



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 2, 2022

Consolidated Financial Results For the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: IINO Kaiun Kaisha, Ltd. (IINO LINES)
 Listing: Tokyo Stock Exchange Prime / Fukuoka Stock Exchange
 Securities code: 9119
 URL: <https://www.iino.co.jp/kaiun/english/>
 Representative: Hiromi Tosha, President
 Inquiries: Osamu Fushida, Executive Officer, General Manager of Finance & Accounting
 Department
 Telephone: +81-3-6273-3208
 Scheduled date to commence dividend payments: N/A
 Scheduled date to file annual securities report (Only in Japanese): August 12, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: No

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results For the Three Months Ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent company	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	33,583	42.3	4,264	288.5	5,096	332.9	5,171	—
June 30, 2021	23,604	7.9	1,098	(58.3)	1,177	(57.7)	90	(97.0)

Note: Comprehensive income

For the three months ended June 30, 2022:	¥6,384 million	261.8%
For the three months ended June 30, 2021:	¥1,764 million	(39.1%)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	48.88	—
June 30, 2021	0.85	—

Note: Year-on-year changes in net income attributable to owners of parent in the first quarter ended June 30, 2022 are presented as “—” since they exceed 1,000%.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2022	260,885	95,068	36.4	898.55
March 31, 2022	247,130	91,333	36.9	863.00

Reference: Equity

As of June 30, 2022: ¥ 95,071 million

As of March 31, 2022: ¥ 91,310 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	11.00	—	25.00	36.00
Fiscal year ended March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		20.00	—	20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

**3. Forecast of Consolidated Earnings for the Year Ending March 31, 2023
(April 1, 2022 to March 31, 2023)**

(The percentage figures represent changes from the previous corresponding period)

FY2022	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended 1H (Apr.-Sep.)	65,000	32.7	7,900	333.8	8,000	419.4	10,500	152.0
FY (Apr.-Mar.)	123,000	18.2	11,800	56.8	12,100	28.3	14,100	12.6

FY2022	Net income per share
Fiscal year ended	yen
1H (Apr.-Sep.)	99.24
FY (Apr.-Mar.)	133.26

Note: Revision to financial forecasts most recently announced: Yes

***Note**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries involving change in consolidation scope: None

Newly included: - companies (Company name)

Excluded: - companies (Company name)

(2) Application of particular accounting procedures in preparing quarterly consolidated financial statements: Yes (information is available only in Japanese)

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes (information is available only in Japanese)
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

1Q for the fiscal year ending March 2023	108,900,000 shares
The fiscal year ended March 2022	108,900,000 shares

(ii) Number of treasury shares at the end of the period

1Q for the fiscal year ending March 2023	3,095,140 shares
The fiscal year ended March 2022	3,094,798 shares

(iii) Average number of shares outstanding during the period

1Q for the fiscal year ending March 2023	105,805,020 shares
1Q for the fiscal year ended March 2022	105,806,084 shares

* Quarterly financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

This report contains various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation as well as certain reasonable assumptions. Actual results may differ materially from those expressed or implied by forward-looking statements due to a range of factors.

Operating Results and Financial Position

1. Results for the three months ended June 30, 2022

In the three months ended June 30, 2022, the global economy gradually recovered as mainly in Europe and the United States the “living with coronavirus” approach in response to the novel coronavirus disease (COVID-19) became established and savings accumulated during the COVID-19 pandemic supported consumer spending, despite accelerating inflation due to soaring energy and food prices caused by the Russia-Ukraine situation.

In the U.S., although consumer spending and employment remained firm and the trend of economic expansion continued, inflation and rising interest rates put downward pressure on the economy, slowing its momentum. In Europe, although consumer spending and manufacturing slowed due to high prices, supply chain disruptions, etc., the economy showed signs of recovery, with the exception of some regions, due to the recovery in the service industry. In China, the economy slowed as consumer spending and investment in non-current assets fell due to the impact of the lockdowns, but the economy has shown signs of picking up since the lockdowns were lifted.

Japan's economy gradually recovered due to the lull in the spread of COVID-19 although there are concerns that high prices will negatively affect consumer spending.

