

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [Japanese GAAP]



May 15, 2020

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 26, 2020  
 Scheduled date of commencing dividend payments: June 29, 2020  
 Scheduled date of filing annual securities report: June 26, 2020  
 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, 2020 (April 1, 2019 to March 31, 2020)

(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, 2020	43,881	3.0	5,444	10.5	4,700	7.4	1,719	(16.1)
March 31, 2019	42,604	2.0	4,927	(11.9)	4,378	(2.5)	2,049	13.2

(Note) Comprehensive income: Fiscal year ended March 31, 2020: ¥2,626 million [(25.0)%]

Fiscal year ended March 31, 2019: ¥3,502 million [0.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2020	52.53	–	10.0	2.7	12.4
March 31, 2019	62.61	–	12.8	2.7	11.6

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2020: ¥789 million

Fiscal year ended March 31, 2019: ¥690 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	175,787	41,304	10.0	539.33
As of March 31, 2019	166,629	39,089	10.1	514.87

(Reference) Equity: As of March 31, 2020: ¥17,655 million

As of March 31, 2019: ¥16,855 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2020	14,476	(18,369)	7,195	19,500
March 31, 2019	13,975	(25,894)	9,653	16,223

## 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, 2019	–	–	–	5.00	5.00	179	8.0	1.0
March 31, 2020	–	–	–	5.00	5.00	179	9.5	0.9
Fiscal year ending March 31, 2021 (Forecast)	–	–	–	–	–		–	

(Note) Dividend forecast for fiscal year ending March 31, 2021 is not available at this point.

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	19,000	(9.9)	200	(90.3)	100	(93.7)	400	(40.2)	12.22	
Full year	38,500	(12.3)	1,400	(74.3)	400	(91.5)	700	(59.3)	21.38	

### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - March 31, 2020: 36,000,000 shares
    - March 31, 2019: 36,000,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - March 31, 2020: 3,263,245 shares
    - March 31, 2019: 3,263,245 shares
  - 3) Average number of shares during the period:
    - Fiscal Year ended March 31, 2020: 32,736,755 shares
    - Fiscal Year ended March 31, 2019: 32,736,755 shares

(Reference) Summary of Non-consolidated Financial Results

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)**

(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, 2020	11,269	2.7	617	(8.0)	855	(15.7)	579	(15.9)
March 31, 2019	10,969	8.2	671	3.9	1,014	58.7	689	57.4

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2020	16.11		—	
March 31, 2019	19.15		—	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2020	21,831	6,627	30.4	184.17
As of March 31, 2019	22,285	6,515	29.2	181.04

(Reference) Equity: As of March 31, 2020: ¥6,627 million

As of March 31, 2019: ¥6,515 million

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

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

The earnings forecasts and other forward-looking statements herein are based on the information available at the time of preparation of this report and certain assumptions believed to be reasonable, and the Company does not assure the achievement of any of these. Actual results may differ significantly from the forecast due to a wide range of factors. Please refer to “(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.

## Supplementary Materials: Table of Contents

1. Overview of Business Results, etc. ....	2
(1) Overview of Business Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	3
(3) Overview of Cash Flows for the Fiscal Year under Review .....	3
(4) Future Outlook .....	5
2. Basic Stance Concerning Choice of Accounting Standards .....	6
3. Consolidated Financial Statements and Primary Notes .....	7
(1) Consolidated Balance Sheets .....	7
(2) Consolidated Statements of Income and Comprehensive Income .....	9
(3) Consolidated Statements of Changes in Net Assets .....	11
(4) Consolidated Statements of Cash Flows .....	13
(5) Notes to the Consolidated Financial Statements .....	15
(Notes on Going Concern Assumption) .....	15
(Segment Information) .....	15
(Per Share Information) .....	17
(Significant Subsequent Events) .....	17

## 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 continued to struggle due to instability arising from trade friction between the U.S. and China and the UK's departure from the European Union, and the global economic growth rate amounted to 2.9%. Moreover, an abrupt slowdown occurred since entering into the new year due to the worldwide spread of novel coronavirus infections.

