

Summary of the questions and answers for presentation of the financial results for
the second quarter of the fiscal year ending March 31, 2021

<Liner Business>

Q1 : What specifically are the costs which have been cited as the reason for the second half profits of OCEAN NETWORK EXPRESS PTE. LTD. (“ONE”) to have declined compared to the first half?

A1 : One reason is that we are expecting an increase in costs due to soaring fuel oil prices. While a portion will be compensated through the bunker surcharge, the rise in fuel oil prices will be felt upfront as costs. Additionally, as a result of the COVID-19 pandemic which caused slowdown in cargo movement originating from Asia in the first half, particularly in the first quarter, although the imbalance with return voyages was relatively small, a significant imbalance has emerged from the second quarter. In the US, which has the most impact, we are forecasting factors for massive cost increases in the second half, including costs to return the detained containers in the US back to Asia and the cost of chartered-in vessels as means to return the containers. Although we are expecting a slight increase in revenue in the second half compared to the first half, short-term freight rates will soften in the slack season from the fourth quarter and are assumed to become factors for the deterioration of profit/loss.

Q2 : The Chinese and US authorities seem to be asking the container ship companies not to raise their freight rates nor reduce voyages. How are ONE and The Alliance responding to this request?

A2 : ONE has received a questionnaire and cooperate by making a sincere effort to reply to the questionnaire. While there is no big change as a result of these movements by the authorities, ONE and The Alliance will continue to meet steady demand mainly in North America.

Q3 : What will the profit levels be for the fiscal year 2021 and thereafter? And around how much profit is expected due to exceptional factors in the current fiscal year?

A3 : ONE has disclosed the EBITDA and other figures, and our profit levels are catching up with the levels of our competitors driven by the brisk Pacific routes reflecting the high short-term freight rates maintained in the current term. Meanwhile, as to whether a paradigm shift has taken place in the liner industry, we will need to wait and see until demand has settled down going forward to determine how the balance of supply and demand will change. Additionally, the major exceptional factor in the current term is due to the higher than expected rise in short-term freight rate levels, and we will keep a close watch on the trends in the

second half.

< Air Cargo Business >

Q4 : What do you expect from Nippon Cargo Airlines (“NCA”)? What is your approach to NCA?

A4 : Currently, NCA has recovered from the state it was in when it received a business improvement order and all its aircrafts have been restored. It has established a production structure capable of meeting demands and is operating at full capacity. We hope that NCA maintains the current production structure by increasing its personnel and continues to take advantage of the favorable market. On the other hand, while it is difficult to predict the extent of resume of international passenger flights, whose balance of supply and demand fluctuates significantly, for the time being, we are not expecting such a huge return of international passenger flights which would upend the current yield or the balance of supply and demand. We will continue to closely monitor the trends going forward.

We do not assume the current entity to last forever but we believe that now is not the time to start any action, especially amid this confusion. At any rate, NCA is focusing on what it can do to meet the current demands.

< Logistics >

Q5 : What was the reason for the profits of the Logistics business to improve in the second quarter to an even greater extent than in the first quarter? And what is the outlook?

A5 : Two major points can be cited in terms of YUSEN LOGISTICS CO., LTD. (“YLK”). The first point is that in the air freight forwarding business, the unit price was high which enabled the business to earn a margin. While situation is starting to settle down from the first quarter to the second quarter, the margin remains at a sufficiently high level, and with the return of cargo demand, the size of profits is getting bigger and is contributing to the improvement of profit/loss. The second point is that in contract logistics, ocean freight to North America is increasing and the forwarding volume of cargo from Asia within North America is also increasing. This is contributing to raise the general level of profit/loss. Additionally, YLK is currently making efforts to establish a leaner organization and the effects of cost reduction in general administrative expenses are materializing.

Q6 : Were there any changes in the products handled by YLK’s air freight business in the first quarter, the second quarter, or currently? Has there been any changes in demand from emergency transport of medical supplies to the transport of automobiles, semiconductors, games, etc.?

A6 : Demands are gradually shifting from the transport of emergency supplies to generally-expected cargoes. Although YLK is relatively weak in terms of semiconductor cargo, it is extremely strong in automobile-

related cargo, which is contributing to the improvement of its profit/loss.

< Bulk Shipping Business >

- Q7 : What is the breakdown of the downward revision of bulk shipping? To what extent are car carriers, dry bulk, and the offshore business, respectively, becoming a factor for the downward revision?
- A7 : Although the specific numbers could not be provided, dry bulk had an upward revision by the effects of structural reforms, while the major factors for the downward revision were the contract revisions due to falling crude oil prices in the offshore business and slower recovery in the car carriers' market than initially expected.
- Q8 : As for car carriers, why was the forecast revised downwardly, despite forecast of production recovery in major customers is stronger than initially expected?
- A8 : Although North America is recovering earlier than initially expected, recovery has been significantly delayed in Central and South America and the Middle East, and shipping volume has declined from the initial forecast.
- Q9 : Will the downward revision of the offshore business become a factor for downward pressure on profits and a structural decline in profits in the fiscal year 2021 and thereafter?
- A9 : This downward revision should basically occur only once and will only affect the current fiscal year. It will not adversely affect future terms.
- Q10 : In regards to the green business which is expected to generate a recurring profit of several billion yen in 2030, what is the outlook of investment amounts, the number of vessels and its profitability?
- A10 : We are aiming for a recurring profit of several billion yen in 2030 through the offshore wind power business, the LNG fuel supply business, and other businesses. We have commenced the operation of LNG bunkering vessels, with one vessel in Japan and another vessel in overseas. The offshore wind power business has yet to conclude a contract, but we are in discussions with various business operators and are also cooperating with Europe's largest operator of SEP vessels and vessels transporting offshore wind power equipment and maintenance crews. NYK's marine research vessel is similarly receiving various inquiries. Although we cannot report any contracted projects, we have teamed up with European experts and a structure has been put in place which will allow us to serve any potential customers.

< Others >

Q11 : What is the outlook for performance in the fiscal year 2021?

A11 : We believe that whether or not the current situation continues in Global Logistics such as ONE, NCA, and YLK, which are the drivers of the current fiscal year's performance, will be a major factor. The phenomenon of increase in liftings in containers destined for North America in the container business could be a sign of hastened demand. Additionally, how we will be affected by the second wave and third wave of COVID-19, which we are currently seeing in Europe, is also extremely hard to gauge and predict. Although the bulk shipping business is currently struggling, energy is performing strongly as it is mainly based on long-term contracts, and if we further promote structural reforms of dry bulk this year, it is expected to improve considerably. Car carriers are also expected to recover in the fiscal year 2021. Accordingly, the bulk shipping business is expected to recover to a considerable extent. Going forward, we will carefully monitor the trends of the second half and formulate the forecast for the coming fiscal year.