1,168 million [\$10,550 thousand] of depreciation of assets which are not allocated to segments.

(4) Adjustment in Interest income of -¥2,199 million [-\$19,862 thousand] include the following:
 ¥921 million [\$8,319 thousand] of interest income which is not allocated to segments and -¥3,121 million [-\$28,190 thousand] of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -¥1,840 million [-\$16,619 thousand] include the following:
 ¥4,763 million [\$43,022 thousand] of interest expenses which are not allocated to segments, -¥3,463 million [-\$31,279 thousand] of adjustment for management accounting and -¥3,140 million [-\$28,362 thousand] of inter-segment transaction elimination.

(6) Adjustment in Increase of tangible / intangible fixed assets of ¥5,595 million [\$50,537 thousand] include the following:
 ¥5,595 million [\$50,537 thousand] of Increase of tangible / intangible fixed assets which are not allocated to segments.

*3. Management has decided not to allocate liabilities to segments. Therefore segment information regarding liabilities is not disclosed.

*4. Segment income (loss) corresponds to Ordinary income in the consolidated statements of operations.

*5. (1) Adjustment in Segment income (loss) of -¥4,923 million include the following:
 -¥9,649 million of corporate profit which is not allocated to segments, ¥6,575 million of adjustment for management accounting and -¥1,849 million of inter-segment transaction elimination.

(2) Adjustment in Segment assets of -¥322,591 million include the following:
 ¥14,681 million of assets which are not allocated to segments and -¥337,273 million of inter-segment transaction elimination.

(3) Adjustment in Depreciation and amortization of ¥1,091 million include the following:
 ¥1,091 million of depreciation of assets which are not allocated to segments.

(4) Adjustment in Interest income of -¥4,878 million include the following:
 ¥2,210 million of interest income which is not allocated to segments and -¥7,088 million of inter-segment transaction elimination.

(5) Adjustment in Interest expenses of -¥5,444 million include the following:
 ¥5,719 million of interest expenses which are not allocated to segments, -¥4,068 million of adjustment for management accounting and -¥7,095 million of inter-segment transaction elimination.

(6) Adjustment in Increase of tangible / intangible fixed assets of ¥2,302 million include the following:
 ¥2,902 million of Increase of tangible / intangible fixed assets which are not allocated to segments and -¥599 million of inter-segment transaction elimination.

*6. We have changed the allocation of general and administrative expenses to company-wide profit and loss to appropriately reflect expenses in each segment. This new method of allocating general and administrative expenses is used from the first quarter of the year ended March 31, 2021 under review.

In comparison with the results based on the previous method, the expenses in each segment increased and segment profit (loss) for this fiscal year under review decreased ¥360 million [\$3,251 thousand] in the Dry Bulk Business, ¥745 million [\$6,729 thousand] in the Energy Transport Business, ¥204 million [\$1,842 thousand] in the Containerships Business, ¥262 million [\$2,366 thousand] in the Car Carriers, Ferries and Coastal RoRo Ships Businesses, ¥201 million [\$1,815 thousand] in Associated Businesses, and ¥24 million in Others Business [\$216 thousand], while Adjustment in Segment profit (loss) increased in ¥1,798 million [\$16,240 thousand].

FINANCIAL SECTION

(B) RELATED INFORMATION:

(1) Information about geographic areas:

In our core marine transportation business, the areas which services are provided are not necessarily consistent with the location of our customers.

Therefore, revenues by geographic areas are revenues by geographic areas of each company's registration.

For the year ended March 31, 2021:	Millions of yen					
	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	¥776,050	¥48,713	¥38,709	¥127,689	¥ 262	¥ 991,426
Vessels, property and equipment	¥910,829	¥35,622	¥ 1,139	¥104,118	¥47,746	¥1,099,458

For the year ended March 31, 2021:	Thousands of U.S. dollars (Note 1)					
	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	\$7,009,755	\$440,005	\$349,643	\$1,153,364	\$ 2,366	\$8,955,162
Vessels, property and equipment	\$8,227,161	\$321,759	\$ 10,288	\$ 940,457	\$431,270	\$9,930,972

For the year ended March 31, 2020:	Millions of yen					
	Japan	North America	Europe	Asia	Others	Consolidated
Revenues	¥930,799	¥42,618	¥51,251	¥127,591	¥ 3,142	¥1,155,404
Vessels, property and equipment	¥986,679	¥41,478	¥ 1,306	¥125,897	¥46,336	¥1,201,698

(2) Information about impairment loss by reportable segment:

For the year ended March 31, 2021:

For the year ended March 31, 2021:	Millions of yen										
	Reportable segment						Sub Total	Others	Total	Adjustment and elimination	Consolidated
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carries, Ferries and Coastal RoRo ships	Associated businesses						
Impairment loss	¥1,884	¥8,225	¥-	¥-	¥15	¥10,125	¥-	¥10,125	¥173	¥10,298	

For the year ended March 31, 2021:	Thousands of U.S. dollars (Note 1)										
	Reportable segment						Sub Total	Others	Total	Adjustment and elimination	Consolidated
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carries, Ferries and Coastal RoRo ships	Associated businesses						
Impairment loss	\$17,017	\$74,293	\$-	\$-	\$135	\$91,455	\$-	\$91,455	\$1,562	\$93,017	

For the year ended March 31, 2020:

There was no material impairment loss.

(3) Information about goodwill by reportable segment:

For the year ended March 31, 2021:	Millions of yen										
	Reportable segment						Sub Total	Others	Total	Adjustment and elimination	Consolidated
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carries, Ferries and Coastal RoRo ships	Associated businesses						
Goodwill at the end of current year	¥-	¥541	¥-	¥-	¥1,643	¥2,184	¥-	¥2,184	¥-	¥2,184	

For the year ended March 31, 2021:	Thousands of U.S. dollars (Note 1)										
	Reportable segment						Sub Total	Others	Total	Adjustment and elimination	Consolidated
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carries, Ferries and Coastal RoRo ships	Associated businesses						
Goodwill at the end of current year	\$-	\$4,886	\$-	\$-	\$14,840	\$19,727	\$-	\$19,727	\$-	\$19,727	

For the year ended March 31, 2020:	Millions of yen										
	Reportable segment						Sub Total	Others	Total	Adjustment and elimination	Consolidated
	Dry Bulk Business	Energy Transport Business	Container Ships	Car Carries, Ferries and Coastal RoRo ships	Associated businesses						
Goodwill at the end of current year	¥-	¥605	¥-	¥-	¥1,527	¥2,132	¥-	¥2,132	¥-	¥2,132	

15. INCOME TAXES

The Company is subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 28.7% for the year ended March 31, 2021 and 28.7% for the year ended March 31, 2020.

