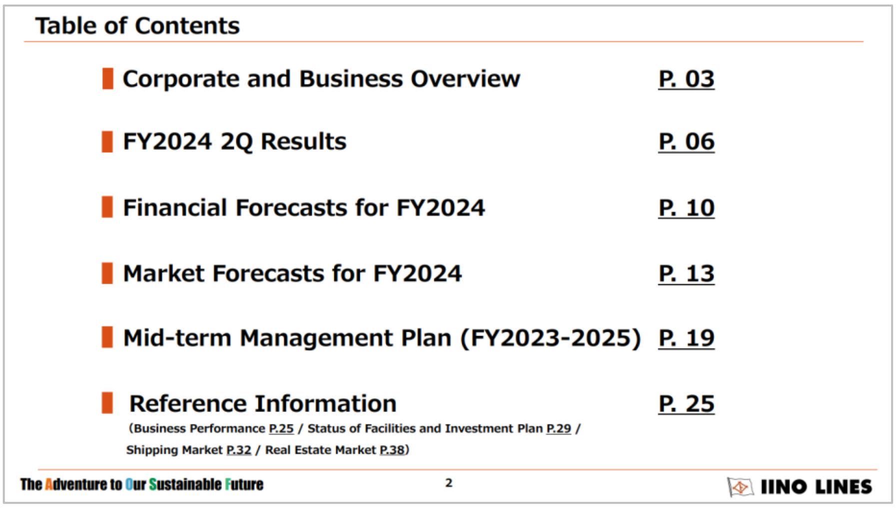
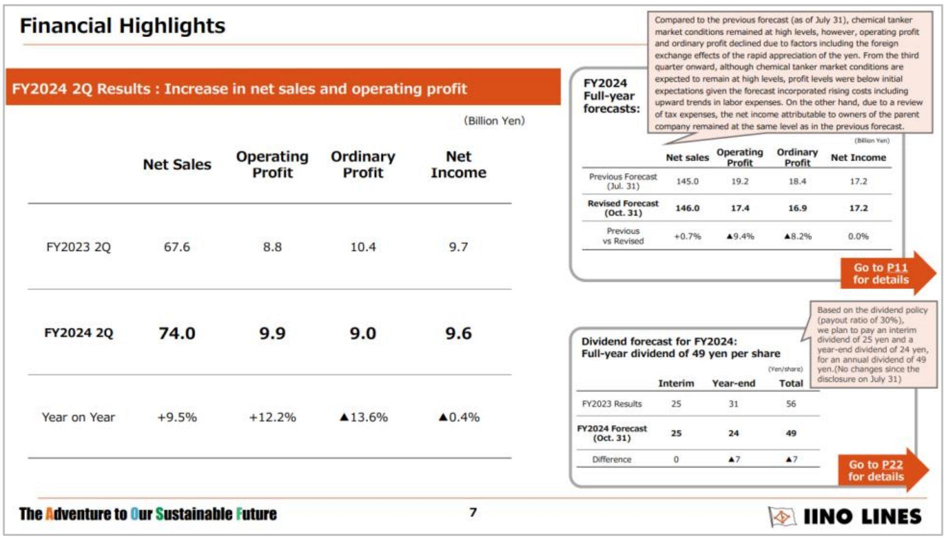
IINO Lines posted year-on-year increases in net sales and operating income in second quarter, thanks to favorable market conditions for chemical tankers and a weaker yen

This is a transcript of FY2024 interim financial results briefing, which was held on November 1, 2024.
Speaker: Yusuke Otani, President and Representative Director



Hello everyone. I'm Yusuke Otani, the President and CEO of IINO KAIUN KAISHA, LTD.
Thank you very much for taking the time to participate in the fiscal year2024 interim financial results briefing despite your busy schedules.

Today, I will explain the overview of the fiscal year2024 interim financial results, the full-year performance forecast, and the outlook for future market conditions. I will also discuss the progress of our current mid-term management plan, "The Adventure to Our Sustainable Future".

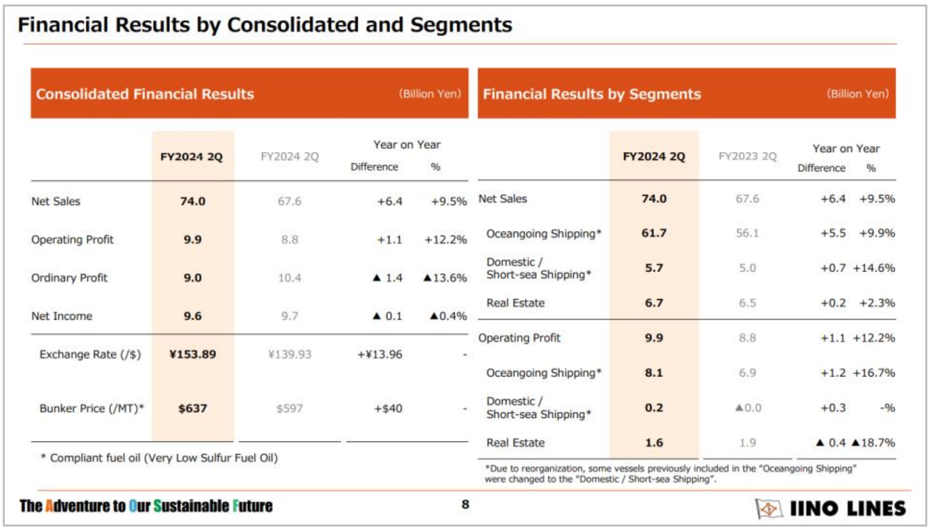


Now, I will begin by explaining the results of the fiscal year 2024 interim financial results. For the interim period, we recorded sales of 73 billion 990 million yen, operating profit of 9 billion 890 million yen, ordinary profit of 8 billion 950 million yen, and net profit of 9 billion 630 million yen.

