

Financial Results for Q2 FY2022, and FY2022 Full-year Forecast

November 4, 2022

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**(Attachment) Ocean Network Express
Financial Results for FY2022 2nd Quarter**

1H review (year-on-year)

► Revenues: JPY1,365.8 billion (up JPY314.4 billion)

- Bulk Shipping Business - Shipping volume increase in automotive transportation. Securing transportation contracts under favorable market mainly for small- and medium-sized dry bulkers (up JPY159.4 billion)
- Logistics Business – Higher freight levels (up JPY97.1 billion)

► Recurring profit: JPY765.3 billion (up JPY368.0 billion)

- Liner & Logistics Business (Liner Trade, Air Cargo Transportation, and Logistics) - Although cargo volumes declined in Q2, a high profit level was maintained (up JPY296.4 billion)
- Bulk Shipping Business – Acquisition of transportation contracts when the dry bulk market was high. Flexible response to changes in transport demand in automotive transportation (up JPY71.7 billion)
- Impact of increased profit due to exchange rate fluctuation
(Exchange rate : FY22 1H JPY131.56 | FY21 1H JPY109.90)

► Net income: JPY706.0 billion (up JPY294.7 billion)

► Dividend: Interim dividend JPY1,050/share (*)

- Based on our basic policy of shareholder returns, we've decided the amount of interim dividend with a target consolidated dividend payout ratio of 25%.
- Interim dividend is increased from the Q1 forecast by JPY50/share to JPY1,050/share.

(*) Interim dividend will be issued based on the number of shares before the stock split which was conducted with a record date of September 30, 2022 and effective date of October 1, 2022.

By segment (recurring profit year-on-year)

► Liner: JPY567.0 billion (up JPY276.6 billion)

Container shipping (Ocean Network Express)

- While port congestion has been resolved at some major ports such as west coast of North America, congestion has continued at other ports in North American east coast and Europe, affecting the supply of transport space
- Transportation demand declined due to multiple factors such as inflation and inventory accumulation of consumer goods mainly in Europe and the U.S. Despite recent adjustments in short-term freight rates, the average level of freight rates rose sharply YoY

Terminal

- Handling volume decreased YoY, but at overseas terminal, increase in ancillary income from container demurrage contributed to the bottom line

► Air Cargo: JPY44.0 billion (up JPY11.0 billion)

- Strong demand for semiconductor-related freight and long-term contracts pushed up the bottom line, although the slowdown in the economy and the shift of some ocean cargo to air freight got weakened and there was a decline in cargo volumes

By segment (recurring profit year-on-year)

► **Logistics: JPY37.1 billion (up JPY8.7 billion)**

- **Ocean Freight:** Though handling volume decreased YoY due to the lockdown, the profit remained solid by maintaining sales prices and expanding sales of ancillary services such as customs clearance.
- **Air Freight:** Handling volumes and profit levels declined due to lower cargo volumes in the automobile industry.
- **Contract Logistics:** Despite soaring personnel costs and other expenses, cargo movement of general consumer goods remained strong mainly in North America

► **Bulk Shipping: JPY119.4 billion (up JPY71.7 billion)**

Automotive Transportation

- In response to concerns about the lower automobile production due to insufficient semiconductor production and an expansion of COVID-19, transportation volume increased YoY by optimization of vessel deployment and the collection of alternative cargoes

Dry Bulk

- Market conditions were down YoY especially for Capesize, but the business performance was robust, supported by transportation contracts acquired when the market was favorable

Energy

- Market conditions for VLCC and VLGC improved significantly YoY due to active shipments
- Performance was steady for LNG carriers and offshore business, being supported by medium-to long-term contracts

Summary of Q2 Results

Q2 Results



(Billions of yen)	FY2021							FY2022			Year-on-year
	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1	Q2	1H	
Revenue	504.6	546.7	1,051.3	624.5	604.8	1,229.3	2,280.7	673.0	692.8	1,365.8	314.4
Operating Profit	53.0	64.9	117.9	80.0	70.9	151.0	268.9	89.1	74.1	163.3	45.4
Recurring Profit	153.6	243.6	397.2	301.0	304.8	605.9	1,003.1	377.7	387.6	765.3	368.0
Net Income Attributable to Owners of the Parent Company	151.0	260.2	411.3	280.8	316.8	597.7	1,009.1	343.3	362.6	706.0	294.7
Exchange Rate	¥109.80	¥109.99	¥109.90	¥113.12	¥115.34	¥114.23	¥112.06	¥126.49	¥136.64	¥131.56	¥21.66
Bunker Oil Prices	\$441.92	\$515.24	\$477.42	\$555.96	\$616.36	\$585.23	\$531.19	\$789.48	\$887.41	\$839.95	\$362.53

Q2 Comparison by Segment

Q2 Results



	Industrial Segment (Billions of yen)	FY2021							FY2022			Year-on-year
		Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1	Q2	1H	
Liner & Logistics	Liner Trade	50.1 111.3	43.8 179.0	94.0 290.3	47.0 214.0	49.4 229.7	96.5 443.8	190.5 734.2	51.8 270.4	49.4 296.5	101.2 567.0	7.2 276.6
	Air Cargo	43.9	45.8	89.7	51.8	47.1	98.9	188.7	62.5	61.3	123.9	34.1
	Transportation	15.3	17.7	33.0	23.3	17.6	41.0	74.0	24.6	19.4	44.0	11.0
	Logistics	176.8 11.5	200.5 16.8	377.3 28.4	235.9 17.2	234.1 13.0	470.1 30.3	847.4 58.7	239.8 19.3	234.6 17.8	474.4 37.1	97.1 8.7
	(Total)	270.9 138.2	290.1 213.5	561.0 351.8	334.9 254.7	330.7 260.4	665.6 515.1	1,226.7 867.0	354.1 314.4	345.4 333.8	699.6 648.3	138.5 296.4
	Bulk Shipping	217.6 16.0	239.2 31.6	456.9 47.7	267.6 46.2	249.9 45.1	517.6 91.3	974.5 139.1	292.2 64.1	324.2 55.2	616.4 119.4	159.4 71.7
Others	Real Estate	1.5 0.7	0.8 0.4	2.4 1.2	0.8 0.4	0.8 0.4	1.7 0.9	4.2 2.1	0.8 0.4	0.8 0.3	1.7 0.8	-0.7 -0.3
	Other	33.9 -0.6	37.8 -1.0	71.7 -1.7	46.5 0.6	52.1 0.0	98.6 0.5	170.4 -1.2	63.1 0.3	62.0 -0.2	125.2 0.0	53.4 1.8
	Elimination/ Unallocation	-19.5 -0.7	-21.3 -0.9	-40.8 -1.7	-25.4 -0.9	-28.8 -1.1	-54.3 -2.1	-95.1 -3.8	-37.3 -1.6	-39.8 -1.6	-77.1 -3.3	-36.2 -1.5
Consolidated		504.6 153.6	546.7 243.6	1,051.3 397.2	624.5 301.0	604.8 304.8	1,229.3 605.9	2,280.7 1,003.1	673.0 377.7	692.8 387.6	1365.8 765.3	314.4 368.0

