

Financial Results for Q1 FY2022, and FY2022 Full-year Forecast

August 3, 2022

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**(Attachment) Ocean Network Express
Financial Results for FY2022 1st Quarter**

Q1 review (year-on-year)

► Revenues: JPY673.0 billion (up JPY168.4 billion)

- Due to the favorable dry bulk market and the yen depreciation, revenues increased in the Bulk Shipping Business (up JPY74.5 billion)
- Revenues increased as freight levels of the Logistics Business rose (up JPY63.0 billion)

► Recurring profit: JPY377.7 billion (up JPY224.1 billion)

- Significant profit increase in the Liner & Logistics Business (Liner Trade, Air Cargo Transportation, and Logistics) as strong demand continued (up JPY176.1 billion)
- Profit increased in the Bulk Shipping Business reflecting strong dry bulk market and improved efficiency with optimization of operation in the Automotive Transportation Division (up JPY48.1 billion)

► Net income: JPY343.3 billion (up JPY192.2 billion)

- Due to the deterioration of business environment from the situation in Russia and Ukraine, approx. JPY17.8 billion extraordinary loss has been recorded in relation to the LNG transportation for Sakhalin 2 project

Trend since Q4 of the previous FY (recurring profit/loss)

- Significant profit increase in the Liner & Logistics Business (Liner Trade, Air Cargo Transportation, and Logistics) as each business maintained strong performance quarter on quarter

Results for Q4 of previous FY	JPY304.8 billion
Q1 results	JPY377.7 billion
Increase	JPY72.9 billion

By segment (recurring profit year-on-year)

► **Liner: JPY270.4 billion (up JPY159.0 billion)**

Container shipping (Ocean Network Express)

- Robust transportation demand continued despite the impact of the COVID-19 lockdown in China and the situation in Russia and Ukraine
- Port congestion was resolved in some major ports such as west coast of North America, but the global supply chain disruption including inland areas remains and tight supply-demand balance continues
- Although adjustments can be seen recently, profit increased significantly year on year as short-term freight rates remained high and long-term contracts were renewed with higher freight rates

Terminal

- Overseas handling volume decreased year on year due to partial sale of North American terminal, but handling volume in Japan remained mostly flat

► **Air Cargo: JPY24.6 billion (up JPY9.3 billion)**

- The tight supply-demand conditions have been partially softened due to the recovery in international passenger flights, but the market environment remains robust
- Freight rates remained high due to strong transportation demand for semiconductor-related freight and renewal of long-term contracts under favorable conditions, despite the major suspension of flights on the Shanghai service caused by the lockdown in China and the cancellation of flights on the Europe service due to the situation in Russia and Ukraine

By segment (recurring profit year-on-year)

► Logistics: JPY19.3 billion (up JPY7.7 billion)

- **Ocean Freight:** Though handling volume decreased year on year due to the lockdown, the profit remained strong as the high sales prices continued and the sales of incidental services such as customs clearance and inland haulage were expanded
- **Air Freight:** Same as Ocean Freight, the handling volume decreased, but the sales prices were higher year on year. Demand for urgent transportation also boosted earnings
- **Contract Logistics:** Despite soaring personnel costs and other expenses, movement of general consumer goods remained strong mainly in North America

► Bulk Shipping: JPY64.1 billion (up JPY48.1 billion)

Automotive Transportation

- Despite the impact of semiconductor production shortage and automotive components shortage caused by the spread of COVID-19, transportation volume by unit remained at the same level year on year, improving transport efficiency by optimization of vessel deployment and the collection of alternative cargoes

Dry Bulk

- Supported by strong cargo movements, market rates for small-and medium-sized vessels such as Panamax, Handy, and Handymax were favorable, and business performance improved

Energy

- While VLCC market remained weak, market conditions such as VLGC have improved.
- Recorded extraordinary loss attributable to the Russian and Ukrainian situation in LNG business, but earnings remained stable, supported by medium- to long-term contracts including offshore businesses

Summary of Q1 Results

Q1 Results



(Billions of yen)	FY2021							FY2022	Year-on-year
	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1	
Revenue	504.6	546.7	1,051.3	624.5	604.8	1,229.3	2,280.7	673.0	168.4
Operating Profit	53.0	64.9	117.9	80.0	70.9	151.0	268.9	89.1	36.1
Recurring Profit	153.6	243.6	397.2	301.0	304.8	605.9	1,003.1	377.7	224.1
Net Income <small>Attributable to Owners of the Parent Company</small>	151.0	260.2	411.3	280.8	316.8	597.7	1,009.1	343.3	192.2
Exchange Rate	¥109.80	¥109.99	¥109.90	¥113.12	¥115.34	¥114.23	¥112.06	¥126.49	¥16.69
Bunker Oil Prices	\$441.92	\$515.24	\$477.42	\$555.96	\$616.36	\$585.23	\$531.19	\$789.48	\$347.56