The U.S. economy experienced sluggish export and production activities due to the U.S. and China trade friction, although a trade agreement between those two nations gave rise to glimmers of a partial easing of the trade conflict. The pace of growth in the European economy softened on account of a diminished appetite for corporate investment amidst a prolonged downturn in the manufacturing industry. The Chinese economy experienced lower exports to the U.S. on account of the trade friction, although there were signs that the economy had bottomed out thanks to government policies and other factors. On the other hand, the Japanese economy saw export and production activities slow in tandem with a deceleration in overseas economies. Personal consumption took a downward turn on the impact of large-scale typhoons and a consumption tax hike, although there appeared to be some movement toward a slight recovery.

In the fiscal year under review, the foreign exchange rate began at the ¥111 level, and then progressed toward yen appreciation over the summer owing to escalating severity in the U.S. and China trade friction, and then a transition to an easing of U.S. monetary policy. The foreign exchange rate remained comparatively favorable even after the Federal Reserve Board (FRB) turned toward lower interest rates since autumn, and despite a temporary appreciation of the yen due to the spread of novel coronavirus infections, the rate returned to the ¥108 level toward the end of the fiscal year, and settled into a narrow range.

#### <International shipping business>

The large tanker market remained weak on the impact of the initial geopolitical risk in the Persian Gulf, although U.S. economic sanctions placed on certain Chinese shipping companies from late September to the middle of October temporarily lifted the market to record levels, and settled into a relatively high level. It subsequently appeared that stability had been achieved against the backdrop of seasonal factors. However, triggered by the spread of novel coronavirus infections, crude oil demand tumbled together with worldwide economic activity, driving the market down to levels lower than in a typical year. While the product tanker market remained in a state of oversupply, there was a gradual increase in shipping activity, which was gradually reflected in market conditions. Nonetheless, the impact of novel coronavirus has offset seasonal winter demand, and conditions have remained flat.

The bulk carrier market experienced volatile conditions, with large vessels swinging from an exceedingly low mark of US\$10,000 for charter hire rates at the beginning of the year to well above US\$30,000 from the summer months to November. In December, they once again steeply declined to the US\$10,000 level, where they remained. On the other hand, small and medium-sized vessels were apparently less influenced by market turbulence than were the large vessels, however, they seemed to be similarly lifted temporarily after the summer. Despite this, over the winter season they trended downward and have remained at a low level.

The car carrier market was at an overall low level. Against the backdrop of U.S. and China trade friction in the first half and other factors, shipments to China declined, and transportation within Europe also fell.

In the container ship market, while shipments on North American routes had been weak until December, demand on European routes improved, a sign of regional disparity. However, the spread of the novel coronavirus has had a significant impact, leading to a record high level number of vessels in lay-up, which among other factors has spurred a slowdown.

Under these conditions, net sales in the international shipping business for the fiscal year under review were ¥31,451 million (an increase of 5.1% year on year). This is mainly attributable to an increase in the operation of vessels delivered or acquired in the previous fiscal year, in addition to the new operation of two tankers in the

fiscal year under review. Segment profit in the international shipping business amounted to ¥3,872 million (an increase of 15.9% year on year) owing to a decline in docking expenses. In addition, ¥1,046 million of gain on sales of two vessels held by the Company's consolidated subsidiaries was recorded in extraordinary income and an impairment loss on two vessels in the amount of ¥1,449 million was recorded in extraordinary loss.

#### <Hotel-related business>

In the hotel-related business, the accommodation division demonstrated firm performance, although struggles in the banquet division exerted a slight impact and net sales in the business stood at ¥11,918 million (a decrease of 1.9% year on year). Segment profit in the hotel-related business was ¥1,266 million (a decrease of 3.8% year on year).

#### <Real estate leasing business>

Net sales in the real estate leasing business were ¥511 million (a decrease of 3.1% year on year). Segment profit in the real estate leasing business was ¥305 million (an increase of 13.1% year on year). This was because, as opposed to the previous fiscal year when there was large-scale renovation work that weighed on earnings, there was no such renovation work that impacted earnings for this fiscal year.

As a result, for the fiscal year under review, net sales were ¥43,881 million (an increase of 3.0% year on year), operating income was ¥5,444 million (an increase of 10.5% year on year), ordinary income was ¥4,700 million (an increase of 7.4% year on year), and profit attributable to owners of parent amounted to ¥1,719 million (a decrease of 16.1% year on year).