(A) SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES AT MARCH 31, 2021 AND 2020 WERE AS FOLLOWS:

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Deferred tax assets:			
Operating loss carried forward ⁽¹⁾	¥ 92,108	¥ 85,835	\$ 831,975
Write-down of securities and other investments	2,181	1,979	19,700
Reserve for bonuses expenses	1,505	1,428	13,594
Impairment loss	15,511	14,025	140,104
Excess bad debt expenses	6,004	3,686	54,231
Net defined benefit liabilities	4,636	4,045	41,875
Retirement allowances for directors	528	467	4,769
Unrealized gain on sale of fixed assets	1,383	1,349	12,492
Provision for loss related to business restructuring	5,563	-	50,248
Provision for contract loss	10,031	12,667	90,606
Transfer of charters from subsidiaries and affiliates	1,258	2,350	11,363
Deemed dividends	11,514	11,433	104,001
Unrealized gains on hedging derivatives	6,811	12,101	61,521
Others	11,873	10,854	107,244
Total deferred tax assets	170,912	162,225	1,543,781
Valuation allowance for carryforward tax loss ⁽¹⁾	(91,784)	(85,523)	(829,048)
Valuation allowance for deductible temporary differences	(73,425)	(68,609)	(663,219)
Valuation allowance total	(165,209)	(154,133)	(1,492,268)
Net deferred tax assets	5,702	8,092	51,503
Deferred tax liabilities:			
Reserve deductible for tax purposes when appropriated for deferred gain on real properties	(2,286)	(2,381)	(20,648)
Reserve deductible for tax purposes when appropriated for special depreciation	(1,388)	(1,725)	(12,537)
Unrealized holding gains on available-for-sale securities	(16,727)	(10,281)	(151,088)
Gain on securities contributed to employee retirement benefit trust	(1,996)	(3,011)	(18,029)
Revaluation reserve	(18,518)	(18,613)	(167,265)
Retained earnings of consolidated subsidiaries	(6,382)	(5,291)	(57,646)
Unrealized gains on hedging derivatives	(15,021)	(17,432)	(135,678)
Others	(6,184)	(4,606)	(55,857)
Total deferred tax liabilities	(68,505)	(63,343)	(618,778)
Net deferred tax liabilities	¥ (62,802)	¥ (55,251)	\$ (567,265)

*1 Carryforward tax loss and its deferred tax assets by expiration periods

	Millions of yen						
	2022	2023	2024	2025	2026	2027 and beyond	Total
For the year ended March 31, 2021:							
Carryforward tax loss ⁽²⁾	¥40,208	¥2,126	¥13,186	¥9,578	¥4,443	¥22,565	¥92,108
Valuation allowance	40,172	2,123	13,181	9,572	4,437	22,297	91,784
Net deferred tax assets	¥ 35	¥ 3	¥ 5	¥ 5	¥ 5	¥ 267	¥ 323

	Thousands of U.S. dollars						
	2022	2023	2024	2025	2026	2027 and beyond	Total
For the year ended March 31, 2021:							
Carryforward tax loss ⁽²⁾	\$363,183	\$19,203	\$119,103	\$86,514	\$40,131	\$203,820	\$831,975
Valuation allowance	362,857	19,176	119,058	86,460	40,077	201,400	829,048
Net deferred tax assets	\$ 316	\$ 27	\$ 45	\$ 45	\$ 45	\$ 2,411	\$ 2,917

	Millions of yen						
	2021	2022	2023	2024	2025	2026 and beyond	Total
For the year ended March 31, 2020:							
Carryforward tax loss ⁽²⁾	¥4,225	¥39,825	¥2,113	¥13,743	¥9,425	¥16,502	¥85,835
Valuation allowance	4,200	39,821	2,112	13,742	9,424	16,221	85,523
Net deferred tax assets	¥ 25	¥ 3	¥ 0	¥ 0	¥ 0	¥ 280	¥ 312

*2 Carryforward tax loss shown in the above table is after multiplying the statutory tax rate.

(B) RECONCILIATION OF THE STATUTORY TAX RATE TO THE EFFECTIVE TAX RATE:

	2021	2020
Statutory tax rate	28.7 %	28.7 %
Permanently non-deductible expenses for tax purposes, such as entertainment expenses	0.2 %	0.8 %
Permanently not taxable incomes for tax purposes, such as dividend income	(0.2)%	(0.8)%
Effect of tonnage tax system	(4.9)%	(6.8)%
Changes in valuation allowance	16.3 %	6.2 %
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(38.1)%	(9.7)%
Effect of difference of effective tax rate for consolidated subsidiaries	2.2 %	(2.4)%
Effect of elimination of inter-company transactions	0.9 %	4.0 %
Others	2.0 %	(1.1)%
Effective tax rate	7.0 %	19.0 %

*1 Changes in valuation allowance of effect of net loss carried forward for foreign subsidiaries are included in Effect of difference of effective tax rate for consolidated subsidiaries.

16. EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

(A) OUTLINE OF EMPLOYEES' SEVERANCE AND RETIREMENT BENEFITS

The Group has funded and un-funded defined benefit pension plans and defined contribution pension plans.

The defined benefit corporate pension plans provide for a lump-sum payment or annuity payment determined by reference to the current rate of pay and the length of service.

The Company has a retirement benefit trust.

The retirement lump-sum plans provide for a lump-sum payment, as employee retirement benefits, determined by reference to the current rate of pay and the length of service.

Certain consolidated subsidiaries calculate liabilities for retirement benefit and retirement benefit expenses, for the defined benefit corporate pension plans and the retirement lump-sum plans based on the amount which would be payable at the year end if all eligible employees terminated their services voluntarily (the "simplified method").