Q1 Comparison by Segment

Q1 Results



	Industrial Segment	FY2021							FY2022	Year-on-year	
	(Billions of yen)	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1		
Liner & Logistics	Liner Trade	50.1	43.8	94.0	47.0	49.4	96.5	190.5	51.8	1.6	
		111.3	179.0	290.3	214.0	229.7	443.8	734.2	270.4	159.0	
	Air Cargo Transportation	43.9	45.8	89.7	51.8	47.1	98.9	188.7	62.5	18.5	
		15.3	17.7	33.0	23.3	17.6	41.0	74.0	24.6	9.3	
	Logistics	176.8	200.5	377.3	235.9	234.1	470.1	847.4	239.8	63.0	
		11.5	16.8	28.4	17.2	13.0	30.3	58.7	19.3	7.7	
	(Total)	270.9	290.1	561.0	334.9	330.7	665.6	1,226.7	354.1	83.2	
		138.2	213.5	351.8	254.7	260.4	515.1	867.0	314.4	176.1	
	Bulk Shipping	Bulk Shipping	217.6	239.2	456.9	267.6	249.9	517.6	974.5	292.2	74.5
			16.0	31.6	47.7	46.2	45.1	91.3	139.1	64.1	48.1
Others	Real Estate	1.5	0.8	2.4	0.8	0.8	1.7	4.2	0.8	-0.7	
		0.7	0.4	1.2	0.4	0.4	0.9	2.1	0.4	-0.2	
	Other	33.9	37.8	71.7	46.5	52.1	98.6	170.4	63.1	29.2	
		-0.6	-1.0	-1.7	0.6	0.0	0.5	-1.2	0.3	1.0	
	Elimination/Unallocation	-19.5	-21.3	-40.8	-25.4	-28.8	-54.3	-95.1	-37.3	-17.8	
		-0.7	-0.9	-1.7	-0.9	-1.1	-2.1	-3.8	-1.6	-0.8	
	Consolidated	504.6	546.7	1,051.3	624.5	604.8	1,229.3	2,280.7	673.0	168.4	
		153.6	243.6	397.2	301.0	304.8	605.9	1,003.1	377.7	224.1	

* (Upper) Revenue (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY2021 and FY2022

