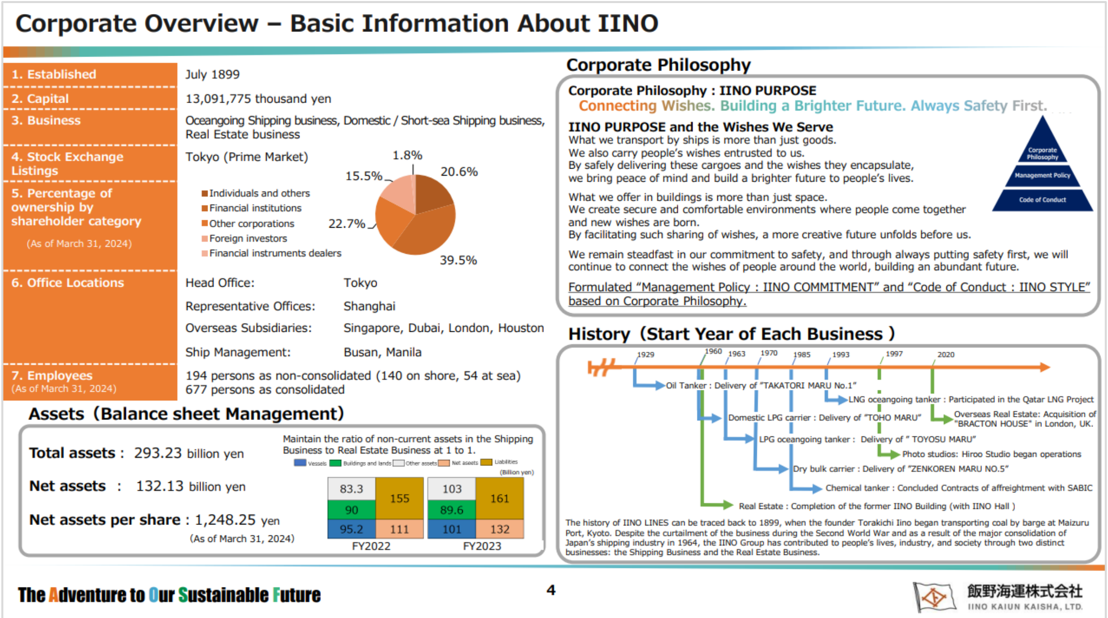
IINO Lines posts record ordinary profit in FY2023; expects lower revenues and profits in FY2024, but chemical tanker and dry bulk market expected to remain strong

This is a transcript of FY2023 financial results briefing, which was held on May 8, 2024.
Speaker: Yusuke Otani, President and Representative Director
Company Name: IINO Kaiun Kaisha, Ltd. "IINO Lines" (Stock Code: 9119)

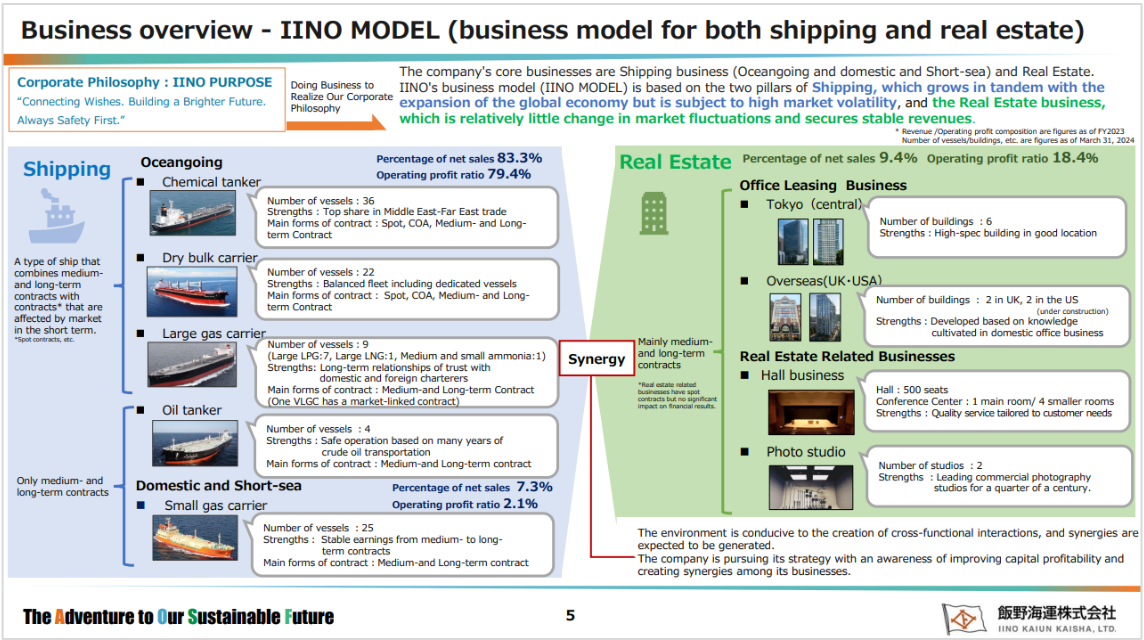
Hello everyone. I'm Yusuke Otani, President and Representative Director of IINO Kaiun Kaisha, Ltd. Thank you very much for taking time out of your busy schedule today to participate in the presentation of financial results of fiscal year 2023.

Today, I will provide an overview of financial results for FY2023, as well as the financial forecasts for FY2024 and the outlook for market conditions. Finally, I will discuss our progress in the first year of our mid-term management plan, "The Adventure to Our Sustainable Future," which as formulated in FY2023.



Needless to say, we are mainly engaged in the shipping and real estate businesses. We are celebrating our 125th anniversary this year with 194 non-consolidated and 677 consolidated employees.