(B) DEFINED BENEFIT PLANS

(1) Movements in Retirement Benefit Obligations Except Plan Applied Simplified Method

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Balance at beginning of the year	¥44,412	¥47,057	\$401,156
Service cost	1,655	1,786	14,948
Interest cost	385	409	3,477
Actuarial loss (gain)	(220)	(3,187)	(1,987)
Benefits paid	(1,834)	(1,653)	(16,565)
Balance at end of the year	¥44,398	¥44,412	\$401,029

(2) Movements in Plan Assets Except Plan Applied Simplified Method

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Balance at beginning of the year	¥57,284	¥59,775	\$517,423
Expected return on plan assets	1,145	1,195	10,342
Actuarial loss (gain)	7,545	(2,925)	68,151
Contributions paid by the employer	920	7,298	8,309
Benefits paid	(1,737)	(1,490)	(15,689)
Balance at end of the year	¥65,158	¥57,284	\$588,546

(3) Movements in Net Liability for Retirement Benefits Based on the Simplified Method

	Millions of yen		Thousands of U.S. dollars [Note 1]
	2021	2020	2021
Balance at beginning of the year	¥6,274	¥ 8,880	\$56,670
Retirement benefit costs	756	1,130	6,828
Benefits paid	(539)	(2,920)	(4,868)
Contributions paid by the employer	(657)	(815)	(5,934)
Balance at end of the year	¥5,833	¥ 6,274	\$52,687

(4) Reconciliation from Retirement Benefit Obligations and Plan Assets to Liability (Asset) for Retirement Benefits Including Plan Applied Simplified Method

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Funded retirement benefit obligations	¥ 52,437	¥ 52,174	\$ 473,642
Plan assets	(75,780)	(67,175)	(684,491)
	(23,343)	(15,001)	(210,848)
Unfunded retirement benefit obligations	8,416	8,404	76,018
Total net liability (asset) for retirement benefits at end of the year	(14,926)	(6,596)	(134,820)
Liability for retirement benefits	9,245	9,524	83,506
Asset for retirement benefits	(24,172)	(16,121)	(218,336)
Total net liability (asset) for retirement benefits at end of the year	¥(14,926)	¥ (6,596)	\$ (134,820)

(5) Retirement Benefit Costs

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Service cost	¥ 1,655	¥ 1,786	\$ 14,948
Interest cost	385	409	3,477
Expected return on plan assets	(1,145)	(1,195)	(10,342)
Net actuarial loss amortization	(941)	(1,770)	(8,499)
Retirement benefit costs calculated by the simplified method	756	1,130	6,828
Other	(301)	(114)	(2,718)
Total retirement benefit costs for the fiscal year	¥ 409	¥ 245	\$ 3,694

(6) Remeasurements of Defined Benefit Plans

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Actuarial loss (gain)	¥6,825	¥(1,509)	\$61,647

(7) Accumulated Remeasurements of Defined Benefit Plans

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Unrecognized actuarial differences	¥10,561	¥3,736	\$95,393

(8) Plan Assets

1. Plan assets comprise:

	2021		2020	
	2021	2020	2021	2020
Equity securities	22%	27%		
Bonds	22%	24%		
Jointly invested assets	40%	44%		
Cash and cash equivalents	15%	4%		
Other	1%	1%		
Total	100%	100%		
Retirement benefit trust	30%	25%		

2. Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(9) ACTUARIAL ASSUMPTIONS

The discount rates were mainly 0.5%–1.1% for the year ended March 31, 2021 and 2020.

The rates of expected return on plan assets were mainly 2.0% for the years ended March 31, 2021 and 2020.

The expected rates of salary increase were mainly 0.5%–6.5% for the year ended March 31, 2021 and 0.5%–5.7% for the years ended March 31, 2020.

(C) DEFINED CONTRIBUTION PLANS

The amounts of contributions to defined contribution plans were ¥787 million (\$7,108 thousand) at March 31, 2021 and ¥962 million at March 31, 2020.

17. STOCK OPTIONS

(A) AMOUNT OF STOCK OPTIONS EXPENSES

Stock options expenses which were accounted for as general and administrative expenses for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
General and administrative expenses	¥66	¥78	\$596

(B) AMOUNT OF PROFIT BY NON-EXERCISE OF STOCK ACQUISITION RIGHTS

Profit by non-exercise of stock acquisition rights which were accounted for as other income for the fiscal years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Other income	¥343	¥230	\$3,098

(C) TERMS AND CONDITIONS

The following table summarizes terms and conditions of stock options for the years when they were granted:

	2010	2011	2012	2013	2014	2015
Number of grantees	Directors: 10 Executive officers: 21 Employees: 36 Presidents of the Company's domestic consolidated subsidiaries: 33	Directors: 10 Executive officers: 22 Employees: 35 Presidents of the Company's domestic consolidated subsidiaries: 33	Directors: 9 Executive officers: 22 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 30	Directors: 9 Executive officers: 18 Employees: 38 Presidents of the Company's domestic consolidated subsidiaries: 33	Directors: 9 Executive officers: 19 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 32	Directors: 8 Executive officers: 18 Employees: 37 Presidents of the Company's domestic consolidated subsidiaries: 32
Number of stock options	Common stock 171,000	Common stock 173,000	Common stock 164,000	Common stock 160,000	Common stock 148,000	Common stock 155,000
Grant date	August 16, 2010	August 9, 2011	August 13, 2012	August 16, 2013	August 18, 2014	August 17, 2015
Vesting conditions	No provisions	No provisions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions	No provisions	No provisions
Exercise period	From July 31, 2012 to June 21, 2020	From July 26, 2013 to June 22, 2021	From July 28, 2014 to June 21, 2022	From August 2, 2015 to June 20, 2023	From August 2, 2016 to June 23, 2024	From August 1, 2017 to June 20, 2025

	2016	2017	2018	2019	2020
Number of grantees	Directors: 9 Executive officers: 18 Employees: 32 Presidents of the Company's domestic consolidated subsidiaries: 37	Directors: 9 Executive officers: 18 Employees: 33 Presidents of the Company's domestic consolidated subsidiaries: 35	Directors: 9 Executive officers: 18 Employees: 44 Presidents of the Company's domestic consolidated subsidiaries: 31	Directors: 8 Executive officers: 18 Employees: 51 Presidents of the Company's domestic consolidated subsidiaries: 29	Directors: 8 Executive officers: 19 Employees: 54 Presidents of the Company's domestic consolidated subsidiaries: 31
Number of stock options	Common stock 158,000	Common stock 157,000	Common stock 164,000	Common stock 159,000	Common stock 166,000
Grant date	August 15, 2016	August 15, 2017	August 15, 2018	August 15, 2019	August 17, 2020
Vesting conditions	No provisions	No provisions	No provisions	No provisions	No provisions
Service period	No provisions	No provisions	No provisions	No provisions	No provisions
Exercise period	From August 1, 2018 to June 19, 2026	From August 1, 2019 to June 25, 2027	From August 1, 2020 to June 23, 2028	From August 1, 2021 to June 22, 2029	From August 1, 2022 to June 21, 2030

Note: The Company consolidated its common shares (ten shares into one shares), effective October 1, 2017. The figures have been converted to the number after the consolidation.