Q1 Results

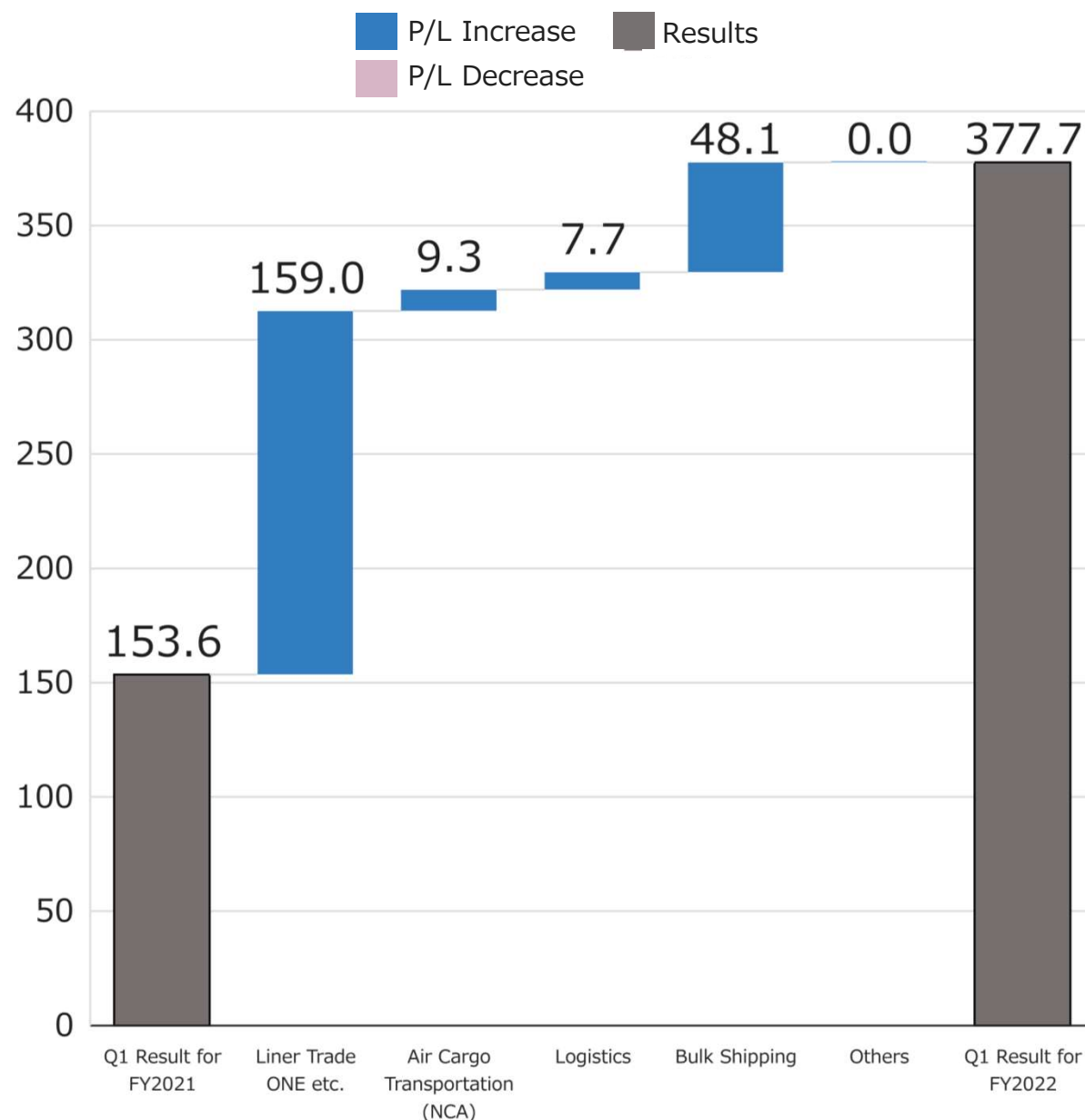


Analysis by factor

Yen Depreciation	24.8	¥126.49/\$ Depreciated by ¥16.69
Higher Bunker Oil Prices	-2.8	\$789.48/MT Increased by \$347.56/MT
Market Effects, etc.	175.2	Liner (incl. ONE) +142.4 Bulk Shipping +32.8
Foreign Exchange Profit/Loss	11.5	
Others	15.4	Logistics + 7.7 Air Cargo(NCA) +9.3
Total	224.1	

Analysis by business

(billion yen)



Full-year forecast (compared with the forecast announced at the previous full-year results)

► Revenues: JPY2,500.0 billion (up JPY200.0 billion)

- Expect revenues to increase by JPY103.5 billion in the Liner & Logistics Business, and by JPY56.0 billion in the Bulk Shipping Business. Also, by JPY74.5 billion in the Other Business Services due to the yen depreciation.

► Recurring profit: JPY1,040.0 billion (up JPY280.0 billion)

- The Liner & Logistics Business was revised upward compared to the previous forecast, mainly in 1H (up JPY245.0 billion)
- The Bulk Shipping Business was also revised upward compared to the previous forecast mainly in 1H (up JPY40.0 billion)

► Net income: JPY960.0 billion (up JPY240.0 billion)

► Dividend: Interim: JPY1,000/share, year-end: JPY145/share (*)

- In accordance with the basic policy of shareholder returns to refer to 25% in consolidated payout ratio as an indicator, interim dividend was increased by JPY350/share from the previous forecast to JPY1,000/share, and year-end dividend was increased by JPY10/share to JPY145/share

(*) 3-for-1 common stock split is scheduled with the record date of September 30, 2022, and the effective date of October 1, 2022. The year-end dividend JPY145/share is based on the number of shares after the split. And the annual dividend based on the number of shares before the split is JPY1,435/share

2. Forecast for FY2022

Forecast



By Segment (recurring profit/loss compared with the forecast announced at the previous full-year results)

► **Liner: JPY770.0 billion (up JPY220.0 billion)**

Container shipping (Ocean Network Express)

- The impact of the lockdown in China and the situation in Russia and Ukraine, which were assumed in 1H, was limited, and both the freight rates and the liftings were significantly higher than the previous forecast
- The effect of the labor negotiations in the North American west coast continues to require attention, but the tight supply-demand balance is expected to continue until the peak season in Q2
- In 2H, demand, particularly in North America, is anticipated to stabilize due to the slowdown in the global economy. And it is assumed that gradually, the turmoil in the logistics supply chain will settle, and the supply-demand balance will be normalized, and that short-term freight rates will be adjusted downward

Terminals

- With priority on terminal in North American west coast, aim to transfer overseas terminal one by one to ONE

► **Air Cargo: JPY77.0 billion (down JPY15.0 billion)**

- Despite the impact of reduced flights on Shanghai and Europe services due to the lockdown in China and the situation in Russia and Ukraine, the freight rates in Q1 were significantly higher than the previous forecast
- It is still anticipated to take a certain amount of time for the tight supply-demand balance to loosen by the recovery of the international passenger flights. And long-term contracts renewed under favorable conditions are also expected to contribute

Though the forecast for ONE is not disclosed, certain assumptions are made and reflected on full-year forecast as described below

By Segment (recurring profit/loss compared with the forecast announced at the previous full-year results)

► Logistics: JPY48.0 billion (up JPY10.0 billion)

- **Ocean Freight:** Handling volume in Q1 declined due to the lockdown in China, etc., but sales prices remained at high levels which were above expectations. Profit level is assumed to gradually decrease as transportation demand shrinks
- **Air Freight:** Same as Ocean Freight, Q1 profits improved due to the favorable sales prices while handling volume declined. Seasonal demand is expected in 2H, but profit level to decrease as supply-demand balance normalizes
- **Contract Logistics:** Despite soaring personnel costs, cargo movements in Q1 exceeded expectations mainly in North America. Progress in reviewing contracts and reducing costs will be made to further stabilize earnings

► Bulk Shipping: JPY154.0 billion (up JPY40.0 billion)

Automotive Transportation

- Although the impact of semiconductor shortages and automobile production reductions are still unclear, steady transportation volume is expected to continue by capturing transport demand for used cars, construction equipment, etc.

Dry Bulk

- The favorable market conditions mainly for small sized vessels are expected to significantly contribute to earnings in 1H. The market levels for each vessel size are expected to be slightly weak but remain firm in 2H.

Energy

- VLCC market is expected to recover to a certain level in 2H, and VLGC has improved compared with the initial forecast
- Strong performance is expected, supported by medium- to long-term contracts for LNG carriers and offshore businesses.