The spread of the novel coronavirus did not have a direct impact on business performance in the fiscal year under review as most consolidated subsidiaries of the Company and equity method affiliates have accounting periods that end in December.

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

Assets as of the end of the fiscal year under review increased by ¥9,158 million from the end of the previous fiscal year to ¥175,787 million. This is mainly attributable to an increase in construction in progress and other property, plant and equipment.

Liabilities increased by ¥6,943 million from the end of the previous fiscal year to ¥134,483 million. This is mainly attributable to an increase in loans payable. Furthermore, net assets increased by ¥2,214 million from the end of the previous fiscal year to ¥41,304 million. This is mainly attributable to increases in retained earnings and non-controlling interests.

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

Cash and cash equivalents as of the end of the fiscal year under review increased by ¥3,276 million from the end of the previous fiscal year to ¥19,500 million. The conditions of each cash flow as of the end of the fiscal year under review are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities as of the end of the fiscal year under review increased by ¥501 million from the previous fiscal year to ¥14,476 million. This is mainly attributable to ¥4,205 million of profit before income taxes which was adjusted with ¥11,165 million of depreciation and amortization, etc.

### (Cash flows from investing activities)

Net cash used in investing activities as of the end of the fiscal year under review decreased by ¥7,525 million from the previous fiscal year to ¥18,369 million. This is mainly attributable to the difference of ¥18,268 million between the payment of ¥21,475 million in expenses for new shipbuilding, and proceeds from sales of property,

plant and equipment of ¥3,206 million.

(Cash flows from financing activities)

Net cash provided by financing activities as of the end of the fiscal year under review decreased by ¥2,458 million from the previous fiscal year to ¥7,195 million. This is mainly attributable to the difference of ¥8,059 million between the sum of proceeds from long-term loans payable of ¥30,794 million, and repayments of long-term loans payable and redemption of bonds of ¥22,734 million.

#### (4) Future Outlook

Looking ahead to the future global economy, the worldwide spread of the novel coronavirus has drastically changed conditions, and the outlook for the future has become uncertain.

The U.S. economy will be unable to avoid an abrupt economic contraction, despite the FRB having taken emergency action to lower interest rates amid a rapidly changing situation. The European economy will inevitably be impacted in terms of economic activity even though the European Central Bank (ECB) is keeping its policy interest rates unchanged while bolstering its policy of quantitative easing. The Chinese economy is facing downward pressure on domestic and foreign demand and limitations to the momentum of its recovery on account of the deceleration of the world economy due to the global spread of infections, despite the Chinese government's efforts to strengthen measures to support the restarting of economic activities.

The Japanese economy is also projected to be faced with an eminent recession with the postponement of the Tokyo Olympics and Paralympics Games due to the spread of novel coronavirus, in addition to other factors.

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

In the international shipping business, although the vessels delivered in the fiscal year under review will go into full operation and there are plans for the acquisition of over 10 vessels that are slated to go into operation in the next fiscal year, estimates for a stronger yen mean net sales are expected to be limited to ¥34,000 million, and segment profit in the business is projected to be ¥2,800 million due to a doubling of docked vessels compared to the current fiscal year. From the next fiscal year onward, the Company plans to continue controlling budgets for shipping expenses thoroughly, focusing on docking expenses as a countermeasure against yen appreciation, and endeavor to ensure a stable profit structure based on the medium-to long-term time charter. Going forward, for safe vessel operation, active initiatives will be taken to maintain high quality seafarers and the enhancement of their education.

In the hotel-related business, the impact of the novel coronavirus pandemic has resulted in a substantial decline in customer numbers, not only those visiting from overseas, but also of domestic guests who are increasingly exercising self-restraint in terms of travel. At the current stage, despite the premise of a gradual recovery from about October, the Company anticipates low occupancy during summer when occupancy rates are normally high. Given these factors, the Company projects net sales of ¥4,000 million and a hotel-related business loss of ¥1,700 million.

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 expected to be ¥300 million.