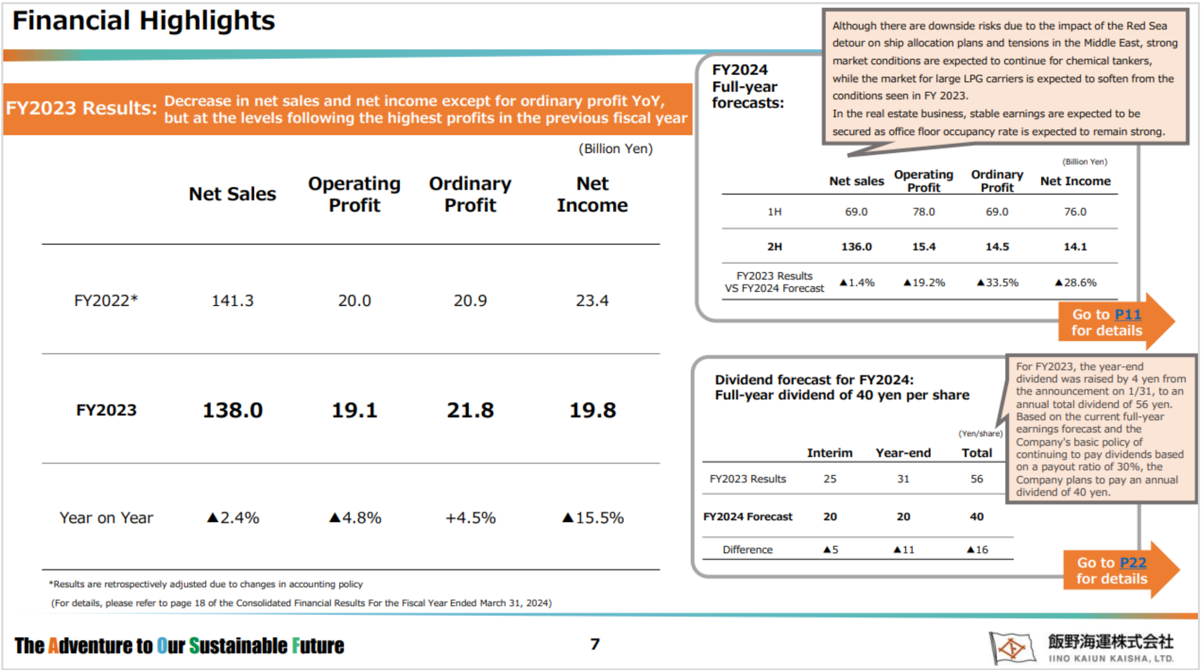
The company's corporate philosophy, "IINO PURPOSE," is to "Connecting Wishes. Building a Brighter Future. Always Safety First." Furthermore, based on this corporate philosophy, we formulated our mid-term management plan, "The Adventure to Our Sustainable Future," in May 2023.



Our business model is based on the management of both the shipping business and the real estate business. We call our unique business model the "IINO MODEL," which combines the shipping business, which is expected to grow in tandem with the expansion of the global economy but is subject to high market volatility, and the real estate business, which is subject to relatively little change in market conditions and ensures stable revenues.

The shipping business consists of our mainstay chemical tankers and gas carriers, for which demand for cargo transport is expected to increase as the world moves toward decarbonization, dry bulk carriers, and large crude oil tankers, and we strive to maintain and increase earnings by balancing medium- to long-term contracts with spot contracts that are affected by short-term market conditions.

In the real estate business, we lease offices, mainly in central Tokyo, and also operate an IINO hall, rental conference rooms, and photo studios. We are expanding our real estate business in the U.K. and the U.S., securing stable earnings mainly through medium- to long-term contracts.



Financial Highlights

FY2023 Results: Decrease in net sales and net income except for ordinary profit YoY, but at the levels following the highest profits in the previous fiscal year

(Billion Yen)

	Net Sales	Operating Profit	Ordinary Profit	Net Income
FY2022*	141.3	20.0	20.9	23.4
FY2023	**138.0**	**19.1**	**21.8**	**19.8**
Year on Year	▲2.4%	▲4.8%	+4.5%	▲15.5%

*Results are retrospectively adjusted due to changes in accounting policy
(For details, please refer to page 18 of the Consolidated Financial Results For the Fiscal Year Ended March 31, 2024)

FY2024 Full-year forecasts:

Although there are downside risks due to the impact of the Red Sea detour on ship allocation plans and tensions in the Middle East, strong market conditions are expected to continue for chemical tankers, while the market for large LPG carriers is expected to soften from the conditions seen in FY 2023.
In the real estate business, stable earnings are expected to be secured as office floor occupancy rate is expected to remain strong.

(Billion Yen)

	Net sales	Operating Profit	Ordinary Profit	Net Income
1H	69.0	78.0	69.0	76.0
2H	**136.0**	**15.4**	**14.5**	**14.1**
FY2023 Results VS FY2024 Forecast	▲1.4%	▲19.2%	▲33.5%	▲28.6%

Go to P11 for details

Dividend forecast for FY2024: Full-year dividend of 40 yen per share

(Yen/share)

	Interim	Year-end	Total
FY2023 Results	25	31	56
FY2024 Forecast	**20**	**20**	**40**
Difference	▲5	▲11	▲16

For FY2023, the year-end dividend was raised by 4 yen from the announcement on 1/31, to an annual total dividend of 56 yen. Based on the current full-year earnings forecast and the Company's basic policy of continuing to pay dividends based on a payout ratio of 30%, the Company plans to pay an annual dividend of 40 yen.

Go to P22 for details

I would like to explain our financial results for FY2023, which were 138 billion yen in net sales, 19.1 billion yen in operating profit, 21.8 billion yen in ordinary profit, and 19.8 billion yen in net income for the full year. Ordinary profit exceeded the previous year's results, which reached a record high.

On the other hand, net sales, operating profit, and net income were down from the previous fiscal year, but still followed last year's record highs. We have also revised upward our dividend forecast for FY2023 to 56 yen per share, an increase of 4 yen from the 52 yen per share annual forecast announced on January 31, 2024, to 56 yen per share at the end of the fiscal year.

Financial Results by Consolidated and Segments

Consolidated Financial Results (Billion Yen)

	FY2023	FY2022	Year on Year Difference	%
Net Sales	**138.0**	141.3	▲ 3.4	▲2.4%
Operating Profit	**19.1**	20.0	▲ 1.0	▲4.8%
Ordinary Profit	**21.8**	20.9	0.9	+4.5%
Net Income	**19.7**	23.4	▲ 3.6	▲15.5%
Exchange Rate (/$)	**¥143.82**	¥135.07	+8.75	-
Bunker Price (/MT)*	**$620**	$802	▲ 182	-

* Compliant fuel oil (Very Low Sulfur Fuel Oil)

Financial Results by Segments (Billion Yen)

	FY2023	FY2022	Year on Year Difference	%
Net Sales	**138.0**	141.3	▲ 3.4	▲2.4%
Oceangoing Shipping	**114.9**	118.0	▲ 3.0	▲2.6%
Short-sea / Domestic Shipping	**10.1**	10.5	▲ 0.4	▲3.7%
Real Estate	**13.0**	12.9	0.0	+0.3%
Operating Profit	**19.1**	20.0	▲ 1.0	▲4.8%
Oceangoing Shipping	**15.1**	15.6	▲ 0.5	▲3.1%
Short-sea / Domestic Shipping	**0.4**	0.6	▲ 0.2	▲31.4%
Real Estate	**3.5**	3.8	▲ 0.3	▲7.5%

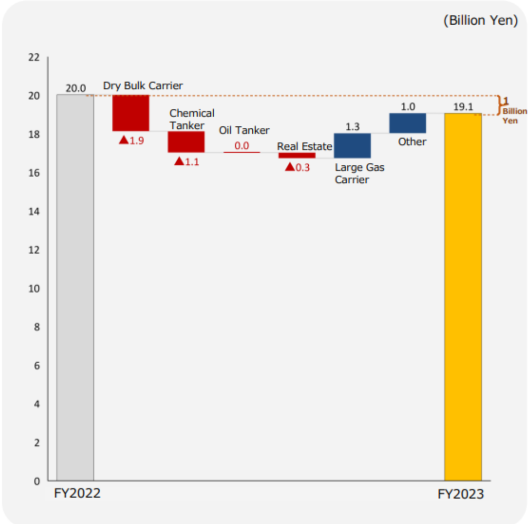
I will give an overview of financial results by segment. In the shipping business, while the weaker yen and favorable market conditions for large LPG carriers contributed to profits, the market for chemical tankers and dry bulk carriers softened, resulting in year-on-year decreases in both revenues and profits except for ordinary profit.