* (Upper) Revenue (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY2021 and FY2022

Q2 Results



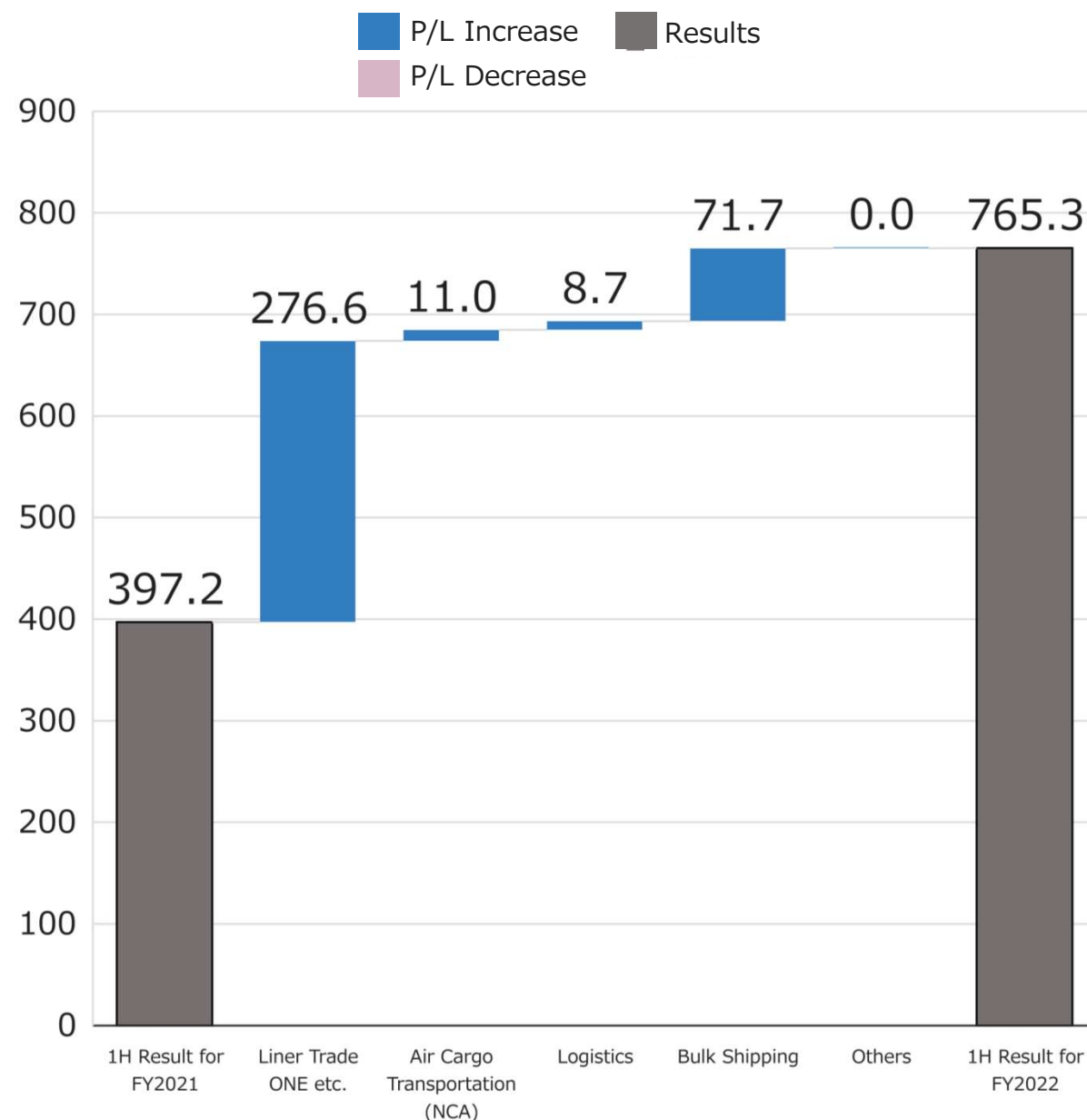
Analysis by factor

(billion yen)

Yen Depreciation	66.7	¥131.56/\$ Depreciated by ¥21.66
Higher Bunker Oil Prices	-7.8	\$839.95/MT Increased by \$362.53/MT
Market Effects, etc.	273.9	Liner (incl. ONE) +226.0 Bulk Shipping +47.9
Foreign Exchange Profit/Loss	17.7	
Others	17.5	Logistics + 8.7 Air Cargo(NCA) +11.0
Total	368.0	

Analysis by business

(billion yen)



Full-year forecast (compared with the forecast announced at the Q1 results)

- ▶ **Revenues: JPY2,700.0 billion (upward revision of JPY200.0 billion)**
 - Bulk Shipping Business: Upward revision of JPY114.0 billion
 - Liner & Logistics Business (Liner Trade, Air Cargo Transportation, and Logistics): Upward revision of JPY95.0 billion
- ▶ **Recurring profit: JPY1,110.0 billion (upward revision of JPY70.0 billion)**
 - Liner Business: Upward revision of JPY45.0 billion
 - Bulk Shipping Business: Upward revision of JPY26.0 billion
- ▶ **Net income: JPY1,030.0 billion (upward revision of JPY70.0 billion)**
- ▶ **Dividend: Interim JPY1,050/share (before stock split) | year-end JPY160/share (after stock split)**
 - In accordance with the basic policy of shareholder returns to refer to 25% in consolidated payout ratio as an indicator, year-end dividend forecast was increased by JPY15 from the previous forecast to JPY160/share, reflecting the upward revision of the full-year forecast
 - A 3-for-1 common stock split was carried out with the record date of September 30, 2022, and effective date of October 1, 2022. Annual dividend based on the number of shares before the split is expected to be JPY1,530/share including the interim dividend of JPY1,050/share