In the shipping industry, we enjoyed favorable conditions primarily in the chemical tanker, and due to the depreciation of the yen, we saw an increase in both sales and operating profit year-on-year.

However, in ordinary profit, we recorded a decrease year-on-year due to a sharp appreciation of the yen towards the end of the interim period, which led to foreign exchange losses from the revaluation of foreign currency-denominated assets and liabilities. Nevertheless, net profit remained almost flat due to gains from the sale of aging fixed assets and investment securities.

I will provide detailed explanations of the full-year performance forecast and dividend expectations later.



Financial Results by Consolidated and Segments

Consolidated Financial Results (Billion Yen)

	FY2024 2Q	FY2024 2Q	Year on Year Difference	Year on Year %
Net Sales	74.0	67.6	+6.4	+9.5%
Operating Profit	9.9	8.8	+1.1	+12.2%
Ordinary Profit	9.0	10.4	▲ 1.4	▲13.6%
Net Income	9.6	9.7	▲ 0.1	▲0.4%
Exchange Rate (/$)	¥153.89	¥139.93	+¥13.96	-
Bunker Price (/MT)*	$637	$597	+$40	-

* Compliant fuel oil (Very Low Sulfur Fuel Oil)

Financial Results by Segments (Billion Yen)

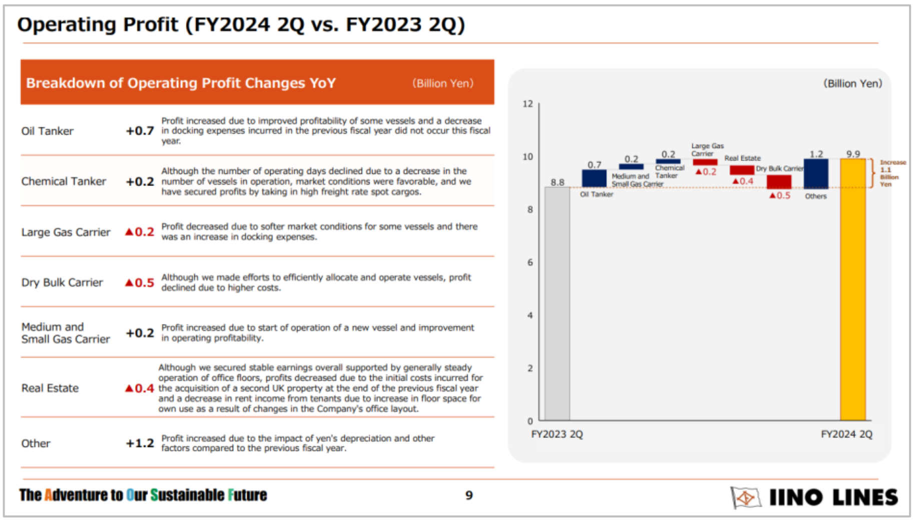
		FY2024 2Q	FY2023 2Q	Year on Year Difference	Year on Year %
Net Sales		74.0	67.6	+6.4	+9.5%
	Oceangoing Shipping*	61.7	56.1	+5.5	+9.9%
	Domestic / Short-sea Shipping*	5.7	5.0	+0.7	+14.6%
	Real Estate	6.7	6.5	+0.2	+2.3%
Operating Profit		9.9	8.8	+1.1	+12.2%
	Oceangoing Shipping*	8.1	6.9	+1.2	+16.7%
	Domestic / Short-sea Shipping*	0.2	▲0.0	+0.3	-%
	Real Estate	1.6	1.9	▲ 0.4	▲18.7%

*Due to reorganization, some vessels previously included in the "Oceangoing Shipping" were changed to the "Domestic / Short-sea Shipping".

Next, I will explain the financial results by segment. As mentioned earlier, in oceangoing shipping segment, we experienced an increase in sales and profits year-on-year due to the impact of the weaker yen and the continued strong market for chemical tankers.

In the real estate sector, our owned buildings maintained stable occupancy, and the income from the second building acquired in the U.K. contributed to increased revenue.

On the other hand, income decreased due to the initial cost of real estate in the U.K. and a decrease in external tenant rent income as a result of increasing the floor space in the Iino Building for in-house use in order to make it easier for employees to work.



Operating Profit (FY2024 2Q vs. FY2023 2Q)

Breakdown of Operating Profit Changes YoY (Billion Yen)

Oil Tanker	+0.7	Profit increased due to improved profitability of some vessels and a decrease in docking expenses incurred in the previous fiscal year did not occur this fiscal year.
Chemical Tanker	+0.2	Although the number of operating days declined due to a decrease in the number of vessels in operation, market conditions were favorable, and we have secured profits by taking in high freight rate spot cargos.
Large Gas Carrier	▲0.2	Profit decreased due to softer market conditions for some vessels and there was an increase in docking expenses.
Dry Bulk Carrier	▲0.5	Although we made efforts to efficiently allocate and operate vessels, profit declined due to higher costs.
Medium and Small Gas Carrier	+0.2	Profit increased due to start of operation of a new vessel and improvement in operating profitability.
Real Estate	▲0.4	Although we secured stable earnings overall supported by generally steady operation of office floors, profits decreased due to the initial costs incurred for the acquisition of a second UK property at the end of the previous fiscal year and a decrease in rent income from tenants due to increase in floor space for own use as a result of changes in the Company's office layout.
Other	+1.2	Profit increased due to the impact of yen's depreciation and other factors compared to the previous fiscal year.

This page shows the difference in operating profit by segment compared to the same period last year. Overall, the operating profit for this interim period was approximately 9 billion 900 million yen, representing an increase of 1 billion 100 million yen year-on-year.

In our core business, chemical tanker, although there was a decrease in operations due to the return of two vessels during the interim period, we maintained stable price movements, particularly for COA cargo, and efficiently captured high-freight rate spot cargo, resulting in an increase of 180 million yen in profit.