(D) CHANGES IN NUMBER AND UNIT PRICES

The following tables summarize changes in number and unit prices of stock options for the years when they were granted:

(1) Changes in number of stock options

Non-vested stock options	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Balance at March 31, 2020	-	-	-	-	-	-	-	-	164,000	159,000	-
Options granted during the year	-	-	-	-	-	-	-	-	-	-	166,000
Options expired during the year	-	-	-	-	-	-	-	-	164,000	-	-
Options vested during the year	-	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	-	-	-	-	-	-	-	-	-	159,000	166,000

Vested stock options	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Balance at March 31, 2020	169,000	168,000	115,800	154,800	141,000	151,200	140,300	156,000	-	-	-
Options vested during the year	-	-	-	-	-	-	-	-	164,000	-	-
Options exercised during the year	-	-	16,300	-	-	-	17,000	-	1,000	-	-
Options expired during the year	169,000	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	-	168,000	99,500	154,800	141,000	151,200	123,300	156,000	163,000	-	-

(2) Unit prices of stock options exercised during the year

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Exercise price	¥6,420	¥4,680	¥2,770	¥4,470	¥4,120	¥4,270	¥2,420	¥3,780	¥2,943	¥2,962	¥2,105
Average market price of share at exercise	-	-	¥3,931	-	-	-	¥3,328	-	¥3,015	-	-
Fair value per stock option at grant date	¥2,030	¥870	¥670	¥1,720	¥1,320	¥940	¥560	¥1,090	¥963	¥493	¥398

Note: The Company consolidated its common shares (ten shares into one share), effective October 1, 2017. The figures have been converted to the number after the consolidation.

(E) KEY FIGURES FOR FAIR VALUE PER STOCK OPTION

The Company utilized the Black Scholes Model for calculating fair value per stock option. Key figures of the calculation were as follows:

	2020
Stock price volatility	38.07%
Expected remaining term of the option	5 years and 11 months
Expected dividends	¥65 per share
Risk-free interest rate	(0.12)%

18. COMPREHENSIVE INCOME

For the years ended March 31, 2021 and 2020, the amounts reclassified to net income (loss) that were recognized in other comprehensive income and tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Unrealized holding gains on available-for-sale securities, net of tax:			
Increase (Decrease) during the year	¥ 24,734	¥(16,572)	\$ 223,412
Reclassification adjustments	(1,762)	541	(15,915)
Sub-total, before tax	22,972	(16,030)	207,497
Tax effect	(6,642)	4,463	(59,994)
	16,329	(11,567)	147,493
Unrealized gains on hedging derivatives, net of tax:			
Increase (Decrease) during the year	(1,670)	15,525	(15,084)
Reclassification adjustments	(14,630)	(15,722)	(132,147)
Adjustments of acquisition cost	(346)	(485)	(3,125)
Sub-total, before tax	(16,647)	(682)	(150,365)
Tax effect	1,847	(4,853)	16,683
	(14,799)	(5,535)	(133,673)
Foreign currency translation adjustments:			
Increase (Decrease) during the year	(11,505)	(1,913)	(103,920)
Reclassification adjustments	1,255	(195)	11,335
	(10,249)	(2,108)	(92,575)
Remeasurements of defined benefit plans:			
Increase (Decrease) during the year	7,766	261	70,147
Reclassification adjustments	(941)	(1,770)	(8,499)
Sub-total, before tax	6,825	(1,509)	61,647
Tax effect	(1,958)	437	(17,685)
	4,866	(1,071)	43,952
Share of other comprehensive income (loss) of associates accounted for using equity method:			
Decrease during the year	(21,403)	(19,593)	(193,324)
Reclassification adjustments	7,388	4,299	66,732
	(14,015)	(15,294)	(126,591)
Total other comprehensive income (loss)	¥(17,867)	¥(35,577)	\$(1161,385)

19. RELATED PARTY TRANSACTIONS

(A) RELATED PARTY TRANSACTIONS

For the year ended March 31, 2021

(1) The transactions between the Company and the related party.

Category	Name of company	Address	Paid-in capital	Business description	Ratio of the Group's voting rights	Relation with related party	Millions of yen			Thousands of U.S. dollars (Note 1)		
							Description of transaction (*1)	Transacted amount	Account	Amount	Transacted amount	Amount
Affiliated company	AREA1 MEXICO MV34 B.V.	NETHERLANDS	US\$100,000	Energy Transport Business	30.00%	Interlocking directorate Debt guarantee	Debt guarantee	¥33,178	-	-	\$299,683	-
Affiliated company	SEPIA MV30 B.V.	NETHERLANDS	US\$100,000	Energy Transport Business	20.60%	Interlocking directorate Debt guarantee	Debt guarantee	¥32,533	-	-	\$293,857	-
Affiliated company	LIBRA MV31 B.V.	NETHERLANDS	US\$100,000	Energy Transport Business	20.60%	Interlocking directorate Debt guarantee	Debt guarantee	¥26,032	-	-	\$235,136	-

Note: *1. The company conducted bank loan guarantees for affiliated companies above and guarantee fees were determined by considering the form of guarantees and other conditions.

(2) The transactions between the subsidiaries and the related party.

The Company recorded allowance for doubtful accounts on subordinated long-term loans to its affiliated company, which amounted to ¥15,007 million ([\$135,552 thousand]).

The Company recorded provision of allowance for doubtful accounts on subordinated long-term loans to its affiliated company, which amounted to ¥7,653 million ([\$69,126 thousand]).