By Segment (compared with the forecast announced at the Q1 results)

► **Liner: JPY815.0 billion (upward revision of JPY45.0 billion)**

Container shipping (Ocean Network Express)

- Short-term freight rate adjustments are expected to continue in 2H as demand for transportation declines due to the rising global inflation and the inventory buildup in the U.S., and as supply-demand balance moves towards normalization due to the easing of port congestion
- Full-year forecast was revised upward due to 1H results supported by high freight rate levels and the favorable exchange rate impact from yen depreciation. Profits are expected to decrease in 2H compared to 1H, but a strong profit level is expected in the full year

Terminals

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

► **Air Cargo: JPY73.0 billion (downward revision of JPY4.0 billion)**

- Expecting slower cargo movements given the deceleration of the global economy due to interest rate hike in the U.S.
- Rise during peak season like those in normal years is unlikely to be seen, and owing to easing of supply-demand balance of transportation space, freight rates are anticipated to soften compared to 1H

By Segment (compared with the forecast announced at the Q1 results)

► **Logistics: JPY52.0 billion (upward revision of JPY4.0 billion)**

- **Ocean Freight:** Profit level is expected to fall given the decline in the current market condition, but it is anticipated to remain at a high level over the full year given the upturn in 1H
- **Air Freight:** Profit level is expected to decline to some extent given the slower cargo movements
- **Contract Logistics:** While there is an impact of soaring personnel costs, etc., profits are expected to stabilize due to efforts in contract revisions and cost reduction

► **Bulk Shipping: JPY180.0 billion (upward revision of JPY26.0 billion)**

Automotive Transportation

- The impact of shortage of semiconductors and auto parts on vehicle production volume is being resolved gradually and continued steady transportation volume is expected led by used cars and construction machinery

Dry Bulk

- While the markets for each vessel type are expected to be weak in 2H, the full-year results are expected to be strong owing to the impact of the strong markets in Q1 led by small- and medium-sized bulkers

Energy

- The markets for VLCC and VLGC are expected to continue to be firm given the current recovery of shipping capacity demand
- The performance is expected to be strong supported by medium- to long-term contracts in 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
	1H		2H		Full-year	1H (Result)		2H	Full-Year		
	Q1	Q2	Q3	Q4		Q1	Q2				
Revenue	1,051.3		1,229.3		2,280.7	1,365.8		1,334.2	2,700.0	419.3	200.0
	504.6	546.7	624.5	604.8		673.0	692.8				
Operating Profit	117.9		151.0		268.9	163.3		106.7	270.0	1.1	20.0
	53.0	64.9	80.0	70.9		89.1	74.1				
Recurring Profit	397.2		605.9		1,003.1	765.3		344.7	1,110.0	106.9	70.0
	153.6	243.6	301.0	304.8		377.7	387.6				
Net Income Attributable to Owners of the Parent Company	411.3		597.7		1,009.1	706.0		324.0	1,030.0	20.9	70.0
	151.0	260.2	280.8	316.8		343.3	362.6				
Exchange Rate	¥109.80	¥109.99	¥113.12	¥115.34	¥112.06	¥126.49	¥136.64	¥143.00	¥137.28	¥25.22	¥9.66
Bunker Prices (All Grades)	\$441.92	\$515.24	\$555.96	\$616.36	\$531.19	\$789.47	\$887.41	\$765.25	\$801.85	\$270.66	-\$36.40
Bunker Prices (HSFO)	-	-	-	-	-	-	-	\$520.00	-	-	-
Bunker Prices (VLSFO)	-	-	-	-	-	-	-	\$790.00	-	-	-

► Sensitivity to profit (6 months for Q3-4)

Exchange rate: Approx. JPY3.50 billion increase per ¥1/\$ depreciation*

Bunker prices: Approx. JPY0.20 billion increase per \$10/MT decrease

(*) 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 (Billions of yen)	FY2021 (Result)					FY2022(Forecast)					Year-on-year
		Q1	Q2	1H	2H	Full-year	Q1 (Result)	Q2 (Result)	1H (Result)	2H	Full-year	
Liner & Logistics	Liner Trade	50.1	43.8	94.0	96.5	190.5	51.8	49.4	101.2	98.8	200.0	9.5
		111.3	179.0	290.3	443.8	734.2	270.4	296.5	567.0	248.0	815.0	80.8
	Air Cargo	43.9	45.8	89.7	98.9	188.7	62.5	61.3	123.9	126.1	250.0	61.3
	Transportation	15.3	17.7	33.0	41.0	74.0	24.6	19.4	44.0	29.0	73.0	-1.0
	Logistics	176.8	200.5	377.3	470.1	847.4	239.8	234.6	474.4	415.6	890.0	42.6
Bulk Shipping		11.5	16.8	28.4	30.3	58.7	19.3	17.8	37.1	14.9	52.0	-6.7
	(Total)	270.9	290.1	561.0	665.6	1,226.7	354.1	345.4	699.6	640.4	1,340.0	113.3
Others		138.2	213.5	351.8	515.1	867.0	314.4	333.8	648.3	291.8	940.0	73.0
	Bulk Shipping	217.6	239.2	456.9	517.6	974.5	292.2	324.2	616.4	633.6	1,250.0	275.5
Real Estate		16.0	31.6	47.7	91.3	139.1	64.1	55.2	119.4	60.6	180.0	40.9
		1.5	0.8	2.4	1.7	4.2	0.8	0.8	1.7	1.3	3.0	-1.2
Other		0.7	0.4	1.2	0.9	2.1	0.4	0.3	0.8	0.7	1.5	-0.6
		33.9	37.8	71.7	98.6	170.4	63.1	62.0	125.2	129.8	255.0	84.6
Elimination/ Unallocation		-0.6	-1.0	-1.7	0.5	-1.2	0.3	-0.2	0.0	-2.5	-2.5	-1.3
		-19.5	-21.3	-40.8	-54.3	-95.1	-37.3	-39.8	-77.1	-70.9	-148.0	-52.9
Consolidated		-0.7	-0.9	-1.7	-2.1	-3.8	-1.6	-1.6	-3.3	-5.7	-9.0	-5.2
		504.6	546.7	1,051.3	1,229.3	2,280.7	673.0	692.8	1,365.8	1,334.2	2,700.0	419.3
		153.6	243.6	397.2	605.9	1,003.1	377.7	387.6	765.3	344.7	1,110.0	106.9

