

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]



May 14, 2021

Company name: Meiji Shipping Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9115
 URL: <https://www.meiji-shipping.com/>
 Representative: Kazuya Uchida, President, CEO
 Contact: Toshiro Mizuno, Director, Managing Executive Officer
 Phone: +81-3-3792-0811
 Scheduled date of Annual General Meeting of Shareholders: June 29, 2021
 Scheduled date of commencing dividend payments: June 30, 2021
 Scheduled date of filing annual securities report: June 29, 2021
 Availability of supplementary briefing material on annual financial results: No
 Schedule of annual financial results briefing session: No

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	40,153	(8.5)	2,081	(61.8)	2,623	(38.4)	1,246	(27.5)
March 31, 2020	43,881	3.0	5,444	10.5	4,255	5.0	1,719	(16.1)

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

Fiscal year ended March 31, 2020: ¥2,215 million [(31.2)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	37.95	–	6.8	1.4	5.2
March 31, 2020	52.53	–	10.0	2.6	12.4

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2021: ¥517 million

Fiscal year ended March 31, 2020: ¥344 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	205,099	38,739	9.3	569.20
As of March 31, 2020	170,593	36,660	10.3	539.33

(Reference) Equity: As of March 31, 2021: ¥19,072 million

As of March 31, 2020: ¥17,655 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	13,144	(40,569)	29,474	21,029
March 31, 2020	14,476	(18,369)	7,195	19,500

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	–	–	–	5.00	5.00	179	9.5	0.9
March 31, 2021	–	–	–	7.00	7.00	251	18.4	1.3
Fiscal year ending March 31, 2022 (Forecast)	–	–	–	–	–		–	

(Note) Dividend forecast for the fiscal year ending March 31, 2022 is not available at this point.

Breakdown of year-end dividend for the fiscal year ended March 31, 2021: Ordinary dividend: 5.00 yen

Commemorative dividend: 2.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	19,800	2.8	700	(29.7)	300	(57.8)	200	(49.5)	5.97
Full year	43,500	8.3	2,900	39.3	1,700	(35.2)	800	(35.8)	23.87

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: 1 company (TRINITY BULK, S.A.)

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: No
4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2021: 36,000,000 shares

March 31, 2020: 36,000,000 shares

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

March 31, 2021: 2,491,635 shares

March 31, 2020: 3,263,245 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 32,847,831 shares

Fiscal Year ended March 31, 2020: 32,736,755 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2021	11,093	(1.6)	381	(38.2)	1,002	17.2	687	18.5
March 31, 2020	11,269	2.7	617	(8.0)	855	(15.7)	579	(15.9)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2021	19.10		—	
March 31, 2020	16.11		—	

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of March 31, 2021	24,529		7,367		30.0		204.71	
As of March 31, 2020	21,831		6,627		30.4		184.17	

(Reference) Equity: As of March 31, 2021: ¥7,367 million

As of March 31, 2020: ¥6,627 million

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

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

1. The earnings forecasts and other forward-looking statements herein are based on the information available at the time of preparation of this report and certain assumptions believed to be reasonable, and the Company does not assure the achievement of any of these. Actual results may differ significantly from the forecast due to a wide range of factors. Please refer to “(4) Future Outlook” on page 5 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecast, as well as explanatory and other notes regarding the use of financial results forecast.
2. The Company changed the accounting policies from the consolidated fiscal year ended March 31, 2021 and for the related items shown for the consolidated fiscal year ended March 31, 2020, the changes have been applied retrospectively. Items affected by the changes are ordinary income, comprehensive income, net assets, total assets, and equity ratio. The detail of changes in accounting policies is provided in “(5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)” on page 15 of the attached supplementary materials.

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1. Overview of Business Results, etc.

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

<Business environment>

During the fiscal year under review, the global economy was severely impacted by a worldwide wave of novel coronavirus infections and experienced a 3.3% negative rate of growth.

The U.S., Europe and Japan all experienced the steepest decline in their actual GDP growth rates, for the April to June period, since statistics first began to be recorded, and getting activity back on track to pre-coronavirus pandemic levels is projected to be difficult. However, with vaccines having appeared on the scene and adaptation to a new normal, along with an ongoing and unprecedented fiscal mobilization and monetary easing lifted the growth rate in the second half to exceed expectations.