The large LPG carriers experienced a softening market due to an imbalance in supply and demand caused by improvements in the Panama Canal and the influx of new vessels.

Although our main business is medium- to long-term contracts, one vessel is on a market-linked contract, which was affected by this softening market. Additionally, due to the increase in docking expenses, we recorded a decrease in profit of 240 million yen.

In the dry bulk segment, while the Handy-sized market remained relatively strong, the Post-Panamax market softened due to a decrease in the volume of iron ore and grain transported to China after summer. Post-Panamax vessels benefited from favorable market conditions until summer, higher shipping costs also had an impact, leading to a decrease in profit of 540 million yen.

In the real estate, as mentioned earlier, our domestic owned buildings continue to be fully occupied, maintaining stable income. However, due to the initial costs for UK real estate and the increase in our own usage of IINO building, which led to a decrease in rental income from external tenants, we recorded a decrease in profit of 360 million yen.

Other segments saw an increase in profit due to the depreciation of the yen.

Forecast for FY2024

Consolidated Financial Forecasts (Billion Yen)

		FY2024 Forecast (as of Oct. 31)					Previous Forecast (as of July. 31)			FY2023 Result	
		1Q	2Q	1H	2H(F)	Full Year(F)	1H	2H	Full Year	Full Year	Difference
Net Sales		38.2	35.8	74.0	**72.0**	**146.0**	75.0	70.0	145.0	138.0	+8.1 (+5.8%)
Operating Profit		5.3	4.6	9.9	**7.5**	**17.4**	10.7	8.5	19.2	19.1	▲1.7 (▲8.7%)
Ordinary Profit		6.4	2.5	9.0	**8.0**	**16.9**	9.5	8.9	18.4	21.8	▲4.9 (▲22.5%)
Net Income		6.7	2.9	9.6	**7.6**	**17.2**	9.6	7.6	17.2	19.7	▲2.5 (▲12.9%)
Exchange Rate(/¥)		¥155.02	¥152.77	¥153.89	**¥150.00**	**¥151.95**	-	¥150.00	¥151.25	¥143.82	-
Bunker Price(/MT)*1		¥649	¥626	$637	**$630**	**¥634**	-	$650	$650	$620	-
Market Assumption of Dry Bulk Carriers	Panamax($/day)	$15,843*2	$13,233*2	$14,507*2	**$16,500**	-	-	-	$17,000	$12,238*2	-
	Small Handy($/day)	$13,493*2	$13,826*2	$13,663*2	**$13,500**	-	-	-	$13,000	$9,352*2	-
Market Assumption of Chemical Tankers	19,999dwt 1yr TC Rate ($/day)	$21,750*3	$21,417*3	$21,583*3	**$21,500**	-	-	-	$21,500	$19,083*3	-
Market Assumption of Large Gas (LPG) Carriers	Middle East - Far East (/MT)	$72.2*4	$53.0*4	$62.6*4	**$60.0**	-	-	-	$60.0	$102.7*4	-

*1 Compliant fuel oil (Very Low Sulfur Fuel Oil) *2 Pacific Round (Source: Tramp Data Service) *3 1yr Timecharter Rate Stainless Steel Chemical Tanker Source: Clarksons Research) *4 VLGC Spot Rate (Source: Clarksons Research)

Sensitivity on Ordinary Profit

Exchange rate*5:

per 1 Yen/$ Change About 85 Million Yen/ 6 months

*5 Exchange rate sensitivity excludes foreign exchange gains/losses

Ratio of Market Exposure (spot*6) in Fleet
(As of Oct 31, 2024 forecast, to be updated in every 2Q/4Q)

VLCC	0%
Chemical Tankers*7	24%
Large LPG Carriers	13%
Large LNG Carriers*8	0%
Panamax and Small Handy Dry Bulk Carriers	34%
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.

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

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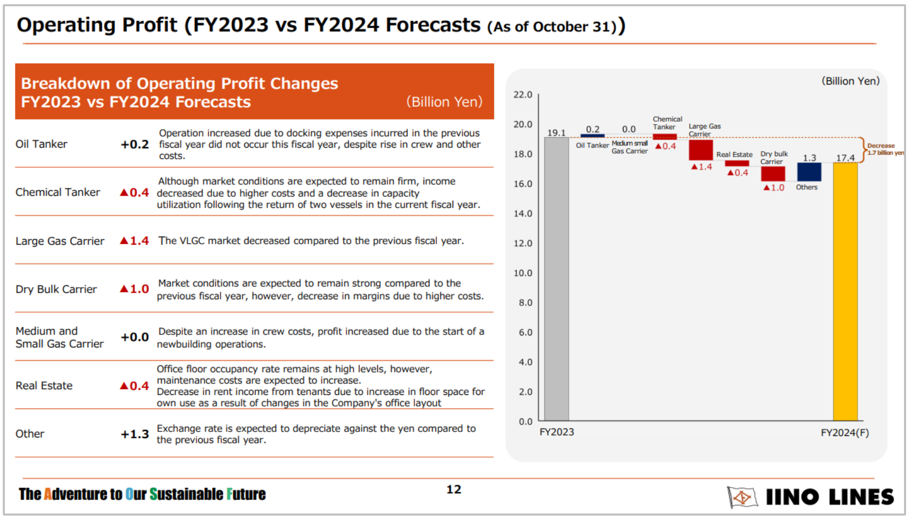
Next, I will explain the full-year performance forecast for fiscal year 2024.
We anticipate full-year results of 146 billion yen in sales, 17 billion 400 million yen in operating profit, 16 billion 900 million yen in ordinary profit, and 17 billion 200 million yen in net profit.

Compared to the disclosure at the end of July, we expect a decrease in operating profit of 1 billion 800 million yen and a decrease in ordinary profit of 1 billion 500 million yen. This is primarily due to the rapid appreciation of the yen from July to September, which diminished our earnings, as well as the anticipated increases in labor and shipping costs.