For the year ended March 31, 2020

(1) The transactions between the Company and the related party.

Category	Name of company	Address	Paid-in capital	Business description	Ratio of the Group's voting rights	Relation with related party	Millions of yen			
							Description of transaction (*1)	Transacted amount	Account	Amount
Affiliated company	SEPIA MV30 B.V.	NETHERLANDS	US\$100,000	Energy Transport Business	20.60%	Interlocking directorate Debt guarantee	Debt guarantee	¥24,031	-	-
Affiliated company	LIBRA MV31 B.V.	NETHERLANDS	US\$100,000	Energy Transport Business	20.60%	Interlocking directorate Debt guarantee	Debt guarantee	¥21,351	-	-

Note: *1. The company conducted bank loan guarantees for affiliated companies above and guarantee fees were determined by considering the form of guarantees and other conditions.

(2) The transactions between the subsidiaries and the related party.

The Company recorded provision of allowance for doubtful accounts on subordinated long-term loans to its affiliated company, which amounted to ¥7,784 million.

(B) NOTE ABOUT SIGNIFICANT RELATED PARTIES

A significant affiliated company to be disclosed for the year ended March 31, 2021 and 2020 was Ocean Network Express Pte. Ltd. and the summary of its financial statements were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Total current assets	¥ 825,097	¥ 385,905	\$ 7,452,777
Total non-current assets	617,754	611,750	5,579,929
Total current liabilities	362,074	250,460	3,270,472
Total non-current liabilities	505,863	507,628	4,569,262
Total net assets	574,913	239,566	5,192,963
Shipping and other revenues	1,672,107	1,374,646	15,103,486
Income before income taxes	390,532	14,178	3,527,522
Net income	384,326	8,119	3,471,465

Independent Auditor's Report

20. SUBSEQUENT EVENT

There is no applicable matter.

21. OTHERS

(1) LITIGATION

On January 10, 2014, the Company filed a lawsuit against Mitsubishi Heavy Industries, Ltd. (hereinafter "MHI") at Tokyo District Court seeking compensation for damages in association with a maritime accident caused by a vessel constructed by MHI. In response, MHI filed a countersuit at Tokyo District Court seeking payment for reinforcement of the strength of the ship's hull of the same type of ship, and the legal dispute is continuing.

The Company recognizes the claims of the countersuit by MHI has no legitimate basis, and intends to assert the propriety of the Company in addition to upholding the claims for damages under the lawsuit.

(2) OTHERS

Since 2012, the Company and its subsidiary have been the subject of investigations by the antitrust authorities in the U.S. and other countries, on the suspicion of violations of each country's competition laws with respect to ocean transport services of completed build-up vehicles. In addition, a class-action lawsuit was filed in Canada, the U.K. and Chile against the Group, for damage claims, a cease and desist order for the questioned conduct. Meanwhile, the effect of these investigations and lawsuit on the financial results of the Group is uncertain as its financial impact is not estimable at this stage.



Independent auditor's report

To the Board of Directors of Mitsui O.S.K. Lines, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Mitsui O.S.K. Lines, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2021, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the estimate of the provision for contract losses related to the long-term charter contracts

The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet of the Group, a provision for contract losses of ¥34,939 million was recognized as of March 31, 2021. As described in Note 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS, (23) Significant accounting estimates" to the	The primary procedures we performed to assess whether the estimate of the provision for contract losses related to the long-term charter contracts was reasonable included the following: (1) Internal control testing

<p>consolidated financial statements, the Group recognizes estimated losses on contracts that are probable to be incurred in the future due to decisions made over the contracts, among others.</p> <p>The Group leases vessels to customers under the long-term charter contracts. Charter fees for vessels leased to certain customers are calculated each year based on the market trend in charter hire fees for the past several years, while vessel procurement costs are estimated each year based on changes in interest rates on funding for capital investment in vessels and vessel expenses including crew personnel expenses.</p> <p>If it is probable that a loss will be incurred in the future due to the procurement costs exceeding charter fees influenced by changes in charter hire fees, interest rates and vessel expenses, the Group recognizes a provision for contract losses for each vessel over the contract period of the long-term charter contract.</p> <p>Since future information on charter hire fees, interest rates and vessel expenses, which forms the basis for estimating a provision for contract losses, is significantly affected by the supply and demand for vessels and foreign exchange rates, the estimate of the provision for contract losses involved a high degree of uncertainty. Accordingly, management's judgment thereon had a significant effect on the estimate.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimate of the provision for contract losses related to the long-term charter contracts was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the estimate of a provision for contract losses. In this assessment, we focused our testing on the controls to appropriately reflect information obtained from external organizations in estimating future charter hire fees, interest rates and vessel expenses.</p> <p>(2) Assessment of the reasonableness of the estimated provision for contract losses related to the long-term charter contracts</p> <p>In order to assess the reasonableness of key assumptions used to estimate a provision for contract losses, we primarily:</p> <ul style="list-style-type: none"> ● assessed whether the estimated charter hire fees were reasonable by analyzing past trends and the market trend data as of the end of the current fiscal year published by maritime service providers; ● assessed whether the estimated interest rates were reasonable by analyzing past trends and forecasts published by financial institutions; ● assessed whether the estimated vessel expenses were reasonable by analyzing maritime market trends and inspecting relevant documents; and ● analyzed the causes of differences between the estimated losses on contracts in the past and actual results and assessed whether the causes were appropriately reflected in estimating the allowance for loss on contracts.
Reasonableness of the estimate of the net selling price used to measure impairment losses on FSRUs belonging to the Offshore Business	
The key audit matter	How the matter was addressed in our audit
In the consolidated statement of income of the Company and the Group, impairment	The primary procedures we performed to assess whether the estimate of the net selling price used to