In the real estate business, income decreased from the previous fiscal year due to an increase in repair and maintenance costs and administrative expenses. As an extraordinary loss, we recorded a write-down of 2.1 billion yen on a property we own in the U.K.

The property was acquired before the COVID-19 and is still fully occupied. However, even after becoming post- COVID-19, with vacancy rates still high and rents stagnant in the London office market, the property's appraisal value significantly declined as a result of taking into account the sharp rise in policy interest rates to counter inflation, renovation work and periods of inactivity due to future tenant replacements. The property appraisal value has fallen significantly as a result.

Operating Profit (FY2022 vs. FY2023)

Breakdown of Operating Profit Changes YoY	(Billion Yen)	
Oil Tanker	0.0	Profits remained flat despite a decrease in operation caused by the sale of a vessel implemented in the previous fiscal year.
Chemical Tanker	▲1.1	In addition to stable contracts of affreightment, we have secured profits exceeding initial expectations by proactively taking in spot cargos, however, profits declined from the previous year.
Large Gas Carrier	+1.3	We secured stable earnings mainly from existing medium- to long-term contracts. In addition, a market-linked vessel enjoyed favorable market conditions.
Dry Bulk Carrier	▲1.9	Although we secured profitability that exceeded initial forecasts and made efforts to efficiently allocate and operate vessels, profits declined due to market conditions.
Real Estate	▲0.3	Office floors continued to operate smoothly and maintained stable earnings, but repair and maintenance costs increased. In addition, we recorded an impairment loss of 2.1 billion yen on the real estate property we own in UK as an extraordinary loss.
Other	+1.0	Profit increased due to the impact of yen's depreciation and other factors.



The slide shows the difference in operating profit by segment from the previous year. Overall, operating profit decreased by approximately 1 billion yen to approximately 19.1 billion yen in FY2023, compared to approximately 20.0 billion yen in FY2022.

The mainstay chemical tanker business maintained stable cargo movements, mainly COA cargoes, throughout the term and was able to secure operating profitability that exceeded the forecast at the beginning of the year by efficiently capturing spot cargoes, but the profits were down 1.1 billion yen from the previous year, partly in reaction to the historically favorable market conditions in FY2022.

In the dry bulk carrier business, despite efforts to efficiently allocate and operate vessels, profits were down approximately 1.9 billion yen from the previous fiscal year due to the significant impact of softening market conditions, mainly due to the slow recovery of the Chinese economy.

On the other hand, the market for large gas carriers remained at record levels due to exports from North America and Middle Eastern countries, firm demand mainly from China and India, and tightening supply and demand for shipping capacity due to restrictions on passage through the Panama Canal. Although most large gas carriers are under medium- to long-term contracts, one of the vessels with market-linked freight rate contracts contributed to an increase in profit, resulting in an increase of 1.3 billion yen.

In real estate, office floors continued to operate smoothly and maintained stable income, but income declined due to an increase in repair and maintenance costs and other expenses caused by age-related deterioration and inflation. The recording of extraordinary losses in real estate in the U.K. is as I have explained earlier.

Forecast for FY2024

Consolidated Financial Forecasts

(Billion Yen)

		FY2024 Forecast			FY2023 Result	
		1H	2H	Full Year	Full Year	Difference
Net Sales		69.0	67.0	136.0	138.0	▲2.0 (▲1.4%)
Operating Profit		7.8	7.6	15.4	19.1	▲3.7 (▲19.2%)
Ordinary Profit		6.9	7.6	14.5	21.8	▲7.3 (▲33.5%)
Net Income		7.6	6.5	14.1	19.7	▲5.6 (▲28.6%)
Exchange Rate (/$)		¥145.00	¥140.00	¥142.50	¥143.82	-
Bunker Price (/MT)*1		$650	$650	$650	US$620	-
Market assumption of Dry Bulk Carriers	Panamax ($/day)	-	-	$17,000	$12,238*2	-
	Small Handy ($/day)	-	-	$13,000	$9,352*2	-

*1 Compliant fuel oil (Very Low Sulfur Fuel Oil)
*2 Pacific Round (Source: Tramp Data Service)

Sensitivity on Ordinary Profit

Exchange rate (Full Year)*3:

per 1 Yen/$ Change

164 Million Yen / Full Year

*3 Exchange rate sensitivity excludes foreign exchange gains/losses

Ratio of Market Exposure (spot*4) in Fleet

(As of May 7, 2024 forecast, to be updated in every 2Q/4Q)

VLCC	0%
Chemical Tankers*5	27%
Large LPG Carriers / Ammonia Carrier	13%
Large LNG Carriers*6	0%
Panamax and Small Handy Dry Bulk Carriers	36%
Dedicated and Woodchip Carriers	0%

Oil tankers, large gas (LNG) carriers, and dedicated carriers comprise only medium- and long-term contracts that are not affected by market conditions.