The economy in China was quick to see a full-fledged resurgence in economic activities, and within 2020 had returned to pre-corona pandemic levels.

In the fiscal year under review, the foreign exchange rate began at the ¥108 level, and then progressed toward yen appreciation, ending December 2020 at the ¥103 level. Against the backdrop of rising U.S. long-term interest rates from the start of the new year, the rate had returned to ¥110 level at the end of the fiscal year.

<International shipping business>

The large tanker market started strong at the onset of 2020, although a surge in novel coronavirus infections decreased demand and the business fell precipitously in the middle of January. In March, with the agreement by OPEC Plus to cut production having fallen apart, Saudi Arabia boosted crude oil production which stimulated charter activities, and for a brief period market conditions appeared to soar. However, in May, OPEC Plus again agreed to cooperatively reduce production, which resulted in a decline in transportation demand that led to a subsequent drop in business. It was from around July when the charter hire rate fell below the break-even point of US\$30,000, and at the end of September it had dipped below the US\$10,000 level. With no hints of a recovery granted by the seasonal winter demand of the northern hemisphere, the rate remained at a low level. The product tanker market was stagnant throughout the year as a decline in jet fuel demand, caused by mobility restrictions in line with measures to prevent the spread of the novel coronavirus, had the effect of substantially suppressing operations at oil refineries, even though there was a partial recovery of market conditions from April to July that was linked to offshore oil storage demand for crude oil tankers.

The bulk carrier market had been trending toward decline from the end of 2019, chiefly with large vessels, then accelerated into stagnation with the added burden of rising novel coronavirus infections from the beginning of the year. In May, the average charter hire rate for the five major capesize carrier routes dipped briefly into the US\$2,000 level, which was essentially on par with the record low price recorded in 2016. On another front, from June there was a rebound in shipments to China, which had been quick off the mark to reopen economic activities, and capesize market conditions also rapidly recovered. As a result, the average charter hire rate for the five major capesize carrier routes doubled from the first half, to the US\$18,000 level in the second half. Small and medium-sized vessels were apparently less influenced by market turbulence than were the large vessels, however, they were at a similarly low level in the first half, moved to recovery in the second half, and entered into 2021 by rising even further at a brisk pace.

The car carrier market experienced shipments from April that were essentially cut in half, having been hit by halts to sales and production of automobiles on account of the impact of a growing rate of novel coronavirus infections. The effect of this was that operators in Japan and Europe scrapped or made early redelivery of ships, thereby forcing a contraction to the fleet, while some ships were put in lay-up in Europe. On the other hand, with some countries reopening economic activities from June, finished car shipments began to move toward recovery, and at the end of the year, shipments to North America had recovered to the previous year's levels. Overall, despite delays in shipping to resource-exporting countries, conditions recovered to 80% to 90% of levels prior to the surge in novel coronavirus infections.

In the container ship market, while shipments had been stagnant from the start of 2020 due to the impact of spreading novel coronavirus infections, a reactionary rebound occurred from the middle of the year, which together with rising stay-at-home demand, particularly in developed nations, led to the appearance of a rapid recovery. In tandem with this, the low rate of operations at port facilities in North America and other locations increased shipping congestion, and large vessels in the market remained at a high level.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥34,506 million (an increase of 9.7% year on year). This is mainly attributable to an increase in the operation of vessels delivered or acquired in the previous fiscal year, in addition to the new operation of nine tankers, five bulk carriers, and one car carrier in the fiscal year under review. Segment profit in the international shipping business amounted to ¥3,540 million (a decrease of 8.6% year on year) due to an increase in docking expenses. In addition, as extraordinary gains (losses), the Company recorded ¥1,062 million in gain on sales of four vessels held by the Company's consolidated subsidiaries, ¥1,528 million as an impairment loss on three vessels, and by making the Company's equity method affiliate into a consolidated subsidiary, also posted ¥582 million in gain on bargain purchase and ¥455 million in loss on step acquisitions.