* (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 (Result)	2H	Full-year	1H	2H	Full-year
Liner & Logistics	Liner Trade	100.0	72.5	172.5	101.2	98.8	200.0	1.2	26.3	27.5
		550.0	220.0	770.0	567.0	248.0	815.0	17.0	28.0	45.0
	Air Cargo Transportation	122.5	116.0	238.5	123.9	126.1	250.0	1.4	10.1	11.5
		43.0	34.0	77.0	44.0	29.0	73.0	1.0	-5.0	-4.0
	Logistics	439.0	395.0	834.0	474.4	415.6	890.0	35.4	20.6	56.0
		30.0	18.0	48.0	37.1	14.9	52.0	7.1	-3.1	4.0
	(Total)	661.5	583.5	1,245.0	699.6	640.4	1,340.0	38.1	56.9	95.0
		623.0	272.0	895.0	648.3	291.8	940.0	25.3	19.8	45.0
Bulk Shipping	Bulk Shipping	583.0	553.0	1,136.0	616.4	633.6	1,250.0	33.4	80.6	114.0
		100.0	54.0	154.0	119.4	60.6	180.0	19.4	6.6	26.0
Others	Real Estate	1.5	1.5	3.0	1.7	1.3	3.0	0.2	-0.2	0.0
		1.0	0.5	1.5	0.8	0.7	1.5	-0.2	0.2	0.0
	Other	122.5	115.0	237.5	125.2	129.8	255.0	2.7	14.8	17.5
		-0.5	-1.0	-1.5	0.0	-2.5	-2.5	0.5	-1.5	-1.0
	Elimination/ Unallocation	-68.5	-53.0	-121.5	-77.1	-70.9	-148.0	-8.6	-17.9	-26.5
		-3.5	-5.5	-9.0	-3.3	-5.7	-9.0	0.2	-0.2	0.0
	Consolidated	1,300.0	1,200.0	2,500.0	1,365.8	1,334.2	2,700.0	65.8	134.2	200.0
		720.0	320.0	1,040.0	765.3	344.7	1,110.0	45.3	24.7	70.0

* (Upper) Revenue (Lower) Recurring Profit

Progress of Medium-Term Management Plan

Secure Stable-Freight-Rate Business

- ▶ Profits of the stable-freight-rate business expanded, as each business drove forward efforts to stabilize profitability

Logistics Business

- Progress in review of contracts and cost reduction at key businesses (Ocean/Air Freight Forwarding Business, Contract Logistics Business)
- The logistics business, in particular, contributed to stabilization of financial results

Bulk Shipping Business: Dry Bulk

- Profitability improved as early returns of ships with high charter fees
- Reduced the impact of market fluctuation for medium- to large-sized vessels by reducing exposure

Bulk Shipping Business: Automotive Transportation

- Proactively acquired substitute cargoes such as used cars and construction machinery to secure transportation volume, though there was the impact from production reduction caused by the spread of COVID-19

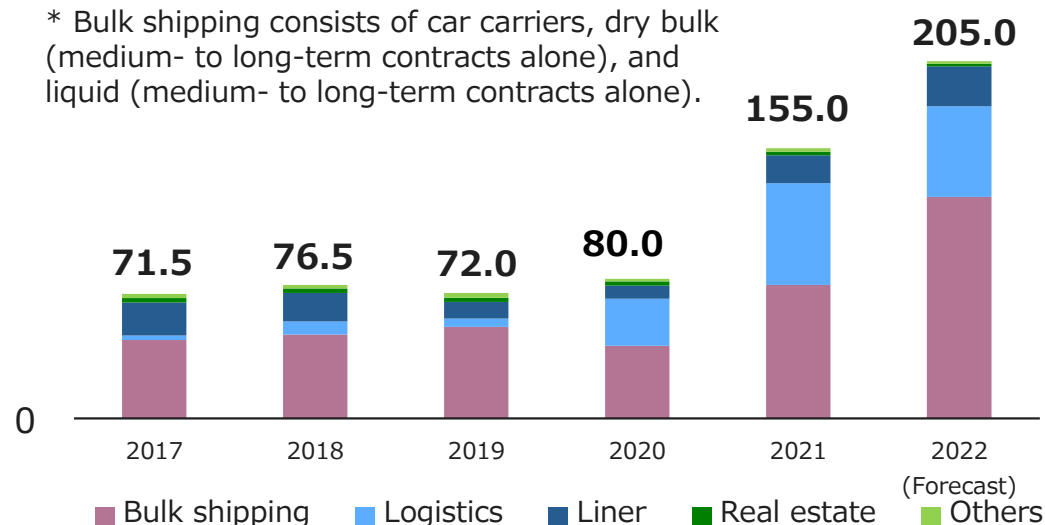
Bulk Shipping Business: Energy

- Steadily added LNG carriers, which is key investment business
- End of FY2017: 71 → End of FY2022 (forecast): 86
- *111 LNG carriers including cases in which contracts are concluded (as of Nov 4, 2022)

- ▶ Trends in recurring profit of the stable-freight-rate business and other businesses (billion yen)