In Shipping business of IINO Group (“the Group”), although market for large crude oil tanker continued to be sluggish, the markets for chemical tankers and dry bulk carriers remained at a high level mainly due to changes in maritime logistics caused by the situation in Ukraine. In this environment, the Group worked to improve ship operation profitability by such means as making efforts to renew existing contracts on favorable terms and efficient allocation of vessels. In Real Estate business, the Group secured stable earnings overall supported by steady operation of office floors, while the spread of COVID-19 influenced the operation in commercial floors and IINO Mediapro Co., Ltd., which operates a photo studio business, and others.

As a result of the above, the consolidated net sales for the three months ended June 30, 2022 totaled ¥33,583 million (up 42.3% year on year) and consolidated operating profit was ¥4,264 million (up 288.5% year on year) and consolidated ordinary profit was ¥5,096 million (up 332.9% year on year), net income attributable to owners of the parent company was ¥5,171 million (up 5,621.4% year on year).

The following is an overview of conditions by segment.

1) Oceangoing Shipping

Market conditions in Oceangoing Shipping segment for the three months ended June 30, 2022, were as follows.

In oil tankers, despite some cases where there was an increase in cargo movements due to demand for alternatives to replace Russian crude oil, there was also an impact from a drop in crude oil imports in China due to strict countermeasures against COVID-19 and the market continued to be sluggish.

In chemical tankers, in addition to competing product tankers leaving the chemical tanker market due to rising freight rates in the product tanker market, there was increase in transportation demand from Asia, the U.S. and the Middle East to Europe due to the impact of the situation in Ukraine and vessel supply and demand tightened mainly as a result of port congestion due to quarantine restrictions at Chinese ports, leading to an increase in freight rates.

Among large gas carrier operations, the conditions in the LPG carrier market remained generally robust against a backdrop of increased a rise in LPG shipments from North America to Far East and Europe and the tightening of the ship's supply and demand due to congestion at the Panama Canal, in China and Europe. The conditions in the LNG carrier market were initially improving mainly due to an increase in cargo movements from the U.S. to Europe due to the situation in Ukraine, but the market conditions softened toward the end of the first quarter due to the suspension of operations at Freeport LNG's plant in the U.S. and concerns over a drop in demand in the summer.

In dry bulk carriers, although market conditions softened temporarily as lockdowns in China became prolonged, conditions were robust from the previous fiscal year due to an increase in cargo movements from Asia, Australia, etc. to Europe as under the situation in Ukraine.

During the three months ended June 30, 2022, the Group's average exchange rate was ¥126.49/US\$ (¥109.80/US\$ in the same period of the previous fiscal year). The average price of compliant

fuel oil, Very Low Sulfur Fuel Oil, was US\$840/MT (US\$496/MT in the same period of the previous fiscal year).

In above business environment, the activities of Oceangoing Shipping segment are summarized as follows.

In oil tanker operations, IINO Kaiun Kaisha, Ltd. (the Company) secured stable earnings by keeping its fleets to long-term contracts. In addition, the Company decided to sell one oil tanker in order to effectively utilize management resources and improve asset efficiency.

In chemical tanker operations, in addition to stable contracts of affreightment in the Group's core routes, from the Middle East to Europe and Asia, and other routes, ship operation profitability has improved significantly by proactively taking in spot cargoes from Asia.

In large gas carrier operations, both LPG and LNG carriers secured stable revenues mainly from existing medium- to long-term contracts. In addition, in some cases, the Company enjoyed favorable market conditions.

In dry bulk carrier operations, dedicated vessels operated smoothly and contributed to earnings. In tramper business, mainly in the Post-Panamax and Handy sectors, the Company strived to efficiently allocate and operate vessels by deploying vessels on freight contracts. Besides, in some cases, the Company enjoyed favorable market conditions, and the profitability of its operations exceeded the initial projection. In addition, the Company started operating one new Kamsarmax vessel and one new Small Handy vessel in the first quarter.

As a result, Oceangoing Shipping segment posted net sales of ¥27,856 million (up 48.9% year on year) and operating profit of ¥3,244 million (up 1,525.3% year on year).

2) Short-sea/Domestic Shipping

Market conditions in Short-sea/Domestic Shipping segment for the three months ended June 30, 2022, were as follows.