While operating profit and ordinary profit are expected to decrease compared to previous forecasts, net income is expected to remain at the same level as the previous forecast due to adjustments in tax expenses.

The market assumptions are as noted, compared to the previous forecast, the Panamax is expected to decrease by 500 dollars, the Small Handy is expected to increase by 500 dollars, and the chemical tankers and large LPG carriers are expected to remain flat.

The exchange rate remains unchanged at 150 yen. The sensitivity to 1 yen is estimated to impact the operating profit for the second half of the fiscal year by approximately 85 million yen.



The waterfall graph on this page shows the difference between the actual operating profit by segment for the fiscal year 2023 and the forecast for fiscal year 2024.

Compared to the previous year's actual profit of 19 billion yen, the current fiscal year is expected to see a decrease of approximately 1.7 billion yen due to factors such as the lack of strength in the shipping market until last year and increased costs, although there are factors to increase profits due to the expected depreciation of the yen.

In the chemical tanker, while the market is expected to remain stable, we anticipate a decrease in profit of about 400 million yen due to a decrease in operation resulting from the return of two vessels due to the expiration of their contracts and higher costs.

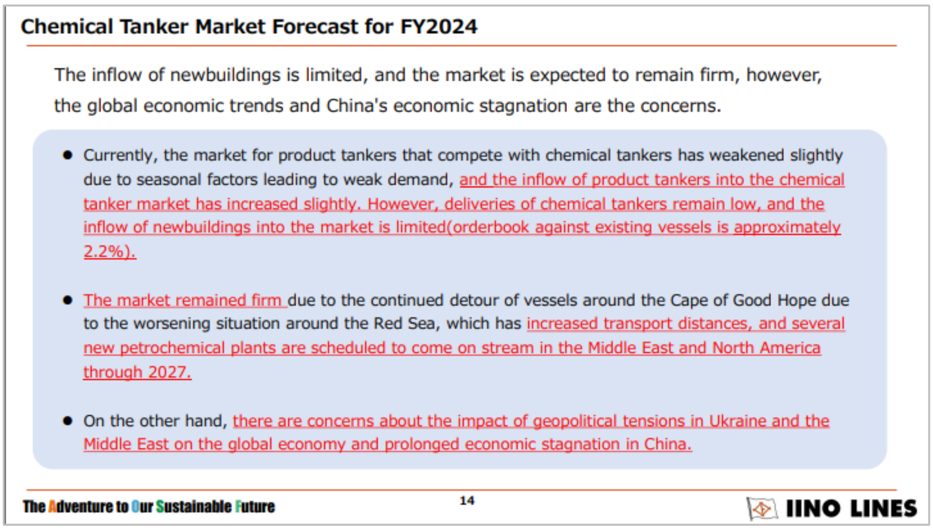
Looking ahead, two new vessels are scheduled to be completed in fiscal year 2025 and one in fiscal year 2027, so we believe the decrease in operations will be temporary.

In the large gas carrier, the market has stabilized from the levels that surged last autumn, but the influx of new vessels has increased. Additionally, in the US, a major exporting country, fluctuations in weather and domestic demand have affected supply, leading to sharp volatility in freight rates.

Under these circumstances, although there have been favorable contract renewals for some vessels, we expect a decrease in profit of about 1 billion 400 million yen due to a reaction from the very strong performance of the previous year.

In the dry bulk carrier, while the market is expected to remain stable compared to last year, we anticipate a decrease in profit of 1 billion yen due to rising vessel costs.

In the real estate, office floors are maintaining steady operations and stable income, but we expect a decrease in profit of 400 million yen due to reduced rental income from external tenants caused by increased space for in-house use and the initial costs of acquiring real estate in the UK.



Next, I will explain the future market outlook for shipping and real estate.

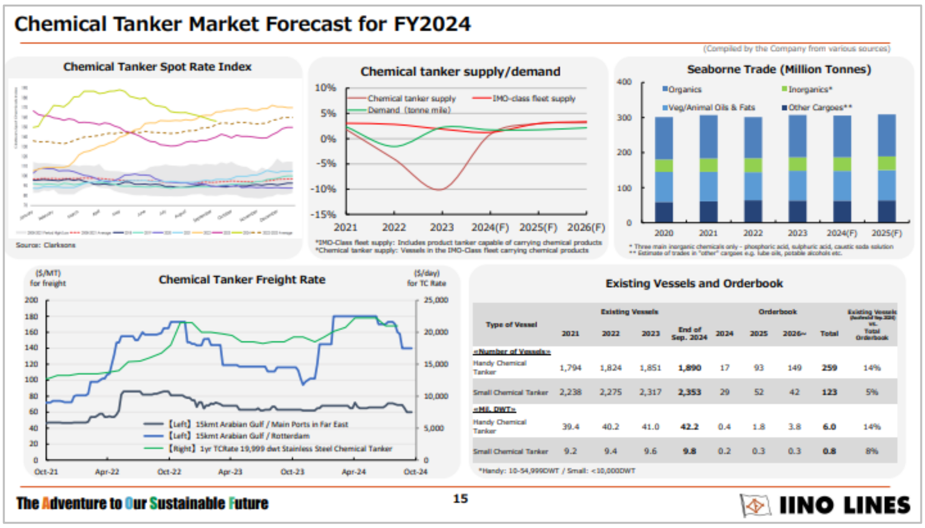
First, I will explain the chemical tanker market outlook.
The inflow of newbuilding is limited, and while the market is expected to remain firm, concerns about the impact of geopolitical risks on the global economy and the stagnation of the Chinese economy are present.

On the other hand, the current market for competing product tankers is somewhat soft due to seasonal factors leading to weak demand. Some product tankers can also carry cargo that chemical tankers transport, leading to an increase in the influx of product tankers into the chemical tanker market.