Summary of Forecast for FY2022

Forecast



(Billions of yen)	FY2021(Result)					FY2022(Forecast)				Year-on-Year	Change from Prev. Forecast (*1)
	1H		2H		Full-year	1H		2H	Full-Year		
	Q1	Q2	Q3	Q4		Q1 (Result)	Q2				
Revenue	1,051.3		1,229.3		2,280.7	1,300.0		1,200.0	2,500.0	219.3	200.0
	504.6	546.7	624.5	604.8		673.0	626.9				
Operating Profit	117.9		151.0		268.9	150.0		100.0	250.0	-18.9	63.0
	53.0	64.9	80.0	70.9		89.1	60.8				
Recurring Profit	397.2		605.9		1,003.1	720.0		320.0	1,040.0	36.9	280.0
	153.6	243.6	301.0	304.8		377.7	342.3				
Net Income Attributable to Owners of the Parent Company	411.3		597.7		1,009.1	670.0		290.0	960.0	-49.1	240.0
	151.0	260.2	280.8	316.8		343.3	326.6				
Exchange Rate	¥109.80	¥109.99	¥113.12	¥115.34	¥112.06	¥126.49	¥128.00	¥128.00	¥127.62	¥15.56	¥7.62
Bunker Prices (All Grades)	\$441.92	\$515.24	\$555.96	\$616.36	\$531.19	\$789.47	\$899.00	\$832.25	\$838.24	\$307.05	¥96.99
Bunker Prices (HSFO)	-	-	-	-	-	-	\$650.00	\$605.00	-	-	-
Bunker Prices (VLSFO)	-	-	-	-	-	-	\$930.00	\$860.00	-	-	-

► Sensitivity to profit (9 months for Q2-4)

Exchange rate: Approx. JPY4.62 billion increase per ¥1/\$ depreciation*

Bunker prices: Approx. JPY0.32 billion increase per \$10/MT decrease

(*1) Previous Forecast = The forecast for FY2022 announced on May 9, 2022

(*2) Equity in earnings/losses of affiliates denominated in foreign currency is translated at the average exchange rate for the period

Forecast by Segment for FY2022

Forecast



	Industrial Segment	FY2021 (Result)					FY2022(Forecast)					Year-on-year
	(Billions of yen)	Q1	Q2	1H	2H	Full-year	Q1 (Result)	Q2	1H	2H	Full-year	
Liner & Logistics	Liner Trade	50.1	43.8	94.0	96.5	190.5	51.8	48.2	100.0	72.5	172.5	-18.0
		111.3	179.0	290.3	443.8	734.2	270.4	279.5	550.0	220.0	770.0	35.8
	Air Cargo Transportation	43.9	45.8	89.7	98.9	188.7	62.5	60.0	122.5	116.0	238.5	49.8
		15.3	17.7	33.0	41.0	74.0	24.6	18.4	43.0	34.0	77.0	3.0
	Logistics	176.8	200.5	377.3	470.1	847.4	239.8	199.1	439.0	395.0	834.0	-13.4
		11.5	16.8	28.4	30.3	58.7	19.3	10.7	30.0	18.0	48.0	-10.7
	(Total)	270.9	290.1	561.0	665.6	1,226.7	354.1	307.3	661.5	583.5	1,245.0	18.3
		138.2	213.5	351.8	515.1	867.0	314.4	308.6	623.0	272.0	895.0	28.0
Bulk Shipping	Bulk Shipping	217.6	239.2	456.9	517.6	974.5	292.2	290.7	583.0	553.0	1,136.0	161.5
		16.0	31.6	47.7	91.3	139.1	64.1	35.8	100.0	54.0	154.0	14.9
Others	Real Estate	1.5	0.8	2.4	1.7	4.2	0.8	0.7	1.5	1.5	3.0	-1.2
		0.7	0.4	1.2	0.9	2.1	0.4	0.6	1.0	0.5	1.5	-0.6
	Other	33.9	37.8	71.7	98.6	170.4	63.1	59.3	122.5	115.0	237.5	67.1
		-0.6	-1.0	-1.7	0.5	-1.2	0.3	-0.9	-0.5	-1.0	-1.5	-0.3
	Elimination/Unallocation	-19.5	-21.3	-40.8	-54.3	-95.1	-37.3	-31.1	-68.5	-53.0	-121.5	-26.4
		-0.7	-0.9	-1.7	-2.1	-3.8	-1.6	-1.8	-3.5	-5.5	-9.0	-5.2
	Consolidated	504.6	546.7	1,051.3	1,229.3	2,280.7	673.0	626.9	1,300.0	1,200.0	2,500.0	219.3
		153.6	243.6	397.2	605.9	1,003.1	377.7	342.3	720.0	320.0	1,040.0	36.9