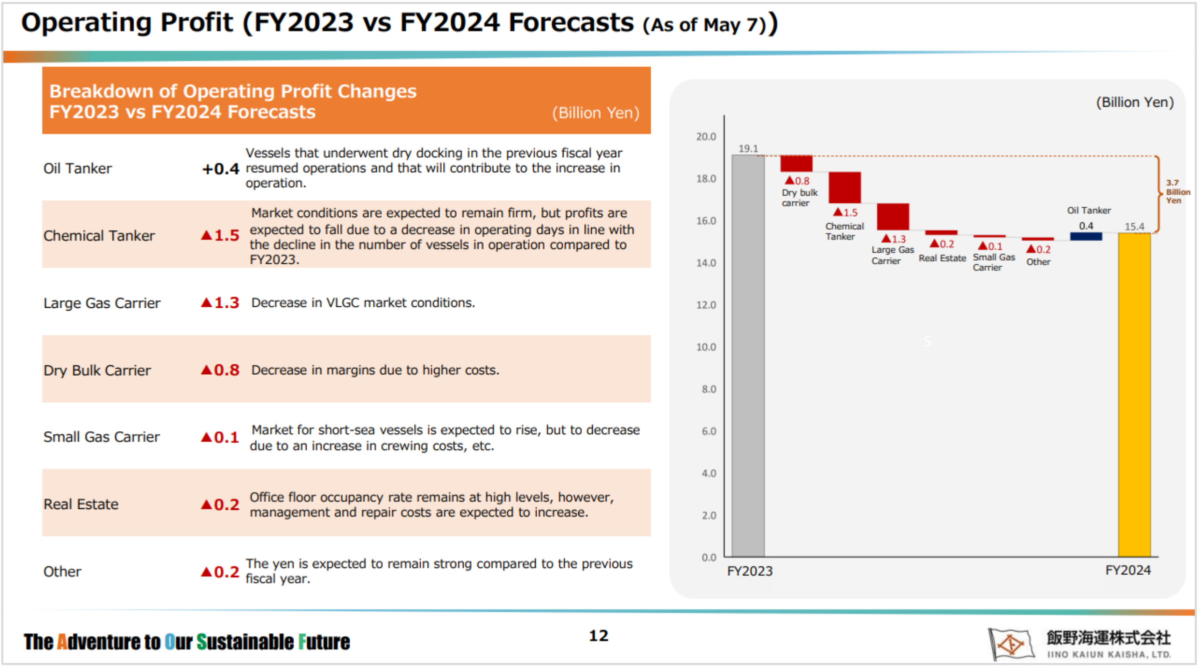
*4 Contract on a per-voyage basis. (not long-term)
*5 Not including time charter and other vessels
*6 The calculation includes 1 owned vessel and 24 LNG carriers jointly owned or involved in the portfolio companies

We now present our financial forecasts for FY2024, which call for net sales of 136.0 billion yen, operating profit of 15.4 billion yen, ordinary profit of 14.5 billion yen, and net income of 14.1 billion yen, down from the previous fiscal year.

In the chemical tanker business, although there is a downside risk due to the tense situation in the Middle East caused by the clashes between Israel and Iran, the market is expected to remain strong as the impact of the Red Sea diversion on the ship allocation plan has been factored in.

On the other hand, the market for large LPG carriers, which have enjoyed a record-breaking boom, is expected to enter a demand adjustment phase and the market is expected to soften compared to the previous fiscal year. In the real estate business, firm occupancy is expected to continue in office floors.

In addition, the mid-term management plan calls for strengthening human capital. We expect a decrease in tenant rent income due to the planned increase in floor space for our own use in the IINO Building as a result of changes in office layout to create a more comfortable working environment.



This slide shows the difference in operating income by segment from the previous year.

Overall, we forecast 15.4 billion yen in FY2024, compared to 19.1 billion yen in FY2023, a decrease of 3.7 billion yen. In the mainstay chemical tanker business, changes in ship allocation plans due to the detour of vessels in the Red Sea have already been factored in at the shipper's expense, so there will be no impact on earnings, and we expect market conditions to remain firm.

On the other hand, charter contracts for two vessels are scheduled to expire and they will be returned to the owners during the fiscal year, and we anticipate that it will be difficult to obtain replacement vessels amid the tight supply and demand of shipping capacity, so we expect profits up to the previous fiscal year to be eroded. We expect a 1.5 billion yen decrease from the previous fiscal year. In the dry bulk carrier segment, profits are expected to decrease by 0.8 billion yen from the previous fiscal year due to a decrease in profit margin caused by higher ship costs and a decrease in the number of operating days because of the overlapping docking of some vessels.

Large gas carriers have entered an adjustment phase in terms of demand since the end of last fiscal year, and the market has calmed down from a temporary spike. We expect the market to remain at a healthy level this fiscal year. The two newbuildings completed last fiscal year will be in full operation and contribute to earnings, but in general, we expect to lose about 1.3 billion yen from the previous fiscal year.

In the real estate business, office floors will maintain steady occupancy and stable income, but a decrease in tenant rent income due to the increased floor space for in-house use of the IINO Building, together with an increase in administrative and repair expenses, is expected to result in a combined decrease of approximately 0.2 billion yen from the previous fiscal year.

Chemical Tanker Market Forecast

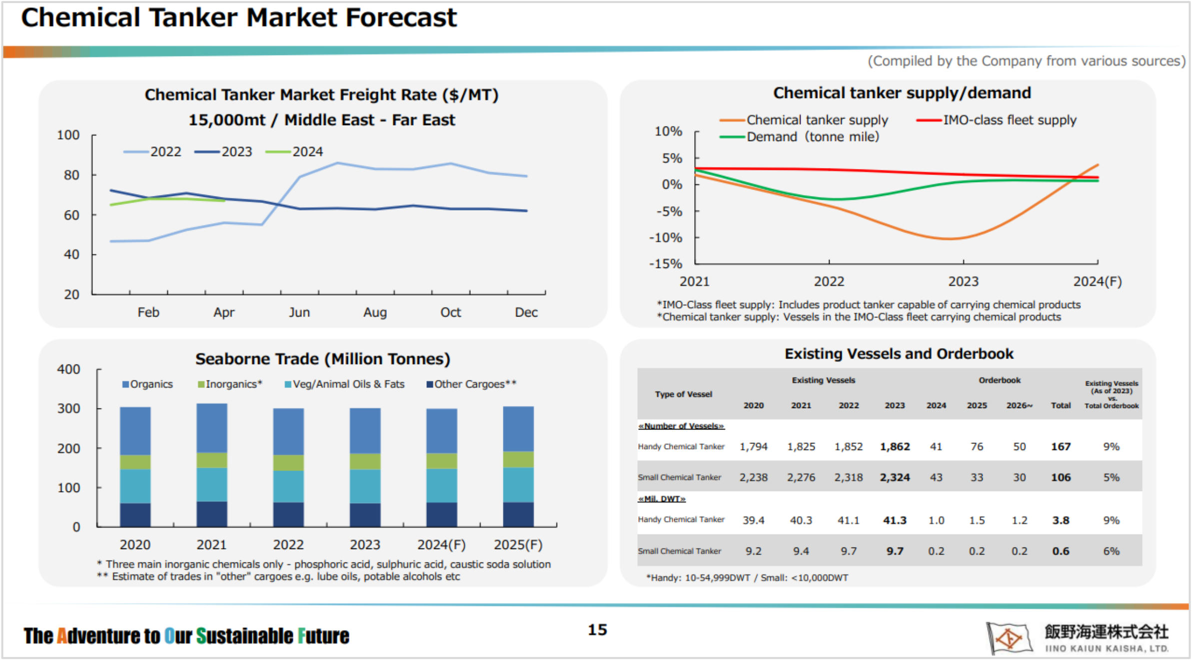
The inflow of newbuildings and product tankers into the chemical tanker market is limited, and the market is expected to remain firm. Regional conflicts and global economic slowdown is a cause for concern.