The inflow of newbuilding remains limited due to high ship prices and a shortage of shipyard slots, with the orderbook for the second half of fiscal year 2024 accounting for about 2.2% of the existing fleet.

Additionally, the situation around the Red Sea has not improved, and many ships are choosing to bypass the area and go around the Cape of Good Hope, resulting in an overall increase in transportation distance, which is tightening the supply-demand balance for vessels.

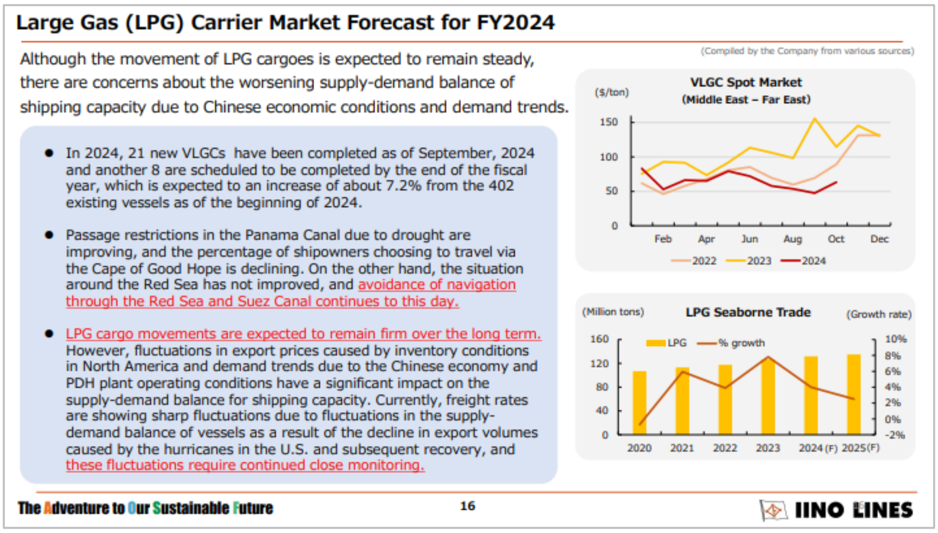
Concerns about the impact of geopolitical risks in Ukraine and the Middle East on the global economy and the stagnation of the Chinese economy continue, but with several new plants scheduled to start operations in the Middle East and North America through 2027, an increase in demand is expected, and the market for chemical tankers is anticipated to remain firm.



Type of Vessel	Existing Vessels 2021	2022	2023	End of Sep. 2024	Orderbook 2024	2025	2026~	Total	Existing Vessels vs. Total Orderbook
«Number of Vessels»									
Handy Chemical Tanker	1,794	1,824	1,851	**1,890**	17	93	149	**259**	14%
Small Chemical Tanker	2,238	2,275	2,317	**2,353**	29	52	42	**123**	5%
«Mil. DWT»									
Handy Chemical Tanker	39.4	40.2	41.0	**42.2**	0.4	1.8	3.8	**6.0**	14%
Small Chemical Tanker	9.2	9.4	9.6	**9.8**	0.2	0.3	0.3	**0.8**	8%

This is a graph related to chemical tanker indicators. The graph in the upper left shows the spot freight rate index for all routes. The light green line indicates the trend for 2024.

Market conditions surged from around February to early spring 2024 and remained at a high level. Although there is a slight softening trend now, it can be seen that the market is still at high levels, even over the past several years.



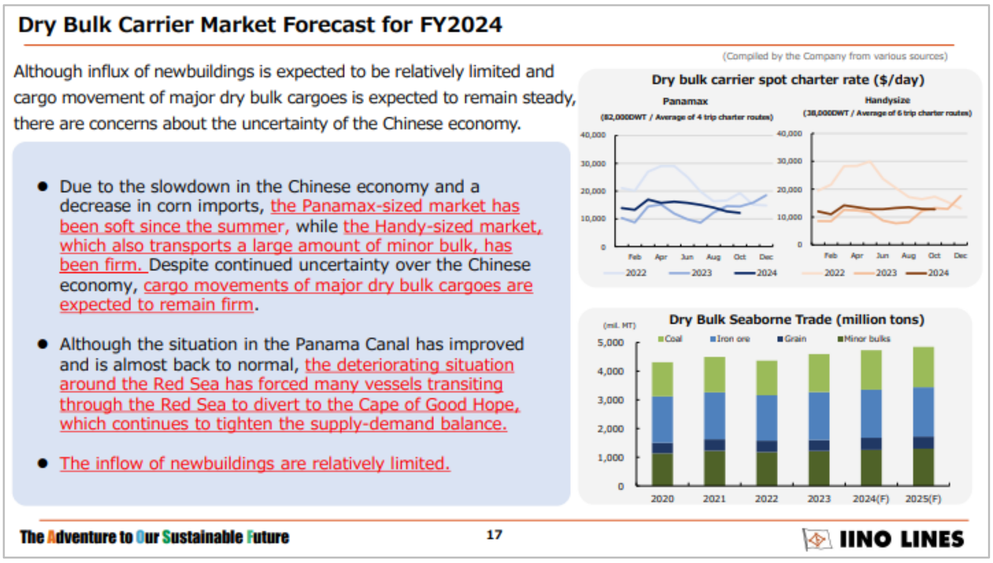
Next, regarding the outlook for the large LPG carrier market. The movement of LPG is expected to remain firm, but there are concerns about an imbalance in the shipping business depending on the economic and demand trends in China, the largest demand country.

In 2024, 21 new vessels have already been delivered, with the remaining 8 scheduled for delivery by the end of the year. The percentage of the orderbook relative to the existing 402 vessels at the beginning of the year is expected to increase by about 7.2 percent.

While the restrictions on the Panama Canal have improved, the ongoing deterioration of the situation in the Red Sea continues to affect navigation days in the Suez Canal for large LPG carriers.