* (Upper) Revenue (Lower) Recurring Profit

Forecast by Segment for FY2022

Forecast



Industrial Segment (Billions of yen)		Previous Forecast*			Revised Forecast			Change from Prev. Forecast*		
		1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
Liner & Logistics	Liner Trade	68.5 350.0	67.5 200.0	136.0 550.0	100.0 550.0	72.5 220.0	172.5 770.0	31.5 200.0	5.0 20.0	36.5 220.0
	Air Cargo Transportation	106.5 33.0	98.5 29.0	205.0 62.0	122.5 43.0	116.0 34.0	238.5 77.0	16.0 10.0	17.5 5.0	33.5 15.0
	Logistics	394.5 20.0	406.0 18.0	800.5 38.0	439.0 30.0	395.0 18.0	834.0 48.0	44.5 10.0	-11.0 0.0	33.5 10.0
	(Total)	569.5 403.0	572.0 247.0	1,141.5 650.0	661.5 623.0	583.5 272.0	1,245.0 895.0	92.0 220.0	11.5 25.0	103.5 245.0
Bulk Shipping	Bulk Shipping	552.0 58.0	528.0 56.0	1,080.0 114.0	583.0 100.0	553.0 54.0	1,136.0 154.0	31.0 42.0	25.0 -2.0	56.0 40.0
Others	Real Estate	1.5 0.5	1.0 0.5	2.5 1.0	1.5 1.0	1.5 0.5	3.0 1.5	0.0 0.5	0.5 0.0	0.5 0.5
	Other	80.5 0.0	82.5 0.5	163.0 0.5	122.5 -0.5	115.0 -1.0	237.5 -1.5	42.0 -0.5	32.5 -1.5	74.5 -2.0
	Elimination/ Unallocation	-43.5 -1.5	-43.5 -4.0	-87.0 -5.5	-68.5 -3.5	-53.0 -5.5	-121.5 -9.0	-25.0 -2.0	-9.5 -1.5	-34.5 -3.5
	Consolidated	1,160.0 460.0	1,140.0 300.0	2,300.0 760.0	1,300.0 720.0	1,200.0 320.0	2,500.0 1,040.0	140.0 260.0	60.0 20.0	200.0 280.0

* (Upper) Revenue (Lower) Recurring Profit

* Previous Forecast = The forecast for FY2022 announced on May 9, 2022

Appendix

► 1. Air Cargo Transportation (NCA)

	FY2021(Result)					FY2022(Forecast)				Change from Prev. Forecast (Full-year)
	1H		2H		Full- year	1H		2H	Full- year	
	Q1	Q2	Q3	Q4		Q1 (Result)	Q2			
Revenue (Billions of yen)	89.7		99.0		188.7	122.5		116.0	238.5	33.5
	43.9	45.8	51.8	47.1		62.5	60.0			
Recurring Profit (Billions of yen)	33.0		41.0		74.0	43.0		34.0	77.0	15.0
	15.3	17.7	23.3	17.6		24.6	18.4			
Chargeable Weight	250		210		460	196		193	389	▲ 44
(1,000 tons)	129	121	110	101		97	10			
Volume (RTK) (mil.ton kilo)	1,425		1,252		2,677	1,208		1,192	2,400	▲ 325
	726	699	651	602		598	610			
Capacity (ATK) (mil.ton kilo)	1,874		1,715		3,589	1,912		1,888	3,800	450
	953	922	890	825		880	1,032			
YIELD	144		190		164	238		225	232	81
FY3/09 Q1=100	139	149	193	187		251	225			
MOPS	\$74		\$100		\$87	\$149		\$150	\$149	\$42
US\$ per bbl	\$71	\$77	\$89	\$112		\$148	\$150			
Operating Time of the Air Crafts	114		104		109	-		-	-	-
FY2020 Q1=100	115	113	109	99		104	-			

※ Chargeable Weight, Volume (RTK), Capacity (ATK) and YIELD do not include sales business for our subsidiaries and partner airlines.
 ※ Operating Time does not include dry-lease air crafts.

► 2. Logistics

		FY2020 (Result)	FY2021(Result)				Full- year	FY2022(Forecast)				Change from Prev. Forecast (Full-year)
		1H		2H		1H		2H	Full- year			
		Q1	Q2	Q3	Q4	Q1 (Result)				Q2		
Ocean Export	TEU	723	370		351		721	346		382	728	-35
	(1,000TEUs)		188	182	182	168		167	179			
	Year-on- Year	-5%	10%		-9%		-0%	-7%		9%	1%	-5%
			22%	0%	-7%	-11%		-11%	-2%			
Air Export	Weight	326	201		199		400	170		202	372	-37
	(1,000 tons)		100	101	106	93		82	88			
	Year-on- Year	-3%	52%		2%		23%	-15%		2%	-7%	-9%
			56%	49%	16%	-10%		-18%	-13%			

3. Bulk Shipping – 1) Market trend and forecast

		FY2021(Result)					FY2022(Forecast)				Prev. Forecast
		Q1	Q2	Q3	Q4	Full-Year	Q1 (Result)	Q2	2H	Full-Year	Full-year
Dry Bulk Carriers	BDI	2,791	3,732	3,478	2,020	3,005	2,517	2,560	1,950	2,244	2,048
	Cape	31,280	42,380	42,306	14,603	32,642	21,347	28,000	21,000	22,837	21,750
	Panamax	25,912	33,612	29,127	23,006	27,914	26,580	24,000	19,000	22,145	20,750
	Handymax	25,407	34,278	30,382	24,853	28,730	28,873	24,000	18,000	22,218	18,500
	Handy	22,420	32,204	31,229	23,840	27,423	27,535	23,000	17,250	21,259	18,500
Tankers	VLCC	-589	-3,053	1,685	-7,290	-2,312	-11,190	-5,000	15,000	3,453	15,000
	VLGC	35,655	22,961	39,657	30,039	32,078	45,958	30,000	32,500	35,239	30,000