<p>losses of ¥10,298 million were recognized for the year ended March 31, 2021. As described in Note 10. Impairment losses" to the consolidated financial statements, ¥6,184 million of those losses was related to floating storage and regasification units (FSRUs), which were vessels belonging to the Offshore Business included in the Energy Transport Business.</p> <p>While vessels are depreciated in a systematic manner, they need to be tested for impairment whenever there is an impairment indicator. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.</p> <p>These FSRUs are held by a consolidated subsidiary, LAKLER S.A. (a wholly owned Uruguayan corporation), in the Offshore Business Unit. The Company resolved at the board of directors' meeting to sell the FSRUs to a wholly owned Hong Kong-registered subsidiary of the Company in the fiscal year ending March 31, 2022 in preparation for the planned future project. The expected selling price was based on the appraisal value calculated by an appraiser that the Company used and was lower than the carrying amount of the FSRUs at the end of the current fiscal year.</p> <p>Therefore, LAKLER S.A. determined that there was an impairment indicator and the recognition of an impairment loss was necessary for the FSRUs. In measuring an impairment loss, the net selling price, which was reasonably estimated based on the appraisal value, was used as the recoverable amount.</p> <p>Since the specifications of individual FSRUs are unique for each project, there is no observable, active market for them. Accordingly, selecting a valuation method and estimating vessel construction costs, which provide the basis for their valuation, in</p>	<p>measure impairment losses on FSRUs belonging to the Offshore Business was reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group's internal controls relevant to estimating the net selling price of the FSRUs used to measure impairment losses. In this assessment, we focused our testing on controls in which the transaction was considered and approved by an appropriate meeting body and controls relevant to the selection of an appraiser and the assessment of its performance.</p> <p>(2) Assessment of the reasonableness of the estimated net selling price of FSRUs</p> <p>In order to assess whether the estimated net selling price of the FSRUs was reasonable, we primarily:</p> <ul style="list-style-type: none"> ● assessed, with the assistance of a valuation specialist within our domestic network firms, the reasonableness of the estimated net selling price by evaluating the ability, experience and independence of the appraiser that management used and by inquiring of the appraiser regarding the valuation method; and ● assessed whether the documents provided by the Company to the appraiser, which formed the basis for estimating vessel construction costs, were appropriate.
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<p>calculating the net selling price, required a high degree of expertise.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimate of the net selling price used to measure impairment losses on FSRUs belonging to the Offshore Business was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	
<p>Reasonableness of the estimates of the selling prices of vessels and the transfer prices of charter contracts in connection with the loss related to business restructuring</p>	
<p>The key audit matter</p>	<p>How the matter was addressed in our audit</p>
<p>In the consolidated statement of income of the Group, a loss related to the business restructuring of ¥18,480 million was recognized for the year ended March 31, 2021. As described in Note 11. Loss related to business restructuring” to the consolidated financial statements, the amount included losses related to the restructuring of the Car Carrier Business and the Product Tanker Business.</p> <p>The Group carried out a restructuring of the Car Carrier Business and the Product Tanker Business in which vessels were sold and charter contracts were transferred between consolidated companies. The selling prices of vessels were calculated based on the vessel appraisal report provided by an appraiser, while the transfer price of the charter contract for each vessel was based on the fair value measurement report provided by the appraiser. Unrealized losses incurred on the intercompany transactions between consolidated companies as part of the restructuring, to the extent they were deemed to be unrecoverable, were not eliminated in the consolidated financial statements.</p> <p>These transactions are related-party transactions. Due to the nature of the relationship with related parties, the terms and conditions of related-party transactions, such as the transaction price, may differ from general terms and conditions. In addition, it is necessary to reasonably estimate the selling</p>	<p>The primary procedures we performed to assess whether the estimates of the selling prices of vessels and the transfer prices of charter contracts in connection with the loss related to the business restructuring was reasonable included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to estimating the selling prices of vessels and the transfer prices of charter contracts in connection with the loss related to the business restructuring. In this assessment, we focused our testing on controls in which these transactions were considered and approved by an appropriate meeting body and controls relevant to the selection of an appraiser and the assessment of its performance.</p> <p>(2) Assessment of the estimated selling prices and transfer prices</p> <p>With respect to the sale of vessels and the transfer of charter contracts in connection with the loss related to the business restructuring, we obtained an understanding of the overview of the transactions including the methods of determining the selling prices and transfer prices by inspecting relevant documents, such as the minutes of director meetings, the agenda of management meetings and the appraisal report, and assessed whether the terms and conditions of the transactions, such as the transaction price, were reasonable.</p>

<p>prices of vessels and the transfer prices of charter contracts since their respective market prices are not observable. The estimated selling prices of vessels were based on actual sale and purchase cases in the market, and selecting comparable cases as assumptions required expertise in valuation. Since the charter hire fees that formed the basis for estimating the transfer prices of charter contracts were significantly affected by the supply and demand for vessels, the estimate of the transfer prices involved a high degree of uncertainty. Accordingly, management’s judgment thereon had a significant effect on the estimate.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimates of the selling prices of vessels and the transfer prices of charter contracts in connection with the loss related to the business restructuring was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>Furthermore, in order to assess the reasonableness of the estimated selling prices and transfer prices, we primarily:</p> <ul style="list-style-type: none"> ● assessed whether the estimated selling prices of vessels were reasonable by evaluating the ability, experience and independence of the appraiser that management used and by inquiring of the appraiser regarding the valuation method; ● assessed whether the estimated selling prices of vessels were reasonable by comparing the amounts calculated by the appraiser with the data on comparable cases published by maritime service providers; ● evaluated the ability, experience and independence of the appraiser that management used for estimating charter hire fees which formed the basis for determining the transfer prices of charter contracts; and ● assessed whether the transfer prices of charter contracts were reasonable by comparing the charter hire fees estimated by the appraiser with the market trend data as of the end of the current fiscal year published by maritime service providers.
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Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year

ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Yoshikuni Noguchi

Designated Engagement Partner

Certified Public Accountant

Katsunori Totani

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

July 5, 2021

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

The MOL Group

Mitsui O.S.K. Lines, Ltd. March 31, 2021

● Consolidated Subsidiaries ○ Affiliated Companies Accounted for by the Equity Method

	Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)		
Dry Bulk Business	● Mitsui O.S.K. Kinkai, Ltd.	Japan	100.00	¥660,000	
	● MOL Bridge Finance S.A.	Panama	100.00	US\$8	
	● MOL Cape (Singapore) Pte. Ltd.	Singapore	100.00	US\$62,752	
	● MOL Netherland Bulkship B.V.	Netherlands	100.00	€ 18	
	● Shipowner/Chartering companies (70 companies) in Panama, Marshall Islands, Liberia, Hong Kong, Cayman Islands.				
	● Other (1 company)				
	○ Gearbulk Holding AG	Switzerland	49.00	US\$228,100	
	○ Shipowner company (1 company) in Panama				
	● Bamboo Mountain Power B.V.	Netherlands	100.00	US\$0	
	● El Sol Shipping Ltd. S.A.	Panama	100.00	US\$10	
Energy Transport Business	● Green Methanol S.A.	Panama	100.00	US\$5	
	● Lakler S.A.	Uruguay	100.00	US\$130,900	
	● MCGC International Ltd.	Bahamas	80.10	US\$1	
	● MOG LNG Transport S.A.	Panama	100.00	¥200	
	● MOL Chemical Tankers Europe A/S	Denmark	100.00	DKK 849,844	
	● MOL Chemical Tankers Japan Co., Ltd.	Japan	100.00	¥100,000	
	● MOL Chemical Tankers Pte. Ltd.	Singapore	100.00	S\$262,370	
	● MOL Coastal Shipping, Ltd.	Japan	100.00	¥650,000	
	● MOL LNG Transport Co., Ltd.	Japan	100.00	¥40,000	
	● Phoenix Tankers Pte. Ltd.	Singapore	100.00	US\$379,311	
	● Pine Mountain Power B.V.	Netherlands	100.00	US\$0	
	● Samba Offshore S.A.	Panama	100.00	US\$10	
	● Shining Shipping S.A.	Panama	100.00	US\$10	
	● Unix Line Pte. Ltd.	Singapore	100.00	US\$344	
	● Shipowner/Chartering companies (115 companies) in Panama, Marshall Islands, Liberia, Singapore, Indonesia, Cyprus and Malta.				
	● Other (2 company)				
	○ Akofs Offshore As	Norway	25.00	NKR 60,600	
	○ Aramo Shipping (Singapore) Pte. Ltd.	Singapore	50.00	US\$20,743	
	○ Asahi Tanker Co., Ltd.	Japan	30.33	¥600,045	
	○ Den Hartogh Holdings B.V.	Netherlands	20.00	€ 60	
	○ LNG Fukurokuju Shipping Corp.	Bahamas	30.00	¥1,000	
	○ LNG Jurojin Shipping Corp.	Bahamas	30.00	¥1,000	
	○ Karmol Lng Company LTD.	Marta	50.00	US\$36,472	
	○ Karmol Powership Company Ltd.	Marta	25.00	US\$145,000	
	○ Trans Pacific Shipping 2 Ltd.	Bahamas	20.00	¥3,961,100	
	○ Trans Pacific Shipping 5 Ltd.	Bahamas	50.00	¥2,672,400	
	○ Trans Pacific Shipping 8 Ltd.	Bahamas	50.00	¥2,065,000	
	○ Viken MOL AS	Norway	50.00	US\$55,500	
	○ Viken Shuttle AS	Norway	—	US\$38,104	
	○ Shipowner/Chartering companies (76 companies) in Panama, Marshall Islands, Liberia, Hong Kong, Cayman Islands, Norway, Netherlands, Indonesia, Cyprus and Bahamas.				
	○ Other (6 company)				
	Product Transport Business	● Asia Utoc Pte. Ltd.	Singapore	100.00	S\$900
		● Bangkok Container Service Co., Ltd.	Thailand	100.00	THB10,000
		● Bangpoo Intermodal Systems Co., Ltd.	Thailand	88.79	THB130,000
		● Blue Highway Express Kyushu Co., Ltd.	Japan	100.00	¥50,000
		● Blue Highway Service K.K.	Japan	100.00	¥30,000
		● Blue Sea Network Co., Ltd.	Japan	100.00	¥54,600
		● Chugoku Shipping Agencies Ltd.	Japan	100.00	¥10,000
		● Euro Marine Logistics N.V.	Belgium	100.00	€ 16,457
		● Ferry Sunflower Ltd.	Japan	99.00	¥100,000
● International Container Transport Co., Ltd.		Japan	51.00	¥100,000	
● International Transportation Inc.		U.S.A.	51.00	US\$104,562	
● MOL Consolidation Service Ltd.		Hong Kong	100.00	HK\$1,000	
● MOL Consolidation Service Ltd. (China)		China	100.00	RMB8,000	
● MOL Container Center (Thailand) Co., Ltd.		Thailand	99.60	THB10,000	
● MOL Ferry Co., Ltd.		Japan	100.00	¥1,577,400	
● MOL Hong Kong Ltd.		Hong Kong	100.00	HK\$40,000	
● MOL Logistics (Deutschland) GMBH		Germany	100.00	€ 537	
● MOL Logistics (Europe) B.V.		Netherlands	100.00	€ 414	
● MOL Logistics (H.K.) Ltd.		Hong Kong	100.00	HK\$14,100	
● MOL Logistics (Netherlands) B.V.		Netherlands	100.00	€ 3,049	
● MOL Logistics (Singapore) Pte. Ltd.		Singapore	100.00	S\$700	
● MOL Logistics (Taiwan) Co., Ltd.		Taiwan	100.00	NT\$7,500	
● MOL Logistics (Thailand) Co., Ltd.		Thailand	99.00	THB20,000	
● MOL Logistics (UK) Ltd.		U.K.	100.00	£400	
● MOL Logistics (USA) Inc.		U.S.A.	100.00	US\$9,814	
● MOL Logistics Co., Ltd.		Japan	75.06	¥756,250	
● MOL Logistics Holding (Europe) B.V.		Netherlands	100.00	€ 19	
● MOL Management (Thailand) Co., Ltd.		Thailand	49.00	THB20,000	
● MOL Worldwide Logistics Ltd.		Hong Kong	100.00	HK\$58,600	
● Nissan Motor Car Carrier Co., Ltd.		Japan	90.00	¥640,000	
● Shanghai Huajia International Freight Forwarding Co., Ltd.		China	76.00	US\$1,720	
● Shosen Koun Co., Ltd.		Japan	79.98	¥300,000	
● Thai Intermodal Systems Co., Ltd.		Thailand	100.00	THB77,500	