The long-term movement of LPG is expected to remain firm, but currently, due to hurricanes in the US and scheduled maintenance of plants, export volumes have decreased, leading to an oversupply of vessels and falling freight rates, followed by a rebound in export volumes and rising freight rates, resulting in market volatility.

Typically, LPG demand increases in winter, and the market tends to rise, but we will continue to monitor fluctuations in export prices due to inventory conditions in the US and demand trends in China.

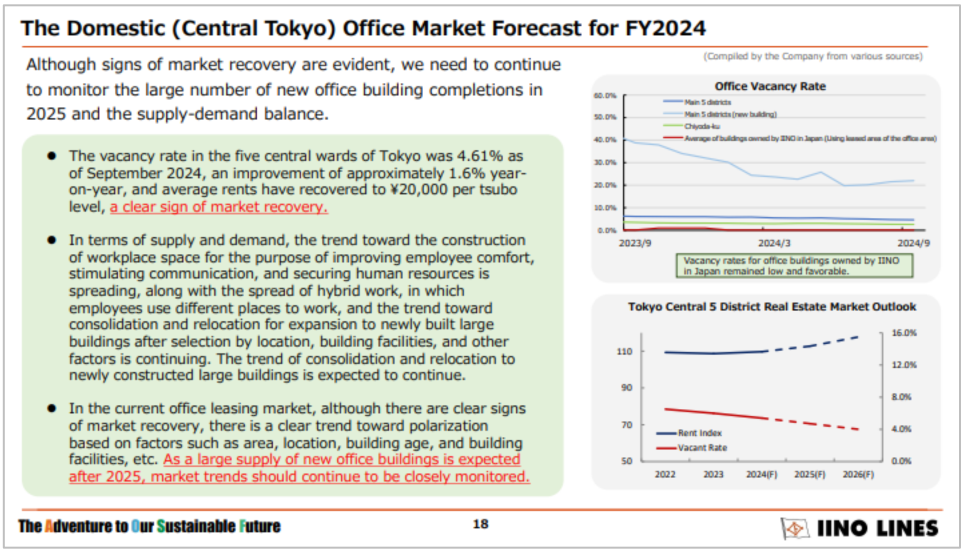


Next, I will explain the outlook for the dry bulk market.
The market for Panamax-sized remained firm from spring to summer, but due to the slowdown in the Chinese economy and a decrease in corn import volumes, the market has softened since summer.
On the other hand, the Handy-sized has been relatively stable throughout the current period.

Although the situation in the Panama Canal has improved for dry bulk carriers as well, the deteriorating situation around the Red Sea has forced many vessels transiting through the Red Sea to divert to the Cape of Good Hope, which continues to tighten the supply-demand balance.

In addition to the limited influx of newbuildings, we expect the movement of major dry bulk cargoes to remain steady, but the trends in the Chinese economy are a cause for concern.

Please visit our website in the middle of each month for the latest information on market conditions for chemical tankers, large LPG carriers, and dry bulk carriers.



Next, I will explain the outlook for the office leasing market in central Tokyo in real estate.
As of September, the vacancy rate in the five central wards was 4.61%, indicating signs of market recovery.

On the demand side, we expect the trend of consolidation and expansion relocations to newly constructed large buildings to continue, as conditions to improve the office environment from the viewpoint of securing human resources are spreading.

On the supply side, a large number of new office buildings are scheduled to be completed in 2025, raising concerns about a deterioration in the supply-demand balance.
However, currently, areas and locations with high convenience are preferred, leading to disparities in rental prices. While there are significant signs of market recovery, we continue to closely monitor the supply trends and movements in supply and demand for 2025.

Our company’s office buildings are nearly 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
		Result	Plan	Result	Plan	Forecast (as of Oct. 31)	Plan	
Numerical Financial Targets	Ordinary Profit	20.9	11.1	21.8	11.5~12.5	16.9	13.0~14.0	20.0
	EBITDA*1	34.2	25.5	33.3	27.0~28.0	32.3	28.0~29.0	44.0
	ROE	23.3%	9%	16.3%	9~10%	11~12%	9~10%	10% or more
	ROIC*2	11.2%	4.5%	8.6%	4~5%	6~7%	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
Non-Financial Numerical Targets	Number of Serious Accidents*3	0	0	0	0	-	0	-
	GHG Reduction Rate Shipping (intensity/from FY2020)*4	▲12.1%※a	-	▲10.7%※a	-	-	-	▲20%
	GHG Reduction Rate Real Estate (total volume/from FY2013)*4	▲21.8%	-	▲40.7%※b	-	-	-	▲75%
	Childcare leave utilization rate*5	83%	-	83%	-	-	100%	-
	Ratio of females in career-track positions (management candidates)*5	16%	-	17.7%	-	-	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%	-

Achieve Carbon Neautrality by 2050

※a The figures for FY2020 and FY2023 intensity have been revised due to the third-party verification received in October,2024. Accordingly, the reduction rate for FY2021 through FY2023 have been retroactively revised.
※b Figures are before third-party verification and may be revised after verification.
*1 Operating Profit + Depreciation + Dividend Income and Equity in Earnings of Affiliates of main business investments *2 Net Operating Profit 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.