The domestic gas shipping market remained robust overall due to steady transfer demand between plants for petrochemical gas and industrial-use LPG despite the impact of a drop in shipments of petrochemical gas due to scheduled maintenance at plants. Transportation demand for household-use LPG showed signs of improvement as there was a recovery trend in demand from the restaurant and tourism industries amid the slowing spread of COVID-19, despite the earlier-than-usual start of the low-demand period due to the rise in outdoor temperatures earlier than in typical years.

Short-sea gas shipping market remained stable due to increasing domestic productions of propylene and vinyl chloride monomer, key cargos for the Group, driven by export demand to China in East Asia, and in the Southeast Asia, against a backdrop of resilient LPG demand while the spread of COVID-19 influenced.

In above mentioned market condition, the activities of Short-sea/Domestic Shipping segment were summarized as follows.

Domestic gas shipping operation was affected by a drop in shipments due to scheduled maintenance at petrochemical gas shipping plants, but the Group worked to secure stable revenues and efficient vessel allocation based on medium- to long-term contracts.

In short-sea gas shipping operations, the Group secured stable revenues mainly from medium- to long-term contracts.

As a result, Short-sea/Domestic Shipping segment posted net sales of ¥2,604 million (up 18.8% year on year) and operating profit of ¥32 million (up 8.1% year on year).

3) Real Estate Business

Market conditions in Real Estate segment for the three months ended June 30, 2022, were as follows.

In the central Tokyo office building leasing market, although new demand, such as relocations to consolidate operations, was seen following the lifting of quasi-emergency measures to prevent the spread of COVID-19, there was a continuing trend of office lease cancellations accompanying the push for remote work, mainly among large corporations. As a result, rental rates continued to fall and the vacancy rate remained at a high level in the 6% range.

In the hall and conference room business, despite the recovery seen in demand, mostly for cultural events, as restrictions on the holding of events were relaxed, demand for holding business-related events was sluggish and the market remained weak overall.

In the photo studio operations business, which is a real estate related business, demand for photography remained sluggish due to the spread of COVID-19.

In the office building leasing market in London, there was a recovery trend in office demand and an improvement was seen in the vacancy rate due to various factors, including the U.K. government's decision to completely lift various restrictions for preventing the spread of COVID-19.

The activities of Real Estate segment in above mentioned environment are summarized as follows.

In office leasing operations, the Group secured stable earnings overall supported by generally steady operation of office floors. Although the commercial floor operations were affected by the impact of COVID-19, the Company was able to fill some of the vacancies.

In the hall and conference room business, IINO Hall & Conference Center, demand for holding cultural events recovered due to the relaxing of restrictions on the holding of events, there has been an increasing number of events held using video streaming and recording, even for business-related events, and operation headed toward improvement.

At IINO Mediapro Co., Ltd., which is engaged in studio-related business, conditions continued to be challenging due to the combined impact of a decrease in demand for photography, despite the Group's efforts to secure customers by taking all possible measures to prevent infections, and weak advertising demand.

In real estate business in London, although the commercial floor operations were affected by COVID-19, the office floors operated smoothly and maintained profitability.

As a result, Real Estate segment posted net sales of ¥3,151 million (up 14.1% year on year) and operating profit of ¥988 million (up 13.7% year on year).

2. Consolidated Financial Condition

Total assets as of the end of the first quarter (June 30, 2022) were ¥260,885 million, an increase of ¥13,756 million from the end of the previous fiscal year (March 31, 2022). This is mainly because of newbuilding delivery. Total liabilities were ¥165,817 million as of June 30, 2022, an increase of ¥10,020 million from March 31, 2022. This was mainly due to the borrowing of capital funds associated with the completion of a vessel. Net assets were ¥95,068 million as of June 30, 2022, an increase of ¥3,736 million from the end of the previous fiscal year (March 31, 2022). This was mainly due to an increase in retained earnings.

3. Outlook for the Full Year Ending March 31, 2023

Compared to the assumptions made at the time of our most recent earnings forecast announcement (May 10, 2022), market conditions in the Oceangoing Shipping segment, including the chemical tanker market and the dry bulk carrier market, has remained at a high level, the yen (against the U.S. dollar) has weakened more than expected and the Company plans to record a gain on sales of vessels*, which was not expected when the previous forecast of earnings was disclosed, the Company has revised its consolidated earnings forecast as follows.