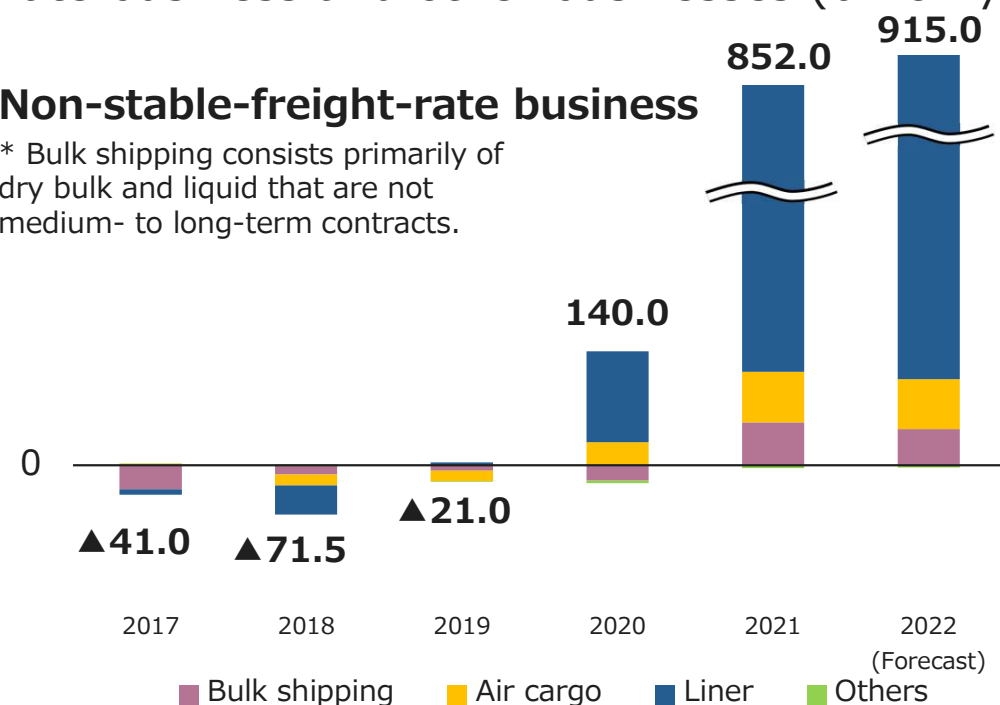
Stable-freight-rate business

* Bulk shipping consists of car carriers, dry bulk (medium- to long-term contracts alone), and liquid (medium- to long-term contracts alone).



Non-stable-freight-rate business



* Bulk shipping consists primarily of dry bulk and liquid that are not medium- to long-term contracts.



Initiatives toward 2050 Net Zero Emissions Target

► Ammonia Fuel related

Accelerated efforts to commercialize ammonia fuel, which we expect as the zero-emission fuel, through grants from the Green Innovation Fund and cooperation with partners.

Examples	Green Innovation Fund Business	
Vessel Type	AFT (Ammonia-fueled Tug)	AFAGC (Ammonia-fueled Ammonia Gas Carrier)
Partner	<ul style="list-style-type: none"> • Class NK • IHI Power Systems 	<ul style="list-style-type: none"> • Class NK • IHI Power Systems • Japan Engine Corporation • Nihon Shipyard
Vessel Image		
Progress	<ul style="list-style-type: none"> • Jul 2022 : AiP* acquired • 2024 : To be delivered 	<ul style="list-style-type: none"> • Sep 2022 : AiP acquired • 2026 : Aiming for delivery

► Offshore Wind Power related

Established a new branch as a base for collaboration with local communities at which we'll promote initiatives with domestic and overseas partners to develop the offshore wind power business in Japan's near ocean, where the market is expected to expand in the future.

Examples

Establishment of Akita Branch

- Feb 2022 : Concluded a comprehensive partnership agreement with Akita Prefecture
- Apr 2022 : Akita Branch commenced operations

CTV (Crew Transfer Vessel)

- A vessel to transfer the technicians for construction and maintenance of the offshore wind power sites
- Apr 2021 : Agreed to MoU with Akita Eisen
- Mar 2022 : Began the charter to Northern Offshore Services AS



Jack-up vessel (Self-Elevated Platform Vessel)

- A vessel used for construction of wind turbines, etc.
- Jan 2020 : Signed a MoU with Van Oord Offshore Wind BV
- Late 2020s : Aim to start operation



Progress toward the targets of Medium-term Management Plan

	Target (by FY2022)	End of FY2021 (Result)	End of Sept. 2022 (Result)	End of FY2022 (Forecast)
Recurring Profit (billion yen)	70.0~100.0	1,003.1	765.3	1,110.0
ROE	min 8.0%	86.0%	-	48.0%
Shareholder's Equity Ratio	min 30%	56%	62%	65%
DER	1.5 or lower	0.47	0.35	0.28

Matters to consider upon formulating new Medium-Term Management Plan

- NYK is preparing a new Medium-term Plan, for a period through 2030, based on a roadmap with an ultra-long-term perspective foreseeing up till 2050. The company plans to announce it in February or March of 2023.

<Key items for consideration>

Capital policy

- Investment plan including environmental investment
- Maintaining financial discipline and optimum capital structure
- Approach to shareholder returns (whether or not to introduce DOE, acquire treasury stock, review payout ratio, etc.)
- Introduction of KPI that takes capital efficiency into account (ROIC, etc.)

Environment

- Review of GHG emission reduction target for 2030 and efforts to obtain SBT certification once again.

Human resources

- Promoting human capital management to realize enhanced corporate value

Appendix

Financial Position

	FY2020 (Result)	FY2021 (Result)	FY Ending Sep. 2022 (Result)	FY 2022 (Previous Forecast*)	FY2022 (Revised Forecast)
Recurring Profit (billion yen)	215.3	1,003.1	765.3	760.0	1,110.0
Interest-bearing Debt (billion yen)	951.1	808.2	851.9	702.0	713.5
Shareholders' Equity (billion yen)	625.3	1,713.7	2,441.0	2,103.0	2,582.5
Shareholders' Equity Ratio	29%	56%	62%	63%	65%
DER	1.52	0.47	0.35	0.33	0.28
ROE	25.6%	86.0%	-	37.7%	48.0%
Cash Flow from Operating Activities (billion yen)	159.3	507.7	295.4	528.0	797.0
Cash Flow from Investing Activities (billion yen)	-16.8	-148.5	-142.4	-189.0	-248.5
(Depreciation and amortization) (billion yen)	(98.8)	(101.5)	(57.9)	(106.4)	(116.0)

* Forecast as of Q4 (May 9th, 2022)

► 1. Air Cargo Transportation (NCA)