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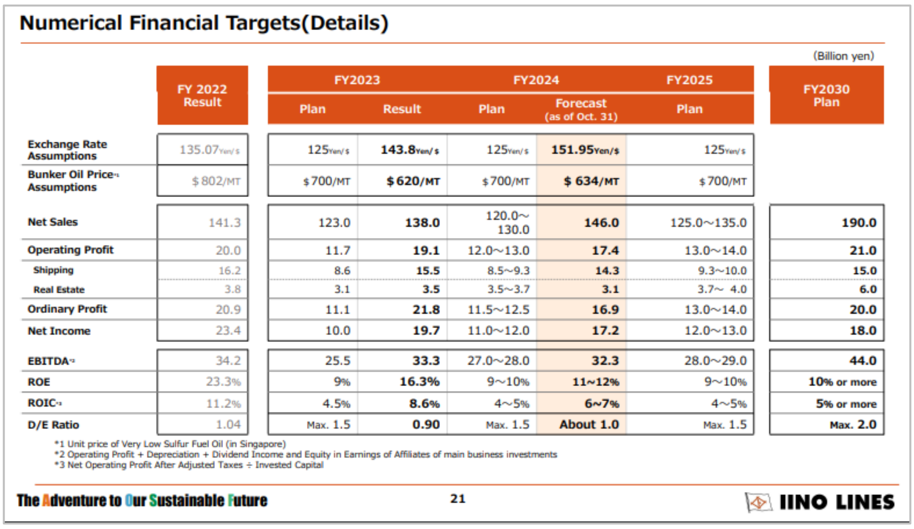
Finally, I will explain the progress of the mid-term management plan and our sustainability initiatives. This shows the achievement status of the financial and non-financial numerical targets set as KPIs in the mid-term management plan.

In the first year, the results for the fiscal year 2023 exceeded the financial numerical targets. Details for the fiscal year 2024 will be explained on the next page.

Regarding the GHG reduction rate for the shipping, we have revised the results for the fiscal years 2022 and 2023 from the previous disclosure. The emissions intensity values have been changed as a result of third-party verification of GHG emissions in the fiscal year 2020 and the fiscal year 2023, which are the basis for the calculation. As a result, the reduction rate for the fiscal year 2021 to the fiscal year 2023 has been retroactively revised.

The reduction rate for fiscal year 2023 was 10.7%, which was lower than the previous year's reduction rate, but we aim to steadily work towards the KPI target of a 20% reduction by fiscal year 2030.

Additionally, we plan to undergo third-party verification for the GHG reduction rate in real estate for fiscal year 2023 this November.



Numerical Financial Targets(Details)

(Billion yen)

	FY 2022 Result	FY2023 Plan	FY2023 Result	FY2024 Plan	FY2024 Forecast (as of Oct. 31)	FY2025 Plan	FY2030 Plan
Exchange Rate Assumptions	135.07Yen/$	125Yen/$	143.8Yen/$	125Yen/$	151.95Yen/$	125Yen/$	
Bunker Oil Price*1 Assumptions	$802/MT	$700/MT	$620/MT	$700/MT	$634/MT	$700/MT	
Net Sales	141.3	123.0	138.0	120.0～130.0	146.0	125.0～135.0	190.0
Operating Profit	20.0	11.7	19.1	12.0～13.0	17.4	13.0～14.0	21.0
Shipping	16.2	8.6	15.5	8.5～9.3	14.3	9.3～10.0	15.0
Real Estate	3.8	3.1	3.5	3.5～3.7	3.1	3.7～ 4.0	6.0
Ordinary Profit	20.9	11.1	21.8	11.5～12.5	16.9	13.0～14.0	20.0
Net Income	23.4	10.0	19.7	11.0～12.0	17.2	12.0～13.0	18.0
EBITDA*2	34.2	25.5	33.3	27.0～28.0	32.3	28.0～29.0	44.0
ROE	23.3%	9%	16.3%	9～10%	11~12%	9～10%	10% or more
ROIC*3	11.2%	4.5%	8.6%	4～5%	6~7%	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

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Here are the details of the financial numerical targets. For fiscal year 2024, we expect to exceed the plan in terms of sales and profits, excluding operating profit from real estate.

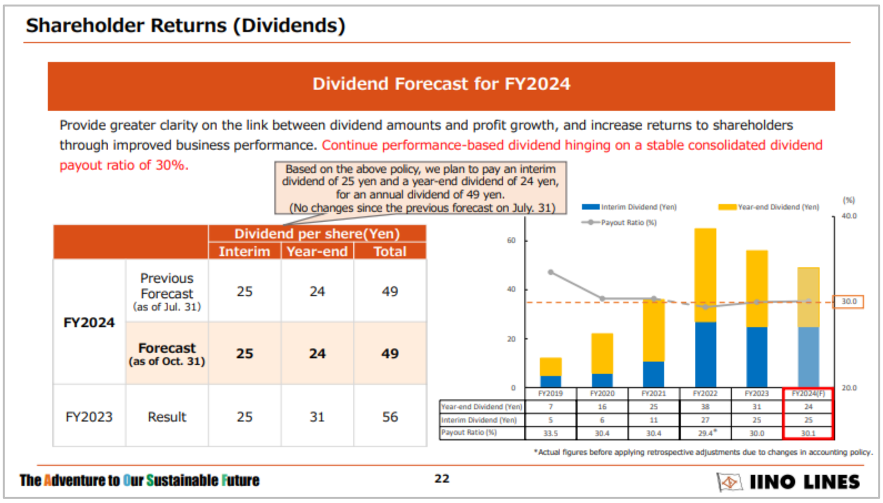
In the shipping business, the impact of geopolitical risks, including the worsening situation in the Red Sea, remains uncertain, but we will continue to strive for efficient operations and maximize profits.

In the real estate business, we expect stable revenue due to the solid performance of office floors.

As of the end of the interim of fiscal year 2024, shareholders' equity was approximately 137.2 billion yen, interest-bearing debt was approximately 112.2 billion yen, and the debt-to-equity ratio was 0.82. We expect the debt-to-equity ratio to be around 1.00 for the fiscal year 2024.

The current mid-term management plan calls for an investment of 100 billion yen over three years. In addition to the steady progress on existing projects under construction, we have recently added a large methanol dual-fuel crude oil tanker for Idemitsu Tanker Co., Ltd., scheduled to be delivered in 2027, which will be introduced later in this report.