	Registered Office	MOL's Voting Rights (%)*	Paid-in Capital (Thousands)	
Product Transport Business	● TraPac Jacksonville, LLC.	U.S.A.	100.00	—
	● TraPac, LLC.	U.S.A.	100.00	—
	● Utoc Corp.	Japan	67.55	¥2,155,300
	● Utoc Engineering Pte. Ltd.	Singapore	100.00	S\$2,000
	● Utoc Logistics Corp.	Japan	100.00	¥50,000
	● Utoc Ryutsu Service Corp.	Japan	100.00	¥10,000
	● Utoc Stevedoring Corp.	Japan	100.00	¥50,000
	● Utoc Transnet Corp.	Japan	100.00	¥90,000
	● Utoc Transport Co., Ltd.	Japan	100.00	¥45,000
	● World Logistics Service (U.S.A.), Inc.	U.S.A.	100.00	US\$200
Associated Businesses	● Shipowner/Chartering companies (54 companies) in Panama, Marshall Islands, Liberia, Cayman Islands and Singapore.			
	● Others (6 companies)			
	○ Meimon Taiyo Ferry Co., Ltd.	Japan	41.33	¥880,000
	○ Nippon Concept Corp.	Japan	15.00	¥600,440
	○ Ocean Network Express Holdings, Ltd.	Japan	31.00	¥50,000
	○ Ocean Network Express Pte. Ltd.	Singapore	—	US\$3,000,000
	○ PKT Logistics Group Sdn. Bhd.	Malaysia	35.13	MYR 276,354
	○ Rotterdam World Gateway B.V.	Netherlands	20.00	€ 14,018
	○ Shanghai Kakyakusen Kaisha, Ltd.	Japan	31.98	¥100,000
	○ Tan Cang-Cai Mep International Terminal Co., Ltd.	Vietnam	21.33	VND 868,510,520
	○ Other (1 company)			
	● Daibiru Australia Pty Ltd.	Australia	100.00	A\$230,000
	● Daibiru CSB Co., Ltd.	Vietnam	99.00	VND 349,000,000
	● Daibiru Corp.	Japan	51.07	¥12,227,847
	● Daibiru Facility Management Ltd.	Japan	100.00	¥17,000
	● Daibiru Saigon Tower Co., Ltd.	Vietnam	100.00	VND 124,203,000
	● Green Kaiji Kaisha, Ltd.	Japan	100.00	¥95,400
	● Green Shipping, Ltd.	Japan	100.00	¥172,000
	● Hokuso Kohatsu K.K.	Japan	100.00	¥50,000
	● Ikuta & Marine Co., Ltd.	Japan	100.00	¥26,500
● Japan Express Co., Ltd.	Japan	100.00	¥50,000	
● Japan Hydrographic Charts & Publications Co., Ltd.	Japan	95.25	¥32,000	
● Jentower Ltd.	British Virgin Islands	100.00	US\$0	
● Kitanihon Tug-boat Co., Ltd.	Japan	62.00	¥50,000	
● Kobe Towing Co., Ltd.	Japan	100.00	¥50,000	
● Kosan Kanri Service Co., Ltd.	Japan	100.00	¥20,000	
● Kosan Kanri Service-West Co., Ltd.	Japan	100.00	¥14,400	
● M.O. Tourist Co., Ltd.	Japan	100.00	¥250,000	
● Mitsui O.S.K. Kosan Co., Ltd.	Japan	100.00	¥300,000	
● Mitsui O.S.K. Passenger Line, Ltd.	Japan	100.00	¥100,000	
● MOL Business Support, Ltd.	Japan	100.00	¥100,000	
● MOL Kaiji Co., Ltd.	Japan	100.00	¥95,000	
● MOL Techno-Trade, Ltd.	Japan	100.00	¥490,000	
● Nihon Tug-Boat Co., Ltd.	Japan	87.26	¥134,203	
● Nishinohon Sogo Setsubi Co., Ltd.	Japan	100.00	¥10,000	
● Nowatec Co., Ltd.	Japan	100.00	¥20,000	
● Tanshin Building Service Co., Ltd.	Japan	100.00	¥20,000	
● Tokai Tugboat K.K.	Japan	70.00	¥10,000	
● Ube Port Service Co., Ltd.	Japan	99.39	¥14,950	
● White Lotus Properties Ltd.	British Virgin Islands	100.00	¥6,810,000	
● Yellow Lotus Properties Ltd.	British Virgin Islands	100.00	¥1,000	
● Chartering company (1 company) in Panama				
● Other (2 company)				
○ Shinyo Kaiun Corp.	Japan	36.00	¥100,000	
○ South China Towing Co., Ltd.	Hong Kong	25.00	HK\$12,400	
○ Tan Cang-Cai Northern Maritime Joint Stock Co., Ltd.	Vietnam	36.00	VND 118,560,000	
○ Tan Cang-Cai Mep Towage Services Co., Ltd.	Vietnam	40.00	VND 112,717,115	
Others	● Euromol B.V.	Netherlands	100.00	€ 8,444
	● K&M Marine S.A.	PANAMA	100.00	¥500
	● Linkman Holdings Inc.	Liberia	100.00	US\$3
	● Mitsui O.S.K. Holdings (Benelux) B.V.	Netherlands	100.00	€ 17,245
	● MOL (Americas) LLC.	U.S.A.	100.00	—
	● MOL (Americas) Holdings, Inc.	U.S.A.	100.00	US\$200
	● MOL (Asia Oceania) Pte. Ltd.	Singapore	100.00	S\$2,350
	● MOL (Europe Africa) Ltd.	U.K.	100.00	US\$8,402
	● MOL Accounting Co., Ltd.	Japan	100.00	¥30,000
	● MOL Adjustment, Ltd.	Japan	100.00	¥10,000
	● MOL Engineering Co., Ltd.	Japan	100.00	¥20,000
	● MOL Information Systems, Ltd.	Japan	100.00	¥100,000
	● MOL Manning Service S.A.	Panama	100.00	US\$3,889
	● MOL Marine Co., Ltd.	Japan	100.00	¥100,000
	● MOL Ocean Expert Co., Ltd.	Japan	100.00	¥100,000
	● MOL Ship Management Co., Ltd.	Japan	100.00	¥50,000
	● MOL Ship Tech Inc.	Japan	100.00	¥50,000
	● MOL Treasury Management Pte. Ltd.	Singapore	100.00	US\$2,000
	● Other (1 company)			

* MOL's voting rights include voting rights of MOL and its subsidiaries