	FY2021(Result)					FY2022(Forecast)				Change from Prev. Forecast (Full-year)
	1H		2H		Full- year	1H(Result)		2H	Full- year	
	Q1	Q2	Q3	Q4		Q1	Q2			
Revenue (Billions of yen)	89.7		99.0		188.7	123.8		126.1	249.9	11.4
	43.9	45.8	51.8	47.1		62.5	61.3			
Recurring Profit (Billions of yen)	33.0		41.0		74.0	44.0		29.0	73.0	-4.0
	15.3	17.7	23.3	17.6		24.6	19.4			
Chargeable Weight (1,000 tons)	250		210		460	199		199	398	10
	129	121	110	101		97	10			
Volume (RTK) (mil.ton kilo)	1,425		1,252		2,677	1,185		1,214	2,399	-1
	726	699	651	602		598	587			
Capacity (ATK) (mil.ton kilo)	1,874		1,715		3,589	1,779		1,850	3,630	-170
	953	922	890	825		880	899			
YIELD FY3/09 Q1=100	144		190		164	241		221	233	1
	139	149	193	187		251	231			
MOPS US\$ per bbl	\$74		\$100		\$87	\$139		\$150	\$144	\$5
	\$71	\$77	\$89	\$112		\$148	\$130			
Operating Time of the Air Crafts FY2020 Q1=100	114		104		109	104		-	-	-
	115	113	109	99		104	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(Result)		2H	Full- year			
		Q1	Q2	Q3	Q4	Q1				Q2		
Ocean Export	TEU	723	370		351		721	342		342	678	-49
	(1,000TEUs)		188	182	182	168		167	169			
	Year-on- Year	-5%	10%		-9%		-0%	-9%		-2%	-6%	-7%
			22%	0%	-7%	-11%		-11%	-7%			
Air Export	Weight	326	201		199		400	158		163	321	-51
	(1,000 tons)		100	101	106	93		82	76			
	Year-on- Year	-3%	52%		2%		23%	-21%		-18%	-20%	-13%
			56%	49%	16%	-10%		-18%	-25%			

3. Bulk Shipping – 1) Market trend and forecast

		FY2021(Result)					FY2022(Forecast)				Prev. Forecast
		Q1	Q2	Q3	Q4	Full-Year	Q1 (Result)	Q2 (Result)	2H	Full-Year	Full-year
Dry Bulk Carriers	BDI	2,791	3,732	3,478	2,020	3,005	2,517	1,659	1,253	1,670	2,244
	Cape	31,280	42,380	42,306	14,603	32,642	21,347	13,764	10,500	14,028	22,837
	Panamax	25,912	33,612	29,127	23,006	27,914	26,580	17,194	14,500	18,193	22,145
	Handymax	25,407	34,278	30,382	24,853	28,730	28,873	19,742	13,250	18,779	22,218
	Handy	22,420	32,204	31,229	23,840	27,423	27,535	18,720	12,500	17,814	21,259
Tankers	VLCC	-589	-3,053	1,685	-7,290	-2,312	-11,190	25,579	27,500	17,347	3,453
	VLGC	35,655	22,961	39,657	30,039	32,078	45,958	38,630	36,000	39,147	35,239

※ 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)					FY2022(Forecast)				Change from Prev. Forecast (Full-year)
	1H		2H		Full-year	1H(Result)		2H	Full-Year	
	Q1	Q2	Q3	Q4		Q1	Q2			
All Trade (10,000 Cars)	205		210		415	218		231	449	12
	107	98	103	107		106	112			
Year-on-year	41%		-0%		17%	6%		10%	8%	3%
	23%	67%	2%	-2%		-1%	14%			

※ Including Intra-European Trade (incl. space-chartered trade)

Fleet in Operation

Industrial Segment	Type of Vessel	FY Ending Sep. 2021 (Result)			FY Ending Sep. 2022 (Result)					
		Owned (incl. co-owned) Vessels	Chartered Vessels	Total Vessels	Owned (incl. co-owned)		Chartered		Total	
					Vessels	Kt (DWT)	Vessels	Kt (DWT)	Vessels	Kt (DWT)
Liner Trade	Container Ships	26	29	55	26	1,665	29	3,039	55	4,704
Logistics	Coastal Ships, Ferries	5	7	12	5	29	7	41	12	70
Bulk Shipping	Bulk Carriers (Capesize)	20	96	116	20	3,923	99	19,360	119	23,283
	Bulk Carriers (Panamax)	35	64	99	34	3,032	60	5,172	94	8,204
	Bulk Carriers (Handysize)	56	98	154	55	2,745	82	4,066	137	6,811
	Wood Chip Carriers	10	29	39	12	617	25	1,394	37	2,012
	Car Carriers	43	74	117	48	834	73	1,343	121	2,178
	Tankers	46	18	64	51	6,294	16	2,382	67	8,676
	LNG Carriers	79	3	82	83	6,902	3	224	86	7,127
	Multi-Purpose Carriers	23	19	42	23	418	24	345	47	763
Others	Others	4	0	4	4	29	0	0	4	29
	Cruise Ships	1	0	1	1	7	0	0	1	7
Total		348	437	785	362	26,495	418	37,366	780	63,869
Offshore	Shuttle Tankers								28	3,614
	FPSO								3	-
	FSO								2	-
	Drill Ships								1	-
Green Business	LNG Bunkering Vessel								2	5
	CTV								1	0
Grand Total									817	67,489

* DWT of co-owned vessels include that of vessels owned by other companies.

* This also includes vessels owned by JV.



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Financial Results for FY2022 2nd Quarter

October.31, 2022

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Freight Index in Major Trades P.4**
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(Fleet Structure & Service Structure)**

1. FY2022 2nd Quarter Results

□ Outline

Freight market conditions remained firm despite some softening in supply and demand. A profit of US\$ 5,521 million was achieved in the 2nd quarter, a significant increase from the same period in previous year (+US\$ 1,320 million).)