- The number of chemical tankers being delivered remains low and the inflow of newbuildings into the market is limited. In addition, the inflow of product tankers into the chemical tanker market is also limited due to the firm product tanker market (orderbook against existing vessels is about 9%).
- The market has been firm due to longer transport distance as a result of the rerouting of vessels around the Cape of Good Hope because of further tensions in the Red Sea, in addition to the continued long-distance voyages bypassing the Panama Canal due to drought restrictions on passage through the canal. However, the outlook is becoming increasingly uncertain due to the impact of further tensions in the Middle East on supply and demand, changes in logistics, and other factors.
- Despite concerns that geopolitical tensions in Ukraine and the Middle East will affect the global economy, the chemical tanker market is expected to remain firm, as new petrochemical plants are scheduled to start operations in the Middle East and North America.

I would like to explain the future market forecast for shipping and real estate businesses. First will be the chemical tanker market. Although the market is expected to remain firm due to the inflow of newbuildings and product tankers into the chemical tanker market is limited, regional conflicts and global economic slowdown is a cause for concerns.

Newbuildings will continue to be limited due to high construction costs and a shortage of shipbuildingcapacity in shipyards, and there will not be much inflow into the chemical tanker market. In addition, restrictions on passage through the Panama Canal and heightened tensions around the Red Sea have caused many vessels to bypass the area and choose to go around the Cape of Good Hope, which has increased overall transport distances and tended to further tighten the supply-demand balance for shipping capacity.

Although the impact of geopolitical risks in Ukraine and the Middle East is a cause for concern, we expect the chemical tanker market to remain strong due to the scheduled startup of new petrochemical plants in the Middle East and North America.

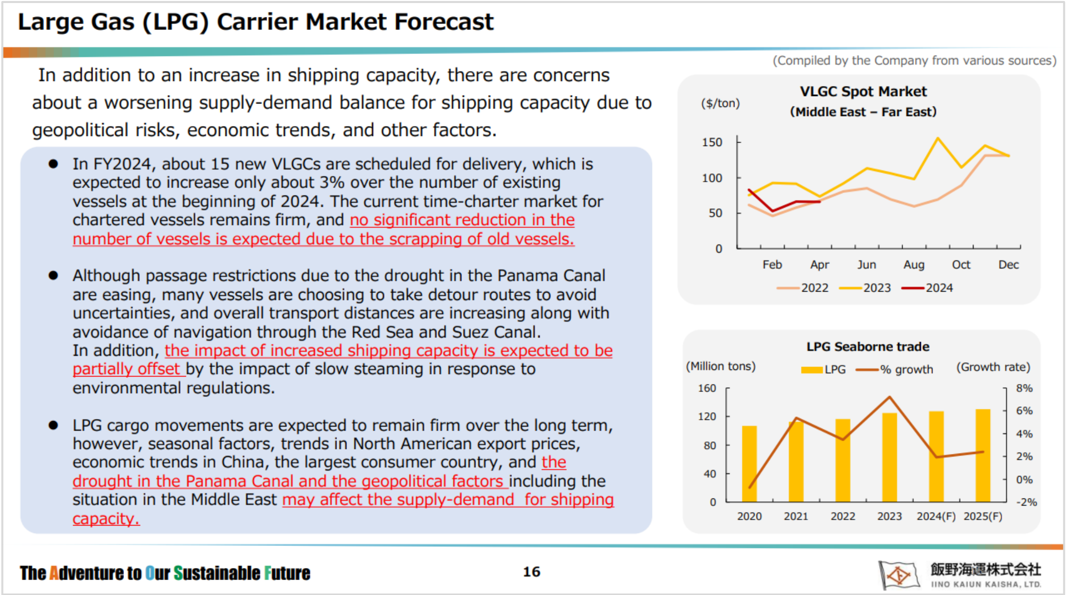


Type of Vessel	Existing Vessels				Orderbook				Existing Vessels (As of 2023) vs. Total Orderbook
	2020	2021	2022	2023	2024	2025	2026~	Total	
«Number of Vessels»									
Handy Chemical Tanker	1,794	1,825	1,852	**1,862**	41	76	50	**167**	9%
Small Chemical Tanker	2,238	2,276	2,318	**2,324**	43	33	30	**106**	5%
«Mil. DWT»									
Handy Chemical Tanker	39.4	40.3	41.1	**41.3**	1.0	1.5	1.2	**3.8**	9%
Small Chemical Tanker	9.2	9.4	9.7	**9.7**	0.2	0.2	0.2	**0.6**	6%

I would like to talk about the chemical tanker market. The graph on the upper left of the slide shows the freight rates for chemical tankers on routes from the Middle East to the Far East, a market in which we specialize. Market conditions surged around May 2022 and remained high. Freight rates in 2023 remained high, although not as high as in 2022, when they reached an all-time high, and have followed the same trend as in 2023 through the beginning of 2024 to the foot of the year.

The graph on the upper right of the slide shows the supply and demand for chemical tanker vessels. The orange line represents the supply of vessels, and you can see that it was very limited in 2023. Although the supply of vessels exceeds demand in 2024, the supply-demand balance is expected to remain firm, as many of the new vessels to be completed in the future will replace existing old vessels.

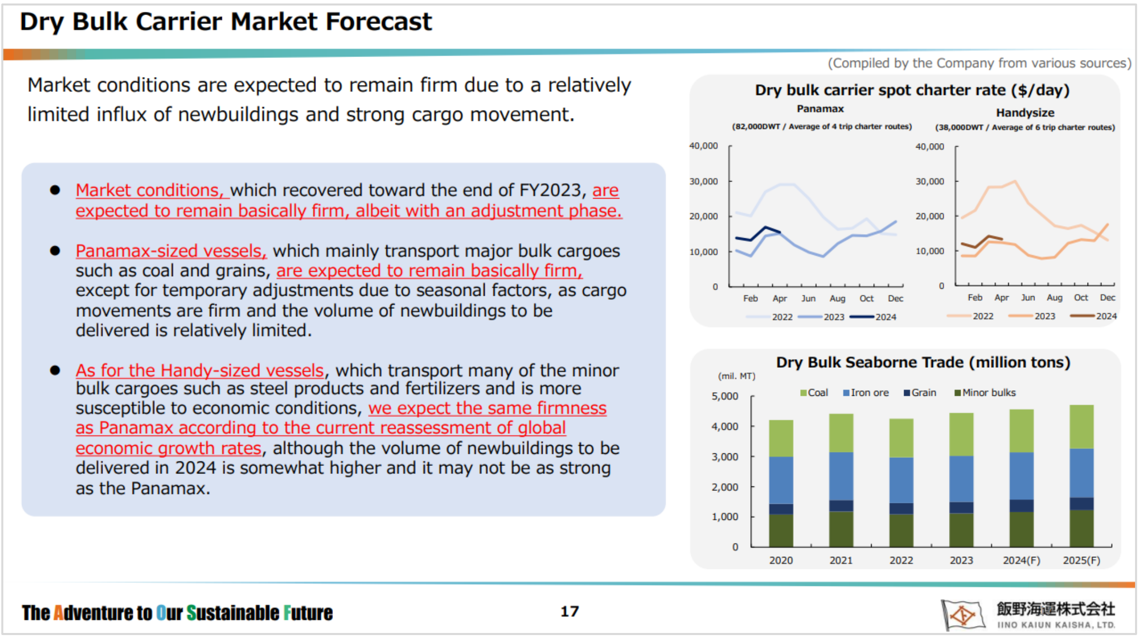
Based on the above, we expect the chemical tanker market to be firm, but due to the planned redelivery of two vessels to the owners, we expect a decrease in profit in 2024 compared to the previous year.