<Hotel-related business>

In the hotel-related business, the spread of the novel coronavirus has led to a situation of unprecedented low hotel occupancy rates, with domestic guests increasingly exercising self-restraint in terms of travel, and moreover, inbound demand dramatically reduced on account of restrictions on entry into the country. As a result, net sales in the business stood at ¥5,141 million (a decrease of 56.9% year on year), and segment loss in the hotel-related business was ¥1,753 million (a profit of ¥1,266 million in the hotel-related business in the previous fiscal year).

<Real estate leasing business>

Net sales in the real estate leasing business were ¥505 million (a decrease of 1.1% year on year). Segment profit in the real estate leasing business was ¥294 million (a decrease of 3.8% year on year).

As a result, for the fiscal year under review, net sales were ¥40,153 million (a decrease of 8.5% year on year), operating income was ¥2,081 million (a decrease of 61.8% year on year), ordinary income, due to the posting of subsidies for employment adjustment in the hotel-related business and a charter contract cancellation fee as non-operating income, was ¥2,623 million (a decrease of 38.4% year on year), and profit attributable to owners of parent amounted to ¥1,246 million (a decrease of 27.5% year on year).

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

Assets as of the end of the fiscal year under review increased by ¥34,505 million from the end of the previous fiscal year to ¥205,099 million. This is mainly attributable to an increase in vessels and other property, plant and equipment.

Liabilities increased by ¥32,426 million from the end of the previous fiscal year to ¥166,359 million. This is mainly attributable to an increase in loans payable. Furthermore, net assets increased by ¥2,079 million from the end of the previous fiscal year to ¥38,739 million. This is mainly attributable to increases in retained earnings and non-controlling interests.

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

Cash and cash equivalents as of the end of the fiscal year under review increased by ¥1,528 million from the end of the previous fiscal year to ¥21,029 million. The conditions of each cash flow as of the end of the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities as of the end of the fiscal year under review decreased by ¥1,332 million from the previous fiscal year to ¥13,144 million. This is mainly attributable to ¥2,420 million of profit before income taxes which was adjusted with ¥12,763 million of depreciation and amortization, etc.

(Cash flows from investing activities)

Net cash used in investing activities as of the end of the fiscal year under review increased by ¥22,200 million from the previous fiscal year to ¥40,569 million. This is mainly attributable to the payment of ¥49,943 million in expenses for new shipbuilding, and proceeds from sales of property, plant and equipment of ¥6,670 million.

(Cash flows from financing activities)

Net cash provided by financing activities as of the end of the fiscal year under review increased by ¥22,279 million from the previous fiscal year to ¥29,474 million. This is mainly attributable to the difference of ¥30,135 million between the sum of proceeds from long-term loans payable of ¥56,858 million, and repayments of long-term loans payable, redemption of bonds and repayments of lease obligations of ¥26,723 million.

(4) Future Outlook

The growth rate of the global economy in 2021 is projected to be 6.0%, although concerns exist about a prolonged coronavirus pandemic on account of newly discovered coronavirus variants, and other factors that make this forecast increasingly uncertain.

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

In the international shipping business, the vessels delivered in the fiscal year under review will go into full operation, and as the five vessels scheduled for acquisition in the next fiscal year are predicted to go into operation, net sales are expected to be ¥38,700 million. In terms of expenses, docked vessels are expected to number half that of the current fiscal year, and segment profit in the business is projected to be ¥4,480 million. From the next fiscal year onward, the Company will work to unerringly address changes in conditions, maintaining and enhancing its fleet, and at the same time securing a safe structure for operations. In this way the Company will strive to secure a stable profit structure based on the medium-to long-term time charter.

In the hotel-related business, struggles persist as the number of those infected with the novel coronavirus has stopped falling, and the self-restraint on domestic travel continues, together with a lack of recovery in inbound demand. The impact of the novel coronavirus is predicted to linger for the foreseeable future, and projections are for net sales of ¥4,300 million, and for a hotel-related business loss of ¥1,850 million. Given these projections, the Company will endeavor to reduce costs by using revenue forecasts as a basis for controlling proper staffing and reviewing the various conditions of outsourcing contracts, among other measures.