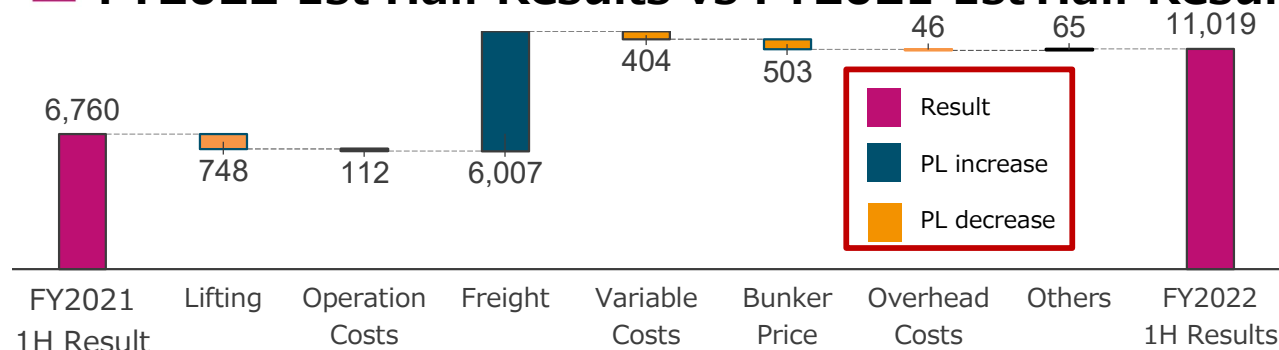
- Global freight demand in July-September: steady cargo movements continued in July, however a sudden decline in transport demand occurred in August and September.
- On the supply side, port congestion improved in some areas, but supply chain disruptions continued across the world with port congestion in US East Coast and Europe continuing.
- Despite the ongoing deterioration in market conditions, freight rates remained higher throughout the second quarter than the same period last year, supporting profit figures.

□ FY2022 1st Half Results and PL Analysis

(Unit : US\$ Mil)

	FY2021			FY2022			2Q Results to FY2021		1H Results to FY2021	
	1Q Results	2Q Results	1H Results	1Q Results	2Q Results	1H Results	Change	Change (%)	Change	Change (%)
Revenue	5,776	7,557	13,333	9,019	9,367	18,386	1,810	24%	5,053	38%
EBITDA	2,924	4,572	7,496	5,859	5,843	11,702	1,271	28%	4,206	56%
EBIT	2,657	4,295	6,952	5,561	5,528	11,089	1,233	29%	4,138	60%
Profit /Loss	2,559	4,200	6,760	5,499	5,521	11,019	1,320	31%	4,260	63%
Bunker Price (US\$/MT)	\$465	\$509	\$487	\$750	\$875	\$812	\$366	72%	\$325	67%
Bunker consumption (K MT)	906	891	1,797	773	771	1,543	-121	-14%	-253	-14%
Lifting (K TEU)	3,104	3,181	6,285	2,939	2,898	5,837	-283	-9%	-448	-7%

□ FY2022 1st Half Results vs FY2021 1st Half Results



- 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 continued port congestion resulting in a similar expenditure level as the same period last year.
- Freight: Increased.
- Variable costs: Although cost saving initiatives progressed, additional costs were incurred due to global inflation and shoreside/inland congestion.
- Bunker price: Further increased.
- Overhead costs: Agency fees and system costs increased.

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	2Q Results	1H Results
Asia - North America Eastbound	Lifting	615	649	1,264	564	523	1,088	2,352	577	578	1,155
	Utilization	100%	100%	100%	100%	100%	100%	100%	100%	91%	95%
Asia - Europe Westbound	Lifting	436	443	879	411	422	833	1,712	402	395	796
	Utilization	100%	100%	100%	97%	97%	97%	100%	95%	95%	95%
Asia - North America Westbound	Lifting	328	309	638	258	240	498	1,135	278	276	554
	Utilization	54%	54%	54%	47%	51%	49%	52%	48%	51%	49%
Asia - Europe Eastbound	Lifting	339	347	687	305	289	594	1,281	282	267	549
	Utilization	82%	78%	80%	69%	63%	66%	73%	58%	56%	57%

(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	2Q Results	1H Results
Asia - North America Eastbound		185	247	216	285	304	294	252	354	389	372
Asia - Europe Westbound		327	451	389	539	552	546	466	530	508	519

- **Liftings, Utilization Rates** : The lifting on Asia-North America E/B remain unchanged from FY2022 1Q, but decreased in comparison to the same period of last year. Vessel utilization decreased due to higher service frequencies following a reduction in port congestion on the US West Coast. Both lifting and vessel utilization on Asia-Europe W/B remain unchanged from FY2022 1Q, but decreased in comparison to the same period of the previous year.
- **Freight Index** : Compared to FY2022 1Q, Asia-North American EB freights slightly increased and Asia-Europe WB freights slightly decreased. Spot freights fell year-on-year overall, but the average rate levels remained high.

3. Supply Chain Disruption : Impact & Countermeasures

Business environment

- Global cargo demand is declining. The usual increase in cargo demand prior to Chinese National day, did not occur this year. Asia-North America market volume in 2nd Quarter declined by 5% year-on-year due to a shift from goods to services consumption as a result of the relaxation of border control in many countries, the build-up of inventories of consumer goods, and a decline in consumer confidence due to rising global inflation. Asia-Europe market volume fell by 4% year-on-year in July and August due to inflation and the impact of higher energy prices.
- Congestion at some ports is improving, but congestion continues in Hamburg and on the east coast of North America, and rail connections are also congested on the west coast of North America.
- Port functions have remained normal in China, although intermittent lockdowns have taken place.
- North American West Coast labour negotiations are still ongoing.



ONE's countermeasures

Customer service oriented

- The chat function of ONE Quote has been expanded. By the end of December 2022, 80% of customer service employees will be able to use the Chat function, enabling smoother and faster communications with customers to provide solutions.

Operation excellency

- Container procurement and empty container turnaround were thoroughly optimised to respond flexibly to market demand.
- Crew change is normalizing, but ONE will strengthen its cooperation with vessel owners, keeping a close eye on the situation at each port.

Quality of employee

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



Supply chain disruptions continue in various regions.
ONE will implement the maximum possible response to supply and demand fluctuations by optimising container procurement and strengthening communication with customers in order to fulfil its responsibility to maintain social infrastructure.

4. FY2022 Full Year Forecasts

□ Outline

Full-year results for FY2022 are expected to show a profit after tax of US\$ 15,269 million, a decrease from the previous year (-US\$ 1,487 million), which reflects declining demand and the deteriorating freight market.