※ Cape = 5TC, Panamax = 5TC, Handymax = 10TC, Handy = 7TC

※ Dry Bulk Charter Market (Sport Time Charter)

5TC = 5 Trade Average, 10TC = 10 Trade Average, 7TC = 7 Trade Average (Unit : \$/day)

► 3. Bulk Shipping – 2) Automotive Transportation

	FY2021(Result)				Full-year	FY2022(Forecast)			Change from Prev. Forecast (Full-year)	
	1H		2H			1H		2H		Full-Year
	Q1	Q2	Q3	Q4		Q1 (Result)	Q2			
All Trade (10,000 Cars)	205		210		415	212		225	437	1
	107	98	103	107		106	106			
Year-on- year	41%		-0%		16%	3%		7%	5%	0%
	23%	67%	2%	-2%		-1%	8%			







- ※ FY2020 is calculated on voyage-completion basis
- ※ FY2021 is calculated on loading-completion basis
- ※ Including Intra-European Trade (incl. space-chartered trade)



OCEAN NETWORK EXPRESS

Financial Results for FY2022 1st Quarter

JULY.29, 2022

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1. FY2022 1st Quarter Results

□ Outline

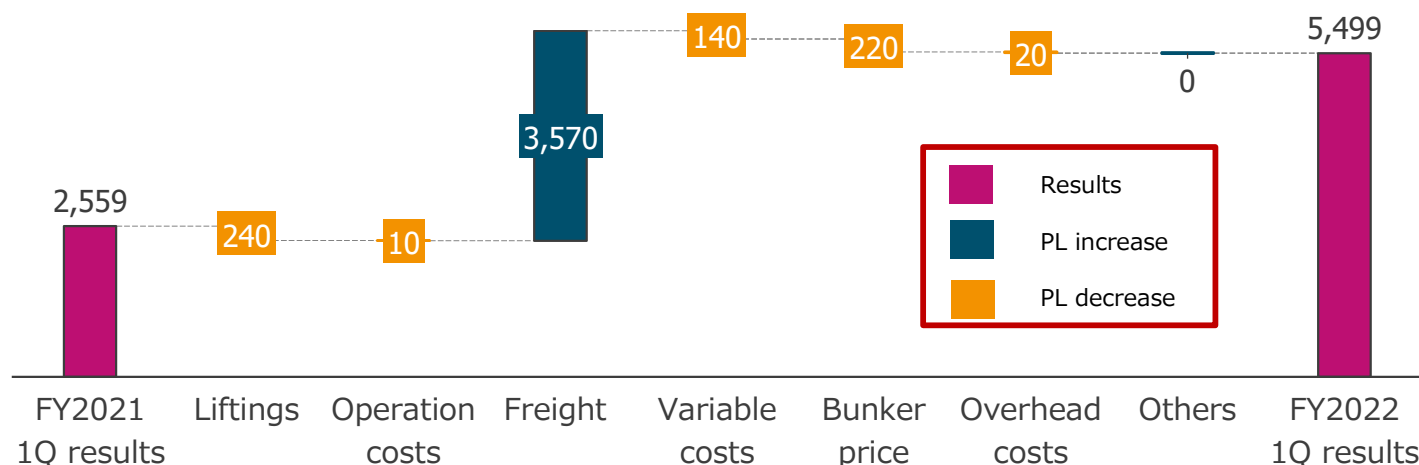
Freight rates remained firm despite some softening in supply-demand conditions. ONE's 1st quarter results for FY2022 is a record profit of US\$5,499 million, an increase of US\$2,940 million from the same period last year.

- Global cargo demand in April-June remained steady, with no major breakdown despite the impact of the Shanghai's lockdown and the Ukraine crisis.
- On the supply side, port congestion showed signs of improvement in some areas, but supply chain disruptions continued around the world, including deterioration on the east coast of North America.
- As a result, freight rates remained significantly higher than those in the same period last year, increasing the profit amount.

□ FY2022 1st Quarter Results and PL Analysis

(Unit: Million US\$)

	FY2021	FY2022	1Q	
	1Q Results	1Q Results	Change	Change (%)
Revenue	5,776	9,019	3,243	56%
EBITDA	2,924	5,859	2,935	100%
EBIT	2,657	5,561	2,904	109%
Profit/Loss	2,559	5,499	2,940	115%
Bunker Price (US\$/MT)	\$465	\$750	\$285	61%
Bunker consumption (K MT)	906	773	-133	-15%
Lifting (K TEU)	3,104	2,939	-165	-5%



- Liftings: Slightly decreased from the same period last year.
- Operation costs: While ships' costs increased, bunker consumption decreased due to a reduction in the number of operating vessels and port congestion, resulting in a similar level as the same period last year.
- Freight: Significantly increased.
- Variable costs: Although cost saving initiatives progressed, additional costs incurred due to global inflation and shoreside/inland congestion.
- Bunker price: Further increased.
- Overhead costs: Agency fees and system costs increased.
- Others: Remained mostly unchanged from the same period last year.