In the real estate leasing business, the Company will continue to aim to secure stable earnings in the future by maintaining and enhancing the quality of the Company's real estate properties. Net sales in the real estate leasing business are expected to be ¥500 million while segment profit in the business is anticipated to be ¥270 million.

As a result of the above, the Company expects full-year consolidated net sales of ¥43,500 million (an increase of 8.3% compared with the current fiscal year), and consolidated operating income of ¥2,900 million (an increase of 39.3% compared with the current fiscal year). In terms of non-operating profit and loss, the Company projects consolidated ordinary income of ¥1,700 million (a decrease of 35.2% compared with the current fiscal year) due to expectations for the recording foreign exchange losses on anticipated yen appreciation, and an expected decline in equity in earnings of affiliates. In addition, with the sale of one vessel held by a consolidated subsidiary (with a fiscal year end date of December 31), and posting of gain on sales under extraordinary income, the Company projects final profit attributable to owners of parent of ¥800 million (a decrease of 35.8% compared with the current fiscal year). Furthermore, the Company projects the foreign exchange rate for next year to shift toward ¥103 to the U.S. dollar.

2. Basic Stance Concerning Choice of Accounting Standards

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

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

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	19,592,201	21,117,267
Accounts receivable - trade	885,690	476,064
Merchandise and finished goods	26,298	23,774
Raw materials and supplies	664,346	694,109
Other	3,056,305	3,644,290
Total current assets	24,224,842	25,955,506
Noncurrent assets		
Property, plant and equipment		
Vessels, net	99,449,928	141,496,978
Buildings and structures, net	11,934,661	12,159,423
Land	8,677,822	8,672,333
Construction in progress	13,915,713	5,860,705
Other, net	606,527	493,880
Total property, plant and equipment	134,584,654	168,683,322
Intangible assets		
Other	86,936	71,486
Total intangible assets	86,936	71,486
Investments and other assets		
Investment securities	8,295,323	7,338,603
Long-term loans receivable	1,133,673	1,042,321
Deferred tax assets	1,238,838	921,103
Other	1,029,701	1,087,367
Total investments and other assets	11,697,538	10,389,395
Total noncurrent assets	146,369,128	179,144,204
Total assets	170,593,971	205,099,710

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - shipping	1,725,759	2,027,378
Current portion of bonds	948,000	758,000
Short-term loans payable	25,258,347	30,316,532
Lease obligations	176,185	2,057
Accounts payable - other	852,150	851,711
Income taxes payable	359,730	338,332
Provision for bonuses	55,443	46,733
Other	4,889,780	4,043,514
Total current liabilities	34,265,395	38,384,260
Noncurrent liabilities		
Bonds payable	1,658,000	900,000
Long-term loans payable	90,574,425	121,313,626
Lease obligations	2,138,430	2,807
Deferred tax liabilities	315,437	169,852
Deferred tax liabilities for land revaluation	1,043,086	1,043,086
Provision		
Provision for directors' retirement benefits	235,494	216,222
Provision for periodic dry docking of vessels	2,307,664	1,805,027
Total provisions	2,543,158	2,021,250
Net defined benefit liability	352,105	370,909
Liabilities from application of equity method	277,406	428,569
Other	765,585	1,725,349
Total noncurrent liabilities	99,667,634	127,975,452
Total liabilities	133,933,030	166,359,712
Net assets		
Shareholders' equity		
Capital stock	1,800,000	1,800,000
Capital surplus	21,128	525,490
Retained earnings	14,159,697	15,226,332
Treasury shares	(675,520)	(580,595)
Total shareholders' equity	15,305,305	16,971,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	224,038	441,660
Deferred gains or losses on hedges	(613,649)	(581,997)
Revaluation reserve for land	1,906,276	1,906,276
Foreign currency translation adjustment	833,786	335,767
Total accumulated other comprehensive income	2,350,452	2,101,706
Non-controlling interests	19,005,182	19,667,062
Total net assets	36,660,940	38,739,997
Total liabilities and net assets	170,593,971	205,099,710