As a result of the above, the Company expects full-year consolidated net sales of ¥38,500 million (a decrease of 12.3% compared with the current fiscal year), and consolidated operating income of ¥1,400 million (a decrease of 74.3% compared with the current fiscal year). In terms of non-operating profit and loss, the Company expects consolidated ordinary income of ¥400 million (a decrease of 91.5% compared with the current fiscal year) due to an expected decline in equity in earnings of affiliates on account of anticipated yen appreciation. In addition, because a determination has been made to sell a vessel held by one of the Company's consolidated subsidiary, a gain on sale of approximately ¥400 million will be posted in extraordinary income, and also as a result of consideration on recoverability of deferred tax assets of consolidated subsidiaries, the Company expects to post approximately ¥300 million in income taxes – deferred (profit), and projects final profit attributable to owners of parent of ¥700 million (a decrease of 59.3% compared with the current fiscal year). Furthermore, the Company projects the foreign exchange rate for next year to shift toward ¥105 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, 2019	As of March 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	16,471,715	19,592,201
Accounts receivable - trade	839,769	885,690
Merchandise and finished goods	27,405	26,298
Raw materials and supplies	720,042	664,346
Other	2,691,877	3,056,305
Total current assets	20,750,810	24,224,842
Noncurrent assets		
Property, plant and equipment		
Vessels, net	102,070,321	99,449,928
Buildings and structures, net	12,346,029	11,934,661
Land	8,679,167	8,677,822
Construction in progress	5,378,500	13,915,713
Other, net	471,546	606,527
Total property, plant and equipment	128,945,564	134,584,654
Intangible assets		
Other	85,744	86,936
Total intangible assets	85,744	86,936
Investments and other assets		
Investment securities	13,907,502	13,489,175
Long-term loans receivable	895,165	1,133,673
Deferred tax assets	992,167	1,238,838
Other	1,052,307	1,029,701
Total investments and other assets	16,847,142	16,891,390
Total noncurrent assets	145,878,451	151,562,980
<b>Total assets</b>	<b>166,629,261</b>	<b>175,787,823</b>

(Thousand yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - shipping	1,544,406	1,725,759
Current portion of bonds	1,095,500	948,000
Short-term loans payable	26,400,206	25,258,347
Lease obligations	178,498	176,185
Accounts payable - other	943,583	852,150
Income taxes payable	336,849	359,730
Provision for bonuses	50,799	55,443
Other	4,443,856	4,889,780
Total current liabilities	34,993,699	34,265,395
Noncurrent liabilities		
Bonds payable	2,606,000	1,658,000
Long-term loans payable	80,929,529	90,574,425
Lease obligations	2,347,065	2,138,430
Deferred tax liabilities	191,952	315,437
Deferred tax liabilities for land revaluation	1,043,086	1,043,086
Provision		
Provision for directors' retirement benefits	235,494	235,494
Provision for periodic dry docking of vessels	2,013,784	2,307,664
Total provisions	2,249,278	2,543,158
Net defined benefit liability	352,701	352,105
Liabilities from application of equity method	1,035,790	828,159
Other	1,791,061	765,585
Total noncurrent liabilities	92,546,465	100,218,387
Total liabilities	127,540,164	134,483,782
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,800,000	1,800,000
Capital surplus	21,128	21,128
Retained earnings	12,606,156	14,159,697
Treasury shares	(675,520)	(675,520)
Total shareholders' equity	13,751,764	15,305,305
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	513,140	224,038
Deferred gains or losses on hedges	(329,896)	(613,649)
Revaluation reserve for land	1,906,276	1,906,276
Foreign currency translation adjustment	1,013,991	833,786
Total accumulated other comprehensive income	3,103,510	2,350,452
Non-controlling interests	22,233,821	23,648,282
Total net assets	39,089,096	41,304,040
Total liabilities and net assets	166,629,261	175,787,823