Next is the outlook for the large LPG carrier market. In addition to an increase in shipping capacity, geopolitical risks and economic trends are causing concerns about a worsening balance between shipping capacity supply and demand. In FY2024, shipping capacity is expected to continue to increase, although not as much as in the previous fiscal year.

On the other hand, like chemical tankers, large LPG carriers are expected to partially offset the impact of increased shipping capacity, as many vessels are avoiding the Panama Canal and Suez Canal, extending their transport distances.

Cargo movements are expected to remain firm, but economic trends in China, the largest consumer of LPG, North American export prices, and geopolitical factors remain a concern for shipping tonnage supply and demand.

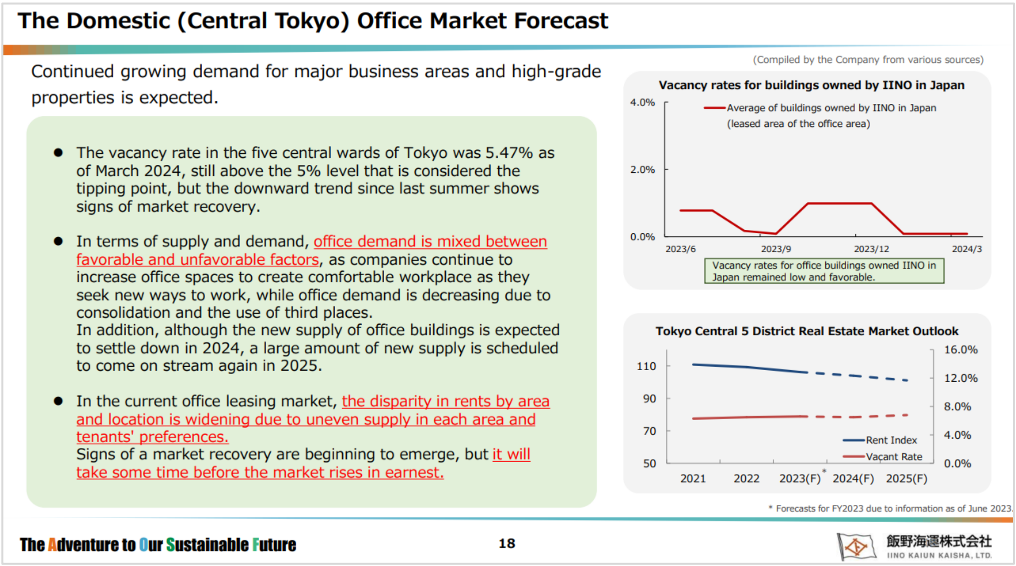


Next is the outlook for the dry bulk shipping market. With a relatively limited influx of newbuildings and firm cargo movements, we expect the market to remain firm. The market in

FY2023 was soft mainly due to the slow recovery of the Chinese economy, but showed signs of recovery toward the end of the fiscal year.

In FY2024, the market is expected to remain firm, due to the steady cargo movement of Panamax-type vessels and the relatively limited number of newbuildings being delivered. The market for handysize vessels may not be as strong as that for Panamaxes, but we expect the market to be firm as well.

In the dry bulk carrier market, market conditions are also expected to remain firm, but we anticipate a decrease in profits in FY2024 due to higher ship costs, a decrease in margins, and the docking of some vessels. For more information on market conditions for chemical tankers, large LPG carriers, and dry bulk carriers, please visit our website in the middle of each month for the latest information.



With regard to the real estate industry, I would like to explain the outlook for the office building market in central Tokyo. The vacancy rate in the five wards of central Tokyo was 5.47 percent as of March, and has continued to decline since last summer.

On the demand side, while demand for office space is declining due to new work styles centered on remote work, there is also movement to increase office floor space to improve the office environment. On the supply side, a large number of new office buildings are scheduled to be completed in 2025, and in addition to concerns about a worsening supply-demand balance, there is currently a widening gap in rents by area and location.

Although market conditions are recovering against the backdrop of expansion into new large-scale buildings and consolidation and relocation, we believe it will take more time for the market to fully recover. Office buildings we own are almost fully occupied, and the vacancy rate remains low compared to the overall market.

Status of Achievement of Major Numerical Targets (KPIs)

(Billion Yen)

		FY2022	FY2023		FY2024		FY2025	FY2030 Plan	Achieve of CN Realization by 2050
		Result	Plan	Result	Plan	Forecast (as of May 7)	Plan		
Numerical Financial Targets	Ordinary Profit	20.9	11.1	**21.8**	11.5～12.5	**14.5**	13.0～14.0	**20.0**	
	EBITDA*1	34.2	25.5	**33.3**	27.0～28.0	**30.0**	28.0～29.0	**44.0**	
	ROE	23.3%	9%	**16.3%**	9～10%	**10%**	9～10%	**10% or more**	
	ROIC*2	11.2%	4.5%	**8.6%**	4～5%	**5%**	4～5%	**5% or more**	
	D/E Ratio	1.04倍	Max. 1.5	**0.90**	Max. 1.5	**about 1.0**	Max. 1.5	**Max. 2.0**	
Non-Financial Numerical Targets	Number of Serious Accidents*3	0	0	**0**	0	-	0	-	
	GHG Reduction Rate Shipping (intensity/from FY2020)*4	▲13.5%	-	**TBA**	-	-	-	**20%**	
	GHG Reduction Rate Real Estate (total volume/from FY2013)*4	▲21.8%	-	**TBA**	-	-	-	**75%**	
	Childcare leave utilization rate*5	83%	-	**83%**	-	-	100%	-	
	Ratio of females in career-track positions (management candidates)*5	16%	-	**17.68%**	-	-	20%	-	
	Short-term Overseas Training and Expatriate Experience (Cumulative total)*5	54 persons	-	**61 persons**	-	-	75 persons and more	-	
	Human Rights Training Participation Rate	-	100%	**78.7%**	100%	-	100%	-	

*1 Operating Profit + Depreciation + Dividend Income and Equity in Earnings of Affiliates of main business investments *2 Net Operating Prlofit After Adjusted Taxes÷ Invested capital
*3 Serious accidents stipulated by the company (Vessels, Buildings and Information Systems)
*4 2030 reduction targets cover Scope 1 and 2, and are based on intensity (freight ton-miles) for the shipping business and on total volume for the real estate business. Targets for 2050 include Scope 3.
*5 All of the KPI values are for land-based positions at the Company without consolidation. Human capital strategies will be promoted throughout the IINO Group.