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

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	43,881,284	40,153,086
Cost of sales	34,214,206	33,997,148
Gross profit	9,667,077	6,155,938
Selling, general and administrative expenses	4,222,225	4,074,127
Operating income	5,444,852	2,081,810
Non-operating income		
Interest income	96,095	68,772
Dividend income	112,363	59,914
Foreign exchange gains	49,178	435,507
Equity in earnings of affiliates	344,728	517,241
Subsidies for employment adjustment	—	778,905
Other	535,411	794,488
Total non-operating income	1,137,777	2,654,831
Non-operating expenses		
Interest expenses	2,140,746	1,923,239
Other	186,326	190,222
Total non-operating expenses	2,327,073	2,113,461
Ordinary income	4,255,557	2,623,180
Extraordinary income		
Gain on sales of vessel	1,046,173	1,062,448
Gain on bargain purchase	—	582,552
Gain on forgiveness of debts	—	206,830
Total extraordinary income	1,046,173	1,851,832
Extraordinary loss		
Impairment loss	1,449,012	1,528,856
Loss on step acquisitions	—	455,097
Other	92,424	70,978
Total extraordinary losses	1,541,436	2,054,932
Profit before income taxes	3,760,294	2,420,080
Income taxes - current	661,975	498,919
Income taxes - deferred	22,210	(407,580)
Total income taxes	684,185	91,338
Profit	3,076,108	2,328,741
Profit attributable to non-controlling interests	1,356,303	1,082,164
Profit attributable to owners of parent	1,719,805	1,246,576

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Profit	3,076,108	2,328,741
Other comprehensive income		
Valuation difference on available-for-sale securities	(277,484)	216,050
Deferred gains or losses on hedges	12,377	(277,564)
Foreign currency translation adjustment	(204,480)	(984,774)
Share of other comprehensive income of entities accounted for using equity method	(391,097)	151,457
Total other comprehensive income	(860,684)	(894,830)
Comprehensive income	2,215,423	1,433,910
Comprehensive income attributable to owners of parent	966,747	997,831
Comprehensive income attributable to		
Comprehensive income attributable to non-controlling interests	1,248,676	436,079

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2020

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,800,000	21,128	12,606,156	(675,520)	13,751,764
Cumulative effects of changes in accounting policies					
Restated balance	1,800,000	21,128	12,606,156	(675,520)	13,751,764
Changes of items during period					
Dividends of surplus			(179,941)		(179,941)
Change in scope of equity method			13,676		13,676
Profit attributable to owners of parent			1,719,805		1,719,805
Purchase of treasury shares					
Disposal of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,553,541	—	1,553,541
Balance at end of current period	1,800,000	21,128	14,159,697	(675,520)	15,305,305

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	513,140	(329,896)	1,906,276	1,013,991	3,103,510	22,233,821	39,089,096
Cumulative effects of changes in accounting policies						(4,232,235)	(4,232,235)
Restated balance	513,140	(329,896)	1,906,276	1,013,991	3,103,510	18,001,586	34,856,861
Changes of items during period							
Dividends of surplus							(179,941)
Change in scope of equity method							13,676
Profit attributable to owners of parent							1,719,805
Purchase of treasury shares							
Disposal of treasury shares							
Change in ownership interest of parent due to transactions with non-controlling interests							
Net changes of items other than shareholders' equity	(289,101)	(283,752)	—	(180,204)	(753,058)	1,003,596	250,538
Total changes of items during period	(289,101)	(283,752)	—	(180,204)	(753,058)	1,003,596	1,804,079
Balance at end of current period	224,038	(613,649)	1,906,276	833,786	2,350,452	19,005,182	36,660,940

For the fiscal year ended March 31, 2021

(Thousand yen)