Both in shipping and real estate, the business environment for investment decisions is very challenging, but we are committed to steadily advancing towards achieving the KPIs of the mid-term management plan.



Shareholder Returns (Dividends)

Dividend Forecast for FY2024

Provide greater clarity on the link between dividend amounts and profit growth, and increase returns to shareholders through improved business performance. Continue performance-based dividend hinging on a stable consolidated dividend payout ratio of 30%.

Based on the above policy, we plan to pay an interim dividend of 25 yen and a year-end dividend of 24 yen, for an annual dividend of 49 yen. (No changes since the previous forecast on July. 31)

		Dividend per shere(Yen) Interim	Year-end	Total
FY2024	Previous Forecast (as of Jul. 31)	25	24	49
FY2024	Forecast (as of Oct. 31)	25	24	49
FY2023	Result	25	31	56

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024(F)
Year-end Dividend (Yen)	7	16	25	38	31	24
Interim Dividend (Yen)	5	6	11	27	25	25
Payout Ratio (%)	33.5	30.4	30.4	29.4*	30.0	30.1

*Actual figures before applying retrospective adjustments due to changes in accounting policy.

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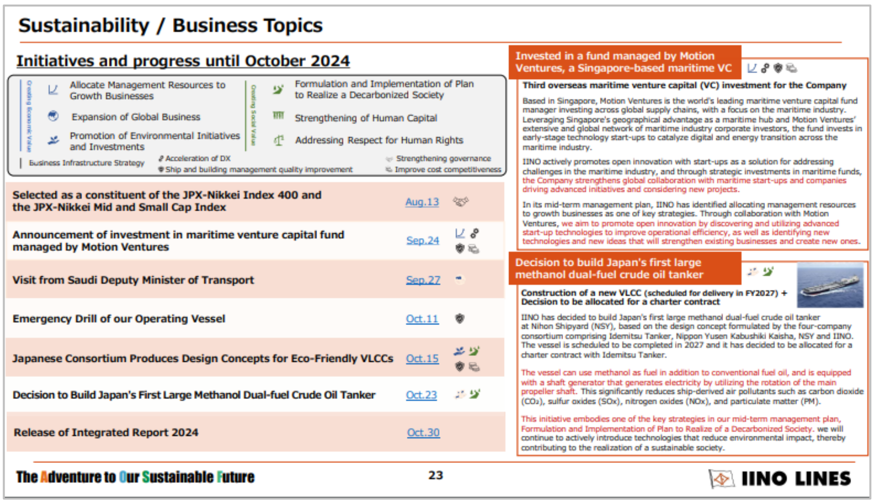
Next, I will explain our shareholder return policy. As stipulated in the current mid-term management plan, we will continue to implement a performance-based dividend hinging on a stable consolidated payout ratio of 30%.

Based on this policy, we plan to distribute a dividend of 25 yen for the interim period, 24 yen for the year-end, totaling 49 yen for the fiscal year 2024. There is no change in the dividend forecast from that disclosed on July 31.

We will continue to enhance corporate value with a focus on sustainable growth and strive to increase the dividend amount through improved profitability.



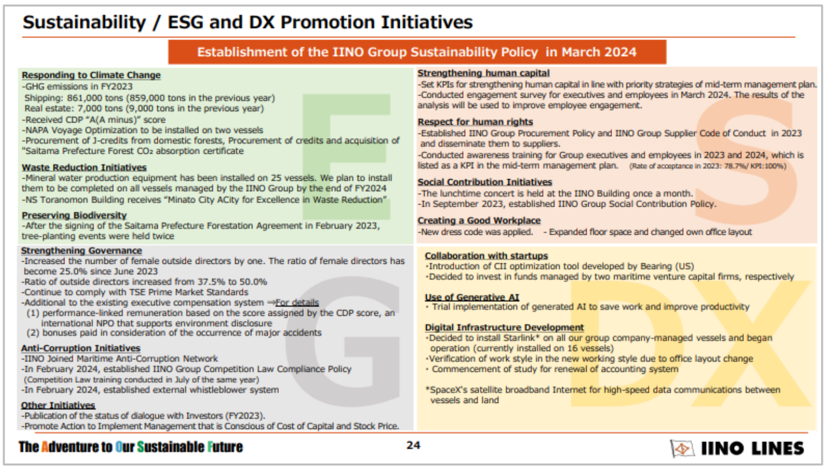
Next, I will explain our recent initiatives, including sustainability.
In the upper right corner of the slide, we introduce our investment in Motion Ventures, a maritime venture capital firm in Singapore.

We are actively promoting open innovation with startups, and in addition to investing in maritime venture capital, we are working on strengthening existing businesses and creating new ones through collaboration with startups, not only to gather information on new technologies.

This investment aims to enhance information gathering and strengthen networks in the Asian region through investments in venture capital based in Singapore, a hub for the shipping business.

The lower right-hand corner shows a large methanol dual-fuel crude oil tanker scheduled for delivery in 2027. We have decided to build Japan's first large methanol dual-fuel crude oil tanker at Nihon Shipyard Co., Ltd., based on the design concept formulated by the four-company consortium comprising Idemitsu Tanker, Nippon Yusen Kabushiki Kaisha, Nihon Shipyard and us. The vessel is scheduled to be completed in 2027 and it has decided to be allocated for a charter contract with Idemitsu Tanker.

Not limited to this project, our group will continue to actively adopt technologies that reduce environmental impact and contribute to the realization of a sustainable society.



Finally, I would like to introduce our initiatives related to ESG and DX. As you can see, we are working on each of these initiatives to promote DX, in addition to ESG, including climate change, human capital, and governance.

Under the Sustainability Policy established in March of this year, we will continue our efforts to address various environmental and social issues to achieve a sustainable society.

Regarding the interim financial results briefing for the fiscal year 2024, that concludes my presentation. Thank you for your attention.