The Adventure to Our Sustainable Future 20 飯野海運株式会社 IINO KAIUN KAISHA, LTD.

This slide describes the progress of the mid-term management plan and our sustainability initiatives. The slide shows the status of achievement of financial and non-financial numerical targets set forth in the KPIs of the mid-term management plan. The financial figures are detailed on the next slide, and in FY2023 we exceeded our targets.

As for non-financial figures, we achieved the target of zero serious accidents in FY2023, and we will continue to ensure safety by aiming for zero accidents in FY2024. Although the GHG reduction rate is still being compiled, we are making steady progress toward the 2030 target. Although some technologies are still under development, we will steadily advance where we can toward achieving carbon neutrality by 2050. In addition, seven employees participated in the overseas short-term training program, which resumed in FY2023. Not only from maritime sales departments, but also from real estate sales and administration departments.

Human rights training fell short of the 100 percent goal as seafarers working on domestic vessels were unable to attend. We will continue our efforts to achieve our goal of 100% in fiscal 2024 and beyond.

Numerical Financial Targets(Details)

(Billion yen)

	FY 2022 Result	FY2023 Plan	FY2023 Result	FY2024 Plan	FY2024 Forecast	FY2025 Plan	FY2030 Plan
Exchange Rate Assumptions	135.07Yen/$	125Yen/$	**143.82Yen/$**	125Yen/$	**142.50Yen/$**	125Yen/$	
Bunker Oil Price*1 Assumptions	$802/MT	$700/MT	**$620/MT**	$700/MT	**$650/MT**	$700/MT	
Net Sales	141.3	123.0	**138**	120.0～130.0	**136**	125.0～135.0	**190.0**
Operating Profit	20.0	11.7	**19.1**	12.0～13.0	**15.4**	13.0～14.0	**21.0**
Shipping	16.2	8.6	**15.5**	8.5～9.3	**12.2**	9.3～10.0	**15.0**
Real Estate	3.8	3.1	**3.5**	3.5～3.7	**3.2**	3.7～ 4.0	**6.0**
Ordinary Profit	20.9	11.1	**21.8**	11.5～12.5	**14.5**	13.0～14.0	**20.0**
Net Income	23.4	10.0	**19.7**	11.0～12.0	**14.1**	12.0～13.0	**18.0**
EBITDA*2	34.2	25.5	**33.3**	27.0～28.0	**30.0**	28.0～29.0	**44.0**
ROE	23.3%	9%	**16.3%**	9～10%	**10%**	9～10%	**10% or more**
ROIC*3	11.2%	4.5%	**8.6%**	4～5%	**5%**	4～5%	**5% or more**
D/E Ratio	1.04	Max. 1.5	**0.90**	Max. 1.5	**about 1.0**	Max. 1.5	**Max. 2.0**

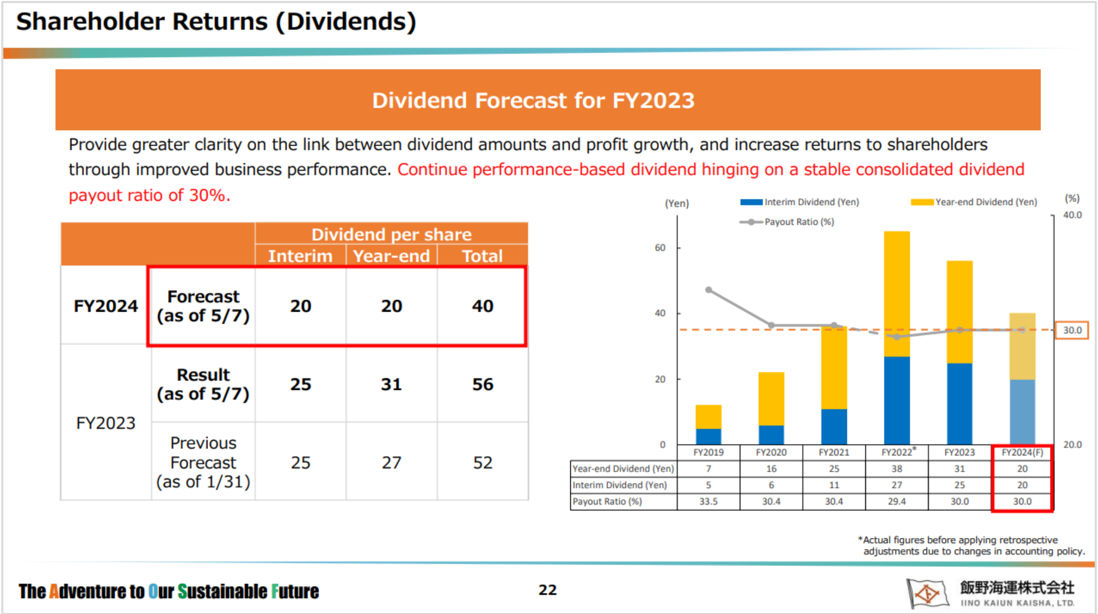
*1 Unit price of Very Low Sulfur Fuel Oil (in Singapore)
*2 Operating Profit + Depreciation + Dividend Income and Equity in Earnings of Affiliates of main business investments
*3 Net Operating Profit After Adjusted Taxes ÷ Invested Capital

Details of financial numerical targets. Net income of 19.7 billion yen in FY2023, the first year of the mid-term management plan, far exceeded the forecast of 10 billion yen. The same forecast of 14.1 billion yen for FY2024, the second year of the plan, shown in red in the table on the slide, is currently expected to exceed the plan in terms of net sales and income, although it will not reach the FY2023 actual results.

In the shipping business, although there are downside risks due to geopolitical risks and market uncertainties, we expect the market to remain firm, especially in the mainstay chemical tanker market. In the real estate business, we expect to secure stable earnings due to the outlook for continued firm occupancy in office floors.