* This matter was disclosed on June 23, 2022. Please refer to the following disclosure statement for details.
Disclosure statement: [Notice of Transfer of Fixed Assets and Recording of Extraordinary Profit](#)

Forecast of Consolidated Earnings for the six months ending on September 30, 2022
(April 1, 2022 to September 30, 2022)

	Previous Forecast (May 10, 2022)	Revised Forecast (August 2, 2022)	Amount Change/ Percent Change
millions of yen			
Net sales	56,000	65,000	+9,000/+16.1%
Operating profit	3,600	7,900	+4,300/+119.4%
Ordinary profit	3,200	8,000	+4,800/+150.0%
Profit attributable to owners of the parent company	3,500	10,500	+7,000/+200.0%

Forecast of Consolidated Earnings for the Year Ending March 31, 2023
(April 1, 2022 to March 31, 2023)

	Previous Forecast (May 10, 2022)	Revised Forecast (August 2, 2022)	Amount Change/ Percent Change
millions of yen			
Net sales	112,000	123,000	+11,000/+9.8%
Operating profit	7,000	11,800	+4,800/+68.6%
Ordinary profit	7,000	12,100	+5,100/+72.9%
Profit attributable to owners of the parent company	7,000	14,100	+7,100/+101.4%

*Assumptions regarding the foreign exchange rate and the bunker oil price in Singapore after the first quarter are shown below.

<Previous Forecast (as of May 10, 2022)>

Foreign exchange rate 1US\$ = ¥120.0

Bunker oil price 1H: US\$860 / MT 2H: US\$660 / MT
(Oil Type: Very Low Sulfur Fuel Oil in Singapore)

<Revised Forecast (as of August 2, 2022)>

Foreign exchange rate 1US\$ = ¥125.0

Bunker oil price Full year: US\$910 / MT
(Oil Type: Very Low Sulfur Fuel Oil in Singapore)

In addition to continuing to pay stable dividends by increasing corporate value over the long term, IINO's basic policy is to maintain a dividend payout ratio of 30% of full-year results in order to enhance the linkage between dividend amounts and profit growth.

As amended in our full-year consolidated earnings forecast for the fiscal year ending March 31, 2023, the financial results for the current fiscal year are expected to improve significantly from the time of the announcement of latest results and dividend forecasts (as of May 10, 2022). Based on the expected

improvement in business performance and the above-mentioned new basic policy, the Company plans to increase the interim dividend by 10.00 yen per share to 20.00 yen and the year-end dividend by 10.00 yen per share to 20.00 yen for a total annual dividend of 40.00 yen.

We plan to decide on the year-end dividend per share, taking into account our continued efforts to improve the business performance and comprehensively taking into account our future profit level and financial position as well as the perspective of further strengthening shareholder returns.

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	11,660	16,260
Notes and accounts receivable - trade, and contract assets	10,956	12,976
Supplies	4,159	5,500
Merchandise	91	109
Real estate for sale	3	3
Deferred and prepaid expenses	2,045	2,206
Income taxes refund receivable	78	81
Other	4,562	5,164
Allowance for doubtful accounts	△4	△5
Total current assets	33,550	42,294
Non-current assets		
Property, plant and equipment		
Vessels, net	92,012	99,241
Buildings and structures, net	46,610	46,045
Land	42,932	42,355
Leased assets, net	4,871	4,821
Construction in progress	4,994	2,786
Other, net	207	496
Total property, plant and equipment	191,626	195,744
Intangible assets		
Telephone subscription right	9	9
Other	625	639
Total intangible assets	634	648
Investments and other assets		
Investment securities	18,675	19,091
Long-term loans receivable	170	168
Retirement benefit asset	279	189
Deferred tax assets	26	0
Other	2,169	2,751
Total investments and other assets	21,319	22,200
Total non-current assets	213,580	218,592
Total assets	247,130	260,885