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

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

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,760,294	2,420,080
Depreciation and amortization	11,165,946	12,763,733
Impairment loss	1,449,012	1,528,856
Gain on bargain purchase	—	(582,552)
Loss (gain) on step acquisitions	—	455,097
Loss (gain) on sales of investment securities	—	62,578
Loss (gain) on valuation of investment securities	92,424	10,800
Interest and dividend income	(208,459)	(128,687)
Loss (gain) on sales and retirement of property, plant and equipment	(1,044,130)	(1,058,635)
Interest expenses	2,140,746	1,923,239
Foreign exchange losses (gains)	(95,809)	(427,004)
Loss (gain) on investments in silent partnership	(191,973)	(101,730)
Loss (gain) on valuation of derivatives	(20,314)	(91,129)
Gain on forgiveness of debts	—	(206,830)
Equity in earnings losses of affiliates	(344,728)	(517,241)
Increase (decrease) in provision for directors' retirement benefits	—	(19,271)
Increase (decrease) in net defined benefit liability	(596)	18,804
Increase (decrease) in provision for periodic dry docking of vessels	293,880	(431,546)
Increase (decrease) in advances received	18,569	(216,470)
Decrease (increase) in inventories	56,802	(27,239)
Decrease (increase) in consumption taxes refund receivable	1,624	(85,596)
Increase (decrease) in accounts payable - shipping	181,352	259,207
Decrease (increase) in other current assets	(631,155)	(88,913)
Other	264,170	(752,771)
Subtotal	16,887,656	14,706,775
Interest and dividend income received	453,891	932,509
Interest expenses paid	(2,221,544)	(1,973,899)
Income taxes paid	(643,009)	(520,761)
Net cash provided by (used in) operating activities	14,476,993	13,144,624
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,475,386)	(49,943,396)
Proceeds from sales of property, plant and equipment	3,206,564	6,670,299
Payments into time deposits	(91,724)	(88,100)
Proceeds from withdrawal of time deposits	248,040	91,724
Purchase of investment securities	(132,854)	(22,992)
Proceeds from sales and redemption of investment securities	15,721	112,035
Payments of loans receivable	(1,165,743)	(205)
Collection of loans receivable	1,105,957	58,731
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	2,526,394
Other	(79,731)	25,820
Net cash provided by (used in) investing activities	(18,369,155)	(40,569,686)

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(236,195)	300,364
Proceeds from long-term loans payable	30,794,188	56,858,890
Repayments of long-term loans payable	(21,639,355)	(23,466,077)
Redemption of bonds	(1,095,500)	(948,000)
Cash dividends paid	(179,108)	(179,376)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(348,192)
Dividends paid to non-controlling interests	(245,080)	(347,508)
Purchase of treasury shares	—	(9)
Repayments of lease obligations	(210,948)	(2,309,750)
Other	7,460	(85,828)
Net cash provided by (used in) financing activities	7,195,459	29,474,511
Effect of exchange rate change on cash and cash equivalents	(26,496)	(520,759)
Net increase (decrease) in cash and cash equivalents	3,276,801	1,528,690
Cash and cash equivalents at beginning of period	16,223,675	19,500,477
Cash and cash equivalents at end of period	19,500,477	21,029,167

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Changes in Accounting Policies)

From the fiscal year under review, the Company will change its accounting treatment in the case of shares held indirectly through closely related entities, as stipulated by Paragraph 14 of “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures for Indirectly Held Shares” (Accounting Practice Committee Statement No. 7 (Supplemental), final amendment: November 28, 2014), with a view to conducting more rational accounting treatment and in accordance with changes to the Company’s accounting system.

Under previous accounting treatment, the parent company’s equity within the profit and comprehensive income of the Company’s consolidated subsidiaries held by the Company’s equity method affiliates, stated in Consolidated Statements of Income and Comprehensive Income, was recorded as profit attributable to non-controlling interests and comprehensive income attributable to non-controlling interests. At the same time, this was duplicated and recorded as equity in earnings losses of affiliates and share of other comprehensive income of entities accounted for using equity method. However, under this change in the method of accounting treatment, this duplicated amount has been offset, then recorded. Similarly, with the Consolidated Balance Sheets as well, investment securities and liabilities from application of equity method, as well as the non-controlling interests that had previously been duplicated then posted, have through this accounting treatment change been offset and reported.

These changes to accounting policies are retroactively applied, and the retroactive application covers the balance sheet amounts for the previous fiscal year. As a result, for the previous fiscal year ordinary income, profit before income taxes, profit, and profit attributable to non-controlling interests declined by ¥445,187 thousand, and comprehensive income and comprehensive income attributable to non-controlling interests declined by ¥410,863 thousand. There was no impact on profit attributable to owners of parent, comprehensive income attributable to owners of parent and basic earnings per share.