- Ongoing supply chain disruptions and rising inflation are increasing costs, particularly in cargo handling and inland transportation.
- Due to the inventory build-up situation in North America and Europe's entry into recession, it is expected to take some time for cargo movements and short-term freight rates to recover.
- The decline in transport demand is expected to continue throughout the second half of the year, resulting in a forecast profit after tax of US\$ 4,250 million in the second half of FY2022.

□ FY2022 Full Year Forecasts

	FY2021 Results			FY2022 Results			Full Year	
	1H Actual	2H Actual	Full Year Actual	1H Results	2H Forecasts	Full Year Forecast	Change (Mil US\$)	Change (%)
Revenue	13,333	16,765	30,098	18,386	11,530	29,916	-182	-1%
EBITDA	7,496	10,783	18,279	11,702	4,760	16,462	-1,817	-10%
EBIT	6,952	10,244	17,196	11,089	4,130	15,219	-1,976	-11%
Profit /Loss	6,760	9,997	16,756	11,019	4,250	15,269	-1,487	-9%
Bunker Price (US\$/MT)	\$487	\$539	\$512	\$812	\$813	\$813	\$301	59%

5. Initiatives for FY2022

Strategy		Steadily execute business in accordance with ONE' Midterm Strategy and Green Strategy announced in March 2022
		<ol style="list-style-type: none"> 1. As a container shipping company that supports the supply chain, ONE will steadily make investments and continuously provide high-quality, safe global transportation services. 2. ONE has positioned green strategies as its top management priority and will continue to address industry challenges, including decarbonization. 3. The company will continue to 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 (May 2022), adding a total of ten modern Very Large Container Ships (VLCS) to ONE's fleet, to be delivered in 2025. ➤ Two new building vessels of 12,000 TEU (long-term chartered vessels) have been delivered as planned. (Aug-Sep 2022) ➤ Middle East/India-Mozambique direct service has been revamped, expanding new gateway options in East Africa with direct call at Mombasa, Kenya. (Aug 2022) ➤ Feeder service to Hazira (India) launched (Singapore/Colombo/Hazira). Offering more convenient service to East India. (Sep 2022) ➤ Together with its major shareholders, the company proposes to acquire shares of Atlas Corp, which owns Seaspan Corporation, the world's largest container vessel owner. (Aug/Oct 2022)
	Environment	<ul style="list-style-type: none"> ➤ Study of EEXI/CII by vessel and by route is ongoing with alliance partners. A CII monitoring function using the system is also being developed. ➤ GCMD*2, in which ONE participates, has collaborated with the 'Green and Digital Corridor'*1 between Singapore and Rotterdam. (Sep 2022) ➤ Projects are composed with external stakeholders for the AiPs for zero-emission vessels, with the aim to acquire them by the end of 2023.
	Safety	<ul style="list-style-type: none"> ➤ Safety campaigns were conducted for ONE operated vessels. This year, the main focus was on introducing and sharing best practices and initiatives on each ship. (Aug 2022)

* 1 : Initiatives by Maritime & Port Authority of Singapore and City of Rotterdam which aims at decarbonisation.

* 2 : Global Centre of Maritime Decarbonization, Singapore's maritime decarbonisation hub through industry-government collaboration.

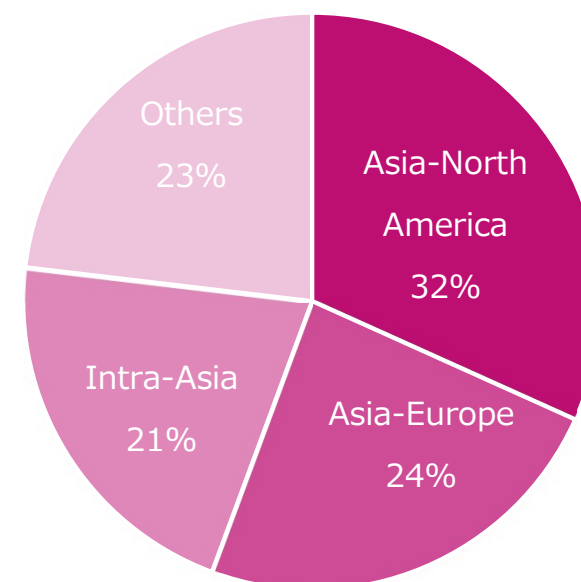
6. Reference (Fleet Structure & Service Structure)

▣ Fleet Structure

Size		1) As of end June. 2022	2) As of end Sep. 2022	2)-1)
>= 20,000 TEU	Capacity (TEU)	120,600	120,600	0
	Vessels	6	6	0
10,500 - 20,000 TEU	Capacity (TEU)	480,400	504,200	23,800
	Vessels	35	37	2
9,800 - 10,500 TEU	Capacity (TEU)	110,200	110,200	0
	Vessels	11	11	0
7,800 - 9,800 TEU	Capacity (TEU)	373,255	355,677	▲ 17,578
	Vessels	42	40	▲ 2
6,000 - 7,800 TEU	Capacity (TEU)	138,307	138,307	0
	Vessels	21	21	0
5,200 - 6,000 TEU	Capacity (TEU)	49,629	32,814	▲ 16,815
	Vessels	9	6	▲ 3
4,600 - 5,200 TEU	Capacity (TEU)	78,260	78,260	0
	Vessels	16	16	0
4,300 - 4,600 TEU	Capacity (TEU)	62,952	62,952	0
	Vessels	14	14	0
3,500 - 4,300 TEU	Capacity (TEU)	16,358	16,358	0
	Vessels	4	4	0
2,400 - 3,500 TEU	Capacity (TEU)	89,089	83,874	▲ 5,215
	Vessels	33	31	▲ 2
1,300 - 2,400 TEU	Capacity (TEU)	12,163	12,163	0
	Vessels	7	7	0
1,000 - 1,300 TEU	Capacity (TEU)	10,628	10,628	0
	Vessels	10	10	0
< 1,000 TEU	Capacity (TEU)	0	966	966
	Vessels	0	1	1
Total	Capacity (TEU)	1,541,841	1,526,999	▲ 14,842
	Vessels	208	204	▲ 4

▣ Service Structure

(FY2022 Q2 Structure of dominant and non-dominant space)





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