2. Liftings, Utilization Rates, Freight Index in Major Trades

(Unit: 1,000TEU)

Liftings / Utilization by Trades		FY2021							FY2022
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results
Asia - North America Eastbound	Lifting	615	649	1,264	564	523	1,088	2,352	577
	Utilization	100%	100%	100%	100%	100%	100%	100%	100%
Asia - Europe Westbound	Lifting	436	443	879	411	422	833	1,712	402
	Utilization	100%	100%	100%	97%	97%	97%	100%	95%
Asia - North America Westbound	Lifting	328	309	638	258	240	498	1,135	278
	Utilization	54%	54%	54%	47%	51%	49%	52%	48%
Asia - Europe Eastbound	Lifting	339	347	687	305	289	594	1,281	282
	Utilization	82%	78%	80%	69%	63%	66%	73%	58%

(Unit: 100 = average freight rates as of FY2018 1Q)

Freight Index by Trades		FY2021							FY2022
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results
Asia - North America Eastbound		185	247	216	285	304	294	252	354
Asia - Europe Westbound		327	451	389	539	552	546	466	530

- **Liftings, Utilization Rates** : Compared to FY2021 Q4, the lifting on Asia-North America E/B increased due to some improvements in port congestion etc. Both liftings and vessel utilization on Asia-Europe W/B slightly decreased. Compared to the same period of the previous year, the liftings on both Asia-North America and Asia-Europe decreased.
- **Freight Index** : Compared to FY2021 Q4, Asia-North America E/B rates rose due to the renewal of long-term contracts. Asia-Europe W/B rates decreased. Compared to the same period last year, both Asia-North America E/B and Asia-Europe W/B rates significantly increased.

3. The Impact of & Countermeasures to Supply Chain Disruption

Business environment

- The global cargo demand remained firm. Asia-North America market volume in April and May increased by approximately 4% Y on Y. Asia-Europe market volume in April and May decreased by approximately 7% Y on Y due to the impact of the Shanghai lockdown and the Ukraine crisis.
- The congestion has eased in Los Angeles and Long Beach, but worsened at other North American ports (Vancouver, New York and Savannah, etc.). Also, inland congestion is deteriorating again. Moreover, congestion in Europe (Hamburg, etc.) continues.
- In China (Shanghai, Shenzhen etc.), re-occurring lockdowns have caused trucker shortages and yard congestion. Although the lockdown was lifted in June, subsequent strict measures have made recovery slow.
- ILWU(International Longshore and Warehouse Union) current agreement expired at the end of June. Discussions are on-going.



ONE's countermeasures

Customer service oriented

- Digital solutions, such as the brand-new digital quotation platform "ONE QUOTE," have been accelerated and areas of reach expanded.
- The eCommerce platform has been refreshed and it enhances the customer's journey with a more personalized and engaging user experience.

Operational excellency

- Additional container procurement of both dry and reefer units was executed during the quarter.
- Full utilization of ONE's own space and the execution of empty sweeper sailings to bring empty containers back to those locations with strong demand.
- Flexible vessel deployment and operational optimization to meet cargo demand.
- ONE worked together with the terminals to enhance early container pick up and return requests to customers.
- In close cooperation with ship owners, crew changes were enabled by diverting vessels and adding extra port calls.

Quality of employees

- Flexible remote working has continued in offices around the world.
- CSR activities have also continued to keep employees connected and contributions have been made to local communities.



Though there are some improvements, there remains an excessive strain on the entire global supply chain.

ONE is doing its utmost - such as additional container procurement or the deployment of extra loaders and so on – to support social infrastructure globally.

4. FY2022 Full Year Forecasts

- ONE expects that the excessive strain on the entire global supply chain and the resulting operational bottlenecks caused mainly by the spread of COVID-19, will eventually be resolved and the situation will gradually move toward normalization. However, it is currently difficult to predict exactly when due to the wide range of effects.
- Furthermore, it has become more difficult to forecast the overall business environment in the face of increasing uncertainties such as the ongoing Russia/Ukraine crisis, the impact of China's zero COVID-19 policy, and ILWU labour negotiations.
- Under these circumstances, it is therefore extremely difficult to announce a reasonable business forecast for the current financial year and as such the company's forecasts for FY2022 are yet to be finalized. However, ONE continuously strives to end the current turmoil faced in the global supply chain as well as stabilizing its performance all the while flexibly responding to changes in the environment.