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

(Thousand yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net sales	42,604,106	43,881,284
Cost of sales	33,523,392	34,214,206
Gross profit	9,080,713	9,667,077
Selling, general and administrative expenses	4,153,069	4,222,225
Operating income	4,927,644	5,444,852
Non-operating income		
Interest income	87,485	96,095
Dividend income	104,236	112,363
Foreign exchange gains	416,964	49,178
Equity in earnings of affiliates	690,368	789,915
Other	262,671	535,411
Total non-operating income	1,561,726	1,582,965
Non-operating expenses		
Interest expenses	1,901,672	2,140,746
Other	209,299	186,326
Total non-operating expenses	2,110,971	2,327,073
Ordinary income	4,378,399	4,700,744
Extraordinary income		
Gain on sales of vessel	—	1,046,173
Other	55,670	—
Total extraordinary income	55,670	1,046,173
Extraordinary loss		
Impairment loss	—	1,449,012
Other	—	92,424
Total extraordinary losses	—	1,541,436
Profit before income taxes	4,434,069	4,205,481
Income taxes - current	609,846	661,975
Income taxes - deferred	(92,972)	22,210
Total income taxes	516,874	684,185
Profit	3,917,194	3,521,296
Profit attributable to non-controlling interests	1,867,591	1,801,490
Profit attributable to owners of parent	2,049,603	1,719,805

## Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Profit	3,917,194	3,521,296
Other comprehensive income		
Valuation difference on available-for-sale securities	(136,524)	(277,484)
Deferred gains or losses on hedges	136,889	12,377
Foreign currency translation adjustment	(266,792)	(204,480)
Share of other comprehensive income of entities accounted for using equity method	(147,789)	(425,421)
Total other comprehensive income	(414,216)	(895,008)
Comprehensive income	3,502,977	2,626,287
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,769,406	966,747
Comprehensive income attributable to non-controlling interests	1,733,570	1,659,540

(3) Consolidated Statements of Changes in Net Assets  
For the fiscal year ended March 31, 2019

(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	10,736,493	(675,520)	11,882,102
Changes of items during period					
Dividends of surplus			(179,941)		(179,941)
Change in scope of equity method			—		—
Profit attributable to owners of parent			2,049,603		2,049,603
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	1,869,662	—	1,869,662
Balance at end of current period	1,800,000	21,128	12,606,156	(675,520)	13,751,764

	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	625,473	(321,616)	1,906,276	1,173,573	3,383,706	20,937,331	36,203,140
Changes of items during period							
Dividends of surplus							(179,941)
Change in scope of equity method							—
Profit attributable to owners of parent							2,049,603
Net changes of items other than shareholders' equity	(112,333)	(8,280)	—	(159,582)	(280,196)	1,296,490	1,016,294
Total changes of items during period	(112,333)	(8,280)	—	(159,582)	(280,196)	1,296,490	2,885,956
Balance at end of current period	513,140	(329,896)	1,906,276	1,013,991	3,103,510	22,233,821	39,089,096

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
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
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
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
Net changes of items other than shareholders' equity	(289,101)	(283,752)	—	(180,204)	(753,058)	1,414,460	661,402
Total changes of items during period	(289,101)	(283,752)	—	(180,204)	(753,058)	1,414,460	2,214,943
Balance at end of current period	224,038	(613,649)	1,906,276	833,786	2,350,452	23,648,282	41,304,040

## (4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,434,069	4,205,481
Depreciation and amortization	10,515,360	11,165,946
Impairment loss	—	1,449,012
Loss (gain) on valuation of investment securities	—	92,424
Interest and dividend income	(191,722)	(208,459)
Loss (gain) on sales and retirement of property, plant and equipment	18,135	(1,044,130)
Interest expenses	1,901,672	2,140,746
Foreign exchange losses (gains)	(390,637)	(95,809)
Loss (gain) on investments in silent partnership	(40,212)	(191,973)
Loss (gain) on valuation of derivatives	(41,134)	(20,314)
Equity in earnings losses of affiliates	(690,368)	(789,915)
Increase (decrease) in provision for directors' retirement benefits	(3,277)	—
Increase (decrease) in net defined benefit liability	11,709	(596)
Increase (decrease) in provision for periodic dry docking of vessels	487,456	293,880
Increase (decrease) in advances received	139,160	18,569
Decrease (increase) in inventories	26,975	56,802
Decrease (increase) in consumption taxes refund receivable	(4,459)	1,624
Increase (decrease) in accounts payable - shipping	92,729	181,352
Decrease (increase) in other current assets	(391,868)	(631,155)
Other	540,612	264,170
Subtotal	16,414,199	16,887,656
Interest and dividend income received	167,583	453,891
Interest expenses paid	(1,964,928)	(2,221,544)
Income taxes paid	(641,578)	(643,009)
Net cash provided by (used in) operating activities	13,975,276	14,476,993
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(22,802,255)	(21,475,386)
Proceeds from sales of property, plant and equipment	1,761	3,206,564
Payments into time deposits	(248,040)	(91,724)
Proceeds from withdrawal of time deposits	26,000	248,040
Purchase of investment securities	(3,074,837)	(132,854)
Proceeds from sales and redemption of investment securities	19,992	15,721
Payments of loans receivable	(120,000)	(1,165,743)
Collection of loans receivable	333,060	1,105,957
Other	(30,102)	(79,731)
Net cash provided by (used in) investing activities	(25,894,421)	(18,369,155)