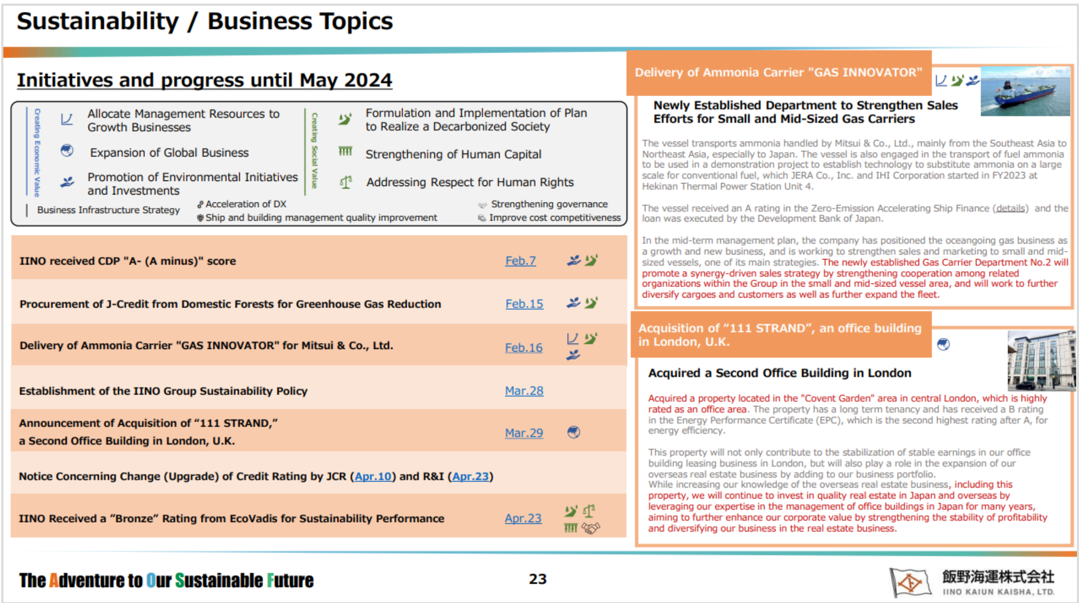
The mid-term management plan calls for investments of 100 billion yen over the three-year period. In addition to the steady progress of projects already constructed or under construction, we are considering various new projects in line with our business portfolio strategy, and some investment decisions have been made in the first year of the mid-term management plan.

Although the business environment in both shipping and real estate makes it difficult to discern investment decisions, we intend to steadily accumulate investments toward our investment targets while adhering to our investment criteria.



This section describes our shareholder return policy and dividends. During the period of this mid-term management plan, we will continue to pay dividends in a stable manner and link dividend payments to business performance based on a consolidated dividend payout ratio of 30%.

The dividend forecast for FY2024 announced this time is 20 yen for the interim and 20 yen for the year-end, for an annual dividend of 40 yen.

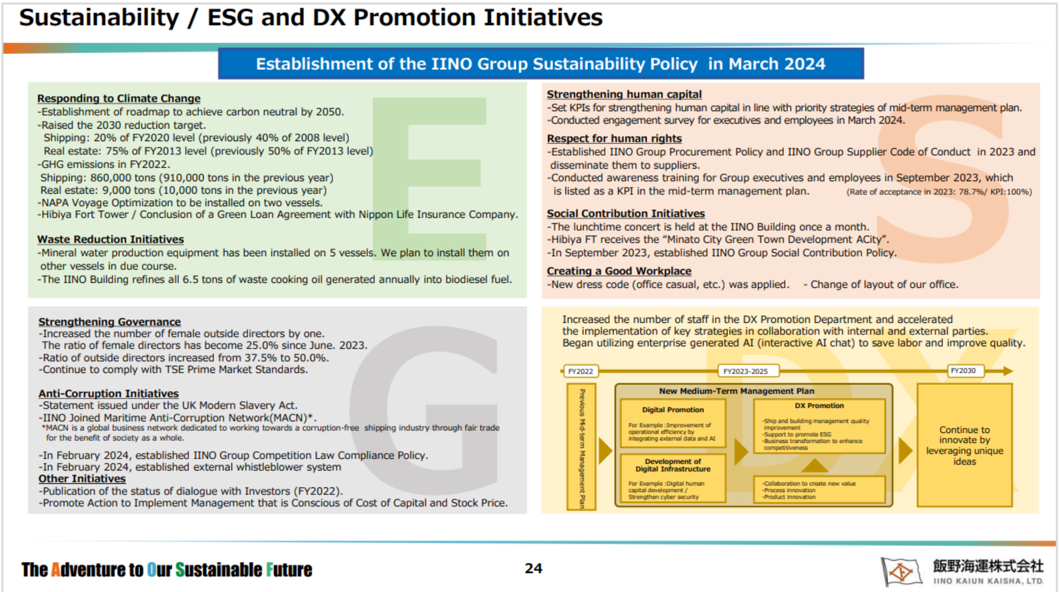


This is about our sustainability initiatives. For the second topic listed on the lower left of the slide from the bottom, the ratings by the rating agencies JCR and R&I have been upgraded by one notch, respectively. On the upper right of the slide, we introduce the ammonia carrier "GAS INNOVATOR," which was delivered in February this year. In our mid-term management plan, we have positioned oceangoing gas carriers as a growth and new business, and are working to strengthen sales of gas carriers, including small and medium-sized vessels.

In June this year, we newly established the Gas Carrier Department No.2, which is in charge of small and medium-sized gas carriers. By strengthening cooperation among gas carrier divisions within the Group and promoting synergy-driven sales strategies, we work to further diversify cargoes and customers as well as further expand the fleet.

The lower right-hand corner of the slide introduces the acquisition of the second office building in London. Although we took a write-down on the first London property, real estate property prices in London are currently at a relatively low level. To further expand our business, we considered acquiring properties with stable income potential, and as a result, we acquired properties that are highly rated in terms of location, energy efficiency, and other factors.

While gaining knowledge in overseas real estate, we will continue to invest in prime real estate in Japan and overseas by leveraging our many years of expertise in the domestic office leasing business, aiming to further enhance our corporate value by strengthening the stability of our real estate business and diversifying our operations.



Introducing our initiatives related to ESG and DX. In March this year, we formulated "the IINO Group Sustainability Policy" to clarify our commitment to contribute to the realization of a sustainable society by addressing environmental and social issues.

To promote ESG, including climate change, human capital, and governance, and to accelerate the promotion of DX, which is our business foundation strategy, we are promoting each of these initiatives as shown on the slide.

This is the end of the presentation for today's scheduled briefing on financial results for the full year of fiscal year 2023.

Thank you very much for your attention.

End