5. Initiatives for FY2022

Strategy		<p>Steadily execute business in accordance with the Midterm Strategy and Green Strategy announced in March 2022</p>
		<ol style="list-style-type: none"> As a container shipping company that supports the supply chain, ONE will steadily make investments and continuously provide high-quality, safe global transportation services. ONE has positioned green strategies as its top management priority and will continue to address industry challenges, including decarbonization. The company will further enhance digitalization, operational efficiency, and risk management to further increase industry-leading profitability and safety.
Progress	Investment	<ul style="list-style-type: none"> ➤ ONE has signed ship building contracts with both Hyundai Heavy Industries Co. Ltd. and Nihon Shipyard Co., Ltd. to construct 5 vessels each with a capacity of over 13,700TEU, adding a total of ten modern Very Large Container Ships (VLCS) to ONE's fleet, to be delivered in 2025. ➤ Two newly built 12,000TEU (long-term chartered vessel) have been delivered as planned and deployed to the West Coast of North America service. ➤ The new MIM (Mozambique - India - Middle East) service which is a unique product directly connecting Jebel Ali, Mundra and Maputo has launched. The service will provide a new gateway option to hinterland markets in South Africa, Swaziland and Zimbabwe.
	Environment	<ul style="list-style-type: none"> ➤ The 13,700TEU vessels are designed with the highest efficiency standards as well as a variety of cutting-edge technology to reduce navigational impacts to the environment and are planned for the "Ready notation*" or "AiP (Approval in Principle)" of Ammonia and Methanol as fuel, CCS(Carbon Capture and Storage)**. (*)Ready notation ; A code given by the classification society to ships that meet requirements for basic designs of systems which are anticipated to be used in the future. (**)CCS (Carbon Capture Storage) ; CO2 capture and storage technology. CO2 contained in the combustion exhaust gas is recovered and temporarily stored on board. ➤ PSA Corporation Ltd(PSA) & ONE announced the successful use of reclaimed refrigerant gas from reefer containers, as part of green supply chains. ➤ ONE conducted a successful third trial of biofuel to support decarbonization in the shipping sector.
	Digital	<ul style="list-style-type: none"> ➤ ONE has announced the launch of its refreshed eCommerce platform, which has been developed to enhance the customer's journey with a more personalized and engaging user experience. ➤ Customer information stored in the cloud is now shared among offices around the world and used to strengthen customer relationships by providing optimal services to customers.

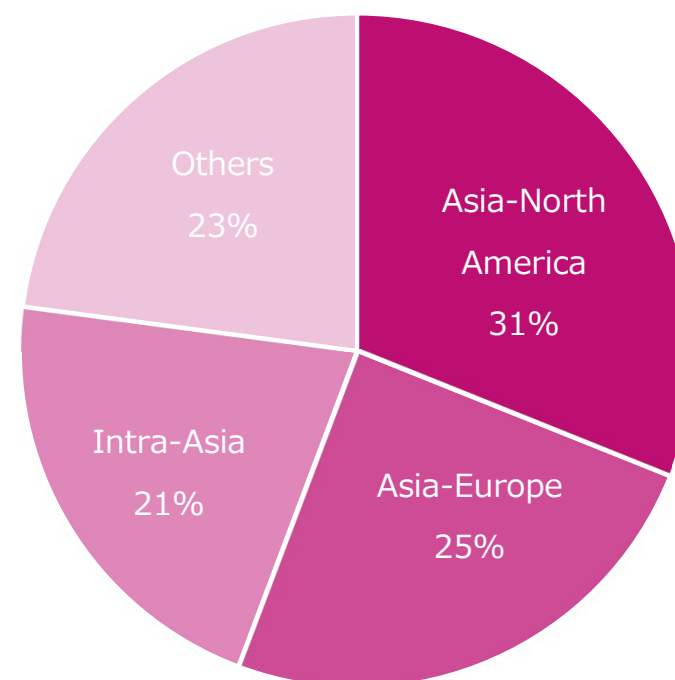
6. Reference (Fleet Structure & Service Structure)

▣ Fleet Structure

Size		1) As of end Mar 2022	2) As of end June 2022	2)-1)
>= 20,000 TEU	Capacity(TEU)	120,600	120,600	0
	Vessels	6	6	0
10,500 - 20,000 TEU	Capacity(TEU)	456,600	480,400	23,800
	Vessels	33	35	2
9,800 - 10,500 TEU	Capacity(TEU)	110,200	110,200	0
	Vessels	11	11	0
7,800 - 9,800 TEU	Capacity(TEU)	356,679	373,255	16,576
	Vessels	40	42	2
6,000 - 7,800 TEU	Capacity(TEU)	138,307	138,307	0
	Vessels	21	21	0
5,200 - 6,000 TEU	Capacity(TEU)	55,234	49,629	▲ 5,605
	Vessels	10	9	▲ 1
4,600 - 5,200 TEU	Capacity(TEU)	82,922	78,260	▲ 4,662
	Vessels	17	16	▲ 1
4,300 - 4,600 TEU	Capacity(TEU)	62,952	62,952	0
	Vessels	14	14	0
3,500 - 4,300 TEU	Capacity(TEU)	20,599	16,358	▲ 4,241
	Vessels	5	4	▲ 1
2,400 - 3,500 TEU	Capacity(TEU)	85,998	89,089	3,091
	Vessels	32	33	1
1,300 - 2,400 TEU	Capacity(TEU)	10,354	12,163	1,809
	Vessels	6	7	1
1,000 - 1,300 TEU	Capacity(TEU)	10,573	10,628	55
	Vessels	10	10	0
< 1,000 TEU	Capacity(TEU)	0	0	0
	Vessels	0	0	0
Total	Capacity(TEU)	1,511,018	1,541,841	30,823
	Vessels	205	208	3

▣ Service Structure

(FY2022 Q1 Structure of dominant and non-dominant space)





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