Furthermore, the Consolidated Balance Sheets of the previous fiscal year is also stated as having been retroactively applied. As a result, on the Consolidated Balance Sheets of the previous fiscal year, investment securities and the amount of total assets declined by ¥5,193,852 thousand, liabilities from application of equity method declined by ¥550,752 thousand, and non-controlling interests and the amount of net assets declined by ¥4,643,099 thousand. There was no impact on retained earnings, accumulated other comprehensive income and basic earnings per share.

Moreover, the Consolidated Statements of Changes in Net Assets of the previous year is also stated as having been retroactively applied. As a result, by reflecting the cumulative effects, the balances at beginning of current period of non-controlling interests and total net assets of the Consolidated Statements of Changes in Net Assets of the previous fiscal year each declined by ¥4,232,235 thousand, while for net changes of items other than shareholders’ equity and total changes of items during period, there was a decline of ¥410,863 thousand, respectively, and the balances at end of current period of non-controlling interests and total net assets declined by ¥4,643,099 thousand, respectively. There was no impact on shareholder’s equity and accumulated other comprehensive income.

(Segment Information)

[Segment Information]

1. Description of reportable segments

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

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

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

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

The accounting method used for reporting business segments is generally the same as stated in “Significant Matters for Basis of Preparation of Consolidated Financial Statements.” As stated on page 15 in “Changes in Accounting Policies,” the Company has changed its accounting policies in the current fiscal year. These changes in accounting policies have been retroactively applied, and segment assets and segment liabilities for the previous fiscal year state respective amounts after the retroactive application.

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

For the fiscal year ended March 31, 2020

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	31,451,261	11,918,970	511,052	43,881,284	—	43,881,284
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	31,451,261	11,918,970	511,052	43,881,284	—	43,881,284
Segment profit	3,872,476	1,266,543	305,832	5,444,852	—	5,444,852
Segment assets	144,098,226	19,350,053	7,145,690	170,593,971	—	170,593,971
Segment liabilities	116,951,355	14,216,391	2,765,282	133,933,030	—	133,933,030
Other items						
Depreciation and amortization	10,288,056	784,807	93,082	11,165,946	—	11,165,946
Increase in property, plant and equipment and intangible fixed assets	19,961,357	944,510	26,448	20,932,315	—	20,932,315

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

For the fiscal year ended March 31, 2021

(Thousand yen)

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

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

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

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

For the fiscal year ended March 31, 2020

(Thousand yen)

	Reportable segment			Corporate and elimination	Total
	International shipping business	Hotel-related business	Real estate leasing business		
Impairment loss	1,449,012	—	—	—	1,449,012

For the fiscal year ended March 31, 2021

(Thousand yen)

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

[Information on gain on bargain purchase by reportable segment]

For the fiscal year ended March 31, 2020

There is no relevant information.

For the fiscal year ended March 31, 2021

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

(Per Share Information)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net assets per share	¥539.33	¥569.20
Basic earnings per share	¥52.53	¥37.95

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

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

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	1,719,805	1,246,576
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	1,719,805	1,246,576
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	32,736	32,847

3. The basis for the calculation of net assets per share is as follows. As stated on page 15 in “Changes in Accounting Policies,” the Company has changed its accounting policies from the current fiscal year. With the application of these changes in accounting policies, total net assets and non-controlling interests for the previous fiscal year are presented in amounts after the retroactive application.

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Total net assets (Thousand yen)	36,660,940	38,739,997
Deductible amount from total net assets (Thousand yen)	19,005,182	19,667,062
[Non-controlling interests (Thousand yen)]	[19,005,182]	[19,667,062]
Net assets relating to common shares at end of year (Thousand yen)	17,655,758	19,072,935
Number of common shares for calculation of net assets per share at end of year (Thousand shares)	32,736	33,508

(Significant Subsequent Events)

The Company has determined that it will sell a vessel held by one of its consolidated subsidiaries (based in The Netherlands, with a fiscal year end date of December 31), following the date of that company’s fiscal year end. Given this, the Company will post approximately ¥30 million under extraordinary income in the following consolidated fiscal year, and projects an impact of approximately ¥10 million in profit attributable to owners of parent.