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	8,572	9,536
Short-term borrowings	23,322	31,589
Accrued expenses	340	408
Income taxes payable	232	527
Advanced received and contract debt	2,301	4,147
Provision for bonuses	513	164
Provision for shareholder benefit program	36	29
Lease liabilities	1,001	1,031
Other	1,916	2,009
Total current liabilities	38,232	49,440
Non-current liabilities		
Long-term borrowings	92,606	90,614
Bonds payable	5,000	5,000
Provision for retirement benefits for directors (and other officers)	76	80
Retirement benefit liability	715	778
Provision for special repairs	3,074	3,526
Leasehold and guarantee deposits received	8,802	8,792
Lease liabilities	3,969	3,939
Deferred tax liabilities	3,142	3,481
Other	180	167
Total non-current liabilities	117,565	116,377
Total liabilities	155,797	165,817
Net assets		
Shareholders' equity		
Share capital	13,092	13,092
Capital surplus	6,275	6,275
Retained earnings	68,386	70,912
Treasury shares	△1,907	△1,908
Total shareholders' equity	85,845	88,371
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,635	4,964
Deferred gains or losses on hedges	326	789
Foreign currency translation adjustment	504	946
Total accumulated other comprehensive income	5,464	6,699
Non-controlling interests	23	△2
Total net assets	91,333	95,068
Total liabilities and net assets	247,130	260,885

(2) Consolidated Statement of Operations and Consolidated Statements of Comprehensive Income**(Consolidated Statement of Operations)**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	23,604	33,583
Cost of sales	20,706	27,227
Gross profit	2,897	6,356
Selling, general and administrative expenses	1,800	2,093
Operating profit	1,098	4,264
Non-operating income		
Interest income	8	14
Foreign exchange gains	—	786
Dividend income	212	275
Penalty income	155	—
Other	18	39
Total non-operating income	393	1,114
Non-operating expenses		
Interest expenses	292	262
Foreign exchange losses	9	—
Share of loss of entities accounted for using equity method	5	13
Other	7	8
Total non-operating expenses	313	282
Ordinary profit	1,177	5,096
Extraordinary income		
Gain on sale of non-current assets	30	541
Insurance claim income	—	151
Compensation income	41	—
Other	—	11
Total extraordinary income	71	703
Extraordinary losses		
Loss on retirement of non-current assets	—	0
Loss on sale of investment securities	—	28
Loss on valuation of investment securities	1,065	—
Loss on liquidation of investment securities	—	23
Other	—	0
Total extraordinary losses	1,065	52
Profit before income taxes	183	5,747
Income taxes	39	541
Profit	144	5,206
Profit attributable to non-controlling interests	54	35
Profit attributable to owners of parent	90	5,171

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	144	5,206
Other comprehensive income		
Valuation difference on available-for-sale securities	390	329
Deferred gains or losses on hedges	366	189
Foreign currency translation adjustment	502	254
Share of other comprehensive income of entities accounted for using equity method	362	405
Total other comprehensive income	1,620	1,178
Comprehensive income	1,764	6,384
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,707	6,406
Comprehensive income attributable to non-controlling interests	58	△23

(3) Business Segment Information

I. Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

1. Revenues and profit or loss by reportable segment

(Millions of yen)

	Oceangoing Shipping	Short-sea/ Domestic Shipping	Real Estate	Total	Adjustment	Consolidated(*)
I. Revenues						
External sales	18,675	2,191	2,737	23,604	-	23,604
Inter-segment sales	37	-	24	61	(61)	-
Total	18,713	2,191	2,761	23,665	(61)	23,604
Segment profit (loss)	200	29	869	1,098	-	1,098

(*)Note: Segment profit (loss) is adjusted on operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. by the reportable segments: Not applicable.

II. Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

1. Revenues and income or loss by reportable segment

(Millions of yen)

	Oceangoing Shipping	Short-sea/ Domestic Shipping	Real Estate	Total	Adjustment	Consolidated(*)
I. Revenues						
External sales	27,852	2,604	3,128	33,583	-	33,583
Inter-segment sales	4	-	23	27	(27)	-
Total	27,856	2,604	3,151	33,610	(27)	33,583
Segment profit (loss)	3,244	32	988	4,264	-	4,264

(*)Note: Segment profit (loss) is adjusted on operating profit on the quarterly consolidated statement of income

2. Information related to impairment losses on non-current assets or goodwill, etc. by the reportable segments: Not applicable.

(Significant subsequent event): Not applicable.