(Thousand yen)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,844,303)	(236,195)
Proceeds from long-term loans payable	31,340,389	30,794,188
Repayments of long-term loans payable	(16,566,439)	(21,639,355)
Proceeds from issuance of bonds	488,960	—
Redemption of bonds	(1,207,000)	(1,095,500)
Cash dividends paid	(179,304)	(179,108)
Dividends paid to non-controlling interests	(437,080)	(245,080)
Repayments of lease obligations	(2,313,066)	(210,948)
Other	371,613	7,460
Net cash provided by (used in) financing activities	9,653,768	7,195,459
Effect of exchange rate change on cash and cash equivalents	(254,543)	(26,496)
Net increase (decrease) in cash and cash equivalents	(2,519,920)	3,276,801
Cash and cash equivalents at beginning of period	18,743,596	16,223,675
Cash and cash equivalents at end of period	16,223,675	19,500,477

## (5) Notes to the Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Segment Information)

#### [Segment Information]

#### 1. Description of reportable segments

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

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

In the international shipping business, the Company operates businesses relating to shipping, centered on a vessel 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 the method used for the preparation of consolidated financial statements.

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

For the fiscal year ended March 31, 2019

(Thousand yen)

	Reportable segment				Adjustment	Total
	International shipping business	Hotel-related business	Real estate leasing business	Total		
Net sales						
Net sales to outside customers	29,932,337	12,144,277	527,490	42,604,106	—	42,604,106
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	29,932,337	12,144,277	527,490	42,604,106	—	42,604,106
Segment profit	3,341,400	1,315,938	270,304	4,927,644	—	4,927,644
Segment assets	140,375,271	19,196,876	7,057,113	166,629,261	—	166,629,261
Segment liabilities	110,426,977	14,024,523	3,088,664	127,540,164	—	127,540,164
Other items						
Depreciation and amortization	9,618,281	797,008	100,069	10,515,360	—	10,515,360
Increase in property, plant and equipment and intangible fixed assets	22,126,215	571,639	234,584	22,932,439	—	22,932,439

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

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	148,853,216	19,788,916	7,145,690	175,787,823	—	175,787,823
Segment liabilities	117,502,108	14,216,391	2,765,282	134,483,782	—	134,483,782
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.

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

There is no relevant information.

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

For the fiscal year ended March 31, 2019

Impairment loss did not occur.

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

(Per Share Information)

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Net assets per share	¥514.87	¥539.33
Basic earnings per share	¥62.61	¥52.53

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

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

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Basic earnings per share		
Profit attributable to owners of parent (Thousand yen)	2,049,603	1,719,805
Amount not attributable to common shareholders (Thousand yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousand yen)	2,049,603	1,719,805
Average number of shares of common shares outstanding during each fiscal year (Thousand shares)	32,736	32,736

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

	For the fiscal year ended March 31, 2019	For the fiscal year ended March 31, 2020
Total net assets (Thousand yen)	39,089,096	41,304,040
Deductible amount from total net assets (Thousand yen)	22,233,821	23,648,282
[Non-controlling interests (Thousand yen)]	[22,233,821]	[23,648,282]
Net assets relating to common shares at end of year (Thousand yen)	16,855,275	17,655,758
Number of common shares for calculation of net assets per share at end of year (Thousand shares)	32,736	32,736

(Significant Subsequent Events)

The Company has determined that it will sell a vessel held by one of its consolidated subsidiary (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 ¥400 million under extraordinary income in the following consolidated fiscal year, and projects an impact of approximately ¥200 million in profit attributable to owners of parent.